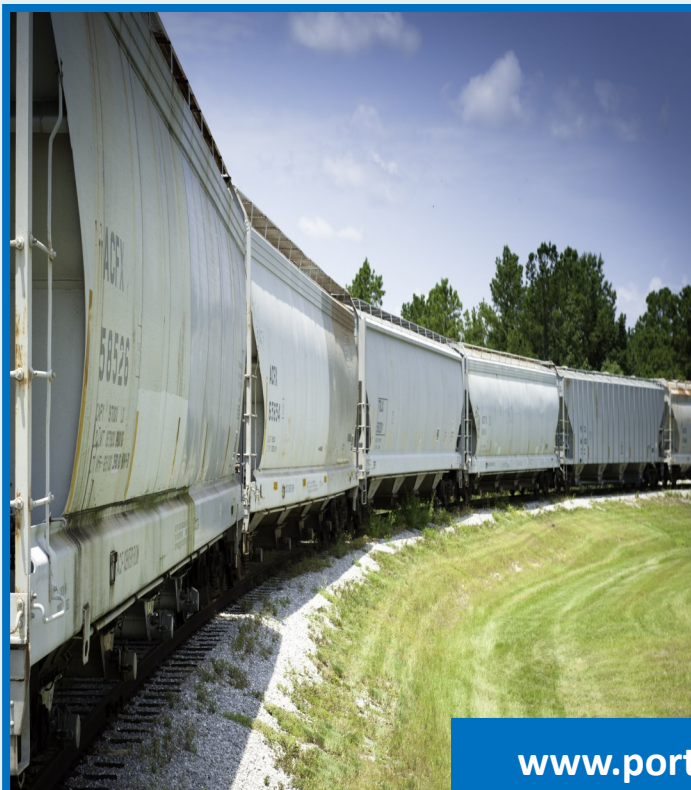




# HANCOCK

MISSISSIPPI  
P O R T • A I R • S P A C E

**HANCOCK COUNTY PORT & HARBOR COMMISSION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEARS ENDED 9/30/2020 & 9/30/2019**



[www.portairspace.com](http://www.portairspace.com)

**Hancock County Port and Harbor Commission**  
**(A Component Unit of Hancock County, Mississippi)**  
**Comprehensive Annual Financial Report**  
**For Fiscal Years Ended September 30, 2020 and 2019**



**Prepared by: Finance Department**  
**Tonya Ladner, Comptroller**

# HANCOCK COUNTY PORT AND HARBOR COMMISSION

## TABLE OF CONTENTS

---

### INTRODUCTORY SECTION

Letter of Transmittal .....	i - ix
List of Officials .....	x
Organizational Chart .....	xi
Certificate of Achievement.....	xii

### FINANCIAL SECTION

Independent Auditors' Report .....	1 - 2
Management's Discussion and Analysis.....	3 - 9

#### Basic Financial Statements

Statements of Net Position .....	10
Statements of Revenues, Expenses, and Changes in Net Position.....	11
Statements of Cash Flows.....	12
Notes to Financial Statements.....	13 - 27

#### Required Supplementary Information

Table of Contents .....	28
Mississippi Public Employees' Retirement System Schedule of Commission's Proportionate Share of Net Pension Liability .....	29
Mississippi Public Employees' Retirement System Schedule of Commission's Contributions .....	30
Notes to Required Supplementary Information.....	31 - 32

### STATISTICAL SECTION (UNAUDITED)

Table of Contents and Statistical Section of Summary.....	33
---	----

#### Financial Trends Information

1. Changes in Net Fund Position .....	34
2. Net Position by Component.....	35
3. Operating Revenue to Expense Comparison .....	35

#### Revenue Capacity Information

4. Principal Revenue Sources and Revenue per Categories .....	36
5. Largest Revenue Accounts and Customers.....	37
6. Largest Customers .....	38
7. Revenue Rates .....	39

# HANCOCK COUNTY PORT AND HARBOR COMMISSION

## TABLE OF CONTENTS

---

### STATISTICAL SECTION (UNAUDITED) *Continued...*

#### Debt Capacity Information

8. Ratios of Outstanding Debt.....	40
9. Debt Coverage Ratio .....	40

#### Demographics and Economics Information

10. Hancock County, MS Demographic and Economic Statistics.....	41
11. Hancock County, MS Principal Employers .....	42

#### Operating Information

12. Staffing by Department.....	43
---------------------------------	----

#### Other Commission Information

13. Insurance Coverage.....	44
-----------------------------	----

### COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	45 - 51
--	---------

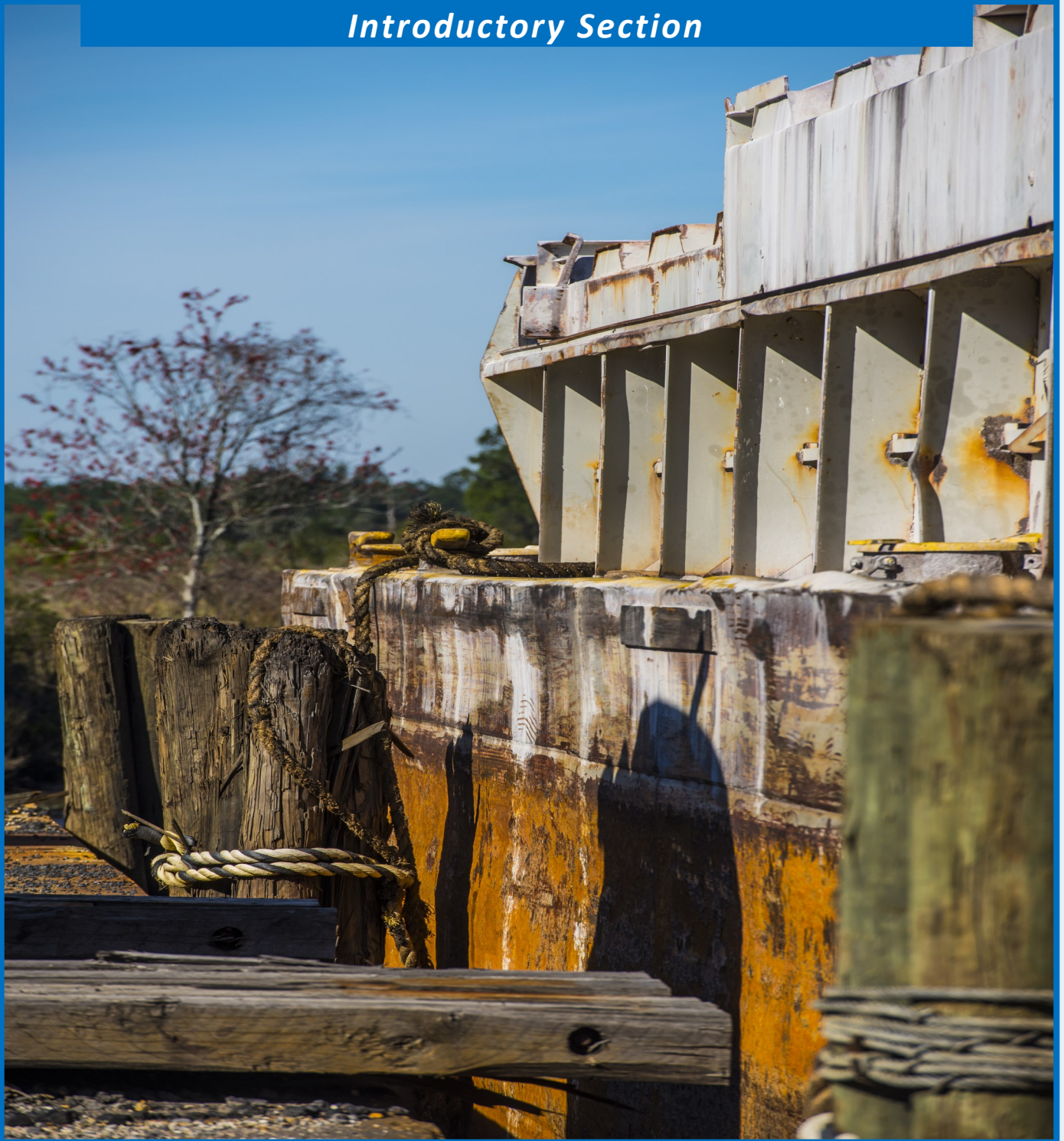




# HANCOCK

MISSISSIPPI  
P O R T • A I R • S P A C E

## *Introductory Section*





HANCOCK COUNTY PORT & HARBOR COMMISSION

Economic Development • Stennis International Airport • Port Bienville Industrial Park • Port Bienville Railroad

March 22, 2021

Board of Commissioners  
Hancock County Port and Harbor Commission  
14054 Fred & Al Key  
Road Kiln, MS 39556

Dear Commissioners:

We are pleased to submit Hancock County Port and Harbor Commission's (HCPHC or Commission) Comprehensive Annual Financial Report for the year ended September 30, 2020. Responsibility for both the accuracy of the data and the completeness, reliability and fairness of the presentation, including all disclosures, rests with the management of HCPHC. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the HCPHC. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities and operations have been included.

The Comptroller of HCPHC is responsible for establishing and maintaining an effective internal control structure to safeguard its assets, assuring the reliability of its accounting records, and promoting operational efficiencies. Based upon a comprehensive internal control framework that is established for this purpose and recognizing that the cost of such controls should not outweigh their benefits, HCPHC's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements.

The enclosed Comprehensive Annual Financial Report has been prepared in accordance with guidelines recommended by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

An audit of the financial statements of HCPHC has been completed by an independent certified public accounting firm, Alexander, Van Loon, Sloan, Levens & Favre, PLLC. Their opinion is included in the Financial Section of this Annual Financial Report. A full discussion of HCPHC's accounting practices is included in the Notes to the Financial Statements.

Certain demographic information and miscellaneous statistics included in the Comprehensive Annual Financial Report were not obtained from the financial records of HCPHC but are presented for the Comprehensive Annual Financial Report user's information and understanding of HCPHC and the environment in which HCPHC operates.

Governmental accounting and auditing principles require that management provide an introduction, overview and analysis in narrative form to accompany the basic financial statements. This narrative, entitled Management's Discussion and Analysis (MD&A), can be found immediately following the Independent Auditors' Report in the Financial Section of the Comprehensive Annual Financial Report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## Profile of HCPHC

Hancock County Port and Harbor Commission was created in 1963 by Hancock County pursuant to Title 59 of the Mississippi Code of 1972, as amended (the “Act”). The Act provides HCPHC the power to acquire property, establish industrial parks, purchase, sell, construct, invest, lease or contract. HCPHC is also authorized to operate and maintain any facilities and lands created or placed under its authority. The Act states that it is the public policy of the State of Mississippi to encourage expansion and development of the State’s ports and harbors. HCPHC is vested with jurisdiction by Hancock County over the ports, terminals, harbors, channels, passes, wharves, and designated industrial parks that are not under the jurisdiction of any municipal port commission and accordingly owns and operates Port Bienville Industrial Park, Port Bienville Railroad, and Stennis International Airport. HCPHC is responsible for submitting an annual proposed budget to the Hancock County Board of Supervisors for the operation and development of the facilities in addition to providing economic development leadership efforts for Hancock County. HCPHC currently has an 8-member appointed board of Commissioners and as of this publication, 26 full-time and 1 part-time employee.

## Local Economic Conditions

In 2019 (most recent data available), Hancock County’s total population totaled 47,632. As of 2019, the region’s population increased by 8.2% since 2010, growing by 3,609 ([U.S. Census Bureau Quickfacts](#)). Hancock County’s population growth rate stands at 0.9% annually which outpaces both the Mississippi (0.1%) and National (0.7%) annual averages (JobsEQ, 2021).

Population Growth						
	Hancock County, Mississippi	Mississippi	USA	Hancock County, Mississippi	Mississippi	USA
Population (Pop Estimates) <sup>4</sup>	—	—	—	47,632	2,976,149	328,239,523
Population Annual Average Growth <sup>4</sup>	0.9%	0.1%	0.7%	416	1,738	2,146,799

The region has a civilian labor force of 20,719 with a labor participation rate of 54.8% which is lower than both the Mississippi (57.2%) and National (63.2%) averages. Even though Hancock County’s overall labor force participation rate lags the state and national averages, the “Prime-Age Labor Force Participation Rate (Age 25-54)” tells a different story. The region’s “Prime-Age Labor Force Participation Rate” is 77.8% compared to the Mississippi (76.6%) and National (81.8%) averages (JobsEQ, 2021).

Economic						
	Hancock County, Mississippi	Mississippi	USA	Hancock County, Mississippi	Mississippi	USA
Labor Force Participation Rate and Size (civilian population 16 years and over) <sup>5</sup>	54.8%	57.2%	63.2%	20,719	1,338,573	162,248,196
Prime-Age Labor Force Participation Rate and Size (civilian population 25-54) <sup>5</sup>	77.8%	76.6%	81.8%	13,495	867,939	104,136,254

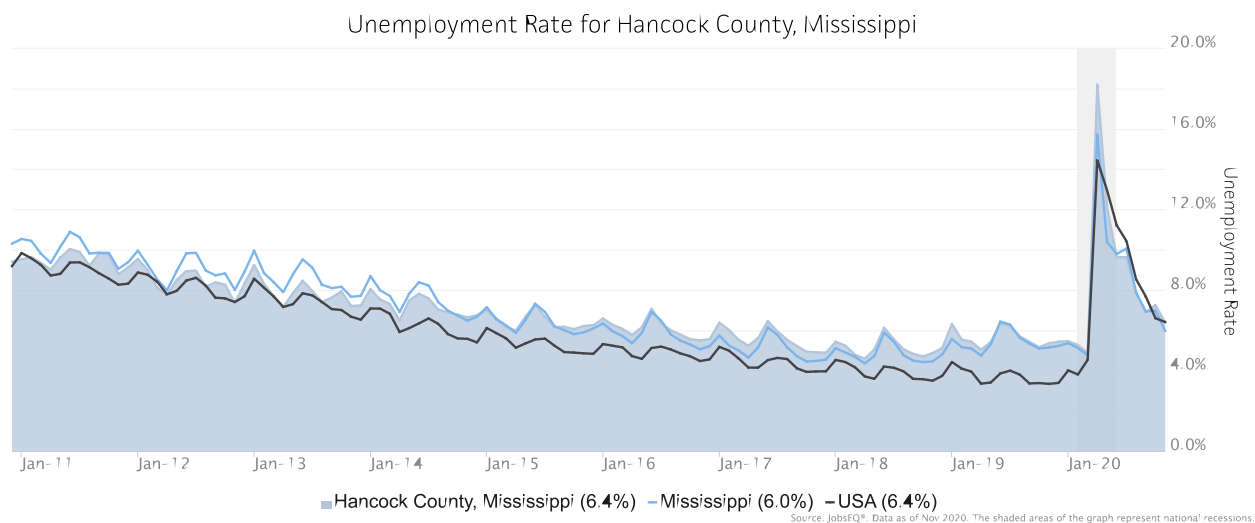
## Educational Attainment

Concerning educational attainment, 15.3% of Hancock County residents possess a bachelor's degree (5.5% below the national average), and 10.7% hold an associate degree (1.6% above the national average) (JobsEQ, 2021).

