

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**BARLOW & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
BRANDON, MISSISSIPPI**

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

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For the Year Ended September 30, 2021

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Barlow & Company, PLLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Directors
Rankin Hinds Pearl River Flood and Drainage Control District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin Hinds Pearl River Flood and Drainage Control District ("District") as of and for the year ended September 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. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rankin Hinds Pearl River Flood and Drainage Control District as of September 30, 2021, and the respective changes in financial position 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 on pages 3 through 5, and the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District's Contributions on pages 23 through 25 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 inquires 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 an opinion on the financial statements that collectively comprise the Rankin Hinds Pearl River Flood and Drainage Control District's basic financial statements. The supplemental schedule of expenditures on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplemental schedule of expenditures 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

Barlow & Company, PLLC

Brandon, Mississippi

April 27, 2022

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

P.O. Box 1421

Jackson, Mississippi 39215

Management's Discussion and Analysis

As management of the Rankin Hinds Pearl River Flood and Drainage Control District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's basic financial statements, which begin on page 6.

Financial Highlights

- The District's net position (unrestricted funds) amounts to \$695,493.
- The District received \$983,144 in county tax revenue during the period.

Using this Annual Report

This annual report consists of three parts:

- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Financial Statements

Government-wide Financial Statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position is presented after the effects of the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71, discussed more fully in the notes to the financial statements.

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

The Government-wide Financial Statements can be found on pages 6 and 7 of this report.

Fund Financial Statements. The fund financial statements present financial information about the District in a more traditional manner. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has three governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on a near-term view of the District's financial resources available for spending. The modified accrual basis of accounting is utilized in preparation of these statements, which may be useful in the evaluation of the District's near-term requirements.

The basic governmental fund financial statements can be found on pages 8 through 11 of this report.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

P.O. Box 1421

Jackson, Mississippi 39215

Management's Discussion and Analysis

Financial Analysis

The District's total assets are composed of cash, receivables, prepaid expenses, land, levees, machinery and equipment.

The District's net position of \$2,777,788, consists of unrestricted net position of \$695,493, which the District can use for any purpose to coordinate flood protection of the area supervised by the District, restricted net position of \$243,134, and \$1,839,161, net investment in capital assets.

NET POSITION

	<u>9/30/21</u>	<u>9/30/20</u>
Cash and cash equivalents	\$1,134,482	\$ 524,508
Receivable from Rankin County	23,956	42,043
Receivable from Hinds County	5,438	12,881
Prepaid expenses	23,937	23,378
Restricted cash	243,134	243,025
Capital assets, net	<u>1,839,161</u>	<u>1,879,659</u>
Total assets	<u>3,270,108</u>	<u>2,725,494</u>
Deferred outflows of resources	<u>44,313</u>	<u>171,375</u>
Total assets and deferred outflows of resources	<u><u>\$3,314,421</u></u>	<u><u>\$2,896,869</u></u>
Accounts payable	\$ 115,516	\$ 21,003
Payroll liabilities	6,734	5,022
Net pension liability	<u>232,348</u>	<u>412,924</u>
Total liabilities	<u>354,598</u>	<u>438,949</u>
Deferred inflows of resources	<u>182,035</u>	<u>-</u>
Total liabilities and deferred intflows of resources	<u><u>536,633</u></u>	<u><u>438,949</u></u>
Net Investment in capital assets	1,839,161	1,879,659
Net position-restricted	243,134	243,025
Net position-unrestricted	<u>695,493</u>	<u>335,236</u>
Total net position	<u><u>2,777,788</u></u>	<u><u>2,457,920</u></u>
Total liabilities and net position	<u><u>\$3,314,421</u></u>	<u><u>\$2,896,869</u></u>

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

P.O. Box 1421

Jackson, Mississippi 39215

Management's Discussion and Analysis

As illustrated by the table "Changes in Net Position" below, the District's revenues exceeded expenses by \$319,868.

