



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

AUDIT REPORT

June 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual – General Fund	21
Proprietary Fund:	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Notes to Financial Statements	26

TABLE OF CONTENTS
(Continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability	52
Schedule of the District's Contributions (PERS)	53
Schedule of the District's Proportionate Share of the Net OPEB Liability	54
Schedule of the District's Contributions (OPEB)	55
Notes to Required Supplementary Information	56
INTERNAL CONTROL AND COMPLIANCE REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63



COLLINS, BARR & HEMBREE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Board of Directors
Pearl River Valley Water Supply District
Ridgeland, Mississippi

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 Pearl River Valley Water Supply District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 Pearl River Valley Water Supply 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 Pearl River Valley Water Supply 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 Pearl River Valley Water Supply 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 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 Pearl River Valley Water Supply 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 Pearl River Valley Water Supply 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.

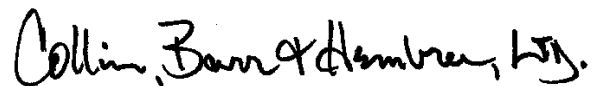
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District's Contributions (OPEB) on pages 8–13 and 52–61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Collin Barr & Hembree, LLP." The signature is written in a cursive, flowing style.

December 11, 2023

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section presents management's discussion and analysis of the financial position and performance of the Pearl River Valley Water Supply District (the District) for the year ended June 30, 2023. Please read this narrative overview and analysis in conjunction with the District's basic financial statements which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial reporting, which is comprised of the basic financial statements and notes to basic financial statements.

The basic financial statements include government-wide financial statements and fund financial statements. The government-wide financial statements include a statement of net position and a statement of activities. Fund financial statements include governmental and proprietary fund financial statements. The primary differences between the government-wide and governmental fund financial statements relate to the accounting treatment of capital assets and long-term liabilities.

Financial Analysis

The District's net position at June 30, 2023 and 2022, was \$58,202,515 and \$57,324,769, respectively. Total net position increased \$877,746 between June 30, 2023 and 2022. Below is a summary of total net position at June 30, 2023 and 2022.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION

	2023	2022	\$ Variance
Assets:			
Cash	\$ 20,740,558	\$ 19,389,175	\$ 1,351,383
Receivables	1,769,642	1,675,825	93,817
Capital assets	48,355,367	48,479,383	(124,016)
Total assets	70,865,567	69,544,383	1,321,184
Deferred outflows of resources	2,163,355	2,421,167	(257,812)
Total assets and deferred outflows of resources	<u>\$ 73,028,922</u>	<u>\$ 71,965,550</u>	<u>\$ 1,063,372</u>
Liabilities:			
Accounts payable, accrued liabilities, and customer deposits	\$ 1,814,925	\$ 1,467,042	\$ 347,883
Long-term liabilities	460,832	464,867	(4,035)
Net pension liability	10,291,820	8,868,262	1,423,558
Net OPEB liability	392,378	553,576	(161,198)
Unearned revenue	400,726	408,874	(8,148)
Total liabilities	13,360,681	11,762,621	1,598,060
Deferred inflows of resources	1,465,726	2,878,160	(1,412,434)
Total liabilities and deferred inflows of resources	<u>\$ 14,826,407</u>	<u>\$ 14,640,781</u>	<u>\$ 185,626</u>
Net Position:			
Net investment in capital assets	\$ 48,178,696	\$ 48,441,492	\$ (262,796)
Restricted for capital improvements	1,295,431	2,445,514	(1,150,083)
Unrestricted	8,728,388	6,437,763	2,290,625
Total net position	<u>\$ 58,202,515</u>	<u>\$ 57,324,769</u>	<u>\$ 877,746</u>

The Ross Barnett Reservoir (the Reservoir) is a 33,000 acre impoundment on the Pearl River, just north of Jackson, Mississippi. Ownership and operation of the Reservoir, shoreline and surrounding property are vested in the District, which is an agency of the State of Mississippi. The District was created in 1958 by the Mississippi Legislature (the Legislature) to provide water supply and water-oriented recreational activities. The District has over 50,000 total acres, with the shoreline consisting of parks, timber and land leases. The District has over 5,300 water customers, provides water to the City of Jackson for treatment and has approximately 2.75 million visitors each year.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

The District is responsible for the maintenance of the Reservoir dam, spillway, roads and streets and approximately 50 public recreation facilities, including 5 campgrounds and the Reservoir. The spillway, patrol and campgrounds are staffed 24 hours a day. The maintenance staff is on call to respond to emergencies and to ensure adequate personnel are available to provide for the safety and comfort of campers, water and sewer customers and visitors.

The District is authorized to spend funds for capital improvements such as parks, campgrounds, launching ramps, parking lots and access roads for the public benefit. Other capital improvement funds are used to develop parcels of land for residential and commercial lease to provide a source of revenue to the District.

The District charges no fees for the use of any of its public facilities, except for the campgrounds and group picnic pavilions. There are five counties which are members of the District – Hinds, Rankin, Madison, Scott and Leake. Each county is represented by two District board members, and one member each is appointed by four agencies of the State of Mississippi.

Net capital assets totaled \$48,355,367 at June 30, 2023, a decrease of \$124,016 from June 30, 2022. During fiscal 2023, additions to capital assets totaled \$2,987,125, and \$3,111,039 was recorded as depreciation expense. Capital asset additions primarily related to sewer improvements, dams, special projects and various other equipment additions.

Liabilities totaled \$13,360,681 at June 30, 2023, an increase of \$1,598,060 from prior year. The net pension liability increased \$1,423,558 while the net OPEB liability decreased \$161,198 and accounts payable and other current liabilities increased by \$347,387. Deferred outflows related to pensions and OPEB decreased \$257,812 and deferred inflows related to those items decreased \$1,412,434. The changes related to the defined benefit pension plan and OPEB plan resulted from factors more fully explained in the notes to the financial statements.