Educational Attainment, Age 25-64						
	Hancock County, Mississippi	Mississippi	USA	Hancock County, Mississippi	Mississippi	USA
No High School Diploma	12.5%	14.1%	11.2%	3,035	213,595	18,885,967
High School Graduate	26.1%	29.8%	25.8%	6,333	452,179	43,699,272
Some College, No Degree	26.7%	23.2%	21.0%	6,480	351,613	35,525,113
Associate degree	10.7%	10.6%	9.1%	2,590	160,389	15,389,737
Bachelor's Degree	15.3%	14.3%	20.8%	3,704	217,551	35,261,652
Postgraduate Degree	8.6%	8.1%	12.1%	2,086	122,509	20,445,749

## Employment Trends

At the height of the Covid-19 pandemic shutdown in March 2020, Hancock County's unemployment rate topped 14.0% as many businesses closed due to state executive orders to help slow the spread of the virus. As restrictions eased and safety measures were enacted for commerce, businesses began to reopen which helped ease the unemployment rate down to 6.4%. This was 1.0% higher overall compared to the previous year (JobsEQ, 2021).



## Industry Snapshot

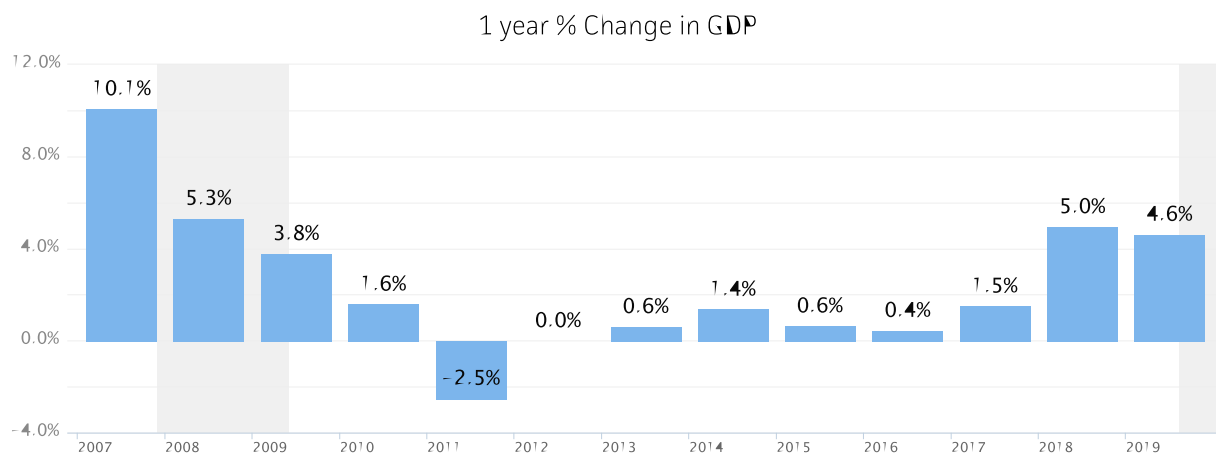
Principal NAICS industry employers, in 2020 in Hancock County, include Public Administration (2,484); Accommodation & Food Services (2,311); Retail Trade (1,645); Professional, Scientific, & Technical Services (1,377); Administrative & Support & Waste Management & Remediation Services (1,215); Healthcare & Social Assistance (1,152); Manufacturing (1,066); and Educational Services (997) (JobsEQ, 2021).



NAICS	Industry	Employee	Current		5-Year History		Total Demand	1-Year Forecast			Ann % Growth
			Avg Ann Wages	LQ	Employee Change	Ann %		Exits	Transfers	Employee Growth	
92	Public Administration	2,484	\$78,393	3.45	53	0.4%	223	96	131	-4	-0.2%
72	Accommodation and Food Services	2,311	\$22,237	1.84	543	5.5%	396	166	209	22	0.9%
44	Retail Trade	1,645	\$24,351	1.08	46	0.6%	213	97	122	-6	-0.4%
54	Professional, Scientific, and Technical Services	1,377	\$67,397	1.34	58	0.9%	136	44	74	18	1.3%
56	Administrative and Support and Waste Management and Remediation Services	1,215	\$50,679	1.29	146	2.6%	144	59	81	4	0.3%
62	Health Care and Social Assistance	1,152	\$45,598	0.53	-20	-0.3%	120	53	55	11	0.9%
31	Manufacturing	1,066	\$80,044	0.87	162	3.3%	100	41	70	-10	-1.0%
61	Educational Services	997	\$46,551	0.81	-25	-0.5%	96	44	48	4	0.4%

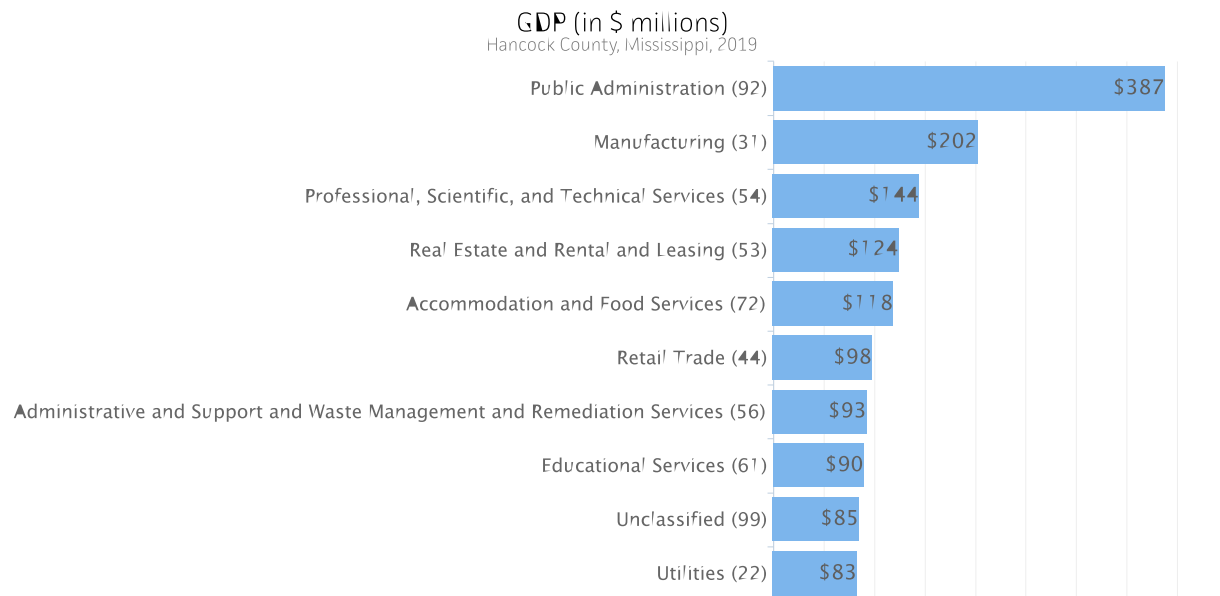
## Gross Domestic Product

Hancock County's Gross Domestic Product (GDP) for 2019 (most recent available data) was \$1.697 billion. Manufacturing contributed 11.9% to the GDP of the county. Gross Domestic Product (GDP) is the total value of goods and services produced by a region.



In 2019, nominal GDP in Hancock County, Mississippi expanded 4.6%. This follows growth of 5.0% in 2018. As of 2019, total GDP in Hancock County, Mississippi was \$1,697,933,000. Of the sectors in Hancock County, Mississippi, Public Administration contributed the largest portion of GDP, \$387,371,000. The next-largest contributions came from Manufacturing (\$202,160,000); Professional, Scientific, & Technical Services (\$144,395,000); and Real Estate & Rental and Leasing (\$124,151,000) (JobsEQ, 2021).





While these industry-specific jobs are scattered within the boundaries of Hancock County, HCPHC directly supports 708 jobs through companies located on the grounds of Port Bienville Industrial Park, 427 jobs through business at Stennis International Airport, and indirectly supports 407 of the 5,047 jobs at the John C. Stennis Space Center. In addition to domestic industries located at Port Bienville and Stennis Airport, many are headquartered internationally in countries such as Saudi Arabia, France, India, Japan, England, Canada, and Mexico.

## Economic Development

Hancock County faced challenges and uncertainty as the Covid-19 pandemic spread across the nation during 2020. States entered prolonged shutdowns of their local economies to stem the spread of the highly contagious disease. The shutdowns affected all parts of the local economy as tourism, business, and day-to-day activities ground to halt. Fortunately for Hancock County, most of the county's industrial tenants avoided shutting down operations due to their products being essential in the production of medical goods. These essential operations insulated Hancock County from the worst effects of the economic pressures of the pandemic.

The Commission and staff have adopted several innovative and forward leaning programs to ensure Hancock County's success now and into the future:

- Business Retention & Expansion
- ACT WorkReady Community
- Capitalize on Obvious Strengths
- Aerospace Initiative
- Pearl River & Port Bienville Dredging
- Regional Partnership

## Business Retention & Expansion

To protect and grow the business and industry already extant in Hancock County, the Commission implemented the Synchronist® system to evaluate our existing industries. In 2020, we surveyed 16 critical companies in the County to determine what policies and services would support their long-term viability and to review their operational plans for the near-term. Eleven of the companies interviewed intend to expand, adding 317 new jobs and an investment of \$65,500,000 over the next three years.

A significant outcome of the BR&E program in FY 2017 was the need for available and skilled employees. In response, the ACT® Work Keys program was initiated. Hancock County understands that workforce development is essential to companies looking to relocate or existing industries looking to grow. In 2017, Hancock County was accepted in the Work Ready Communities program set forth by ACT, and a few short months later Hancock County officially launched the program in the county. This is an effort put forth by the economic developers, business leaders, and educators within the county. We all have a stake in making our county more competitive and closing the skills gap that threatens to paralyze our economy. Change starts at the grassroots level, by providing a community-based framework that:

- Link's workforce development to education
- Aligns with the economic development needs of communities, regions, and states
- Matches individuals to jobs based on skill levels

As of this publication Hancock County is now certified as an ACT® Work Ready Community with 79 local employers recognizing or recommending the ACT WorkKeys NCRC credential. Hancock County is currently in a maintenance phase where the county will have two years to reach the next set of goals to re-certify its status as a WorkReady Community.



## Capitalize on Obvious Strengths

As an epicenter for commercial space, aviation and unmanned systems research, development and testing, an Aviation and Aerospace Optimization Plan was developed in FY 2017 and implemented in FY 2018. A couple of key supporting initiatives were programmed including participation and implementation in the Governor's Ocean Task Force (unmanned systems); Federal Aviation Administration (FAA) licensure for a "spaceport" at Stennis International Airport; and development of Project Ready Sites at Stennis International Airport, Port Bienville Industrial Park, and in the Fee Area at Stennis Space Center. The expansions announced at DAK Americas, Calgon Carbon, SNF Polychemie and others create opportunities for existing partnerships to grow.

Highlights include:

- Oversaw expansion of Calgon Carbon in Hancock County for over 5 years, resulting in an announcement pending in December 2019. Won location against 5 other states: Additional 38 jobs created and over \$185,000,000 investment in the next three years. Significant increase to wharfage and dockage.
- Announced a new startup company, Launcher, will begin testing rocket engines at Stennis Space Center. Launcher is working to develop the world's most efficient rocket to deliver small satellites to orbit. The company has raised \$5.5 million which includes \$1.5 million Air Force grant.
- Completed a \$9 million restoration of the Linea Dock at Port Bienville. The project replaced sheet piling walls, bulkhead caps, and concrete decking on the existing dock. The dock facility was further improved with the construction of an additional 300' of new bulkhead and 50' concrete apron.
- Construction began on the Stennis Airport's new RESTORE (\$5.5 million) and Corporate Hangars (\$1.8 million). The RESTORE Hangar (24,000 SF) is scheduled to open in May 2021. The Corporate Hangar (10,000 SF Hangar & 2,000 SF Office) is scheduled to open in July 2021. Both hangars represent the first hangar investment at Stennis Airport in over a decade and will help to further grow general aviation and Department of Defense tenant operations at the airport.
- Purchased 1,280 acres adjacent to Stennis Airport and 1,291 acres adjacent to Port Bienville. The new land purchased will ensure HCPHC can grow and expand airport and industrial operations in the future.
- Commission began developing a new technology park to be located at Stennis Airpark. The \$30 million technology park will welcome new and existing airport tenants that have outgrown their current facilities. Phase 1 is scheduled to begin construction in the Fall 2022.

## Aerospace Initiative

Pearl River Community College broke ground in December 2019 on the Phil Bryant Aviation and Aerospace Technology Academy in Hancock County. The construction timeline and start date was delayed due to the Covid-19 pandemic.

The facility is being built at Stennis International Airport and is possible thanks to a \$2 million grant from the Department of Economic Development Administration (EDA). The academy will by an estimated

25,000 square feet and will consist of eight classrooms, five labs, lobby with reception area, faculty and staff offices, break room/kitchenette for staff, indoor sitting/vending area for students and an outdoor courtyard sitting area. That facility is expected to begin construction in late 2021, and it will take 18-24 months to complete.

In addition to the main learning campus, Pearl River Community College is building a training hangar on the airfield. The hangar, which should be finished by the end of 2021, will be an estimated 18,000 square feet and will consist of: two classrooms with labs, open hangar area with hands-on lab stations, outdoor covered area for equipment training, lobby with reception area, faculty and staff offices, break room/kitchenette for staff, small vending area for students. The hangar will offer the following programs: Airframe & Propulsion Technology, Unmanned Aerial Systems and Precision Manufacturing.

Leaders of the community college say this program will help provide more skilled employees for the workforce which, in turn, will hopefully bring new companies to the area. Students will be able to study things like welding, precision manufacturing, instrumentation, industrial electronics, and more.

