

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

AUDIT REPORT

June 30, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION.....	4
MANAGEMENT’S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual – General Fund	20
Proprietary Fund:	
Statement of Net Position	21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
Notes to Financial Statements	25

TABLE OF CONTENTS
(Continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability	51
Schedule of the District's Contributions (PERS)	52
Schedule of the District's Proportionate Share of the Net OPEB Liability	53
Schedule of the District's Contributions (OPEB)	54
Notes to Required Supplementary Information	55
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	61
REPORT ON COMPLIANCE AND INTERNAL CONTROL	
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
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	68
OTHER ITEMS	
Auditee's Corrective Action Plan	71
Auditee's Summary Schedule of Prior Audit Findings	72

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

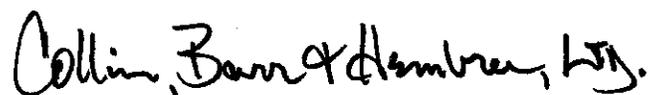
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District's Contributions (OPEB) on pages 7–12 and 51–59 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. This supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, 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 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.



December 3, 2021

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, 2021. 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, 2021 and 2020 was \$55,478,119, and \$52,555,378, respectively. Total net position increased \$2,922,741 between June 30, 2021 and 2020. Below is a summary of total net position at June 30, 2021 and 2020.

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

NET POSITION

	2021	2020	\$ Variance
Assets:			
Cash	\$ 14,709,172	\$ 13,303,354	\$ 1,405,818
Certificates of deposit	8,202	1,137,755	(1,129,553)
Receivables	1,151,058	1,599,409	(448,351)
Capital assets	48,708,959	48,769,407	(60,448)
Total assets	64,577,391	64,809,925	(232,534)
Deferred outflows of resources	2,749,545	838,657	1,910,888
Total assets and deferred outflows of resources	\$ 67,326,936	\$ 65,648,582	\$ 1,678,354
Liabilities			
Accounts payable, accrued liabilities, and customer deposits	\$ 1,314,305	\$ 2,593,020	\$ (1,278,715)
Long-term liabilities	457,840	449,479	8,361
Net pension liability	11,615,303	8,795,987	2,819,316
Net OPEB liability	640,025	651,885	(11,860)
Unearned revenue	417,011	425,151	(8,140)
Total liabilities	14,444,484	12,915,522	1,528,962
Deferred inflows of resources	160,651	177,682	(17,031)
Total liabilities and deferred inflows of resources	\$ 14,605,135	\$ 13,093,204	\$ 1,511,931
Net Position			
Net investment in capital assets	\$ 48,682,110	\$ 48,099,531	\$ 582,579
Restricted for capital improvements	2,756,318	-	2,756,318
Unrestricted	4,039,691	4,455,847	(416,156)
Total net position	\$ 55,478,119	\$ 52,555,378	\$ 2,922,741

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 \$48,708,959 at June 30, 2021, a slight decrease of \$60,448 from June 30, 2020. During fiscal 2021, additions to capital assets totaled \$3,341,596, and \$3,402,044 was recorded as depreciation expense. Capital asset additions primarily related to dams and other improvements and various other equipment additions.

Liabilities totaled \$14,444,484 at June 30, 2021, an increase of \$1,528,962 from prior year. The net pension liability increased \$2,819,316 and accounts payable and other current liabilities decreased by \$1,278,715. Deferred outflows related to pensions and OPEB increased \$1,910,888 and deferred inflows related to those items decreased \$17,031. 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, 2021 and 2020 follows.