The District's operations include governmental and business-type activities. The District's business-type activities include the activities of water and sewer operations and the Reservoir's sanitation system. A summary of revenues and expenses for the years ended June 30, 2023 and 2022 follows.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGE IN NET POSITION

	2023	2022	\$ Variance
Revenues:			
Governmental activities:			
Lease rentals	\$ 6,895,430	\$ 7,052,853	\$ (157,423)
Campground fees	2,925,235	3,006,461	(81,226)
Transfer fees	130,750	172,250	(41,500)
Building permit fees	252,087	250,477	1,610
Intergovernmental	356,766	1,190,811	(834,045)
Other	825,420	646,166	179,254
Total governmental activities	<u>11,385,688</u>	<u>12,319,018</u>	<u>(933,330)</u>
Business-type activities:			
Water sales	2,008,966	1,992,265	16,701
Sewer charges	3,265,182	2,645,680	619,502
Other	234,780	195,674	39,106
Total business-type activities	<u>5,508,928</u>	<u>4,833,619</u>	<u>675,309</u>
General interest income	242,064	46,072	195,992
Total revenues	<u>17,136,680</u>	<u>17,198,709</u>	<u>(62,029)</u>
Expenses:			
Governmental activities:			
General and administrative	2,764,196	2,453,670	310,526
Maintenance of facilities	3,458,998	3,441,493	17,505
Campground operations	2,029,656	1,822,161	207,495
Spillway operation	372,424	291,328	81,096
Policing	873,313	734,268	139,045
Special projects	170,004	82,202	87,802
Shop and equipment	446,821	458,072	(11,251)
Total governmental activities	<u>10,115,412</u>	<u>9,283,194</u>	<u>832,218</u>
Business-type activities -			
Water and sewer operations and sanitation system	6,143,522	6,068,865	74,657
Total expenses	<u>16,258,934</u>	<u>15,352,059</u>	<u>906,875</u>
Change in net position	<u>\$ 877,746</u>	<u>\$ 1,846,650</u>	<u>\$ (968,904)</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

As a state agency, the District is subject to the appropriations process for authorization for expenditures of its funds. The District currently receives no direct appropriations from the Legislature for operations and does not receive any tax proceeds from the five counties which make up the District. However, from time to time, grant funds and special appropriations are received for capital projects such as campgrounds, road projects and multi-purpose trails.

Total revenues for the years ended June 30, 2023 and 2022, totaled \$17,136,680 and \$17,198,709, respectively, a net decrease of \$62,029. The District received federal and state intergovernmental revenue of \$356,766 in 2023, a decrease of \$834,045 from 2022. Lease rentals and campground fees decreased \$238,649 from the prior year, and sewer revenue was increased \$619,502 from the prior year.

The District's governmental funds consist of the General Fund and Capital Projects Fund. During the year ended June 30, 2023, the net increase in the fund balance of the General Fund was \$1,039,391, as compared to an increase in fiscal year 2022 of \$3,763,162. The change in the net increase is due primarily to changes in intergovernmental revenue and expenditures for capital improvements and an increase in personnel costs and other operating expenses.

During the year ended June 30, 2023, budgeted revenues for the General Fund were \$13,650,000, compared to actual revenues of \$11,627,433, resulting in a difference between actual and budgeted revenues of \$2,022,567. In addition, budgeted expenditures for the General Fund were \$12,530,000, compared to actual expenditures of \$10,921,771, a favorable variance of \$1,608,229.

The District operates four water and wastewater systems as reported in the Enterprise Fund. During the year ended June 30, 2023, operating revenues from these activities were \$5,506,571, an increase of 14%. Operating expenses of the water and sewer operations and sanitation system were \$6,143,522 in fiscal 2023, an increase of 1% over fiscal 2022.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the District's Financial Management

This financial report is designed to provide the District's Board of Directors, member local governments, customers, creditors and area citizens we serve with a general overview of the District's financial position at June 30, 2023, and to demonstrate the District's proper accountability for the monies, grants and contractual arrangements that it receives. If you have questions about this report or need additional information, please contact the General Manager or the Director of Finance at P. O. Box 2180, Ridgeland, MS 39158-2180. Also, please visit our website at www.therez.ms.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