In addition to the Pearl River Community College investment at Stennis Airport, the Commission approved the opening of a FAA Part 141 flight school to locate at Stennis Airport. Gulf Coast Aviation and Hancock County Port & Harbor Commission agreed to jointly pursue the flight school to help alleviate a global pilot shortage by training Hancock County and Mississippi based students to advance in aviation and aerospace related careers, to include preparation for military flight training.

### **Pearl River & Port Bienville Dredging**

A new maritime approach is being dredged from the mouth of the Pearl River (east fork) to Port Bienville and development of expanded capabilities at our primary dock at the mouth of the port (commonly referred to as the Linea dock) create opportunities for container on barge and related markets that the port cannot presently service. Once completed, the dredging activities will shift to the industrial canal waterway inside Port Bienville. This portion of dredging is under contract and will be completed in FY 2021. The Commission has entered into an agreement with the U.S. Army Corps of Engineers to create a long-term dredging maintenance schedule for the Pearl River to Port Bienville waterway.

### **Leverage Partnerships**

The Commission is renewing its work with the Gulf Coast Alliance for Economic Development, the Hancock Chamber of Commerce, national/regional/local professional economic development organizations and the State Chamber of Commerce. Our close relationship with the Mississippi Development Authority has evolved our market development in chemicals and aerospace, and foreign trips planned for the UK, India, Mexico, and Saudi Arabia will be facilitated through their foreign investment office. Our partnership with Stennis Space Center is strong and growing. We partnered on several site location proposals and are actively working to create a multi-tenant, multi-use facility for new industry and existing expansions and diversification. We also strengthened our relationship with Hancock County municipalities as the new leadership at HCPHC is more integrated into the community.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hancock County Port and Harbor Commission for its Comprehensive Annual Financial Report for the fiscal years ending September 30, 2015, 2016, 2017, 2018 and 2019. To be awarded a Certificate of Achievement, the Commission had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Good financial reporting starts with good financial planning. This Comprehensive Annual Financial Report is the result of such good planning, which included a Distinguished Budget Presentation Award by GFOA for our budgets in FY 2017, 2018 and 2019. This award is the first GFOA awarded for budgets in the State of Mississippi in over 6 years, further demonstrating our leadership in transparency in financial reporting. We pledge to you our continuing commitment to best-in-class effort.

The preparation of this report represents the combined effort of the entire staff of the Finance Department of Hancock County Port and Harbor Commission, other departments who provided key information to this report and the accounting firm of Alexander, Van Loon, Sloan, Levens, Favre, PLLC. We gratefully acknowledge their contributions.

Finally, we express the deepest appreciation to the Hancock County Port and Harbor Commissioners and Hancock County's Board of Supervisors for their guidance and leadership toward ensuring the fiscal integrity of this organization.

Respectfully Submitted,



William P. Cotter  
Chief Executive Officer



Tonya Ladner  
Comptroller





## **List of Officials**

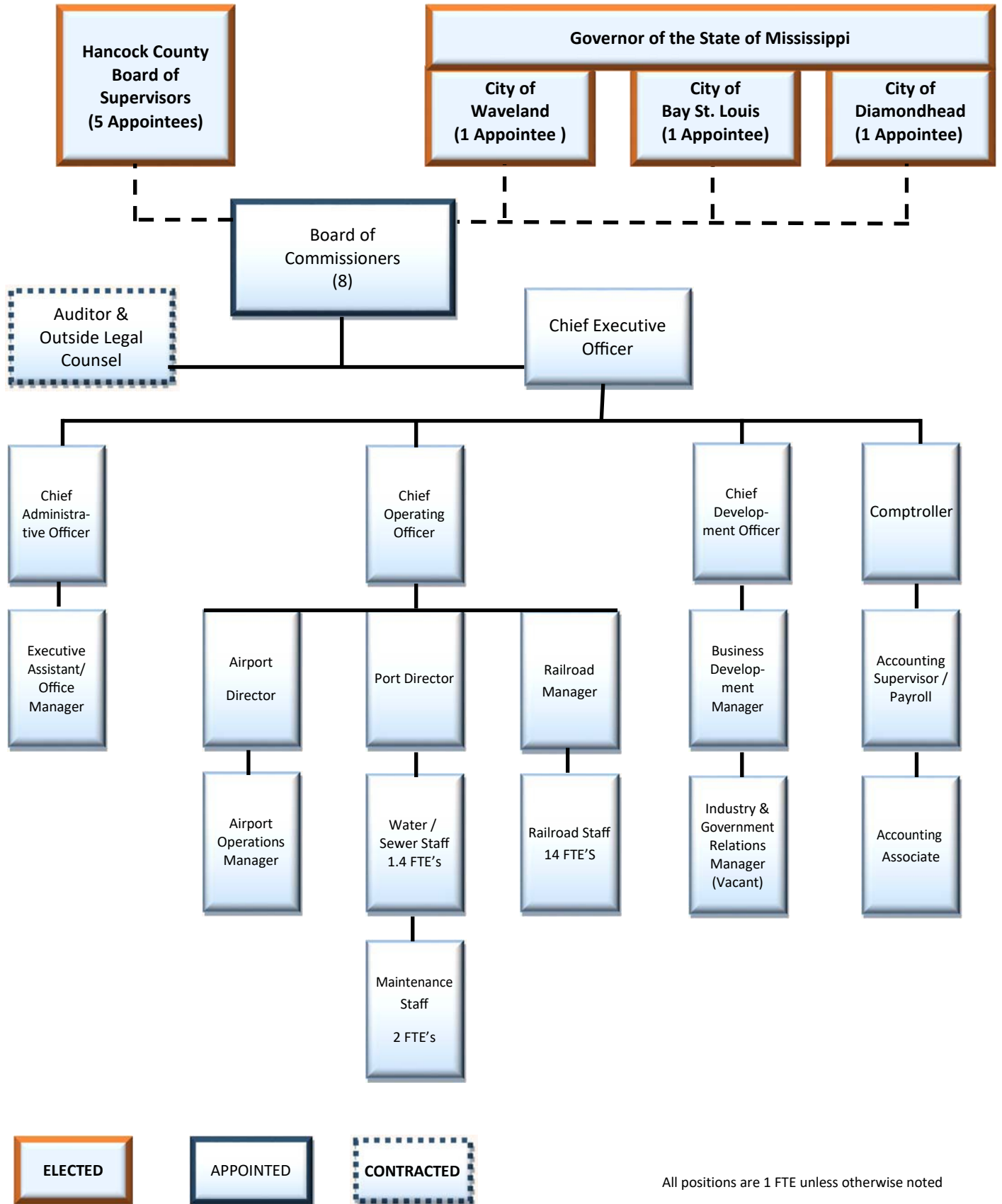
### **Board of Commissioners** **(as of publication)**

<b>Derek Necaise</b>	<b>President</b>
<b>Paula Jordan</b>	<b>Vice President</b>
<b>Robert Martin</b>	<b>Treasurer</b>
<b>Michael Bennett</b>	<b>Secretary</b>
<b>Bob Swanson</b>	<b>Commissioner</b>
<b>Michael Casano</b>	<b>Commissioner</b>
<b>David Holman</b>	<b>Commissioner</b>
<b>Aline Ward</b>	<b>Commissioner</b>

### **Executive Staff** **(as of publication)**

<b>William “Bill” Cotter Jr., C.M.</b>	<b>Chief Executive Officer</b>
<b>Madeline Walker, J.D.</b>	<b>Chief Administrative Officer</b>
<b>Tonya Ladner</b>	<b>Comptroller</b>
<b>Janel Carothers</b>	<b>Chief Development Officer</b>
<b>Chanse Watson</b>	<b>Director of Stennis International Airport</b>
<b>James Buras</b>	<b>Director of Public Works</b>
<b>Shane Lafontaine</b>	<b>Railroad Manager</b>

# ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Hancock County  
Port and Harbor Commission  
Mississippi**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

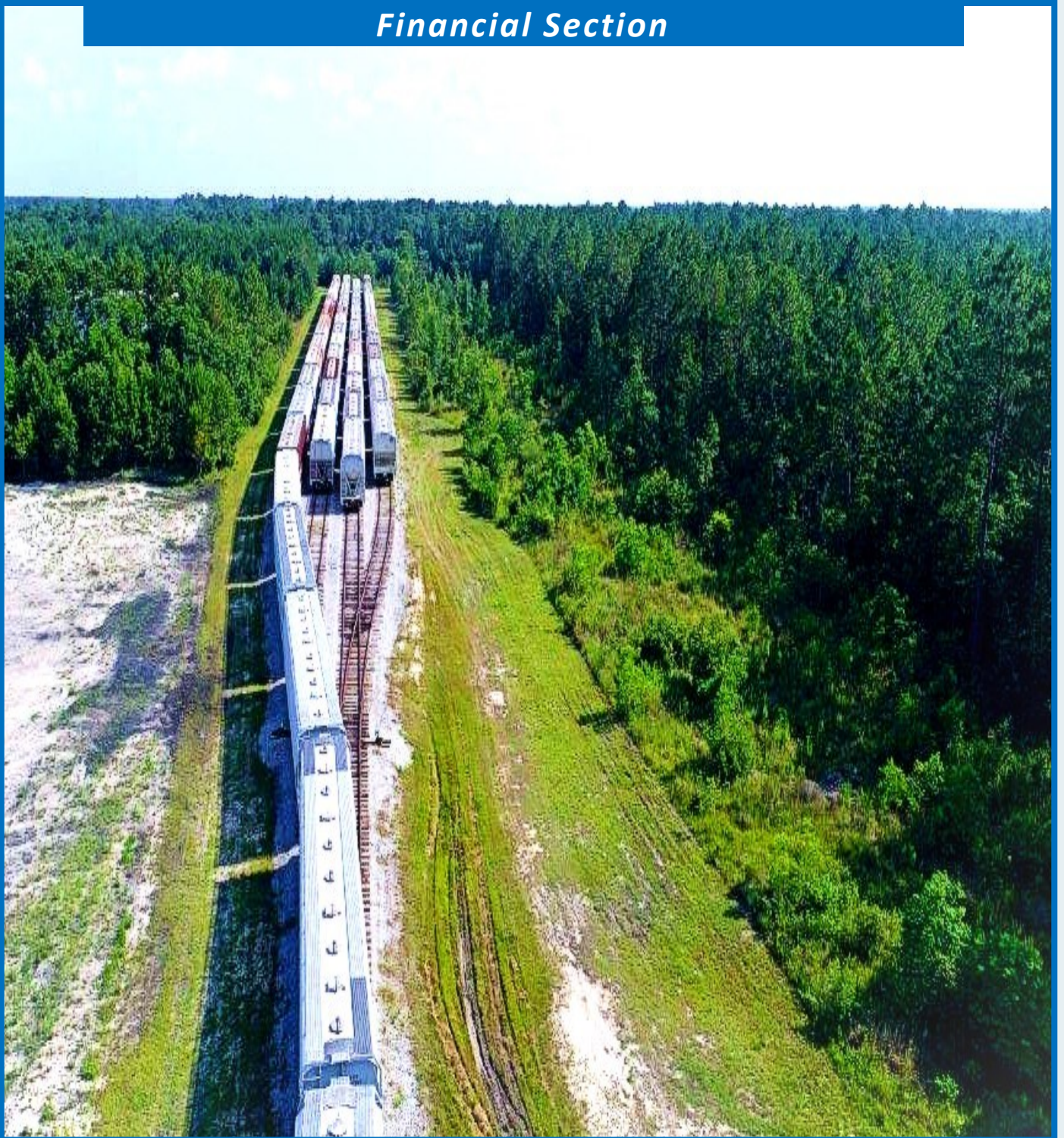




# HANCOCK

MISSISSIPPI  
P O R T • A I R • S P A C E

## *Financial Section*







**ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC**

Certified Public Accountants & Business Consultants

**AVL WEALTHCARE, LLC**

Wealth Management

## **INDEPENDENT AUDITORS' REPORT**

March 11, 2021

Board of Commissioners  
Hancock County Port and Harbor Commission  
Kiln, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying comparative financial statements of the Hancock County Port and Harbor Commission (the Commission), a component unit of Hancock County, Mississippi, as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hancock County Port and Harbor Commission, a component unit of Hancock County, Mississippi, as of September 30, 2020 and 2019, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Commissioners  
Hancock County Port and Harbor Commission  
March 11, 2021

## **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 Commission's proportionate share of net pension liability, and schedule of the Commission's pension contributions on pages 3-9, 30, and 31, respectively, 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 an opinion on the financial statements that collectively comprise the Hancock County Port and Harbor Commission's basic financial statements. The introductory section and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of federal awards 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, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021, on our consideration of the Hancock County Port and Harbor Commission'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 Hancock County Port and Harbor Commission's internal control over financial reporting and compliance.

  
ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC  
Certified Public Accountants  
Gulfport, Mississippi



HANCOCK COUNTY PORT & HARBOR COMMISSION

Economic Development • Stennis International Airport • Port Bienville Industrial Park • Port Bienville Railroad

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

The following Management's Discussion and Analysis ("MD&A") of the financial performance and activity of Hancock County Port and Harbor Commission ("Commission"), a component unit of Hancock County, Mississippi, is intended to provide an introduction to and understanding of the financial statements of the Commission for the fiscal years ended ("FYE") September 30, 2020 and 2019, with selected comparisons to the prior fiscal year ended September 30, 2018.

Following this MD&A are the basic financial statements of the Commission together with the notes thereto. The information presented in them should be read in conjunction with this MD&A as they are each essential to a full understanding of the data contained in this report.

### **FINANCIAL HIGHLIGHTS**

- The Commission recognized net income from operations in the current fiscal year of \$639,707. The significant attributable contributions are further discussed below.
- The Commission's operating revenue increased 19% over fiscal year 2019 while operating expenses increased 26%. Net position increased 1% during 2020.
- Assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$92,644,256 (reported as "net position"). Of this \$17,411,695 is unrestricted and may be used to meet ongoing financial obligations. The balance of \$75,232,561 is invested in capital assets. Additions to capital assets are further discussed below.

### **FINANCIAL STATEMENT OVERVIEW**

Governmental accounting policy, practice and procedures fall under the auspices of the Governmental Accounting Standards Board ("GASB"). The Commission's financial transactions and subsequent statements are prepared according to the GASB Statement 34 reporting model, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. The purpose of the GASB 34 reporting model is to consolidate two basic forms of governmental accounting, governmental (such as municipalities) and proprietary (those entities which generate their own revenues and therefore operate similarly to a private business such as the Commission) operations, into statements that give the reader a clearer picture of the financial position of the enterprise. The Commission is considered a proprietary form of government and its financial transactions are recorded in a single Enterprise Fund.