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

CHANGE IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>\$ Variance</u>
Revenues:			
Governmental activities:			
Lease rentals	\$ 6,544,376	\$ 6,707,972	\$ (163,596)
Campground fees	2,837,493	2,424,718	412,775
Transfer fees	180,260	111,950	68,310
Building permit fees	168,971	157,432	11,539
Intergovernmental	3,428,702	782,925	2,645,777
Other	824,131	1,170,601	(346,470)
Total governmental activities	<u>13,983,933</u>	<u>11,355,598</u>	<u>2,628,335</u>
Business-type activities:			
Water sales	1,988,502	2,054,234	(65,732)
Sewer charges	2,098,157	2,177,497	(79,340)
Other	260,007	325,957	(65,950)
Total business-type activities	<u>4,346,666</u>	<u>4,557,688</u>	<u>(211,022)</u>
General interest income	30,115	64,623	(34,508)
Total revenues	<u>18,360,714</u>	<u>15,977,909</u>	<u>2,382,805</u>
Expenses:			
Governmental activities:			
General and administrative	2,632,525	2,441,588	190,937
Maintenance of facilities	3,266,619	3,523,465	(256,846)
Campground operations	1,970,649	1,799,489	171,160
Spillway operation	318,625	271,670	46,955
Policing	732,952	639,371	93,581
Special projects	197,633	346,456	(148,823)
Shop and equipment	513,416	460,438	52,978
Interest and fiscal charges	-	-	-
Total governmental activities	<u>9,632,419</u>	<u>9,482,477</u>	<u>149,942</u>
Business-type activities -			
Water and sewer operations and sanitation system	5,805,554	5,192,185	613,369
Total expenses	<u>15,437,973</u>	<u>14,674,662</u>	<u>763,311</u>
Change in net position	<u>\$ 2,922,741</u>	<u>\$ 1,303,247</u>	<u>\$ 1,619,494</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, 2021 and 2020, totaled \$18,360,714 and \$15,977,909, respectively, a net increase of \$2,382,805. This increase is due primarily to an increase in federal and state intergovernmental revenue. The District received federal and state intergovernmental revenue of \$3,428,702 in 2021, an increase of \$2,645,777 from 2020.

The District's governmental funds consist of the General Fund and Capital Projects Fund. During the year ended June 30, 2021, the net increase in the fund balance of the General Fund was \$2,543,216, as compared to an increase in fiscal year 2020 of \$2,177,125. The net increase is primarily attributed to increased federal and state intergovernmental revenue. The Capital Projects Fund expended \$152,122 in 2021 and \$2,400,441 in 2020 for property improvement needs related to seawalls. These funds were received in 2019 from the State of Mississippi to be used for seawall purposes.

During the year ended June 30, 2021, budgeted revenues for the General Fund were \$11,560,000, compared to actual revenues of \$14,013,343, resulting in a difference between actual and budgeted revenues of \$2,453,343. In addition, budgeted expenditures for the General Fund were \$11,830,000, compared to actual expenditures of \$9,460,262, a favorable variance of \$2,396,738. Actual transfers to the Enterprise Fund totaled \$2,009,865 in 2021 compared to \$178,496 in 2020.

The District operates four water and wastewater systems as reported in the Enterprise Fund. During the year ended June 30, 2021, operating revenues from these activities were \$4,330,796, a decrease of 4%. Operating expenses of the water and sewer operations and sanitation system were \$5,805,554 in fiscal 2021, an increase of 12% over fiscal 2020. A significant amount of this increase is attributable to the allocation of additional personnel costs from the General Fund.