BASIC FINANCIAL STATEMENTS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 18,933,865	\$ 762,607	\$ 19,696,472
Receivables, net	1,137,476	632,166	1,769,642
Restricted cash	1,044,086	-	1,044,086
Internal balances	272,702	(272,702)	-
Total current assets	<u>21,388,129</u>	<u>1,122,071</u>	<u>22,510,200</u>
Non-current assets:			
Capital assets:			
Land	7,688,569	-	7,688,569
Machinery and equipment	7,354,397	3,677,044	11,031,441
Dams and other improvements	76,244,174	-	76,244,174
Water and sewer system	-	33,397,208	33,397,208
Construction in progress	3,986,159	99,000	4,085,159
Less accumulated depreciation	(62,723,349)	(21,367,835)	(84,091,184)
Total non-current assets	<u>32,549,950</u>	<u>15,805,417</u>	<u>48,355,367</u>
Total assets	53,938,079	16,927,488	70,865,567
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	1,657,311	380,816	2,038,127
Deferred outflows - OPEB	103,939	21,289	125,228
Total assets and deferred outflows of resources	<u>55,699,329</u>	<u>17,329,593</u>	<u>73,028,922</u>
LIABILITIES			
Current liabilities:			
Accounts payable, accrued liabilities, and customer deposits	1,011,421	803,504	1,814,925
Current portion of long-term liabilities	53,317	6,620	59,937
Total current liabilities	<u>1,064,738</u>	<u>810,124</u>	<u>1,874,862</u>
Non-current liabilities:			
Long-term liabilities	356,091	44,804	400,895
Net pension liability	7,734,634	2,557,186	10,291,820
Net OPEB liability	326,547	65,831	392,378
Unearned revenue	400,726	-	400,726
Total non-current liabilities	<u>8,817,998</u>	<u>2,667,821</u>	<u>11,485,819</u>
Total liabilities	9,882,736	3,477,945	13,360,681
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	1,003,923	205,623	1,209,546
Deferred inflows - OPEB	212,629	43,551	256,180
Total liabilities and deferred inflows of resources	<u>11,099,288</u>	<u>3,727,119</u>	<u>14,826,407</u>
NET POSITION			
Invested in capital assets, net of related debt	32,373,279	15,805,417	48,178,696
Restricted for capital improvements	1,295,431	-	1,295,431
Unrestricted	10,931,331	(2,202,943)	8,728,388
Total net position	<u>\$ 44,600,041</u>	<u>\$ 13,602,474</u>	<u>\$ 58,202,515</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General and administrative	\$ 2,764,196	\$ -	\$ -	\$ (2,764,196)	\$ -	\$ (2,764,196)
Maintenance of facilities	3,458,998	7,612,519	-	4,153,521	-	4,153,521
Campground operations	2,029,656	2,925,235	-	895,579	-	895,579
Spillway operation	372,424	-	-	(372,424)	-	(372,424)
Policing	873,313	-	3,194	(870,119)	-	(870,119)
Special projects	170,004	-	353,572	183,568	-	183,568
Shop and equipment	446,821	-	-	(446,821)	-	(446,821)
Total governmental activities	<u>10,115,412</u>	<u>10,537,754</u>	<u>356,766</u>	<u>779,108</u>	<u>-</u>	<u>779,108</u>
Business-type activities:						
Water and sewer operations and sanitation system	<u>6,143,522</u>	<u>5,506,571</u>	<u>-</u>	<u>-</u>	<u>(636,951)</u>	<u>(636,951)</u>
Total primary government	<u>\$ 16,258,934</u>	<u>\$ 16,044,325</u>	<u>\$ 356,766</u>	779,108	(636,951)	142,157
General revenues:						
Interest income				242,064	2,357	244,421
Sale of timber				491,168	-	491,168
Transfers				<u>227,837</u>	<u>(227,837)</u>	<u>-</u>
Total general revenues and transfers				<u>961,069</u>	<u>(225,480)</u>	<u>735,589</u>
Change in net position				1,740,177	(862,431)	877,746
Net position, beginning of year				<u>42,859,864</u>	<u>14,464,905</u>	<u>57,324,769</u>
Net position, end of year				<u>\$ 44,600,041</u>	<u>\$ 13,602,474</u>	<u>\$ 58,202,515</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	\$ 19,977,951	\$ -	\$ 19,977,951
Receivables, net	1,137,476	-	1,137,476
Due from other funds	21,358	251,344	272,702
	<u>21,358</u>	<u>251,344</u>	<u>272,702</u>
Total assets	<u>\$ 21,136,785</u>	<u>\$ 251,344</u>	<u>\$ 21,388,129</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 775,444	\$ -	\$ 775,444
Accrued liabilities	235,977	-	235,977
Unearned revenue	400,726	-	400,726
	<u>1,412,147</u>	<u>-</u>	<u>1,412,147</u>
Total liabilities	<u>1,412,147</u>	<u>-</u>	<u>1,412,147</u>
Fund balance:			
Restricted to:			
Property improvements	445,523	251,344	696,867
Dam and infrastructure improvements	421,893	-	421,893
Committed to:			
Property improvements	6,300,000	-	6,300,000
Assigned to:			
Property improvements	5,050,000	-	5,050,000
Capital improvements	200,000	-	200,000
Dam and infrastructure improvements	4,200,000	-	4,200,000
Unassigned	3,107,222	-	3,107,222
	<u>19,724,638</u>	<u>251,344</u>	<u>19,975,982</u>
Total fund balance	<u>19,724,638</u>	<u>251,344</u>	<u>19,975,982</u>
Total liabilities and fund balance	<u>\$ 21,136,785</u>	<u>\$ 251,344</u>	<u>\$ 21,388,129</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balance - governmental funds	\$ 19,975,982
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,549,950
Liabilities not due and payable in the current period are not reported in the funds:	
Compensated absences	(409,408)
Net pension liability	(7,734,634)
Net OPEB liability	(326,547)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,657,311
Deferred inflows of resources related to pensions	(1,003,923)
Deferred outflows of resources related to OPEB	103,939
Deferred inflows of resources related to OPEB	(212,629)
Net position of governmental activities	<u>\$ 44,600,041</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Capital Projects	Total Governmental Funds
REVENUES			
Interest on investments	\$ 241,745	\$ 319	\$ 242,064
Lease rentals	6,895,430	-	6,895,430
Assignment fees	130,750	-	130,750
Building permit fees	252,087	-	252,087
Campground fees	2,925,235	-	2,925,235
Intergovernmental	356,766	-	356,766
Miscellaneous	825,420	-	825,420
Total revenues	11,627,433	319	11,627,752
EXPENDITURES			
Current:			
General and administrative	2,925,241	-	2,925,241
Maintenance of facilities	1,717,712	-	1,717,712
Campground operations	1,866,884	-	1,866,884
Spillway operation	361,362	-	361,362
Policing	845,309	-	845,309
Special projects	2,638,232	96,632	2,734,864
Shop and equipment	567,031	-	567,031
Total expenditures	10,921,771	96,632	11,018,403
Excess (deficiency) of revenues over expenditures	705,662	(96,313)	609,349
OTHER FINANCING SOURCES			
Transfers in (out)	333,729	(105,892)	227,837
Net change in fund balances	1,039,391	(202,205)	837,186
Fund balances, beginning of year	18,685,247	453,549	19,138,796
Fund balances, end of year	\$ 19,724,638	\$ 251,344	\$ 19,975,982