CHANGES IN NET POSITION

Revenues:	
Rankin County tax assessment	\$ 903,295
Hinds County tax assessment	79,849
Patronage dividend	222
Lease income	12,490
Interest income	<u>370</u>
Total revenues	<u>996,226</u>
Expenses:	
Operating	635,860
Depreciation	<u>40,498</u>
Total expenses	<u>676,358</u>
Change in net position	<u><u>\$ 319,868</u></u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information contact Gary Rhoads, Chairman, Rankin Hinds Pearl River Flood and Drainage Control District, Jackson, Mississippi at the address above.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
STATEMENT OF NET POSITION
September 30, 2021

	<u>Total Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,134,482
Receivable from Rankin County	23,956
Receivable from Hinds County	5,438
Prepaid expenses	23,937
Restricted assets:	
Cash and cash equivalents	243,134
Capital assets, net	<u>1,839,161</u>
Total assets	<u>3,270,108</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>44,313</u>
Total deferred outflows of resources	<u>44,313</u>
 LIABILITIES	
Accounts payable	115,516
Payroll liabilities	6,734
Net pension liability	<u>232,348</u>
Total liabilities	<u>354,598</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>182,035</u>
Total deferred inflows of resources	<u>182,035</u>
 NET POSITION	
Net investment in capital assets	1,839,161
Restricted	243,134
Unrestricted	<u>695,493</u>
Total net position	<u><u>\$ 2,777,788</u></u>

See accompanying notes to financial statements.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

		Net (Expense) Revenue and Changes in Net Position
	Expenses	Governmental Activities
Governmental activities		
Flood control	\$ 676,358	\$ (676,358)
Total governmental activities	676,358	(676,358)
Total governmental activities	\$ 676,358	(676,358)
General revenues		
Taxes		
Property taxes		983,144
Lease income		12,490
Other income		222
Interest income		370
Total general revenues		996,226
Change in net position		319,868
Net Position October 1, 2020		2,457,920
Net Position September 30, 2021		\$ 2,777,788

See accompanying notes to financial statements.

**RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021**

	<u>General Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,134,482	\$ -	\$ 1,134,482
Receivable from Rankin County	23,956	-	23,956
Receivable from Hinds County	5,438	-	5,438
Prepaid expenses	23,937	-	23,937
Restricted assets:			
Cash and cash equivalents	<u>66,038</u>	<u>177,096</u>	<u>243,134</u>
Total Assets	<u><u>\$ 1,253,851</u></u>	<u><u>\$ 177,096</u></u>	<u><u>\$ 1,430,947</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 115,516	\$ -	\$ 115,516
Payroll liabilities	<u>6,734</u>	<u>-</u>	<u>6,734</u>
Total Liabilities	<u>122,250</u>	<u>-</u>	<u>122,250</u>
Fund Balance			
Nonspendable	23,937	-	23,937
Restricted	66,038	177,096	243,134
Unassigned	<u>1,041,626</u>	<u>-</u>	<u>1,041,626</u>
Total Fund Balance	<u>1,131,601</u>	<u>177,096</u>	<u>1,308,697</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,253,851</u></u>	<u><u>\$ 177,096</u></u>	<u><u>\$ 1,430,947</u></u>

See accompanying notes to financial statements.

**RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2021**

Fund Balance - total governmental funds		\$ 1,308,697
Amounts reported for governmental activities in Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 3,070,147	
Less accumulated depreciation	<u>(1,230,986)</u>	1,839,161
Financial statement rounding		
Some liabilities, including net position obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(232,348)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred inflows of resources related to pensions		(182,035)
Deferred outflows of resources related to pensions		<u>44,313</u>
Net Position of Governmental Activities		<u><u>\$ 2,777,788</u></u>

See accompanying notes to financial statements.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	General Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues			
Property taxes:			
Rankin County	\$ 903,295	\$ -	\$ 903,295
Hinds County	79,849	-	79,849
Patronage dividend	222	-	222
Lease income	12,490	-	12,490
Interest income	281	89	370
Total Revenues	<u>996,137</u>	<u>89</u>	<u>996,226</u>
Expenditures			
Current operating:			
Flood control	<u>507,339</u>	<u>-</u>	<u>507,339</u>
Total Expenditures	<u>507,339</u>	<u>-</u>	<u>507,339</u>
Excess of revenues over (under) expenditures	<u>488,798</u>	<u>89</u>	<u>488,887</u>
Net change in fund balances	488,798	89	488,887
Fund Balances October 1, 2020	<u>642,803</u>	<u>177,007</u>	<u>819,810</u>
Fund Balances September 30, 2021	<u><u>\$ 1,131,601</u></u>	<u><u>\$ 177,096</u></u>	<u><u>\$ 1,308,697</u></u>

See accompanying notes to financial statements.

**RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021**

Net Change in Fund Balances - total governmental funds		\$ 488,887
Amounts reported for governmental activities in Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives:		
Less current year depreciation	<u>\$ (40,498)</u>	(40,498)
The Statement of Activities reports pension expense and other activity related to the net pension liability:		
Pension expense		<u>(128,521)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 319,868</u></u>

See accompanying notes to financial statements.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Rankin Hinds Pearl River Flood and Drainage Control District (“the District”) was formed by the Mississippi legislature in 1962 for the purpose of providing flood control. The District’s goal is to provide protection from flood events to the public highways, life, and property in the District by constructing and enhancing the Pearl River levee system and other prevention projects.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

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

The District’s financial statements consist of government-wide statements, including a statement of net position and a statement of activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide financial statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Grants are recognized as soon as all eligibility requirements have been satisfied.

The statement of net position is designed to display the financial positions of the District at year end. The District reports all capital assets, including land and easements, in the government-wide statement of net position and reports depreciation expense in the statement of activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service or program and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other revenues not classified as program revenues are presented as general revenues of the District.

Fund financial statements:

Fund financial statements display the financial transactions and accounts of the District based on funds. The operation of each fund is considered to be an independent accounting entity.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amounts. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. State appropriations are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

Notes to the Financial Statements For the Year Ended September 30, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Major Governmental 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.

Non-Major Governmental Fund Type

In addition to the General Fund, the District reports on one non-major governmental fund:

The LeFleur Lake Fund is reported as special revenue fund which is used to account for revenues and expenditures associated with the LeFleur Lake Project.

D. Capital Assets and Long-Term Liabilities

Capital assets include land and easements, levees, equipment, machinery, and vehicles. Capital assets purchased or constructed are reported at historical cost or estimated historical cost. In the case of gifts or contributions, such assets are recorded at fair value at the time received. The District defines capital assets as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

Depreciable capital assets are depreciated using the straight line method over useful lives ranging from 3 to 30 years.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

E. Equity Classifications

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or borrowings attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact. The District’s nonspendable fund balance is comprised of amounts expended for prepaid expenses.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board Members). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. The District does not have any committed fund balances.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board has provided otherwise in its commitment or assignment actions.

F. Accounting for Pensions

Financial reporting information pertaining to the District’s participation in the Public Employees’ Retirement System of Mississippi (“PERS”) is prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PERS have been determined on the same basis as they are reported by PERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing PERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District’s net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

Notes to the Financial Statements For the Year Ended September 30, 2021

G. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. LEFLEUR LAKES DEVELOPMENT FOUNDATION

In March 2005, the District created and incorporated LeFleur Lakes Development Foundation, Inc. to:

- Assist the District by acquiring, financing, constructing, reconstructing, remodeling, enlarging, altering, repairing, operating, managing, leasing, selling, borrowing against, or otherwise disposing of any real or personal properties or fixtures, including buildings or equipment of any type or kind, together with any related realty or personalty that may be useful to or useable by the District;
- Perform tests, studies, surveys, inspections or other analysis incident to or related to the development of flood control or economic development or planning within the framework of the duties, responsibilities, powers of authority of the District, and to contract with attorneys, engineers, surveyors, marketing representatives, consultants and other like service providers required to carry out this authority, and to apply for, receive and disburse grant funds or other monies in accordance with this authority;
- Conduct such other programs or functions and perform such other activities as the Board of Directors of the Corporation may from time to time determine to be appropriate on behalf of or for the benefit of the District for exclusively public purposes.

3. PEARL RIVER VISION FOUNDATION

In June 2011, the District entered into an agreement with the Pearl River Vision Foundation ("PRV") whereby the District engaged PRV to provide engineering, scientific and other consulting services to assist the District by negotiating an updated agreement with the U.S. Corps of Engineers ("the Corps") in order to develop a more timely approach, while allowing maximum funding flexibility, or to develop alternative procedures which may provide a better process to reach the flood control goals of the Jackson, Mississippi metropolitan area. PRV is assisting the District in negotiations to devise an updated agreement and companion Feasibility Cost Sharing Agreement that addresses various flood control alternatives and to develop alternative procedures for implementation of the project. In connection with these activities, the PRV continues analyses of hydraulics, sediment, environmental impacts, economic impacts, and utility relocation ("the EIS Study").