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, 2021, 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 12,623,449	\$ 2,085,723	\$ 14,709,172
Certificates of deposit	-	8,202	8,202
Receivables, net	623,897	527,161	1,151,058
Restricted cash	2,756,318	-	2,756,318
Internal balances	272,702	(272,702)	-
Total current assets	16,276,366	2,348,384	18,624,750
Non-current assets:			
Capital assets:			
Land	7,688,569	-	7,688,569
Machinery and equipment	6,973,572	3,654,068	10,627,640
Dams and other improvements	75,996,388	-	75,996,388
Water and sewer system	-	31,685,889	31,685,889
Construction in progress	348,351	359,818	708,169
Less accumulated depreciation	(59,115,153)	(18,882,543)	(77,997,696)
Total non-current assets	31,891,727	16,817,232	48,708,959
Total assets	48,168,093	19,165,616	67,333,709
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	2,223,532	361,334	2,584,866
Deferred outflows - OPEB	136,683	27,996	164,679
Total assets and deferred outflows of resources	50,528,308	19,554,946	70,083,254
LIABILITIES			
Current liabilities:			
Accounts payable, accrued liabilities, and customer deposits	480,952	833,353	1,314,305
Current portion of long-term liabilities	53,315	6,205	59,520
Total current liabilities	534,267	839,558	1,373,825
Non-current liabilities:			
Long-term liabilities	356,798	41,522	398,320
Net pension liability	9,051,994	2,563,309	11,615,303
Net OPEB liability	531,030	108,995	640,025
Unearned revenue	417,011	-	417,011
Total non-current liabilities	10,356,833	2,713,826	13,070,659
Total liabilities	10,891,100	3,553,384	14,444,484
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	133,340	27,311	160,651
Total liabilities and deferred inflows of resources	11,024,440	3,580,695	14,605,135
NET POSITION			
Invested in capital assets, net of related debt	31,864,878	16,817,232	48,682,110
Restricted for capital improvements	2,756,318	-	2,756,318
Unrestricted	4,882,672	(842,981)	4,039,691
Total net position	\$ 39,503,868	\$ 15,974,251	\$ 55,478,119

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, 2021

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	\$ 2,632,525	\$ -	\$ -	\$ (2,632,525)	\$ -	\$ (2,632,525)
Maintenance of facilities	3,266,619	7,177,922	-	3,911,303	-	3,911,303
Campground operations	1,970,649	2,837,493	-	866,844	-	866,844
Spillway operation	318,625	-	-	(318,625)	-	(318,625)
Policing	732,952	-	74,283	(658,669)	-	(658,669)
Special projects	197,633	-	3,354,419	3,156,786	-	3,156,786
Shop and equipment	513,416	-	-	(513,416)	-	(513,416)
Total governmental activities	<u>9,632,419</u>	<u>10,015,415</u>	<u>3,428,702</u>	<u>3,811,698</u>	<u>-</u>	<u>3,811,698</u>
Business-type activities:						
Water and sewer operations and sanitation system	<u>5,805,554</u>	<u>4,330,796</u>	<u>-</u>	<u>-</u>	<u>(1,474,758)</u>	<u>(1,474,758)</u>
Total primary government	<u>\$ 15,437,973</u>	<u>\$ 14,346,211</u>	<u>\$ 3,428,702</u>	3,811,698	(1,474,758)	2,336,940
General revenues:						
Interest income				30,115	15,870	45,985
Sale of timber				316,412	-	316,412
Proceeds from easement				223,404	-	223,404
Transfers				(2,009,865)	2,009,865	-
Total general revenues and transfers				<u>(1,439,934)</u>	<u>2,025,735</u>	<u>585,801</u>
Change in net position				2,371,764	550,977	2,922,741
Net position, beginning of year				<u>37,132,104</u>	<u>15,423,274</u>	<u>52,555,378</u>
Net position, end of year				<u>\$ 39,503,868</u>	<u>\$ 15,974,251</u>	<u>\$ 55,478,119</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, 2021

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	\$ 15,174,793	\$ 204,974	\$ 15,379,767
Receivables, net	623,897	-	623,897
Due from other funds	21,358	251,344	272,702
 Total assets	 \$ 15,820,048	 \$ 456,318	 \$ 16,276,366
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 266,219	\$ -	\$ 266,219
Accrued liabilities	214,733	-	214,733
Unearned revenue	417,011	-	417,011
 Total liabilities	 897,963	 -	 897,963
Fund balance:			
Restricted to:			
Property improvements	1,500,000	456,318	1,956,318
Dam and infrastructure improvements	800,000	-	800,000
Committed to:			
Property improvements	2,450,000	-	2,450,000
Assigned to:			
Property improvements	5,900,000	-	5,900,000
Dam and infrastructure improvements	1,500,000	-	1,500,000
Unassigned	2,772,085	-	2,772,085
 Total fund balance	 14,922,085	 456,318	 15,378,403
 Total liabilities and fund balance	 \$ 15,820,048	 \$ 456,318	 \$ 16,276,366