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

PEARL RIVER VALLEY WATER SUPPLY 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
Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	837,186
--	----	---------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays (\$2,825,946) exceeded depreciation (\$1,836,906) and disposals (\$102) in the current period.		988,938
---	--	---------

Compensated absences are measured by the amounts earned during the year in the statement of activities. However, in the governmental funds, expenditures are measured by the amount of financial resources used.		4,539
--	--	-------

The statement of activities reports an expense equal to the District's proportionate share of the collective OPEB expense for the cost-sharing multiple-employer defined benefit OPEB plan. However, in the governmental funds, the cost-sharing expenses are measured by the amount of current contributions made to the plan. Reconciling items applicable to the OPEB liability and related accounts are the following:		
OPEB expense for the current year		38,245
OPEB contributions made subsequent to the measurement date		15,492

The statement of activities reports an expense equal to the District's proportionate share of the collective net pension expense for the cost-sharing pension plan. However, in the governmental funds, the cost-sharing expenses are measured by the amount of current contributions made to the plan. Reconciling items applicable to the pension liability and related accounts are the following:		
---	--	--

Pension expense for the current year		(707,066)
Pension contributions made subsequent to the measurement date		562,843

Change in net position of governmental activities	\$	1,740,177
---	----	-----------

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
Year Ended June 30, 2023

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest on investments	\$ 600,000	\$ 241,745	\$ (358,255)
Lease rentals	7,200,000	6,895,430	(304,570)
Assignment fees	250,000	130,750	(119,250)
Building permit fees	400,000	252,087	(147,913)
Campground fees	3,200,000	2,925,235	(274,765)
Grant revenues	800,000	356,766	(443,234)
Miscellaneous	1,200,000	825,420	(374,580)
Total revenues	13,650,000	11,627,433	(2,022,567)
EXPENDITURES			
Salaries, wages and fringe benefits	5,000,000	4,554,167	445,833
Travel	30,000	14,687	15,313
Contractual services	3,600,000	3,234,873	365,127
Commodities	800,000	709,914	90,086
Equipment and special projects	3,000,000	2,383,130	616,870
Loans, subsidies and grants	100,000	25,000	75,000
Total expenditures	12,530,000	10,921,771	1,608,229
Excess (deficiency) of revenues over (under) expenditures	1,120,000	705,662	(414,338)
OTHER FINANCING SOURCES			
Transfers in	-	333,729	333,729
Net change in fund balance	\$ 1,120,000	\$ 1,039,391	\$ (80,609)

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023

ASSETS	
Current assets:	
Cash	\$ 762,607
Receivables, net	<u>632,166</u>
Total current assets	<u>1,394,773</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	3,677,044
Water and sewer system	33,397,208
Construction in progress	99,000
Less accumulated depreciation	<u>(21,367,835)</u>
Total noncurrent assets	<u>15,805,417</u>
Total assets	17,200,190
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	380,816
Deferred outflows - OPEB	<u>21,289</u>
Total assets and deferred outflows of resources	17,602,295
LIABILITIES	
Current liabilities:	
Accounts payable	225,840
Accrued liabilities	120,368
Customer deposits	463,916
Due to other funds	<u>272,702</u>
Total current liabilities	1,082,826
Noncurrent liabilities:	
Noncurrent accrued liabilities	44,804
Net pension liability	2,557,186
Net OPEB liability	<u>65,831</u>
Total liabilities	3,750,647
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	205,623
Deferred inflows - OPEB	<u>43,551</u>
Total liabilities and deferred inflows of resources	<u>3,999,821</u>
NET POSITION	
Invested in capital assets, net of related debt	15,805,417
Unrestricted	<u>(2,202,943)</u>
Total net position	<u><u>\$ 13,602,474</u></u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2023

OPERATING REVENUES	
Water sales	\$ 2,008,966
Tapping fees	14,400
Sewer charges	3,265,182
Pipeline maintenance fees	122,548
Miscellaneous	<u>95,475</u>
Total operating revenues	<u>5,506,571</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	1,005,836
Sewer disposal usage	1,474,394
Utilities	251,649
Repairs and maintenance	1,062,001
Depreciation	1,274,133
Supplies and materials	283,056
Professional fees and services	446,490
Other	<u>345,963</u>
Total operating expenses	<u>6,143,522</u>
Operating loss	(636,951)
NONOPERATING REVENUES (EXPENSES)	
Interest	2,357
Transfers out	<u>(227,837)</u>
Change in net position	(862,431)
Net position, beginning of year	<u>14,464,905</u>
Net position, end of year	<u><u>\$ 13,602,474</u></u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 5,420,448
Payments to suppliers for goods and services	(3,861,956)
Payments to employees for services	<u>(1,008,159)</u>
Net cash provided by operating activities	<u>550,333</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	<u>(227,837)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(161,179)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest revenue	<u>2,357</u>
Net increase in cash	163,674
Balances, beginning of year	<u>598,933</u>
Balances, end of year	<u><u>\$ 762,607</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (636,951)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	1,274,133
(Increase) decrease in customer and other receivables	(107,068)
(Increase) decrease in deferred outflows - pensions	(70,505)
Increase (decrease) in deferred inflows - pensions	(248,403)
Increase (decrease) in net pension liability	348,447
(Increase) decrease in deferred outflows - OPEB	7,890
Increase (decrease) in deferred inflows - OPEB	8,290
Increase (decrease) in net OPEB liability	(28,467)
Increase (decrease) in customer deposits	20,945
Increase (decrease) in accounts payable and accrued liabilities	<u>(17,978)</u>
Net cash provided by operating activities	<u><u>\$ 550,333</u></u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

NOTES TO FINANCIAL STATEMENTS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1: Summary of Significant Accounting Policies

Organization

Pearl River Valley Water Supply District (the District) is a special purpose state agency which owns and operates the Ross Barnett Reservoir. The District was created by an act of the Mississippi Legislature in 1958.