The financial statements are prepared on the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets, except land, are capitalized and depreciated over their useful life. Please refer to Note 1 in the accompanying financial statements for a summary of the Commission's significant accounting policies. Following this MD&A are the basic financial statements and statistical and supplemental schedules. These statements and schedules, along with the MD&A are designed to provide readers with a complete understanding of the Commission's finances.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and the notes to the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and notes thereto which can be found following financial statement notes.

*Statements of Net Position*

The Statements of Net Position present the financial position of the Commission at the end of the fiscal year. The statements include all assets, deferred outflows and inflows of resources and liabilities of the Commission. Net Position, the difference between total assets, deferred outflows/inflows of resources and total liabilities, is an indicator of the current fiscal health of the organization and the Commission's financial position over time. A summarized comparison of the Commission's net position on September 30, 2020 and 2019 with comparative amounts for September 30, 2018 is as follows:

**Condensed Statement of Net Position  
Changes in Net Position**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets and Deferred Outflow of Resources</b>			
Current and other assets	\$24,721,432	\$20,680,112	\$21,971,718
Capital assets, net	76,602,591	75,700,679	71,123,820
Total assets	<u>101,324,023</u>	<u>96,380,791</u>	<u>93,095,538</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows for pensions	<u>277,768</u>	<u>82,423</u>	<u>61,830</u>
<b>Liabilities, Deferred Inflow of Resources and Net Position</b>			
Current and other liabilities	4,868,142	1,393,607	948,529
Long-term Net Pension Liability	3,871,768	3,518,409	3,326,594
Long-term liabilities	<u>185,412</u>	<u>185,412</u>	<u>168,029</u>
Total liabilities	<u>8,925,322</u>	<u>5,097,428</u>	<u>4,443,152</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows for pensions	<u>32,213</u>	<u>68,563</u>	<u>102,512</u>
<b>Net Position</b>			
Net investment in capital assets	75,232,561	74,795,931	70,748,412
Unrestricted	<u>17,411,695</u>	<u>16,501,292</u>	<u>17,863,292</u>
Total net position	<u><u>\$ 92,644,256</u></u>	<u><u>\$ 91,297,223</u></u>	<u><u>\$ 88,611,704</u></u>

**The Year Ended September 30, 2020**

The Commission's net position increased 1% (\$92,644,256 as compared with \$91,297,223) at fiscal yearend

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

2020. This increase is attributed to an increase in Land and construction in progress of \$4,393,732 over the prior fiscal year. Current assets increased by 20% as cash and cash equivalents increased significantly due to a prepaid thirty-year lease with tenant, Pearl River Community College. Payables related to construction in progress increased at year end by \$486,262, and all other payables also increased; the net effect of which resulted an increase in current liabilities of 249%.

The increase in capital assets in 2020 reflects real property additions, completed construction projects, and work in process to be completed at a future date. These include land, land development costs, buildings, maritime infrastructure, rail and major lifespan improvements, all of which is reflected in capital assets at cost and except for land, land development costs, and work in process, these capitalized dollars are expensed through depreciation over the estimated useful lives of those assets. (Refer to Note 6, Capital Assets, of the accompanying notes to the financial statements for a more complete description.)

The net addition to fixed assets (before depreciation and including work in progress) during 2020 of \$5,571,350 is comprised of the following:

- Acquisition of 557 acres just North of Port Bienville Industrial Park boundaries;
- Roadway improvements within Port Bienville;
- Roof improvements to a leased warehouse within Port Bienville;
- Purchase of a Port Security Vessel;
- Dredging and mooring dolphins;
- Restoration of the Public Dock at Port Bienville
- Purchase of two new trucks for use at the Airport and Industrial Park;
- Purchase of an airplane;
- Improved airfield lighting and wayfinding;
- Replacement of the ATCT HVAC system;
- 2 new aircraft hangars approximating 35,000 square feet of space under roof;
- Aircraft aprons;
- Taxiway rehabilitation;
- Repair to existing track roadbed at the entrance of the Lowerbay Yard;
- Installation of automated switch machines and controls at Lowerbay Switch yard;
- Rail Crossing improvements at both north and south crossings on Lowerbay Road.

**The Year Ended September 30, 2019**

The Commission's net position increased 3% (\$91,297,223 as compared with \$88,611,704) at fiscal yearend 2019. This increase is attributed to an increase in capital assets of \$4,576,859 over the prior fiscal year. Current assets decreased by 5.8% as cash reserves were used to fund capital projects and grant revenues reflected in receivables were reduced through collections. Payables related to construction in progress increased at year end by more than \$500,000 while all other payables decreased; the net effect of which resulted an increase in current liabilities of 4.7%.

The increase in capital assets in 2019 reflects real property additions, completed construction projects, and work in process to be completed at a future date. These include land, land development costs, buildings, maritime infrastructure, rail and major lifespan improvements, all of which is reflected in capital assets at cost and except for land, land development costs, and work in process, these capitalized dollars are expensed through depreciation over the estimated useful lives of those assets. (Refer to Note 6, Capital Assets, of the accompanying notes to the financial statements for a more complete description.)

The net addition to fixed assets (before depreciation and including work in progress) during 2019 of \$4,576,859 is comprised of the following:

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

- Acquisition of 748 acres just North of Port Bienville Industrial Park boundaries;
- Roadway improvements within Port Bienville;
- Infrastructure improvements to an unimproved site to include bulkhead, docking, rail and transload sites;
- Dredging and mooring dolphins;
- At Stennis International Airport new safety equipment was installed in the air traffic control tower including backup support systems;
- Improved airfield lighting and wayfinding;
- Replacement of the terminal building's entire HVAC system;
- 3 new aircraft hangars approximating 35,000 square feet of space under roof;
- Aircraft aprons;
- A multi-user airstrip parallel to the existing runway;
- 3 refurbished locomotives were purchased;
- Additional rail sidings were constructed;
- Culverts under existing rail bed were replaced;
- Rock and timbers were replaced along a small section of existing rail line;
- A utility gator was purchased;
- Expansion of office spaces allowed for consolidation of Port and Rail staff into a single improved facility.

**The Year Ended September 30, 2018**

The Commission's net position increased by 7.55% (\$88,611,704 as compared with \$82,387,778) during fiscal year 2018. Most of this increase is reflected in capital assets at 6.89% or \$4,585,288 above the prior fiscal year. The Commission also continues to recognize annual decreases in liabilities (just over 1%). Net position also benefited from an increase in current and other assets of 8.49%.

The net addition to fixed assets (before depreciation and including work in progress) during 2018 of \$7,794,266 is comprised of the following:

- 1,260 acres of land adjacent to Stennis International Airport;
- An overlay of the airport runway;
- Improved pilot control lighting;
- A designated fuel truck parking area near the airport's fuel farm;
- A new assault landing strip and 2 new aircraft hangars in design phase;
- Various building improvements;
- Installation of a heavy lift area on the port's public dock;
- Bulkhead improvements;
- Railroad lights and gates at two crossings along a public roadway;
- Multiple new rail spurs for storage and various improvements along existing rail lines;
- Access roadways to sites being readied for development and the costs of readying those sites for development;
- Warehouse improvements to accommodate expansion of tenant operations; and
- Dredging Port Bienville's waterway ingress/egress has been permitted.

The Statement of Revenues, Expenses and Changes in Net Position is an indicator of whether the overall fiscal condition of the Commission has improved or worsened during the year. Following is a summary of the Statement of Revenues, Expenses and Net Position:



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

*Statements of Revenues, Expenses, and Changes in Net Position*

A summarized comparison of the Commission's revenues, expenses, and changes in net position for the fiscal year ended September 30, 2020 and 2019 with comparative amounts for September 30, 2018 is as follows:

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	2020	2019	2018
<b>Operating Revenues</b>			
Charges for sales and services	\$ 8,115,463	\$ 6,929,216	\$ 6,472,322
Rental Income	4,102,496	3,344,257	3,486,227
Other	1,572	-	-
Total Operating Revenues	<u>12,219,531</u>	<u>10,273,473</u>	<u>9,958,549</u>
<b>Operating Expenses</b>			
Port Bienville Short Line Railroad	2,649,049	2,393,650	2,276,935
Port Bienville Industrial Park	3,577,641	1,774,924	1,747,613
Stennis International Airport	<u>2,105,749</u>	<u>1,892,394</u>	<u>1,932,585</u>
Total operating expenses	<u>8,332,439</u>	<u>6,060,968</u>	<u>5,957,133</u>
Operating Income before Depreciation	3,887,092	4,212,505	4,001,416
Depreciation Expense	<u>3,247,385</u>	<u>3,113,604</u>	<u>4,155,493</u>
<b>Operating Income (Loss) after Depreciation</b>	<u>639,707</u>	<u>1,098,901</u>	<u>(154,077)</u>
<b>Nonoperating Revenues/Expenses</b>			
Interest revenue	192,194	315,869	169,575
Grant revenue	69,000	-	178,501
County Allocation	1,000,000	-	39,497
Investment gain (loss)	-	28,341	(12,137)
Loss on disposal of capital assets	<u>(3,135,586)</u>	<u>-</u>	<u>(191,488)</u>
Total nonoperating revenues (expenses)	<u>(1,874,392)</u>	<u>344,210</u>	<u>183,948</u>
<b>Net Income before Capital Contributions</b>	(1,234,685)	1,443,111	29,871
Capital contributions	2,581,718	1,242,408	6,194,055
<b>Increase (Decrease) in Net Position</b>	<u>1,347,033</u>	<u>2,685,519</u>	<u>6,223,926</u>
<b>Total Net Position - Beginning</b>	<u>91,297,223</u>	<u>88,611,704</u>	<u>82,387,778</u>
<b>Total Net Position - Ending</b>	<u>\$ 92,644,256</u>	<u>\$ 91,297,223</u>	<u>\$ 88,611,704</u>

**The Year Ended September 30, 2020**

FYE 2020 revenue improved with Contract Track Lease revenue, Storage Track Lease revenue, and Demurrage revenue at Port Bienville Railroad increasing 100%, 11%, and 9100% respectively as Rail Tariffs increased and

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

tenants entered into new contract storage agreements. Stennis International Airport realized a 3% increase in rental revenue as lease rate escalations in certain lease agreements became effective. Port Bienville Industrial Park recognized small declines in wharfage and dockage and demurrage, but a 34% increase in rents as escalations in certain leases became effective.

Operating expenses increased by 26%. Contributing factors included the following:

- An increase in total personnel costs of 236,861 as staff positions were filled and CEO salary increased.
- Increased expenses for maintaining owned locomotives.
- A significant increase in Car hire expenses related to tenant use of system owned cars.
- Dredging the Port Bienville canals at a cost of \$2.1 million.

**The Year Ended September 30, 2019**

FYE 2019 revenue improved with wharfage revenue at Port Bienville Industrial Park increasing 67% as port tenant, Jindal Tubular, secured contracts for pipe manufacturing, moving raw product and most finished products through the port via barge. Stennis International Airport realized a 22% increase in revenue as general aviation and military traffic picked up and lease rate escalations in certain lease agreements became effective. Port Bienville Railroad recognized small declines in junction settlements, switching fees, railcar agent repair fees declined.

Operating expenses decreased by \$938,054. Contributing factors included the following:

- A decrease in total personnel costs of \$20,780 as vacant staff positions were unfilled.
- Depreciation expense decreased \$1,041,889 as assets in use at Port Bienville Industrial Park's water-sewer and industrial waste treatment plants met the end of their depreciable lives.

**The Year Ended September 30, 2018**

The Commission's revenue was largely unchanged from 2017 though a few departmental revenue sources varied as described here. Port Bienville Industrial Park's charges for services declined as 2017 benefited from a one-time \$200,000 dockage charge; the circumstances surrounding which warranted a premium for risk mitigation. Rental income increased across-the-board as demand for rail car storage, warehousing and office space increased and newly negotiated rate structures took effect.

Operating expenses increased 5.7% as the Commission dedicated resources to aggressively market our region, better defining the types of industries suited to this area and planning infrastructure to attract them. An investment in long-term planning for Stennis International Airport and Stennis Space Center supporting new technologies in aerospace was completed and planning the Port's near and long-term strategies to coincide with completion of several strategic maritime assets is underway.

**ECONOMIC FACTORS AND FISCAL YEAR ENDING SEPTEMBER 30, 2021 BUDGET**

The Commission's management considered a variety of factors when setting the Fiscal Year 2021 operating and capital budgets.

While our categories of implementing objectives will always align with three distinct areas – Asset Development and Building Capacity for Growth, Operations and Maintenance Excellence, and Economic Development and Communications – the Commission also placed emphasis in the coming years on three distinct sub objectives:

- Major capital initiatives focusing investment and marketing efforts toward rail activity in Port Bienville Industrial Park by adding a Rail to Truck Intermodal Facility and increasing Rail Storage

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Capacity.

- Airport strategies to develop Mississippi's first Spaceport in support of Governor Phil Bryant's new "Spaceport Initiative" announced in July of 2019 and including a new horizontal launch runway that also supports military assault landing exercises and general aviation traffic.
- Establishing and funding of maintenance dredging and canal bank stabilization in Port Bienville.