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

4. CASH AND OTHER DEPOSITS

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, 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 a 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 Depository Insurance Corporation. The District invests only in cash.

At September 30, 2021, the carrying amount of the District's demand and deposits was \$1,377,615, and the bank balance was \$1,390,240.

5. RISK MANAGEMENT

The District's risk-of-loss exposures include exposure to liability and accidental loss of real and personal property as well as human resources. District operations involve a variety of high-risk activities including, but not limited to, construction and maintenance activities. The District carries commercial insurance for these risks.

6. OPERATING LEASE

The District leased premises to a company for an outdoor advertising structure under terms of an agreement dated August 23, 2010, that expired January 31, 2021.

The agreement provided for annual lease payments of the lesser of \$8,500, or 25% of gross revenue generated by the property leased, payable February 1 of each year. Rental income during the year ended September 30, 2021, totaled \$12,490.

7. DEFINED BENEFIT PENSION PLAN

Plan Description

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

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Contributions

The contribution requirements of PERS members and employers are established and may only be amended by the State of Mississippi Legislature. PERS members are required to contribute 9% of covered compensation and employers are required to contribute at an actuarially determined rate. The contributions are deducted from the employee's wages or salary and remitted by the District to PERS on a semi-monthly basis. The District's contractually required contribution rate for the year ended September 30, 2021, was 17.04 percent of covered payroll. When combined with employee contributions, it is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to PERS for the years ended September 30, 2021, 2020 and 2019 were \$18,599, \$23,921, and \$21,215, respectively, which are equal to the required contribution for each year.

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

At September 30, 2021, the District reported a liability of \$232,348 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the District's proportion was 0.001572 percent, which was a decrease of 0.000561 percent from its proportion measured as of June 30, 2020.

Changes in net pension liability are recognized in pension expense with the following exceptions:

Differences Between Expected and Actual Experience.

Differences between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over the average of the expected remaining service lives of active and inactive members. For 2021, this was 3.88 years, which was an increase of .22 years from the prior year average of 3.66.

Changes in Assumptions.

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

Notes to the Financial Statements For the Year Ended September 30, 2021

- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

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%.
- 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.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

- 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.
- 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.

Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions.

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over the average of the expected remaining service lives of active and inactive members.

For the year ended September 30, 2021, the District recognized pension expense of \$147,120. At September 30, 2021, the District reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 3,715	\$ 84,583
Net difference between projected and actual earnings on Plan investments	14,609	-
Changes of assumptions	17,879	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	97,452
District contributions subsequent to the measurement date	8,110	-
Total	\$ 44,313	\$ 182,035

The \$8,110 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30		
2022	\$	(27,780)
2023		(27,668)
2024		(30,551)
2025		(40,342)
2026		(19,491)
	\$	(145,832)

Actuarial Assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined by an actuarial valuation prepared as of June 30, 2020, applied to all periods included in the measurement:

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

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above

76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT

**Notes to the Financial Statements
For the Year Ended September 30, 2021**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent 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%	4.60%
International equity	22%	4.50%
Global equity	12%	4.80%
Fixed income	20%	-0.25%
Real estate	10%	3.75%
Private equity	8%	6.00%
Cash equivalents	1%	-1.00%
Total	<u>100%</u>	

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease 6.55%</u>	<u>Current 7.55%</u>	<u>1% Increase 8.55%</u>
District's proportional share of the net pension liability	\$ 351,000	\$ 232,348	\$ 166,000

Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued Public Employees’ Retirement System of Mississippi financial report. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2021

8. EFFECT OF DEFERRED AMOUNTS ON NET POSTION

The unrestricted net position of \$695,493, includes the effect of deferring the recognition of expenses and revenues resulting from deferred outflows and inflows from pensions. The \$44,313, balance of deferred outflows of resources, at September 30, 2021, will be recognized as an increase to pension expense and will decrease the unrestricted net position over the next 3.88 years. The \$182,035, balance of deferred inflows of resources, at September 30, 2021, will be recognized as a reduction to pension expense and will increase the unrestricted net position over the next 3.88 years.