Government-wide Financial Statements

Government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e., the statement of net position and the statement of activities) do not provide information by fund, but distinguish between the District's governmental activities and business-type activities. Specifically, the statement of net position includes capital assets and long-term liabilities not reported on the balance sheet for governmental funds. In addition, the government-wide statement of activities reflects depreciation expense on the District's capital assets. Also, the effect of significant interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which 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. Program revenues include (1) charges to customers who purchase, use or benefit from the services 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. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

In addition to the government-wide financial statements, the District has presented separate financial statements for its governmental funds and proprietary fund. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus, and proprietary fund financial statements use the accrual basis of accounting and the economic resources measurement focus. Major individual governmental funds and the individual enterprise fund are reported as separate columns in the fund financial statements. The General Fund, Capital Projects Fund and Enterprise Fund are considered major funds.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

The following major governmental and proprietary funds are used by the District:

- Governmental Funds – Governmental Funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in the Proprietary Fund). The following are the District's governmental funds.

General Fund – The 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. Its revenues are primarily derived from lease rentals and campground fees. Its expenditures primarily relate to the operation and maintenance of the District.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The following capital projects accounts are maintained by the District in the Capital Projects Fund.

Property Improvement Account – The Property Improvement Account is used to account for the cost of developing and leasing commercial areas and residential lots.

District Bond Campground and Park Improvement Account – The District Bond Campground and Park Improvement Account is used to account for the cost of capital improvements at campgrounds and parks maintained by the District. In accordance with Senate Bill No. 2988, the District is authorized to borrow money and issue bonds in amounts not to exceed \$10,000,000 to finance the projects. The balance in this account was \$0 at June 30, 2023.

- Proprietary Funds – Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on determining net income and capital maintenance. The Enterprise Fund is used to account for the activities of the water and sewer operations and is financed through user charges.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Fund Balance – Governmental Funds

The fund balances for the District's governmental funds are displayed in five components.

- Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.
- Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.
- Committed – Amounts that can be used only for the specific purposes determined by resolution of the board of directors. Commitments may be changed or lifted only by issuance of a resolution by the board of directors.
- Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned – The residual classification for the General Fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position – Government-wide Financial Statements

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt. Restricted net position is the noncapital position that must be used for a particular purpose, as specified by creditors or grantors external to the District. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted net position.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are considered measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under usual accrual accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the District's Enterprise Fund is derived from the activities of the water and sewer operations and is financed through user charges and contractual maintenance agreements. Operating expenses for the Enterprise Fund include expenses of administering the water and sewer systems. Other sources of revenues and expenses are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, expenditures/expenses and other changes in net position and fund balances during the reporting period. Actual results could differ from those estimates.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At June 30, 2023, the District held no cash equivalents.

Accounts Receivable

Accounts receivable consist of water and sewer charges to residents and rentals due from the lease of property. Accounts receivable are recorded net of estimated uncollectible amounts. No allowance for uncollectible amounts is recorded at June 30, 2023.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 to 10 years
Dams and other improvements	20 to 50 years
Water distribution system	20 to 50 years

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

Maintenance of facilities	\$ 1,718,884
Campground operations	<u>118,022</u>
	<u>\$ 1,836,906</u>

Business-type activities:

Water and sewer operations	<u>\$ 1,274,133</u>
----------------------------	---------------------

Compensated Absences

Section 25-3-97, Mississippi Code Ann. (1972), authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless the employee presents medical evidence that his or her physical condition is such that he or she can no longer work in a capacity of state government. At June 30, 2023, accumulated unpaid personal leave up to a maximum of 30 days per employee is reported as accrued vacation on the statement of net position.

The District's policies permit most employees to accumulate vacation and compensatory time benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. The related liability and expense are recognized as vacation benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. The related liability and expense for compensatory time benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensatory time benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the balance sheet date is included in other long-term liabilities.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Interfund Activity

All outstanding balances between funds are reported as due to/from other funds in the fund financial statements. Any balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Income Taxes

As a state agency, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

Budget

The District prepares annual budgets for the General Fund and Enterprise Fund. The District uses the following procedures in establishing the budgetary data submitted for state approval:

- Approximately one year before the State's next fiscal year begins, the District prepares a proposed operating budget for that year. The operating budget includes proposed expenditures and the means of financing them.
- At the beginning of August, the proposed budget for the fiscal year commencing the following July is submitted to the Mississippi Department of Finance and Administration and the Legislative Budget Office. Budget hearings are conducted which may result in recommendations for changes.
- In January, the proposed budget and the recommendations proposed by the Joint Legislative Budget Committee are presented to the Legislature. The Legislature makes any revisions it deems necessary or appropriate and then legally enacts the District's budget in the form of an appropriation bill. The enacted budget is on an overall district basis. However, the budget presented in these financial statements is for the General Fund only.
- The District is authorized to transfer budgeted amounts between major expenditure classifications on a limited basis subject to approval by the Mississippi Department of Finance and Administration. The final budget, which is the same as the original budget, is used for budget comparison purposes.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

- Budgets for the District are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. For this purpose, benefit payments are recorded when the OPEB benefits come due in accordance with the benefit terms. Investments are reported at fair value.