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, 2021

Total fund balance - governmental funds	\$ 15,378,403
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,891,727
Liabilities not due and payable in the current period are not reported in the funds:	
Compensated absences	(410,113)
Net pension liability	(9,051,994)
Net OPEB liability	(531,030)
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	2,223,532
Deferred outflows of resources related to OPEB	136,683
Deferred inflows of resources related to OPEB	<u>(133,340)</u>
Net position of governmental activities	<u><u>\$ 39,503,868</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, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	Capital Projects	Total Governmental Funds
REVENUES			
Interest on investments	\$ 29,410	\$ 705	\$ 30,115
Lease rentals	6,544,376	-	6,544,376
Assignment fees	180,260	-	180,260
Building permit fees	168,971	-	168,971
Campground fees	2,837,493	-	2,837,493
Intergovernmental	3,428,702	-	3,428,702
Miscellaneous	824,131	-	824,131
	<u>14,013,343</u>	<u>705</u>	<u>14,014,048</u>
EXPENDITURES			
Current:			
General and administrative	2,535,853	-	2,535,853
Maintenance of facilities	1,331,204	-	1,331,204
Campground operations	1,588,937	-	1,588,937
Spillway operation	269,124	-	269,124
Policing	666,035	-	666,035
Special projects	2,362,064	152,122	2,514,186
Shop and equipment	707,045	-	707,045
	<u>9,460,262</u>	<u>152,122</u>	<u>9,612,384</u>
Total expenditures	<u>9,460,262</u>	<u>152,122</u>	<u>9,612,384</u>
Excess (deficiency) of revenues over expenditures	<u>4,553,081</u>	<u>(151,417)</u>	<u>4,401,664</u>
OTHER FINANCING SOURCES			
Transfers out	<u>(2,009,865)</u>	<u>-</u>	<u>(2,009,865)</u>
Net change in fund balances	2,543,216	(151,417)	2,391,799
Fund balances, beginning of year	<u>12,378,869</u>	<u>607,735</u>	<u>12,986,604</u>
Fund balances, end of year	<u>\$ 14,922,085</u>	<u>\$ 456,318</u>	<u>\$ 15,378,403</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 STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$	2,391,799
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 (\$2,692,545) exceeded depreciation (\$2,085,826) in the current period.</p>		
		606,719
<p>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.</p>		
		(9,166)
<p>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:</p>		
OPEB expense for the current year		(12,487)
OPEB contributions made subsequent to the measurement date		18,468
<p>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:</p>		
Pension expense for the current year		(1,284,908)
Pension contributions made subsequent to the measurement date		661,339
		661,339
Change in net position of governmental activities	\$	2,371,764

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, 2021

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest on investments	\$ 45,000	\$ 29,410	\$ (15,590)
Lease rentals	6,800,000	6,544,376	(255,624)
Assignment fees	150,000	180,260	30,260
Building permit fees	265,000	168,971	(96,029)
Campground fees	3,000,000	2,837,493	(162,507)
Grant revenues	800,000	3,428,702	2,628,702
Miscellaneous	500,000	824,131	324,131
	<u>11,560,000</u>	<u>14,013,343</u>	<u>2,453,343</u>
EXPENDITURES			
Salaries, wages and fringe benefits	4,400,000	3,806,230	593,770
Travel	30,000	10,320	19,680
Contractual services	2,700,000	2,456,350	243,650
Commodities	700,000	591,326	108,674
Equipment and special projects	3,000,000	2,571,036	428,964
Loans, subsidies and grants	1,000,000	25,000	975,000
	<u>11,830,000</u>	<u>9,460,262</u>	<u>2,369,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(270,000)</u>	<u>4,553,081</u>	<u>4,823,081</u>
OTHER FINANCING SOURCES			
Transfers out	(320,000)	(2,009,865)	(1,689,865)
Net change in fund balance	<u>\$ (590,000)</u>	<u>\$ 2,543,216</u>	<u>\$ 3,133,216</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 NET POSITION
PROPRIETARY FUND
June 30, 2021