Both the 2021 Operational Budget and the Capital Improvement Plan Budget elements have been workshopped with the Commission and presented in multiple public forums. We are excited about the future and the rare opportunity to leverage a sound financial position into future jobs, tax base and revenue for the benefit of Hancock County, the State of Mississippi, and the broader coastal region.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Commission finances and to demonstrate its commitment to accountability for receipts and expenditures of funds. Questions concerning this report or requests for additional financial information may be addressed to Tonya Ladner, Comptroller, Hancock County Port and Harbor Commission, 14054 Fred & Al Key Road, Kiln, Mississippi, 39556.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2020**  
**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 20,631,878	\$ 17,088,456
Restricted Cash and Cash Equivalents	393,225	123,451
Investments	-	1,675,000
Accounts receivable, net	1,165,458	818,542
Investment interest receivable	-	98,654
Investment in capital leases, current	-	15,915
Due from other governments	2,202,111	462,440
Prepaid expenses	307,171	364,550
Inventories	21,589	19,189
Total current assets	<u>\$ 24,721,432</u>	<u>\$ 20,666,197</u>
<b>NONCURRENT ASSETS</b>		
Capital assets		
Land and construction in progress	17,864,663	13,470,931
Other capital assets, net of accumulated depreciation	<u>58,737,928</u>	<u>62,229,748</u>
Total capital assets	<u>76,602,591</u>	<u>75,700,679</u>
Investment in capital leases, net of current maturities	-	13,915
Total noncurrent assets	<u>76,602,591</u>	<u>75,714,594</u>
<b>TOTAL ASSETS</b>	<u>101,324,023</u>	<u>96,380,791</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows for pensions	<u>277,768</u>	<u>82,423</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,968,600	\$ 1,100,202
Retainage payable	367,412	-
Unearned revenue	296,961	39,791
Customer deposits	96,264	83,661
Accrued salaries	58,911	46,345
Compensated absences payable	<u>79,994</u>	<u>123,608</u>
Total current liabilities	<u>4,868,142</u>	<u>1,393,607</u>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences payable, net of current liability	185,412	185,412
Net Pension Liability	<u>3,871,768</u>	<u>3,518,409</u>
Total noncurrent liabilities	<u>4,057,180</u>	<u>3,703,821</u>
Total liabilities	<u>8,925,322</u>	<u>5,097,428</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow for pensions	<u>32,213</u>	<u>68,563</u>
<b>NET POSITION</b>		
Net investment in capital assets	75,232,561	74,795,931
Unrestricted	<u>17,411,695</u>	<u>16,501,292</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 92,644,256</u></u>	<u><u>\$ 91,297,223</u></u>

The accompanying notes are an integral part of these financial statements.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT OF HANCOCK COUNTY, MISSISSIPPI)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Port Bienville Shortline Railroad	\$ 6,260,919	\$ 4,845,849
Port Bienville Industrial Park	1,379,231	1,540,218
Stennis International Airport	475,313	543,149
Total charges for sales and services	<u>8,115,463</u>	<u>6,929,216</u>
Rental Income		
Port Bienville Shortline Railroad	2,108,179	1,503,804
Port Bienville Industrial Park	403,917	301,410
Stennis International Airport	1,590,400	1,539,043
Total rental income	<u>4,102,496</u>	<u>3,344,257</u>
Other	1,572	-
Total operating revenues	<u>12,219,531</u>	<u>10,273,473</u>
<b>OPERATING EXPENSES</b>		
Port Bienville Shortline Railroad		
Personal services	1,735,979	1,469,812
Supplies and materials	191,230	193,988
Other services and charges	721,840	729,850
Depreciation and amortization	836,426	680,859
Total Port Bienville Shortline Railroad	<u>3,485,475</u>	<u>3,074,509</u>
Port Bienville Industrial Park		
Personal services	673,595	832,706
Supplies and materials	47,480	51,035
Other services and charges	2,856,566	891,183
Depreciation and amortization	650,045	726,742
Total Port Bienville Industrial Park	<u>4,227,686</u>	<u>2,501,666</u>
Stennis International Airport		
Personal services	797,790	667,985
Supplies and materials	111,684	53,934
Other services and charges	1,196,275	1,170,475
Depreciation and amortization	1,760,914	1,706,003
Total Stennis International Airport	<u>3,866,663</u>	<u>3,598,397</u>
Total operating expenses	<u>11,579,824</u>	<u>9,174,572</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>639,707</u>	<u>1,098,901</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	192,194	315,869
Grant revenue	69,000	-
County Allocation	1,000,000	-
Investment gain (loss)	-	28,341
Gain (loss) on sale of Capital Assets	(3,135,586)	-
Total nonoperating revenues (expenses)	<u>(1,874,392)</u>	<u>344,210</u>
<b>NET INCOME (LOSS)</b>		
<b>BEFORE CONTRIBUTIONS</b>	<u>(1,234,685)</u>	<u>1,443,111</u>
Capital contributions - federal	1,497,801	360,344
Capital contributions - other	1,083,917	882,064
Total capital contributions	<u>2,581,718</u>	<u>1,242,408</u>
<b>CHANGE IN NET POSITION</b>	1,347,033	2,685,519
<b>TOTAL NET POSITION - BEGINNING</b>	<u>91,297,223</u>	<u>88,611,704</u>
<b>TOTAL NET POSITION - ENDING</b>	<u><u>\$ 92,644,256</u></u>	<u><u>\$ 91,297,223</u></u>

The accompanying notes are an integral part of these financial statements.



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 12,239,474	\$ 10,115,175
Cash payments for goods and services	(2,202,973)	(3,338,848)
Cash payments for employee services	(3,116,747)	(2,642,815)
(Refunds) receipts of customer deposits	-	(30,297)
Other Income	1,572	-
Net cash provided by operating activities	<u>6,921,326</u>	<u>4,103,215</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash received from other governments	69,000	-
Net cash provided by noncapital financing activities	<u>69,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal received on notes/leases	29,830	15,102
Proceeds from capital grants	1,842,046	1,644,380
Acquisitions and construction of capital assets	(6,922,151)	(7,161,123)
Proceeds from sale of assets	5,950	-
Net cash provided by (used in) capital and related financing activities	<u>(5,044,325)</u>	<u>(5,501,641)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities of investments	1,675,000	-
Interest received	192,195	219,173
Net cash provided by investing activities	<u>1,867,195</u>	<u>219,173</u>
Net increase (decrease) in cash and cash equivalents	3,813,196	(1,179,253)
Cash and cash equivalents:		
Beginning of year	17211907	18391160
End of year	<u>\$ 21,025,103</u>	<u>\$ 17,211,907</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	\$ 20,631,878	\$ 17,088,456
Restricted Cash	393,225	123,451
Total cash and cash equivalents	<u>\$ 21,025,103</u>	<u>\$ 17,211,907</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Income (Loss) from operations	\$ 639,707	\$ 1,098,901
Adjustment to reconcile income from operations to net cash provided by operating activities		
Depreciation and amortization	3,247,385	3,113,604
Pension expense adjustment	121,666	137,273
Bad Debt Expense	43,226	-
Noncapitalized construction expenses		
(Increase)decrease in operating assets:		
Accounts receivable	(291,487)	(187,014)
Prepaid expenses	57,379	13,506
Inventories	(2,400)	(6,176)
Increase(decrease) in operating liabilities:		
Accounts payable	2,867,124	(107,240)
Unearned revenue	268,810	28,716
Accrued salaries	12,567	12,971
Compensated absences	(43,614)	28,971
Customer Deposits	963	(30,297)
Rounding		
Total adjustments	<u>6,281,619</u>	<u>3,004,314</u>
Net cash provided by operating activities	<u>6,921,326</u>	<u>4,103,215</u>

The accompanying notes are an integral part of these financial statements.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

**Introduction**

The Hancock County Port and Harbor Commission (the Commission), complies with accounting principles generally accepted in the United States of America. The Commission's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB), unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the Commission's financial activities for the fiscal years ended September 30, 2020 and 2019.

**Reporting Entity**

The Hancock County Port and Harbor Commission was created on April 1, 1963, by resolution of the Hancock County Board of Supervisors under the provisions of Title 59 of the Mississippi Code of 1972, as amended. The Commission developed and now operates the Port Bienville Industrial Park, Stennis International Airport and Industrial Air Park and Port Bienville Shortline Railroad. The purpose of the Commission is to promote, develop, construct, maintain and operate harbors, seaports and industrial parks and develop commercial, industrial and manufacturing enterprises for the encouragement of employment within the boundaries of Hancock County, Mississippi.

The Commission is a component unit of Hancock County, Mississippi. Accordingly, the financial statements of the Commission would be included in the financial statements of Hancock County if the County presented general government financial statements. The accompanying financial statements present the Commission's governmental units over which the Commission exercises significant influence. Significant influence or accountability is based primarily on operational or functional relationships with the Commission (as distinct from legal relationships). However, there have been no identified component units of the Commission.

**Basis of Reporting**

These financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) relative to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Commission has been identified as an "enterprise fund" as described by GAAP for governmental entities. Enterprise funds utilize accounting principles in a manner similar to private business enterprises and are accounted for on a flow of economic resources measurement focus.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues consist of user charges, rental income, sales of land and fuel inventories, and miscellaneous charges related to the Port Bienville Shortline Railroad, the Port Bienville Industrial Park, and the Stennis International Airport. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets and liabilities associated with the operation of the Commission are included on the statements of net position.

Operating revenues are those revenues that are generated from the primary operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations. All other expenses are reported as non-operating.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Commission considers all highly liquid investments (including funds invested in savings type accounts) purchased with maturities of three months or less to be cash equivalents.

**Receivables**

The Commission reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond September 30, 2020 and 2019 are recorded as prepaid items.

**Inventory**

Inventory consists of fuel used to operate rail locomotives and is stated at cost using the first-in/first-out (FIFO) method. Inventories as of September 30 are as follows:

	2020	2019
Fuel	\$ 21,589	\$ 19,189

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are externally imposed by creditors, contributors, grantors, or laws. Restricted assets consist of funds that are restricted for customer deposits subject to refund. When both restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

**Capital Assets**

Property and equipment exceeding the Commission's capitalization thresholds are stated at historical cost. Donated assets are recorded at their estimated fair value at the date of donation. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property and exceed the thresholds are capitalized. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives and capitalization thresholds are as follows:

Capital Assets	Useful Life (Years)	Capitalization Threshold
Buildings and improvements	10 - 50	\$50,000
Improvements other than buildings	20 - 35	\$25,000
Machinery and equipment	5 - 10	\$5,000
Railroad track and bed	30	\$25,000
Railroad equipment	5 - 7	\$5,000

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net 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 thus will not be recognized as an expense until then. The Commission has one item that meets this criterion, the unamortized changes in investments actual performance, expectations, and projections, and plan assumptions related to the pension plan (see Note 10). In addition to liabilities, the statement of net 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 inflow of resources (revenue) until that time. The Commission has one item that meets this criterion, the unamortized changes in investments actual performance, expectations, and projections, and plan assumptions related to the pension plan (see Note 10).

**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.

**Compensated Absences**

Full-time employees receive annual leave (paid time off) based upon length of employment. Paid time off includes vacation, sick, and personal time and vests with the employee. Therefore, paid time off has been accrued in the financial statements.

**Unearned Revenue**

The Commission defers revenue recognition in connection with resources that have been received, but not yet earned.

**General and Administrative Expense Allocations**

For the purposes of the statements of revenue, expenses, and change in net position, general and administrative expenses were allocated to the Port Bienville Shortline Railroad, the Port Bienville Industrial Park, and Stennis International Airport, for September 30, 2020 and 2019, as follows:

Port Bienville Shortline Railroad	39%
Port Bienville Industrial Park	32%
Stennis International Airport	29%
Total	<u>100%</u>

**Net Position**

The Commission classifies net position into three components:

- *Invested in capital assets, net of related debt* – consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- *Restricted for capital activity and debt service* – consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation.
- *Unrestricted net position* – consists of all other net position not included in the above categories.



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reclassifications**

Certain amounts in the prior-years financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 2: DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk - Deposits**

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Commission does not have a deposit policy for custodial credit risk. However, all of the Commission's bank balances are entirely insured or collateralized. 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 of the Mississippi Code. Under this program, the Commission'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 Depository Insurance Corporation. The Commission deposits funds in financial institutions selected by the Commissioners in accordance with Mississippi statutes. At September 30, 2020, deposits (including restricted deposits) were as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	\$ 21,255,291	\$ 21,024,953

**Investments**

The Commission is authorized by State statute to invest excess funds in obligations of the U.S. Treasury, State of Mississippi, counties, municipalities and school districts of the State of Mississippi and, with certain restrictions, repurchase agreements secured by U.S. Government obligations and certificates of deposit.

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quote prices (unadjusted) in active markets for identical assets or liabilities that the Commission has the ability access at the measurement date.
- Level 2 inputs are inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

All of the Commission's investments have been valued using Level 1 measurements.

Fair value measurements of the Commission's investments are as follows at September 30:

Investment	2020	2019
U.S. Government securities and agencies	\$ -	\$ 1,675,000



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. Mississippi State law requires a minimum quality rating of A-3 by Standard and Poor for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by Standard and Poor, with bonds rated BAA/BBB not to exceed 5% of the total fixed income investments.

As of September 30, the Commission's investments has the following credit ratings as published by Standard and Poor:

Investment	Credit Rating	2020	2019
U.S. Government securities and agencies	AA+	\$ -	\$ 1,675,000

**NOTE 3: ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	2020	2019
Port Bienville Industrial Park	\$ 117,215	\$ 260,624
Port Bienville Shortline Railroad	501,453	538,533
Stennis International Airport	624,176	52,439
Other	-	1,106
Total	1,242,844	852,702
Less allowance for doubtful accounts	(77,386)	(34,160)
Total accounts receivable, net	\$ 1,165,458	\$ 818,542

There was \$43,226 in bad debt expense for the year ended September 30, 2020 and no bad debt expense incurred for the year ended September 30, 2019.

**NOTE 4: INVESTMENT IN CAPITAL LEASES**

*1996 Lease*

In 1996, the Commission entered into a lease agreement with a company for land in the Port Bienville Industrial Park. The lease calls for annual payments of \$160,000 beginning January 1, 1999 through January 1, 2018 and was recorded as a lease-purchase. At the end of the lease term, the company may purchase the land for \$1,000. As of the writing of these notes, the company has not exercised its option to purchase.

*2008 Lease*

On October 17, 2007, the Commission entered into a lease agreement with a company for facilities and property in the Port Bienville Industrial Park. The lease calls for a one-time prepayment of all rent and other fees due during the first eight years of the lease in the amount of \$830,000. Additionally, as consideration for Katrina CDBG (KCDBG) funds through the Mississippi Development Authority (MDA) in the amount of \$1,990,617, the company agreed to invest \$5,000,000 of private capital and create at least 50 new jobs within 5 years of completion of the rehabilitation. The lease term began February 2008. During the eight-year lease term, the company had the option to acquire the buildings and property for an additional \$1. The lease stipulates that if the option is not exercised, the lease term will extend to thirteen years for additional consideration. The transaction was recorded as a lease purchase and accordingly, a note receivable was established for the value of the asset leased of \$830,000, the final payment for which was submitted in September of 2016. On October 9, 2015, the company notified the Commission of its intent to exercise the aforementioned option. Because of certain requirements stipulated by the U.S. Department of Housing and Urban Development, ownership of facilities constructed with Community Development Block Grant program funds shall be retained by the unit of local government facilitating the flow of grant funds for a period of 5 years after grant closeout. Therefore, the Commission has not granted the option and continues to work with the MDA and the company to find a point of resolution on the matter.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 4: INVESTMENT IN CAPITAL LEASES**

*2012 Lease*

During fiscal year 2012, the Commission entered into a lease agreement with a company at Stennis International Airport for the repayment of a monetary match for expansion of its facilities. The lease calls for repayment of the \$100,000 match provided by the Commission to commence over 7 years to begin 30 days following the date of certificate of occupancy and with an interest rate of 5.25%. During the term of this lease the company will have the option to acquire the property for the full balance remaining to be paid. The balance as of September 30, 2019 was \$29,830 and as of September 30, 2020, the lease has been paid in full.