Risks and Uncertainties

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The State manages tort claims through the retention of all liability exposure administered by the Tort Claims Board. Statutory regulations provide some protection, as well as a limitation of liability, for claims filed against state agencies and state employees. The District purchases commercial insurance for certain areas not covered by the State specific to the District's operations. In the last three years, settled claims have not exceeded commercial coverage.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

With respect to workers' compensation coverage, the District has joined with other state agencies to pool its risk as a member of the Mississippi State Agencies Self-Insured Workers' Compensation Pool, a public entity risk pool. The District pays premiums to the Pool for its workers' compensation coverage. The agreement establishing the Pool provides that the Pool will be self-sustaining through member premiums. Members' liabilities incurred for workers' compensation are not relieved except through payment by the Pool or the members of required workers' compensation benefits.

Note 2: Deposits and Investments

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. As of June 30, 2023, the carrying amount of the District's deposits with financial institutions was \$20,740,558 and the bank balance was \$20,876,042. None of the District's bank balance was exposed to custodial credit risk.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the District'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 (FDIC).

The District is authorized to invest in bonds or other negotiable obligations of, or guaranteed by, the United States of America.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3: Capital Assets

Capital assets and related activity for the year ended June 30, 2023, consist of the items shown below.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 7,688,569	\$ -	\$ -	\$ -	\$ 7,688,569
Construction in progress	1,737,596	2,248,563	-	-	3,986,159
Total capital assets not being depreciated	9,426,165	2,248,563	-	-	11,674,728
Capital assets being depreciated					
Furniture and equipment	7,139,480	432,213	(217,296)	-	7,354,397
Dams and other improvements	76,099,004	145,170	-	-	76,244,174
Total capital assets being depreciated	83,238,484	577,383	(217,296)	-	83,598,571
Less accumulated depreciation for					
Furniture and equipment	5,942,823	271,870	(217,194)	-	5,997,499
Dams and other improvements	55,160,814	1,565,036	-	-	56,725,850
Total accumulated depreciation	61,103,637	1,836,906	(217,194)	-	62,723,349
Total capital assets being depreciated, net	22,134,847	(1,259,523)	(102)	-	20,875,222
Total governmental activities capital assets, net	<u>\$ 31,561,012</u>	<u>\$ 989,040</u>	<u>\$ (102)</u>	<u>\$ -</u>	<u>\$ 32,549,950</u>
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ -	\$ 99,000	\$ -	\$ -	\$ 99,000
Capital assets being depreciated					
Furniture and equipment	3,709,822	9,386	(42,164)	-	3,677,044
Water and sewer system	33,344,415	52,793	-	-	33,397,208
Total capital assets being depreciated	37,054,237	62,179	(42,164)	-	37,074,252
Less accumulated depreciation for					
Furniture and equipment	2,742,231	220,534	(42,164)	-	2,920,601
Water and sewer system	17,393,635	1,053,599	-	-	18,447,234
Total accumulated depreciation	20,135,866	1,274,133	(42,164)	-	21,367,835
Total capital assets being depreciated, net	16,918,371	(1,211,954)	-	-	15,706,417
Total business-type activities capital assets, net	<u>\$ 16,918,371</u>	<u>\$ (1,112,954)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,805,417</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3: Capital Assets (Continued)

Construction in progress was composed of the following:

Project	June 30, 2023 Balance	Remaining Estimated Commitment
Governmental activities:		
Bob Anthony Relocation Study	\$ 762,945	\$ 1,001,862
Bathymetric Survey and Dredging	2,096,881	1,603,813
High Hazard Dam	709,695	-
OTP Slope Repair	416,638	356,703
	<u>\$ 3,986,159</u>	<u>\$ 2,962,378</u>

Note 4: Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2023, follow:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$ 21,358	\$ -
Capital Projects Fund	251,344	-
Proprietary Fund		
Enterprise Fund	-	272,702
	<u>\$ 272,702</u>	<u>\$ 272,702</u>

At June 30, 2023, the majority of interfund borrowing was due to reclassifications of expenditures and expenses and the general and administrative allocation between funds. Management expects all interfund borrowing to be repaid within the next fiscal year.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 5: Long-term Liabilities

The following is a summary of long-term obligation transactions for the District for the year ended June 30, 2023.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Accrued compensated absences	\$ 413,947	\$ -	\$ (4,539)	\$ 409,408	\$ 53,317
Business-type activities:					
Accrued compensated absences	50,920	504	-	51,424	6,620
	<u>\$ 464,867</u>	<u>\$ 504</u>	<u>\$ (4,539)</u>	<u>\$ 460,832</u>	<u>\$ 59,937</u>

Note 6: Madison County Wastewater Authority

The District is a party to a member payment agreement with the Madison County Wastewater Authority, whereby the District provides a 20% share of costs, including debt service associated with operating certain facilities for the collection, transportation and treatment of wastewater. As the District retains no ownership rights to the facilities, the debt service portion of the cost is considered to be operating expenses. Minimum payments under the agreement are as follows.