ASSETS	
Current assets:	
Cash	\$ 2,085,723
Certificate of deposit	8,202
Receivables, net	<u>527,161</u>
Total current assets	<u>2,621,086</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	3,654,068
Water and sewer system	31,685,889
Construction in progress	359,818
Less accumulated depreciation	<u>(18,882,543)</u>
Total noncurrent assets	<u>16,817,232</u>
Total assets	19,438,318
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	361,334
Deferred outflows - OPEB	<u>27,996</u>
Total assets and deferred outflows of resources	19,827,648
LIABILITIES	
Current liabilities:	
Accounts payable	282,153
Accrued liabilities	127,507
Customer deposits	429,898
Due to other funds	<u>272,702</u>
Total current liabilities	1,112,260
Noncurrent liabilities	
Noncurrent accrued liabilities	41,522
Net pension liability	2,563,309
Net OPEB liability	<u>108,995</u>
Total liabilities	3,826,086
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	-
Deferred inflows - OPEB	<u>27,311</u>
Total liabilities and deferred inflows of resources	<u>3,853,397</u>
NET POSITION	
Invested in capital assets, net of related debt	16,817,232
Unrestricted	<u>(842,981)</u>
Total net position	<u>\$ 15,974,251</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, 2021

OPERATING REVENUES	
Water sales	\$ 1,988,502
Tapping fees	21,700
Sewer charges	2,098,157
Pipeline maintenance fees	110,303
Miscellaneous	<u>112,134</u>
Total operating revenues	<u>4,330,796</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	1,345,781
Sewer disposal usage	872,407
Utilities	289,447
Repairs and maintenance	1,049,038
Depreciation	1,316,218
Supplies and materials	209,311
Professional fees and services	382,680
Other	<u>340,672</u>
Total operating expenses	<u>5,805,554</u>
Operating income (loss)	(1,474,758)
NONOPERATING REVENUES (EXPENSES)	
Interest	15,870
Transfers in	<u>2,009,865</u>
Change in net position	550,977
Net position, beginning of year	<u>15,423,274</u>
Net position, end of year	<u>\$ 15,974,251</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 4,360,834
Payments to suppliers for goods and services	(3,800,977)
Payments to employees for services	<u>(1,049,387)</u>
Net cash used by operating activities	<u>(489,530)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances to other funds, net	<u>(265,682)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(663,321)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from certificates of deposits	826,576
Interest revenue	<u>15,870</u>
Net cash provided by investing activities	<u>842,446</u>
Net decrease in cash	(576,087)
Balances, beginning of year	<u>2,661,810</u>
Balances, end of year	<u><u>\$ 2,085,723</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	\$ (1,474,758)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation expense	1,316,218
(Increase) decrease in customer and other receivables	11,516
(Increase) decrease in deferred outflows - pensions	(311,455)
Increase (decrease) in deferred inflows - pensions	(28,550)
Increase (decrease) in net pension liability	603,179
(Increase) decrease in deferred outflows - OPEB	(14,283)
Increase (decrease) in deferred inflows - OPEB	15,074
Increase (decrease) in net OPEB liability	(2,016)
Increase (decrease) in customer deposits	18,522
Increase (decrease) in accounts payable and accrued liabilities	<u>(622,977)</u>
Net cash used by operating activities	<u><u>\$ (489,530)</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, 2021

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, 2021

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, 2021.

- 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, 2021

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, 2021

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, 2021

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, 2021, the District held no cash equivalents.

Certificates of Deposit

Certificates of deposit consist of investments with original maturity dates over three months. Certificates of deposit are shown at cost which approximates fair value.

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, 2021.