**NOTE 5: DUE FROM OTHER GOVERNMENTS**

As of September 30, receivables recorded based on costs incurred prior to year-end related to grants were as follows:

	2020	2019
FAA - airport projects	\$ 104,665	\$ 360,343
MDEQ - RESTORE Act project	398,718	-
MDOT - multimodal projects	698,728	102,097
Hancock County Board of Supervisors	1,000,000	-
Total	<u>\$ 2,202,111</u>	<u>\$ 462,440</u>

**NOTE 6: CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

*For the Year Ended September 30, 2020:*

	Balance October 1, 2019	Additions	Deletions	Transfers	Balance September 30, 2020
Capital assets, not being depreciated:					
Land	\$ 11,465,949	\$ -	\$ -	\$ 1,054,742	\$ 12,520,691
Construction in progress	2,004,982	9,408,952	(2,140,780)	(3,929,182)	5,343,972
Total capital assets, not being depreciated	<u>13,470,931</u>	<u>9,408,952</u>	<u>(2,140,780)</u>	<u>(2,874,440)</u>	<u>17,864,663</u>
Capital assets, being depreciated					
Buildings and improvements	24,537,808	-	(1,041,935)	256,943	23,752,816
Improvements other than buildings	86,814,419	-	(11,646,216)	2,149,487	77,317,690
Machinery and equipment	2,780,999	22,520	(173,891)	276,387	2,906,015
Railroad track and bed	22,679,910	-	-	147,784	22,827,694
Railroad equipment	2,232,972	-	-	43,839	2,276,811
Total capital assets, being depreciated	<u>139,046,108</u>	<u>22,520</u>	<u>(12,862,042)</u>	<u>2,874,440</u>	<u>129,081,026</u>
Less accumulated depreciation for:					
Buildings and improvements	5,731,088	481,797	(365,752)	-	5,847,133
Improvements other than buildings	62,255,332	1,756,599	(9,209,256)	-	54,802,675
Machinery and equipment	1,384,395	209,323	(145,639)	-	1,448,079
Railroad track and bed	7,057,790	658,085	-	-	7,715,875
Railroad equipment	387,755	141,581	-	-	529,336
Total accumulated depreciation	<u>76,816,360</u>	<u>3,247,385</u>	<u>(9,720,647)</u>	<u>-</u>	<u>70,343,098</u>
Total capital assets being depreciated, net	<u>62,229,748</u>	<u>(3,224,865)</u>	<u>(3,141,395)</u>	<u>2,874,440</u>	<u>58,737,928</u>
Capital assets, net	<u>\$ 75,700,679</u>	<u>\$ 6,184,087</u>	<u>\$ (5,282,175)</u>	<u>\$ -</u>	<u>\$ 76,602,591</u>

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 6: CAPITAL ASSETS (Continued)**

*For the Year Ended September 30, 2020 (continued)*

Construction in progress at September 30, 2020 is primarily composed of a new terminal building with adjacent hangar at Stennis International Airport, a new drop zone constructed west of the existing runway, apron expansion and reconstruction, new taxiway markings. In addition, a new administration building is under construction on airport grounds. At Port Bienville Industrial Park construction in progress consists of railway rehab and dock reconstruction.

*For the Year Ended September 30, 2019:*

	Balance October 1, 2018	Additions	Deletions	Transfers	Balance September 30, 2019
Capital assets, not being depreciated:					
Land	\$ 9,738,049	\$ 1,727,900	\$ -	\$ -	\$ 11,465,949
Construction in progress	1,021,102	7,731,636	-	(6,747,756)	2,004,982
Total capital assets, not being depreciated	10,759,151	9,459,536	-	(6,747,756)	13,470,931
Capital assets, being depreciated					
Buildings and improvements	24,285,416	548,939	-	(296,547)	24,537,808
Improvements other than buildings	85,752,063	1,062,356	-	-	86,814,419
Machinery and equipment	2,327,527	453,472	-	-	2,780,999
Railroad track and bed	21,248,797	1,431,113	-	-	22,679,910
Railroad equipment	453,622	1,779,350	-	-	2,232,972
Total capital assets, being depreciated	134,067,425	5,275,230	-	(296,547)	139,046,108
Less accumulated depreciation for:					
Buildings and improvements	5,247,231	483,857	-	-	5,731,088
Improvements other than buildings	60,460,294	1,795,038	-	-	62,255,332
Machinery and equipment	1,193,872	190,523	-	-	1,384,395
Railroad track and bed	6,446,430	611,360	-	-	7,057,790
Railroad equipment	354,929	32,826	-	-	387,755
Total accumulated depreciation	73,702,756	3,113,604	-	-	76,816,360
Total capital assets being depreciated, net	60,364,669	2,161,626	-	(296,547)	62,229,748
Capital assets, net	\$ 71,123,820	\$ 11,621,162	\$ -	\$ (7,044,303)	\$ 75,700,679

Construction in progress at September 30, 2019 is primarily composed of a new site for transloading including a rail spur and bulkhead, sites at Port Bienville and Stennis International Airport, mooring dolphins, additional aircraft hangar space, and a new multi-user air strip to support military training and advancements in space and unmanned technology.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 7: LONG-TERM LIABILITIES**

A summary of changes in long-term debt is as follows:

*For the Year Ended September 30, 2020:*

	Balance October 1, 2019	Additions	Adjustments	Principal Payments/ Reductions	Balance September 30, 2020	Amount Due within Twelve Months
Compensated absences	\$ 309,020	\$ 119,018	\$ -	\$ (162,632)	\$ 265,406	\$ 79,994
Net pension liability	3,518,409	-	353,359	-	3,871,768	-
Total	<u>\$ 3,827,429</u>	<u>\$ 119,018</u>	<u>\$ 353,359</u>	<u>\$ (162,632)</u>	<u>\$ 4,137,174</u>	<u>\$ 79,994</u>

*For the Year Ended September 30, 2019:*

	Balance October 1, 2018	Additions	Adjustments	Principal Payments/ Reductions	Balance September 30, 2019	Amount Due within Twelve Months
Compensated absences	\$ 280,049	\$ 197,181	\$ -	\$ (168,210)	\$ 309,020	\$ 123,608
Net pension liability	3,326,594	-	191,815	-	3,518,409	-
Total	<u>\$ 3,606,643</u>	<u>\$ 197,181</u>	<u>\$ 191,815</u>	<u>\$ (168,210)</u>	<u>\$ 3,827,429</u>	<u>\$ 123,608</u>

**NOTE 8: LEASE REVENUE (OPERATING LEASES)**

The Commission leases property and certain facilities to various tenants within its industrial park and airport. The majority of these leases are cancelable operating leases. Property leased by the Commission recorded in capital assets is as follows:

*As of September 30, 2020:*

	Cost	Accumulated Depreciation	Net Value
Land	\$ 466,930	\$ -	\$ 466,930
Buildings and track	17,627,187	4,057,357	13,569,830
	<u>\$ 18,094,117</u>	<u>\$ 4,057,357</u>	<u>\$ 14,036,760</u>

*As of September 30, 2019:*

	Cost	Accumulated Depreciation	Net Value
Land	\$ 466,930	\$ -	\$ 466,930
Buildings and track	21,638,403	5,756,932	15,881,471
	<u>\$ 22,105,333</u>	<u>\$ 5,756,932</u>	<u>\$ 16,348,401</u>



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 8: LEASE REVENUE (OPERATING LEASES) (Continued)**

Future minimum rentals for the more significant non-cancelable leases, not including contingent rentals, are as follows at September 30, 2020:

Year Ending September 30,	Amount
2021	\$ 232,514
2022	237,066
2023	209,272
2024	194,588
2025	194,588
Thereafter	518,901
	<u>\$1,586,929</u>

The minimum future rentals for these leases were determined using the rates in effect at September 30, 2020, include escalations which are stated as a set percentage or dollar value but do not consider future CPI-U adjustments or renewal options as they are uncertain. Income under this portion of the leases is not included in future minimum rental amounts. Rental income for fiscal years 2020 and 2019, received through all leases, including contingent rentals, was \$4,102,496 and \$3,344,257, respectively.

**NOTE 9: UNEARNED REVENUE**

Unearned revenue consists of the following at September 30:

	2020	2019
Prepaid rent	\$ 296,961	\$ 14,791
Mississippi Cooperative Energy	-	25,000
	<u>\$ 296,961</u>	<u>\$ 39,791</u>

**NOTE 10: DEFINED BENEFIT PENSION PLAN**

Plan Description

The Commission's employees are provided pensions through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Mississippi's Public Employees' Retirement System's Board of Trustees. Benefit provisions 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 information may be obtained from its website, [www.pers.ms.gov](http://www.pers.ms.gov), 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.



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

Benefits Provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 become 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 percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members before July 1, 2011) plus 2.5 percent for each additional year of credited 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 credited 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. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

Contributions

The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. PERS members are required to contribute 9% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate, currently 17.40%. The Commission's contributions to PERS for the years ended September 30, 2020 and 2019 were \$224,628 and \$185,685, respectively, equal to the required contributions for each year.

Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At September 30, 2020, the Commission recognized \$3,871,768 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Commission's proportion was 0.0179 percent, which was an increase of 0.001 from its proportion measured as of June 30, 2018 (0.0178 percent).

For the year ended September 30, 2020, the Commission recognized expense of \$346,292, which includes \$121,664 expense related to increase in net pension liability for GASB 68 calculation. In addition, the Commission reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,607	\$ -
Changes of assumptions	21,659	-
Net difference between projected and actual earnings on Plan investments	159,037	-
Differences between Commission's contributions and proportionate share of contributions	-	32,213
Commission contributions	63,465	-
Total	<u>\$ 277,768</u>	<u>\$ 32,213</u>

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

*Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)*

The Commission's contributions subsequent to the measurement date, \$63,465, will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year	Amount
2021	\$ (2,865)
2022	62,760
2023	70,948
2024	51,247
	\$ 182,090

*Actuarial Assumptions*

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

Investment rate of return	7.75 percent, net of investment expense and inflation
Projected salary increases	3.00 - 18.25 percent, including inflation
Inflation	2.75 percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. The expectation of retired life mortality was changed to the PubS.H-2018(B) retiree Table with adjustments for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119 and for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

The long-term expected rate of return on investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and 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 allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

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

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

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)**

*Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Commission'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:

	<u>Discount Rate</u>	<u>Authority's Proportionate Share of Net Pension Liability</u>
1% decrease	6.75%	\$2,312,526
Current discount rate	7.75%	\$1,759,197
1% increase	8.75%	\$1,302,474

*Plan Fiduciary Net Position*

Detailed information about the PERS pension plan is available in a separately issued PERS financial report, available at [www.pers.ms.gov](http://www.pers.ms.gov).

**NOTE 11: RAILROAD RETIREMENT PLAN**

*Plan Description*

The Commission contributes to the U.S. Railroad Retirement Board (RRB) for all eligible railroad workers who are employed by the Commission. The RRB's primary function is to administer comprehensive retirement - survivor and unemployment-sickness benefit programs for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts.

Legislation enacted in 1974 restructured railroad benefits into two tiers, so as to coordinate them more fully with social security benefits. The first tier (Tier I) is based on combined railroad retirement and social security credits, using social security benefit formulas. The second tier (Tier II) is based on railroad service only and is comparable to the pension paid over and above social security benefits in other heavy industries. Under the Railroad Retirement Act, retirement and disability annuities are paid to railroad workers with at least 10 years of service. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the Commission incurs no expense for postretirement health benefits. If a railroad employee (or his or her survivor) does not qualify for railroad retirement benefits, the RRB transfers the Employee's Railroad Retirement credits to the Social Security Administration, where they are treated as social security credits.

The United States Railroad Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the U.S. Railroad Retirement Board, 844 Rush Street, Chicago, IL 60611.

*Funding Policy*

RRB members are required to contribute 7.65% under Tier I and 4.9% under Tier II of their covered salary, and the Commission is required to contribute 7.65% under Tier I and 13.1% under Tier II as of September 30, 2020 and 2019.

The Commission's contributions to RRB for the years ended September 30, 2020 and 2019 were \$141,023 and \$130,045, respectively.



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 12: DEFERRED COMPENSATION PLAN**

The Mississippi Public Employees' Retirement System (PERS) offers the Commission's employees voluntary participation in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Commission employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS**

Through the PERS Plan of Mississippi (State), retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the State incurs no expense for postretirement health benefits. However, since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the State has a postemployment healthcare benefit reportable under GASB Section Po50 as a single employer defined benefit healthcare plan. Effective July 1, 2007 the State implemented GASB Section Po50 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits. The State does not issue a publicly available financial report on the Plan. However, the required reporting is included in the State's financial statements disclosures available on the State of Mississippi's website at [www.dfa.state.ms.us](http://www.dfa.state.ms.us).

**NOTE 14: INDUCEMENT AGREEMENT**

In April 1996, the Mississippi Department of Economic and Community Development (MDECD), now known as the Mississippi Development Authority (MDA), entered into an inducement agreement with Wellman of Mississippi, Inc. (Wellman), now DAK Americas LLC (DAK), in order to facilitate the location of Wellman to Hancock County. As a result of this agreement, Hancock County agreed to issue Tax Increment Bonds totaling \$5,000,000 for the purchase of the site, site preparation and additional uses related to the project. In addition, on September 30, 1996, the Commission entered into a grant agreement with the MDECD Mississippi Major Economic Impact Authority for a total of \$35,000,000 for the purpose of funding certain facilities related to the Wellman project. Certain improvements funded by the bonds and the grant will remain the property of the Commission and contributed capital was recorded in prior years. The remaining assets totaling \$28,361,581 are being leased to Wellman for 20 years (expiring on December 31, 2018) with automatic extensions of up to 99 years.

On August 31, 2011, Wellman, Inc. and its subsidiaries were acquired by DAK Americas LLC. All prior agreements entered into with Wellman of Mississippi, Inc. remain in full force as executed. In April 2012, Wellman of Mississippi, Inc.'s name was officially changed to DAK Americas Mississippi, Inc.