2024	\$ 115,962
2025	115,962
2026	75,293
2027	46,244
2028	46,244
Thereafter	<u>121,803</u>
	<u>\$ 521,508</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 7: Regulated Land Leases

Prior to completion of the District's Ross Barnett Reservoir project in 1965, the District acquired, by negotiation or through eminent domain proceedings, substantially all the land along the shoreline of the Ross Barnett Reservoir. The District from time to time leases improved land to developers and individuals for commercial and residential development purposes. Before leases are executed, developers and/or lessees reimburse the District for the direct and indirect costs of streets, water, sewer and other improvements and planning, development and marketing expenses incurred by the District. The leases generally have initial primary terms of 60 years, with options to renew for additional 60-year terms. Lease rentals are based on the estimated fair value of the property for the purpose and use specified in the lease, determined under circumstances and market conditions existing at the date of the lease. Some of the lease agreements contain rental escalators as predetermined in the lease agreements. As the leases are regulated by state statutes and other regulations, income from these leases and amounts receivable under the leases are recorded in the General Fund as billed. At June 30, 2023, the District was a party to approximately 6,300 leases which yield aggregate annual rental income of approximately \$7,000,000. Remaining primary terms under these leases range from 0 to 60 years.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8: Defined Benefit Pension Plan

Plan Description. The 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 state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at 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. 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 System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members.

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 of creditable service 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 plan 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.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8: Defined Benefit Pension Plan (Continued)

Funding Policy. PERS members are required to contribute 9.0% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 17.4% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The District's contributions to PERS for the fiscal years ending June 30, 2023, 2022 and 2021 were approximately \$678,000, \$626,000, and \$661,000, respectively, and equaled the required contributions for each year.

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 \$10,291,820 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 projected contributions of all participating entities, actuarially determined. At June 30, 2023, the District's proportion was 0.050 percent, based on a measurement date of June 30, 2022. This proportionate share decreased from 0.060 percent in the prior year.

For the year ended June 30, 2023, the District recognized pension expense of \$851,885. At June 30, 2023 the District deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 145,725	\$ -
Net difference between projected and actual earnings on pension plan investments	540,577	-
Changes of assumptions	355,955	-
Changes in proportion and differences between contributions and proportionate share of contributions	317,746	1,209,546
District's contributions subsequent to the measurement date	678,124	-
	<u>\$ 2,038,127</u>	<u>\$ 1,209,546</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8: Defined Benefit Pension Plan (Continued)

\$678,124 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 ended 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:

Year ended June 30:		
2024	\$	201,019
2025		(202,645)
2026		(406,379)
2027		558,462
		<hr/>
	\$	150,457
		<hr/>

Actuarial Assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males 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 will be projected generationally using the MP-2020 projection scale to account for future improvements for life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2020.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8: Defined Benefit Pension Plan (Continued)

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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27 %	4.60 %
International Equity	20	4.50
Global Equity	12	4.80
Debt Securities	20	(0.25)
Real Estate	10	3.75
Private Equity	10	6.00
Cash Equivalents	1	(1.00)
Total	<u>100 %</u>	

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 8: Defined Benefit Pension Plan (Continued)

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 as of June 30, 2022, using the discount rate of 7.55 percent, 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 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$13,431,876	\$ 10,291,820	\$ 7,703,003

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 9: Other Postemployment Benefits (OPEB)

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 for units of state government, political subdivisions, community colleges and school districts. The Plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov>.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9: 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 claims cost and premiums received for retirees.

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. 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 determines 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. Contributions to the OPEB plan from the District were \$18,665, \$22,243 and \$22,250 for the years ended June 30, 2023, 2022 and 2021, respectively.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9: Other Postemployment Benefits (OPEB) (Continued)

At June 30, 2023, the District reported a liability of \$392,378 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 0.080 percent, a decrease from the proportion as of the previous measurement date of 0.006 percent.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(53,611). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 325	\$ 169,994
Net difference between projected and actual investment earnings on investments	27	-
Changes of assumptions	61,198	36,329
Changes in proportion and differences between District contributions and proportionate share of contributions	45,013	49,857
District's contributions subsequent to the measurement date	18,665	-
	<u>\$ 125,228</u>	<u>\$ 256,180</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9: Other Postemployment Benefits (OPEB) (Continued)

\$18,665 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 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:

Year ended June 30:		
2024	\$	(34,708)
2025		(26,884)
2026		(29,169)
2027		(28,950)
2028		(21,363)
2029		<u>(8,543)</u>
	\$	<u>(149,617)</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9: Other Postemployment Benefits (OPEB) (Continued)

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:

Actuarial cost method	Entry Age Normal
Inflation	2.40 percent
Salary increases, including wage inflation	2.65 - 17.90 percent
Municipal bond index rate	
Measurement date	3.37 percent
Prior measurement date	2.13 percent
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 percent
Prior measurement date	2.13 percent
Health care cost trends	
Medicare supplement claims	7.00 percent for 2023 decreasing
Pre-Medicare	to an ultimate rate of 4.50 percent by 2030

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 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.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9: Other Postemployment Benefits (OPEB) (Continued)

The demographic actuarial assumptions used in the June 30, 2022, valuation were based on the results of the last 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.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37 percent. Since the prior measurement date, the discount rate has changed from 2.13 to 3.37 percent.

The trust's fiduciary net position is projected to be depleted immediately. The discount rate used to measure the total OPEB liability was based on the 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 percent) or 1-percentage-point higher (4.37 percent) than the current discount rate:

	<u>1% Decrease (2.37%)</u>	<u>Discount Rate (3.37%)</u>	<u>1% Increase (4.37%)</u>
Net OPEB liability	<u>\$ 432,252</u>	<u>\$ 392,378</u>	<u>\$ 358,125</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 9: 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates Current</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 365,079</u>	<u>\$ 392,378</u>	<u>\$ 423,098</u>

Note 10: Deferred Compensation Plan

The State of Mississippi offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected or under contract, providing services for the State of Mississippi, state agencies, counties, municipalities or other political subdivisions for which compensation is paid. The plan permits employees of the District to defer a portion of their income until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan; all property and rights purchased with those amounts; and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) held in a separate trust account for the benefit of participants and their beneficiaries, and, accordingly, no liability is recorded by the District for amounts due under the plan.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 11: Contingencies

Grants

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

Litigation

The District is subject to other claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net position and cash flows of the District. Events could occur that would change this estimate materially in the near term.