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, 2021

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

Governmental activities:	
Maintenance of facilities	\$ 1,854,233
Campground operations	<u>231,593</u>
	<u>\$ 2,085,826</u>
Business-type activities:	
Water and sewer operations	<u>\$ 1,316,218</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, 2021, 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, 2021

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, 2021

- 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, 2021

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, 2021, the carrying amount of the District's deposits with financial institutions, including certificates of deposit, was \$17,473,692 and the bank balance was \$17,578,567. 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, 2021

Note 3: Capital Assets

Capital assets and related activity for the year ended June 30, 2021, 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	4,214,726	122,759	-	(3,989,134)	348,351
Total capital assets not being depreciated	<u>11,903,295</u>	<u>122,759</u>	<u>-</u>	<u>(3,989,134)</u>	<u>8,036,920</u>
Capital assets being depreciated					
Furniture and equipment	6,746,086	350,776	(123,290)	-	6,973,572
Dams and other improvements	69,788,244	2,219,010	-	3,989,134	75,996,388
Total capital assets being depreciated	<u>76,534,330</u>	<u>2,569,786</u>	<u>(123,290)</u>	<u>3,989,134</u>	<u>82,969,960</u>
Less accumulated depreciation for					
Furniture and equipment	5,456,848	313,378	(123,290)	-	5,646,936
Dams and other improvements	51,695,769	1,772,448	-	-	53,468,217
Total accumulated depreciation	<u>57,152,617</u>	<u>2,085,826</u>	<u>(123,290)</u>	<u>-</u>	<u>59,115,153</u>
Total capital assets being depreciated, net	<u>19,381,713</u>	<u>483,960</u>	<u>-</u>	<u>3,989,134</u>	<u>23,854,807</u>
Total governmental activities capital assets, net	<u>\$ 31,285,008</u>	<u>\$ 606,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,891,727</u>
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 35,330	\$ 324,488	\$ -	\$ -	\$ 359,818
Capital assets being depreciated					
Furniture and equipment	3,501,541	185,250	(32,723)	-	3,654,068
Water and sewer system	31,546,576	139,313	-	-	31,685,889
Total capital assets being depreciated	<u>35,048,117</u>	<u>324,563</u>	<u>(32,723)</u>	<u>-</u>	<u>35,339,957</u>
Less accumulated depreciation for					
Furniture and equipment	2,363,805	223,374	(32,723)	-	2,554,456
Water and sewer system	15,235,243	1,092,844	-	-	16,328,087
Total accumulated depreciation	<u>17,599,048</u>	<u>1,316,218</u>	<u>(32,723)</u>	<u>-</u>	<u>18,882,543</u>
Total capital assets being depreciated, net	<u>17,449,069</u>	<u>(991,655)</u>	<u>-</u>	<u>-</u>	<u>16,457,414</u>
Total business-type activities capital assets, net	<u>\$ 17,484,399</u>	<u>\$ (667,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,817,232</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3: Capital Assets (Continued)

Construction in progress was composed of the following:

<u>Project</u>	<u>June 30, 2021</u>	<u>Remaining Estimated Commitment</u>
Governmental activities:		
Bob Anthony Relocation Study	\$ 126,049	\$ 375,000
Bathymetric Survey and Dredging	<u>222,302</u>	<u>2,500,000</u>
	<u><u>\$ 348,351</u></u>	<u><u>\$ 2,875,000</u></u>
Business-type activities:		
Ratliff Ferry Sewer Improvements	\$ 51,900	\$ 500,000
SSES Southshore Areas	<u>307,918</u>	<u>-</u>
	<u><u>\$ 359,818</u></u>	<u><u>\$ 500,000</u></u>

Note 4: Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2021, follow:

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

At June 30, 2021, 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, 2021

Note 5: Long-term Liabilities

The following is a summary of long-term obligation transactions for the District for the year ended June 30, 2021.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Accrued compensated absences	\$ 400,947	\$ 9,166	\$ -	\$ 410,113	\$ 53,315
Business-type activities:					
Accrued compensated absences	48,532	-	(805)	47,727	6,205
	<u>\$ 449,479</u>	<u>\$ 9,166</u>	<u>\$ (805)</u>	<u>\$ 457,840</u>	<u>\$ 59,520</u>

Note 6: Operating Leases

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 leases. These leases expire between 2024 and 2032. Rental payments include minimum rentals, plus related interest.