The lease includes an irrevocable option allowing DAK to purchase the assets for \$1,000 upon expiration of the initial term or prior to expiration of the initial term for \$1,000 plus either an annuity contract or a promissory note, which would provide for payment of \$160,000 per year for the remaining lease term. However, the inducement agreement also provides that DAK shall receive a credit each year for the first \$160,000 of services provided under the Publicly Owned Treatment Works I service contract during the initial term of the lease. The Commission has recorded the land (costing \$924,941) as investment in lease and the remaining assets totaling \$27,436,640 less \$1,000 are being depreciated over the 20-year term of the lease. In June 2020, the Commission sold the POTW I to Hancock County Water and Sewer District (see Note 15), as such, the Commission is no longer charging DAK (formerly Wellman) for expenses related to the POTW I, nor granting credit towards expenses.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION  
(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 15: PUBLICLY OWNED TREATMENT WORKS (POTW)**

In June 2000, the Commission and the Hancock County Board of Supervisors entered into an agreement with DAK Americas Mississippi Inc. (DAK) (formerly Wellman) concerning the Publicly Owned Treatment Works (POTW I) constructed with Impact Funds from MDA described in Note 14 above to provide for the receiving, measuring, transporting, treating and disposing of wastewater from DAK (formerly Wellman). The Commission owns, operates and maintains the POTW I. However, DAK (formerly Wellman) is financially responsible for the cost of operation and maintenance less any fees collected from any additional contracting parties (as applicable) and provides all funds necessary for the repair, maintenance, and operation of the POTW I. The agreement shall continue in effect as long as DAK (formerly Wellman), its successors or assigns operates a manufacturing facility on the site. As of September 30, 2020 and 2019, DAK (formerly Wellman) had been billed a total of \$245,287 and \$275,128, respectively, for POTW I costs. The annual credit of \$160,000 has been applied against the POTW I costs billed to DAK (formerly Wellman) resulting in net revenue from the POTW I agreement of \$85,287 and \$115,128 for the years ended September 30, 2020 and 2019, respectively, that is included in charges for services in the statements of revenues, expenses, and change in net position.

In June 2020 the Commission sold the POTW I to Hancock County Water and Sewer District for \$10. Included in the sales contract is an agreement for the Commission to make a monetary contribution not to exceed \$650,000 to upgrade and advance the water facilities serving the Port Bienville Industrial Park. The Commission will also grant a long-term land lease. Included in the terms of the land lease, should it be determined underground pipe be decommissioned due to the presence of asbestos exceeding lawful thresholds, the Commission, at its sole cost and expense, remains responsible to promptly install the necessary replacement of underground pipe of like capacity and title to decommissioned underground pipe shall revert back to the Commission. The Commission has not recognized a liability in relation to this obligation because the fair value of remediation cannot be reasonably estimated. Per terms of the sales contract, DAK (formerly Wellman)'s responsibilities to finance the cost of operations and maintenance of the POTW transferred to Hancock County Water and Sewer District.

**NOTE 16: MISSISSIPPI COAST FOREIGN TRADE ZONE, INC.**

In January 1999, the U. S. Department of Commerce Foreign Trade Zone Board approved the expansion of the Greater Gulfport/Biloxi Foreign Trade Zone, Inc. to include Hancock County. Such designation allows foreign or domestic merchandise coming into the Port Bienville Industrial Park and Stennis International Airport to generally be considered as part of international commerce and not officially entered in United States Commerce. Therefore, the usual duties charged on goods may be deferred, reduced, avoided or eliminated. In July 1999, the Commission, Hancock County's designee, became a member of the corporation which changed its name to Mississippi Coast Foreign Trade Zone, Inc., a not-for-profit organization.

The organization has five corporate members: Harrison County Development Commission (HCDC), Gulfport/Biloxi Regional Airport Authority (GBRAA), Mississippi State Port Authority (MSPA) at Gulfport, Hancock County, and Jackson County. The governing board is composed of twelve directors: the Executive Director and one member of the HCDC, the Executive Director and one member of the GBRAA, one member of the MSPA, three persons designated by Hancock County and three persons designated by Jackson County. The primary source of funding for the organization is from annual fees from certain businesses in the zone.

**NOTE 17: COMMITMENTS AND CONTINGENCIES**

**Outstanding Construction Commitments**

The Commission had the following outstanding construction commitments with respect to unfinished capital projects as of September 30, 2020, which will be paid from existing debt proceeds and grants:

Port Bienville Railroad	\$ 240,218
Port Bienville Industrial Park	132,908
Stennis International Airport	<u>5,434,415</u>
	<u>\$5,807,541</u>

**HANCOCK COUNTY PORT AND HARBOR COMMISSION  
(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 17: COMMITMENTS AND CONTINGENCIES (Continued)**

**Estoppel and Consent Agreement**

The Commission entered into an agreement collateralizing a tenant's leasehold interest. Per the Commission's legal counsel and review of the agreement, the pledged leasehold interest in Port Bienville property is to collateralize and secure loans with two major lending institutions. On July 22, 2011, the Commission entered into an estoppel and consent agreement with each of these banks. Under those agreements, the Commission consented to assignment of its tenant's interest in the ground leasehold, the granting of liens upon the real property, and the granting of liens upon the personal property collateral in favor of the banks as security for repayment of its tenant's obligations.

**COVID-19**

A novel strain of coronavirus (COVID-19) spread across the world and was declared a pandemic by the World Health Organization on March 11, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen. The extent of the impact of COVID-19 on operational and financial performance will depend on the duration and spread of the outbreak. As of the date of this report, the effects are uncertain and cannot be reasonably estimated.

**NOTE 18: RISK MANAGEMENT**

**Risk Management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; personal injury and natural disasters for which the Commission carries commercial insurance.

The Commission carries pollution insurance to mitigate potential losses relative to various environmental issues. In addition, the Commission is exposed to risks of loss related to wetlands issues for which the Commission is currently developing policies and strategies necessary to reduce its risk of loss from such exposures.

**Federal Grants**

In the normal course of operations and as a result of the destruction from various natural disasters, the Commission has received grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

**NOTE 19: SUBSEQUENT EVENTS**

The Commission has evaluated events occurring subsequent to year end through March 11, 2021, which is the date the statements were available to be issued. The following events have been identified:

On October 28, 2020, Hurricane Zeta swept through the Mississippi Gulf Coast. The extent of the impact of Hurricane Zeta on operational and financial performance will depend on the damages and duration of recovery efforts. As of the date of this report, the effects are uncertain and cannot be reasonably estimated.



## **HANCOCK COUNTY PORT AND HARBOR COMMISSION**

### **TABLE OF CONTENTS – REQUIRED SUPPLEMENTARY INFORMATION**

---

<b>Mississippi Public Employees’ Retirement System Schedule of Commission’s Proportionate Share of Net Pension Liability .....</b>	<b>29</b>
<b>Mississippi Public Employees’ Retirement System Schedule of Commission’s Contributions .....</b>	<b>30</b>
<b>Notes to Required Supplementary Information .....</b>	<b>31-32</b>

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**SCHEDULE OF COMMISSION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN**  
**LAST SIX YEARS**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Commission's proportion of the net pension liability	0.0020%	0.0020%	0.0020%	0.0020%	0.0020%	0.0020%	0.0020%
Commission's proportionate share of the net pension liability	\$3,871,768	\$3,518,395	\$3,326,594	\$3,324,679	\$3,572,499	\$3,091,606	\$2,427,634
Commission's covered payroll	\$1,189,731	\$1,162,641	\$1,168,876	\$1,179,168	\$1,224,734	\$1,357,587	\$1,364,933
Commission's proportionate share of the net pension liability as a percentafe of covered payroll	325.43%	302.62%	284.60%	281.95%	291.70%	227.73%	17786.00%
Plan fiduciary net position as a percentage of total pension liability	61.59%	62.59%	61.49%	61.49%	57.47%	61.70%	67.21%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trends has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditor's report and notes to required supplementary information.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**SCHEDULE OF COMMISSION'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN**  
**LAST SIX YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 231,725	\$ 205,151	\$ 201,158	\$ 202,074	\$ 201,513	\$ 196,794	\$ 192,481
Contributions in relation to contractually required contribution	207,013	183,116	184,098	185,719	192,896	213,820	214,977
Contribution on deficiency (excess)	<u>\$ 24,712</u>	<u>\$ 22,035</u>	<u>\$ 17,060</u>	<u>\$ 16,355</u>	<u>\$ 8,617</u>	<u>\$ (17,026)</u>	<u>\$ (22,496)</u>
Commission's covered payroll	\$ 1,290,983	\$ 1,138,619	\$ 1,120,140	\$ 1,244,470	\$ 1,128,771	\$ 1,367,565	\$ 1,339,421
Contributions as a percentage of covered payroll	16.04%	16.16%	15.75%	15.75%	15.75%	15.75%	1575.00%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditor's report and notes to required supplementary information.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1: CHANGES OF ASSUMPTIONS**

The changes in assumptions for the years presented are as follows:

**2019**

- The expectation of 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 80 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 males rates at all ages.
  - For females, 115% of female rates at all ages.
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

**2017**

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

**2016**

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

**2015**

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using the 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.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION  
(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 2: CHANGES IN BENEFIT PROVISIONS**

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 1.00% and a maximum rate of 5.00%.

**NOTE 3: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	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

**NOTE 4: PRESENTATION REQUIREMENTS**

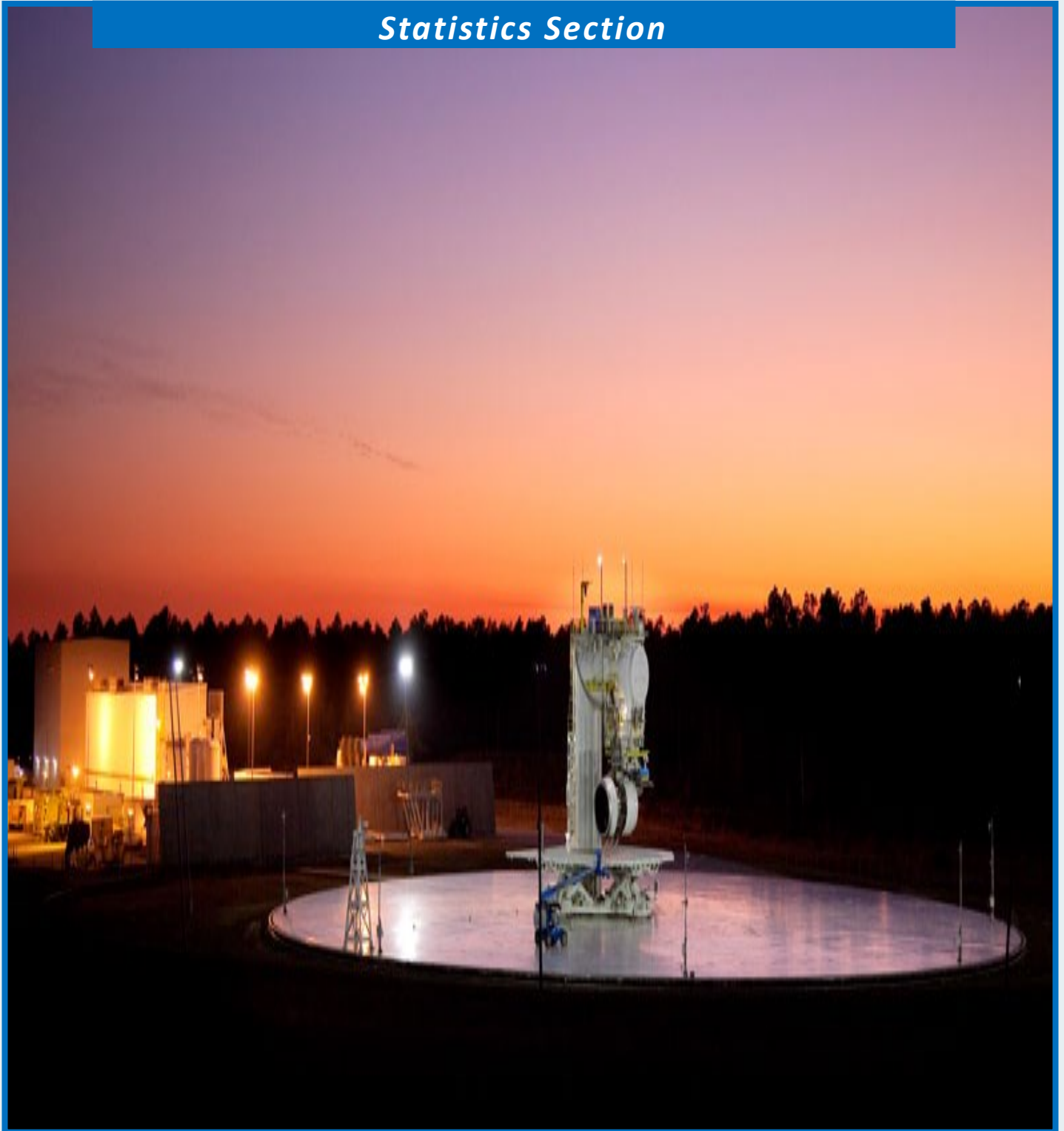
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.



# HANCOCK

MISSISSIPPI  
P O R T • A I R • S P A C E

## *Statistics Section*





## HANCOCK COUNTY PORT AND HARBOR COMMISSION

### TABLE OF CONTENTS - STATISTICAL SECTION (UNAUDITED)

---

#### Statistical Section Summary

This part of the Hancock County Port and Harbor Commission's Comprehensive Annual Report presents detailed information as a context for understanding the information in the financial statements and note disclosures and includes important indicators about the Commission's overall financial wellbeing.