9. CAPITAL ASSETS

Capital assets are summarized as follows:

	Totals Oct. 1 2020	Additions	Disposals	Totals Sept. 30 2021
Governmental Activities:				
Land and easements	\$666,208	\$ -	\$ -	\$666,208
Levees	979,532	-	-	979,532
Total nondepreciable capital assets	<u>1,645,740</u>	<u>-</u>	<u>-</u>	<u>1,645,740</u>
 Machinery, buildings, equipment and vehicles	 1,424,407	 -	 -	 1,424,407
Total depreciable capital assets	<u>1,424,407</u>	<u>-</u>	<u>-</u>	<u>1,424,407</u>
 Less accumulated depreciation for: Machinery, buildings, equipment and vehicles	 (1,190,488)	 (40,498)	 -	 (1,230,986)
Net depreciable assets	<u>233,919</u>	<u>(40,498)</u>	<u>-</u>	<u>193,421</u>
 Net capital assets	 <u>\$ 1,879,659</u>	 <u>\$ (40,498)</u>	 <u>\$ -</u>	 <u>\$ 1,839,161</u>

Depreciation expense charged to the District was \$40,498, for the year ended September 30, 2021.

10. CONTINGENCIES

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

11. MANagements EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2022, the date which the financial statements were available to be issued and noted no subsequent events other than the above that require recognition or disclosure in the financial statements.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last 10 Fiscal Years Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	\$ 232,348	412,924	353,247	319,187	271,128	254,183	240,218
District's proportionate share of the net pension liability	0.001572%	0.002133%	0.002008%	0.191900%	0.001613%	0.001423%	0.001554%
District's covered employee payroll	\$ 106,890	\$ 137,478	\$ 130,688	\$ 125,359	\$ 105,880	\$ 97,809	\$ 94,308
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	217.37%	300.36%	270.30%	254.62%	256.07%	259.88%	254.72%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.49%	57.47%	61.70%	61.70%

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last 10 Fiscal Years Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,599	\$ 23,921	\$ 21,215	\$ 19,744	\$ 16,676	\$ 15,405	\$ 14,854
Contributions in relation to the contractually required contribution	<u>18,599</u>	<u>23,921</u>	<u>21,215</u>	<u>19,744</u>	<u>16,676</u>	<u>15,405</u>	<u>14,854</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 106,890	\$ 137,478	\$ 130,688	\$ 125,359	\$ 105,880	\$ 97,809	\$ 94,308
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	16.23%	15.75%	15.75%	15.75%	15.75%

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

1. MEASUREMENT DATE

The amounts presented for the fiscal year ended September 30, 2021, were determined as of the measurement date of June 30, 2021.

2. DATA AVAILABLE AND PRESENTED

The required supplementary schedules are presented to illustrate the requirement to show information for 10 years, as required by GASB 68 ("the standard). The standard was implemented during the fiscal year ended September 30, 2015, and only reflects data for years for which trend information is available.

3. CONTRIBUTION PERCENTAGE

The contribution percentage for the year ended September 30, 2021, was 17.4%.

4. CHANGE OF BENEFIT TERMS

There were no changes of benefit terms during the year ended September 30, 2021.

5. CHANGE OF ASSUMPTIONS

The following changes of assumptions occurred during the year ended September 30, 2021:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

RANKIN HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT
SUPPLEMENTAL SCHEDULE OF EXPENDITURES
For the Year Ended September 30, 2021

	2021	Memo Only 2020
Accounting	\$ 29,772	\$ 29,019
Bank charges	241	349
Directors fees	2,440	2,560
EIS Study - District legal fees	164,269	257,237
Lake LeFluer Feasibility	-	18,903
Engineering	15,713	60,421
Fuel	7,495	6,072
Insurance - surety bonds	400	400
Insurance - worker's compensation	4,474	4,416
Insurance-commercial/general	21,145	20,010
Legal fees	17,572	11,295
Levee repair	10,220	7,720
Machine hire	7,053	31,389
Maintenance supplies	9,615	11,713
Payroll Expenses	119,757	164,303
Payroll taxes	9,100	12,483
Pension expense	147,120	21,728
Postage and delivery	322	234
Pump and equipment repairs	40,764	214,239
Telephone	5,414	3,719
Utilities	22,974	103,379
	<u>635,860</u>	<u>981,589</u>
Depreciation Expense	40,498	44,889
Total Flood Control Expenditures	<u>\$ 676,358</u>	<u>\$ 1,026,478</u>

See independent auditor's report.