Future minimum lease payments at June 30, 2021, were:

2022	\$ 132,880
2023	132,880
2024	115,962
2025	115,962
2026	75,293
2027-2031	206,962
2032	<u>7,329</u>
	<u>\$ 787,268</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 7: 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. The leases are classified as operating leases, and rental income is recorded in the General Fund as billed. At June 30, 2021, the District was a party to approximately 6,300 leases which yield aggregate annual rental income of approximately \$6,500,000. 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, 2021

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 PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years 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, 2021

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, 2021, 2020 and 2019 were approximately \$661,000, \$667,000, and \$534,000, 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, 2021, the District reported a liability of \$11,615,303 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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. The District's proportionate share used to calculate the June 30, 2021 net pension liability was .060 percent, which was based on a measurement date of June 30, 2020. This proportionate share increased from .050 percent in the prior year.

For the year ended June 30, 2021 the District recognized pension expense of \$1,584,613. At June 30, 2021 the District deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 100,822	\$ -
Net difference between projected and actual earnings on pension plan investments	477,112	-
Changes of assumptions	64,978	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,280,615	-
District's contributions subsequent to the measurement date	<u>661,339</u>	<u>-</u>
	<u>\$ 2,584,866</u>	<u>\$ -</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8: Defined Benefit Pension Plan (Continued)

\$661,339 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, 2022. 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:	
2022	\$ 522,490
2023	703,334
2024	543,960
2025	<u>153,743</u>
	<u>\$ 1,923,527</u>

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increase	3.00-18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27 %	4.90 %
International Equity	22	4.75
Global Equity	12	5.00
Debt Securities	20	0.50
Real Estate	10	4.00
Private Equity	8	6.25
Cash Equivalents	1	-
Total	<u>100 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current 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, 2021

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, 2021, using the discount rate of 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$15,034,582	\$ 11,615,303	\$ 8,793,023

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, 2021

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 determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions. The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$22,250, \$25,524 and \$26,130 for the years ended June 30, 2021, 2020 and 2019, respectively.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

At June 30, 2021, the District reported a liability of \$640,025 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.082 percent., an increase from the proportion as of the previous measurement date of 0.005 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$15,045. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 816	\$ 111,381
Net difference between projected and actual investment earnings on investments	21	-
Changes of assumptions	99,370	27,047
Changes in proportion and differences between District contributions and proportionate share of contributions	42,222	22,223
District's contributions subsequent to the measurement date	<u>22,250</u>	<u>-</u>
	<u>\$ 164,679</u>	<u>\$ 160,651</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

\$22,250 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, 2022. 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:	
2022	\$ (8,139)
2023	(8,139)
2024	(5,191)
2025	2,820
2026	427
	<hr/>
	\$ (18,222)
	<hr/> <hr/>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Actuarial Assumptions. The total OPEB liability in the June 30, 2020 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	2.75 percent
Salary Increases, including wage inflation	3.00 - 18.25 percent
Municipal bond index rate	
Measurement date	2.19 percent
Prior measurement date	3.50 percent
Year FNP is projected to be depleted	
Measurement date	2020
Prior measurement date	2019
Single equivalent interest rate, net of OPEB plan investment expense, including inflation	
Measurement date	2.19 percent
Prior measurement date	3.50 percent
Health care cost trends	
Medicare supplement claims	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2030
Pre-Medicare	

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study dated April 2, 2019. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.19 percent. Since the prior measurement date, the discount rate has changed from 3.50 to 2.19 per cent.

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 Buyer General Obligation 20-year Municipal Bond Index Rates.