Note 12: Subsequent Events

Events that occur after the balance sheet 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 balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the District through December 11, 2023, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

REQUIRED SUPPLEMENTARY INFORMATION

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.05%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%
District's proportionate share of the net pension liability	\$ 10,291,820	\$ 8,868,262	\$ 11,615,303	\$ 8,795,987	\$ 8,316,485	\$ 8,311,697	\$ 8,931,248	\$ 9,274,819	\$ 7,282,902	\$ 8,313,562
District's covered-employee payroll	\$ 3,897,264	\$ 3,598,477	\$ 3,800,799	\$ 3,830,759	\$ 3,392,362	\$ 3,376,559	\$ 3,346,483	\$ 3,383,644	\$ 3,580,502	\$ 3,494,279
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.08%	246.44%	305.60%	229.61%	245.15%	246.16%	266.88%	274.11%	203.40%	237.92%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%	61.02%

The accompanying notes to the required supplementary information are an integral part of this statement.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS (PERS)

	<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>	<u>2014</u>
Contractually required contribution	\$ 678,124	\$ 626,135	\$ 661,339	\$ 666,552	\$ 534,297	\$ 531,808	\$ 527,071	\$ 532,924	\$ 563,929	\$ 550,349
Contributions in relation to the contractually required contribution	<u>(678,124)</u>	<u>(626,135)</u>	<u>(661,339)</u>	<u>(666,552)</u>	<u>(534,297)</u>	<u>(531,808)</u>	<u>(527,071)</u>	<u>(532,924)</u>	<u>(563,929)</u>	<u>(550,349)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 3,897,264</u>	<u>\$ 3,598,477</u>	<u>\$ 3,800,799</u>	<u>\$ 3,830,759</u>	<u>\$ 3,392,362</u>	<u>\$ 3,376,559</u>	<u>\$ 3,346,483</u>	<u>\$ 3,383,644</u>	<u>\$ 3,580,502</u>	<u>\$ 3,494,279</u>
Contributions as a percentage of covered-employee payroll	<u>17.40%</u>	<u>17.40%</u>	<u>17.40%</u>	<u>17.40%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>

The accompanying notes to the required supplementary information are an integral part of this statement.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY

	<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	0.08%	0.09%	0.08%	0.08%	0.08%	0.08%
District's proportionate share of the net OPEB liability	\$ 392,378	\$ 553,576	\$ 640,025	\$ 651,885	\$ 609,545	\$ 610,587
District's covered payroll	\$ 3,897,264	\$ 3,598,477	\$ 3,800,799	\$ 3,830,759	\$ 3,392,362	\$ 3,376,559
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.07%	15.38%	16.84%	17.02%	17.97%	18.08%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

The accompanying notes to the required supplementary information are an integral part of this statement.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS (OPEB)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 18,665	\$ 22,243	\$ 22,250	\$ 25,524	\$ 26,130	\$ 26,030
Contributions in relation to the contractually required contribution	<u>(18,665)</u>	<u>(22,243)</u>	<u>(22,250)</u>	<u>(25,524)</u>	<u>(26,130)</u>	<u>(26,030)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 3,897,264</u>	<u>\$ 3,598,477</u>	<u>\$ 3,800,799</u>	<u>\$ 3,830,759</u>	<u>\$ 3,392,362</u>	<u>\$ 3,376,559</u>
Contributions as a percentage of covered payroll	<u>0.48%</u>	<u>0.62%</u>	<u>0.59%</u>	<u>0.67%</u>	<u>0.77%</u>	<u>0.77%</u>

The accompanying notes to the required supplementary information are an integral part of this statement.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 1: Required Supplemental Pension and OPEB Schedules

The amounts presented for each year in the accompanying pension and OPEB schedules were determined as of the measurement date of June 30 of the year prior to the fiscal year presented. GASB 75 was implemented in the fiscal year ended June 30, 2018. Until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Note 2: Pension Schedules

Changes of assumptions

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%.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 2: Pension Schedules (Continued)

- 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 the line of duty was decreased from 6% to 4%.

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 males rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 2: Pension Schedules (Continued)

- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty increased from 7% to 9%.

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016:

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

2015:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 2: Pension Schedules (Continued)

- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes in benefit provisions

2016:

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. 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

Changes of assumptions

2022:

- The discount rate was changed from 2.13% for the prior measurement date to 3.37% for the current measurement date

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 3: OPEB Schedules (Continued)

2021:

- The discount rate was changed from 2.19% for the prior measurement date to 2.13% 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.

2019:

- The discount rate was changed from 3.89% for the prior measurement date to 3.50% 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.

2017:

- The discount rate was changed from 3.01% for the prior measurement date to 3.56% for the current measurement date.

Changes in Benefit Provisions

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.

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.

2020:

- The schedule of monthly retiree contributions was increased as of January 1, 2021. The deductibles and coinsurance maximums were increased for Select coverage, and the coinsurance maximums were increased for the Base coverage beginning January 1, 2021.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 3: OPEB Schedules (Continued)

Methods and assumptions used in calculations of Actuarially Determined Contributions. 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 were used to determine the most recent contribution rate reported in that schedule.

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

INTERNAL CONTROL AND COMPLIANCE REPORT



COLLINS, BARR & HEMBREE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Board of Directors
Pearl River Valley Water Supply District
Ridgeland, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Pearl River Valley Water Supply District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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*.

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.

Collins, Barr & Hambrecht, LLP

December 11, 2023