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 (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

	<u>1% Decrease (1.19%)</u>	<u>Discount Rate (2.19%)</u>	<u>1% Increase (3.19%)</u>
Net OPEB liability	<u>\$ 707,271</u>	<u>\$ 640,025</u>	<u>\$ 582,346</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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>\$ 590,965</u>	<u>\$ 640,025</u>	<u>\$ 695,608</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, 2021

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 November 30, 2021, (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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	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	\$ 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	\$ 3,800,799	\$ 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	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	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>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	\$ 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>(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>							
District's covered-employee payroll	<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>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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.08%	0.08%	0.08%	0.08%
District's proportionate share of the net OPEB liability	\$ 640,025	\$ 651,885	\$ 609,545	\$ 610,587
District's covered payroll	\$ 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	16.84%	17.02%	17.97%	18.08%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 22,250	\$ 25,524	\$ 26,130	\$ 26,030
Contributions in relation to the contractually required contribution	<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>
District's covered payroll	<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>0.59%</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, 2021

Note 1: Required Supplementary 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 68 was implemented in the fiscal year ended June 30, 2015, and 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

2019:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

- The expectation of disabled mortality was changed to PubT.H-2010 Disabled 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%.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 2: Pension Schedules (Continued)

- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017:

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

2016:

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

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.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 2: Pension Schedules (Continued)

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

Changes in 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	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 3: OPEB Schedules

Changes of assumptions

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

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.

2019:

- None

2018:

- None

2017:

- None

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

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	7.00 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	2028
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.50 percent

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

SUPPLEMENTAL INFORMATION

Pearl River Valley Water Supply District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Agency/ Pass-through Entity/ Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Justice</u>				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ 2,191
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	4,990
Total U.S. Department of Justice			-	7,181
<u>U.S. Department of Transportation</u>				
Passed-through the Mississippi Department of Transportation:				
Highway Planning and Construction	20.205	STP-6945-00(011) LPA/108146	-	924,190
Highway Planning and Construction	20.205	FBP-4561-00(002)/ 104517	-	430,229
Total U.S. Department of Transportation			-	1,354,419
<u>U.S. Department of Homeland Security</u>				
Direct Program:				
Homeland Security Grant Program	97.067	N/A	-	34,802
Total for All Federal Awards			\$ -	\$ 1,396,402

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Pearl River Valley Water Supply District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pearl River Valley Water Supply District, it is not intended and does not present the financial position, changes in net position or cash flows of Pearl River Valley Water Supply District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pearl River Valley Water Supply District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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, 2021, 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 3, 2021.

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.

Collin, Barr & Hembree, LLP.

December 3, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

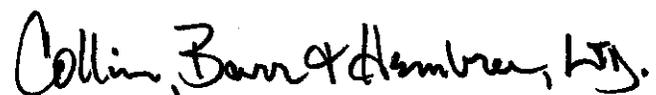
Report on Internal Control over Compliance

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

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

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

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



December 3, 2021

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of report auditor issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified | None Reported |
| 3. Noncompliance material to financial statements noted | No |

Federal Awards:

- | | |
|--|-----------------|
| 4. Type of auditor’s report issued on compliance for major programs | Unmodified |
| 5. Internal control over major programs: | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified | None Reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) | No |
| 7. Federal program identified as a major program: | |
| Highway Planning and Construction | CFDA No. 20.205 |
| 8. Dollar threshold to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee | No |

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

Section II – Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

OTHER ITEMS

**PEARL RIVER VALLEY WATER SUPPLY DISTRICT
115 MADISON LANDING CIRCLE
RIDGELAND, MISSISSIPPI 39157**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 2 CFR Section 200.511 of the Uniform Guidance, Pearl River Valley Water Supply District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2021:

There are no current year findings.

**PEARL RIVER VALLEY WATER SUPPLY DISTRICT
115 MADISON LANDING CIRCLE
RIDGELAND, MISSISSIPPI 39157**

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section 2 CFR Section 200.511 of the Uniform Guidance, Pearl River Valley Water Supply District has prepared and hereby submits the following summary schedule of prior audit findings for the year ended June 30, 2021:

<u>Finding</u>	<u>Status</u>
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No findings were reported in the prior year.