#### Table Number

##### Financial Trends Information

1. Changes in Net Fund Position.....	34
2. Net Position by Component .....	35
3. Operating Revenue to Expense Comparison.....	35

##### Revenue Capacity Information

4. Principal Revenue Sources and Revenue per Categories .....	36
5. Largest Revenue Accounts and Customers .....	37
6. Largest Customers .....	38
7. Revenue Rates .....	39

##### Debt Capacity Information

8. Ratios of Outstanding Debt .....	40
9. Debt Coverage Ratio.....	40

##### Demographics and Economics Information

10. Hancock County, MS Demographic and Economic Statistics .....	41
11. Hancock County, MS Principal Employers .....	42

##### Operating Information

12. Staffing by Department .....	43
----------------------------------	----

##### Other Commission Information

13. Insurance Coverage .....	44
------------------------------	----

HANCOCK COUNTY PORT AND HARBOR COMMISSION  
Changes in Fund Net Position  
Last Ten Fiscal Years  
(Unaudited)  
(amounts in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Operating Revenue</b>										
Sales and Services										
Port Bienville Railroad	\$ 3,715	\$ 4,230	\$ 4,274	\$ 4,117	\$ 4,224	\$ 4,555	\$ 5,120	\$ 5,113	\$ 4,846	\$ 6,261
Port Bienville Industrial Park	1,033	975	935	883	1,080	1,335	1,129	923	1,540	1,379
Stennis International Airport	3,144	1,361	113	161	260	379	450	436	543	475
Rental Income										
Port Bienville Railroad	904	873	706	768	931	1,399	1,363	1,490	1,504	2,108
Port Bienville Industrial Park	121	215	258	251	253	438	435	480	301	404
Stennis International Airport	1,509	1,242	1,265	1,299	1,480	1,501	1,438	1,516	1,539	1,590
Other Operating Revenue	154	623	24	155	5	7	15	-	-	1,572
<b>Total Operating Revenues</b>	<b>10,580</b>	<b>9,519</b>	<b>7,575</b>	<b>7,634</b>	<b>8,233</b>	<b>9,614</b>	<b>9,950</b>	<b>9,959</b>	<b>10,273</b>	<b>12,220</b>
<b>Non-Operating Revenue</b>										
Interest Revenue	134	118	109	100	94	125	140	170	316	192
Investment Gain	-	-	-	-	-	1	-	-	28	-
Grant Revenue - federal	-	-	-	-	-	-	-	-	-	69
County Allocation	-	-	-	-	-	-	-	-	-	1,000
Grants and Capital Contributions	3,124	4,200	3,053	1,631	1,229	2,546	2,500	6,373	1,242	2,582
Gain on Disposal of Assets	8	-	-	-	-	-	-	-	-	-
Project Surety Settlement	-	-	-	-	-	1,450	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	39	-	-
Debt Forgiveness	970	-	-	180	-	-	-	-	-	-
<b>Total Non-Operating Revenues</b>	<b>4,236</b>	<b>4,318</b>	<b>3,162</b>	<b>1,911</b>	<b>1,323</b>	<b>4,122</b>	<b>2,640</b>	<b>6,582</b>	<b>1,587</b>	<b>3,843</b>
<b>Total Revenues</b>	<b>\$ 14,816</b>	<b>\$ 13,837</b>	<b>\$ 10,737</b>	<b>\$ 9,545</b>	<b>\$ 9,556</b>	<b>\$ 13,736</b>	<b>\$ 12,590</b>	<b>16,540</b>	<b>11,860</b>	<b>16,062</b>
<b>Operating Expenses</b>										
Port Bienville Railroad										
Personal Services	\$ 891	\$ 852	\$ 1,030	\$ 1,042	\$ 1,145	\$ 1,110	\$ 1,257	1,377	1,438	1,736
Supplies and Materials	159	193	214	180	143	130	183	213	196	191
Other Services and Charges	488	466	563	542	525	493	670	687	766	722
Depreciation and Amortization	405	453	490	509	488	464	547	642	681	836
Port Bienville Industrial Park										
Personal Services	970	1,009	921	990	1,033	885	944	767	731	674
Supplies and Materials	92	77	70	58	58	68	59	42	50	47
Other Services and Charges	1,388	1,101	1,040	926	1,083	718	783	939	989	2,857
Depreciation and Amortization	2,312	2,360	2,378	2,266	2,261	2,264	2,273	2,265	727	650
Stennis International Airport										
Personal Services	1,028	955	816	778	811	894	827	752	653	798
Supplies and Materials	71	44	31	40	19	25	39	43	48	112
Other Services and Charges	3,960	2,039	869	795	838	836	874	1,138	1,190	1,196
Depreciation and Amortization	1,020	991	1,039	1,043	1,171	1,116	1,174	1,248	1,706	1,761
<b>Total Operating Expenses</b>	<b>12,784</b>	<b>10,540</b>	<b>9,461</b>	<b>9,169</b>	<b>9,575</b>	<b>9,003</b>	<b>9,630</b>	<b>10,113</b>	<b>9,175</b>	<b>11,580</b>
<b>Non-Operating Expenses</b>										
Interest Expense	178	108	62	45	15	5	-	-	-	-
Investment Loss	-	-	-	-	-	-	17	12	-	-
Loss on Disposal of Assets	-	324	16	-	109	-	363	191	-	3,136
Loss on Impairment of Capital Asset	-	-	-	-	-	872	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>178</b>	<b>432</b>	<b>78</b>	<b>45</b>	<b>124</b>	<b>877</b>	<b>380</b>	<b>204</b>	<b>0</b>	<b>3,136</b>
<b>Total Expenses</b>	<b>12,962</b>	<b>10,972</b>	<b>9,539</b>	<b>9,214</b>	<b>9,699</b>	<b>9,880</b>	<b>10,010</b>	<b>10,316</b>	<b>9,175</b>	<b>14,715</b>
<b>Change in Fund Net Position</b>	<b>\$ 1,854</b>	<b>\$ 2,865</b>	<b>\$ 1,198</b>	<b>\$ 331</b>	<b>\$ (143)</b>	<b>\$ 3,856</b>	<b>\$ 2,580</b>	<b>\$ 6,224</b>	<b>\$ 2,686</b>	<b>\$ 1,347</b>

HANCOCK COUNTY PORT AND HARBOR COMMISSION

Net Position by Component

Last Ten Fiscal Years

(Unaudited)

(amounts in thousands)

	2011	2012	2013	2014	2015
Net investment in capital assets	\$ 60,214	\$ 67,460	\$ 68,529	\$ 68,008	\$ 65,779
Restricted	127	-	-	-	-
Unrestricted	14,038	9,784	9,914	10,766	10,173
Total Net Position	\$ 74,379	\$ 77,244	\$ 78,443	\$ 78,774	\$ 75,952

	2016	2017	2018	2019	2020
Net investment in capital assets	\$ 65,387	\$ 66,174	\$ 70,748	\$ 74,796	\$ 75,233
Restricted	-	-	-	-	-
Unrestricted	14,421	16,214	17,863	16,501	17,412
Total Net Position	\$ 79,808	\$ 82,388	\$ 88,611	\$ 91,297	\$ 92,644

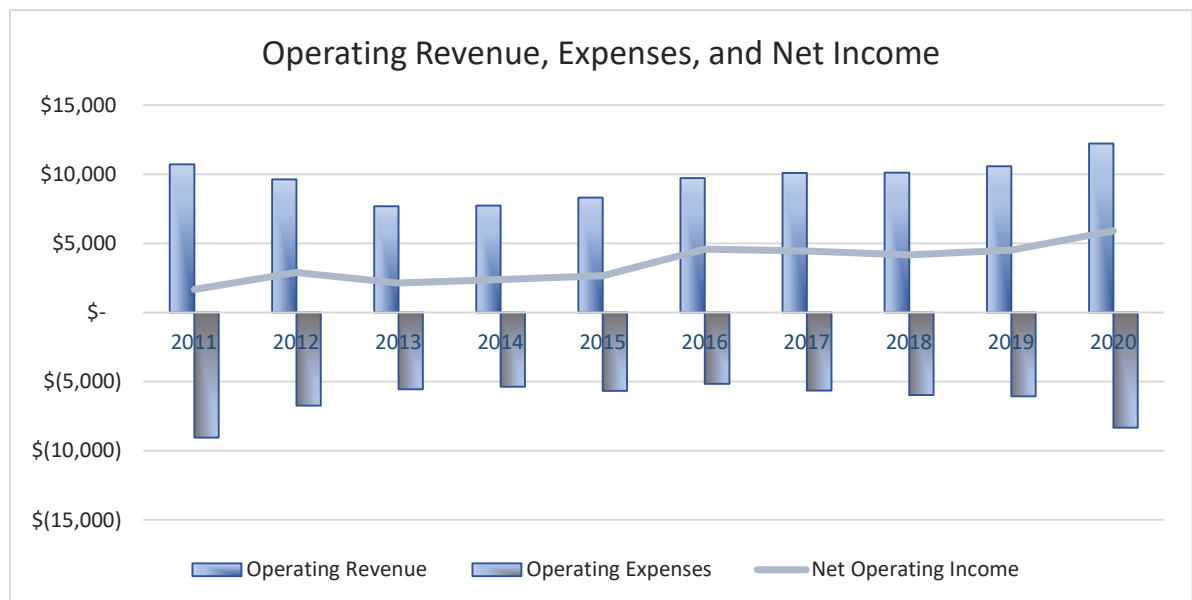
HANCOCK COUNTY PORT AND HARBOR COMMISSION

Operating Revenue to Expense Comparison

Last Ten Fiscal Years

(Unaudited)

(amounts in thousands)



Operating Expenses as a Percentage of Operating Revenue

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
84.4%	69.9%	72.3%	69.2%	67.9%	53.0%	55.9%	58.8%	57.2%	68.2%

*note # 1: In April of 2010 the Deepwater Horizon Oil Spill occurred in the gulf of Mexico after which oil dispersant activities positioned at Stennis International Airport dramatically increased both fuel sales and cost of goods sold as it relates to those sales during fiscal years ended 9/30/2010 and 2011. In addition, Stennis International Airport ceased to act as its own FBO in February of 2012 turning that operation over to a contracted third party in exchange for a fuel flowage rate and property leases thereby eliminating the sales and cost of goods sold component of airport operations.*

*note # 2: For illustration purposes interest revenue is included in operating income. Depreciation expense is excluded from operating expenses.*

HANCOCK COUNTY PORT AND HARBOR COMMISSION  
Principal Revenue Sources and Revenue per Categories  
Last Ten Fiscal Years  
(Unaudited)  
(amounts in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Commission Usage/Service Fees</b>										
Railroad Junction Settlements	\$ 3,121	\$ 3,480	\$ 3,394	\$ 3,249	\$ 3,124	\$ 3,322	\$ 3,735	\$ 3,698	\$ 3,511	\$ 4,416
Railcar Switching	418	575	689	565	645	820	976	1,027	1,032	1,317
Railcar Repair Services	55	156	139	209	255	203	174	191	123	91
Rail Scale Fees	13	14	17	74	175	191	225	185	164	181
Port Wharfage	223	197	179	133	220	296	104	128	774	729
Port Dockage	60	46	61	59	110	217	291	96	59	56
Port Park Assessment	119	123	121	127	124	139	131	133	106	128
Airport Landing, Tie Down, Ramp Fees	12	11	9	8	10	18	15	9	52	43
Airport Fuel Sales	2,904	1,203	-	-	-	-	-	-	-	-
Airport Fuel Flowage	26	42	48	48	104	167	196	189	195	159
Tenant Utility and Insurance Pass-Through	346	156	131	174	258	236	290	309	360	359
<b>Total Commission Usage/Service Fees</b>	<b>7,295</b>	<b>6,004</b>	<b>4,789</b>	<b>4,645</b>	<b>5,025</b>	<b>5,609</b>	<b>6,137</b>	<b>5,963</b>	<b>6,377</b>	<b>7,478</b>
<b>Percentage of Total Operating Revenue</b>	<b>69.0%</b>	<b>63.1%</b>	<b>63.2%</b>	<b>60.8%</b>	<b>61.0%</b>	<b>58.3%</b>	<b>61.7%</b>	<b>59.9%</b>	<b>62.1%</b>	<b>62.1%</b>
<b>Land and Building Lease, Rental, Use Fees</b>										
Buildings and Land Rent	1,691	1,505	1,583	1,611	1,821	2,048	1,965	2,089	1,948	2,102
Railcar Storage	843	825	646	707	830	1,301	1,255	1,385	1,398	2,000
<b>Total Land and Building Lease, Rental, Use Fees</b>	<b>2,534</b>	<b>2,330</b>	<b>2,229</b>	<b>2,318</b>	<b>2,651</b>	<b>3,349</b>	<b>3,220</b>	<b>3,474</b>	<b>3,347</b>	<b>4,102</b>
<b>Percentage of Total Operating Revenue</b>	<b>24.0%</b>	<b>24.5%</b>	<b>29.4%</b>	<b>30.4%</b>	<b>32.2%</b>	<b>34.8%</b>	<b>32.4%</b>	<b>34.9%</b>	<b>32.6%</b>	<b>34.1%</b>
<b>Tenant Utilities</b>										
Water	61	51	45	44	55	80	72	83	97	72
Sewer	140	101	82	87	106	150	135	149	177	135
Single Tenant POTW I Fees	396	410	406	385	391	419	371	289	275	245
<b>Total Tenant Utilities</b>	<b>597</b>	<b>562</b>	<b>533</b>	<b>516</b>	<b>552</b>	<b>649</b>	<b>578</b>	<b>521</b>	<b>550</b>	<b>452</b>
<b>Percentage of Total Operating Revenue</b>	<b>5.6%</b>	<b>5.9%</b>	<b>7.0%</b>	<b>6.8%</b>	<b>6.7%</b>	<b>6.8%</b>	<b>5.8%</b>	<b>5.2%</b>	<b>5.4%</b>	<b>3.8%</b>
<b>Other Operating Revenues</b>										
Other	154	623	24	155	5	7	15	-	-	1,572
<b>Total Other Operating Revenue</b>	<b>154</b>	<b>623</b>	<b>24</b>	<b>155</b>	<b>5</b>	<b>7</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>1,572</b>
<b>Percentage of Total Operating Revenue</b>	<b>1.5%</b>	<b>6.5%</b>	<b>0.3%</b>	<b>2.0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total Operating Revenues</b>	<b>\$ 10,580</b>	<b>\$ 9,519</b>	<b>\$ 7,575</b>	<b>\$ 7,634</b>	<b>\$ 8,233</b>	<b>\$ 9,614</b>	<b>\$ 9,950</b>	<b>\$ 9,959</b>	<b>\$ 10,273</b>	<b>\$ 12,034</b>

HANCOCK COUNTY PORT AND HARBOR COMMISSION  
Largest Revenue Accounts and Customers  
Current Fiscal Year and Ten Fiscal Years Prior  
(Unaudited)

<b>Railroad Junction Settlements</b>					
FYE 2020			FYE 2011		
Customer	Revenue	Percentage of Total	Customer	Revenue	Percentage of Total
DAK Americas Mississippi, Inc.	\$ 2,867,517	65.8%	Wellman, Inc. (now DAK)	\$ 2,480,575	74.4%
SABIC Innovative Plastics, LLC	554,802	12.7%	GE Plastics (now SABIC)	358,668	10.8%
Polychemie	537,443	12.3%	Polychemie	282,118	8.5%
Jindal Tubular USA LLC	337,110	7.7%	Calgon	136,887	4.1%
Flint Hills Resources	59,033	1.4%	BP Amoco	47,147	1.4%
Goodnight Terminal Services	3,615	0.1%	A&R	18,305	0.5%
Others	-	0.0%	Others	9,385	0.3%
Total	\$ 4,359,520	100.0%	Total	\$ 3,333,085	100.0%

<b>Buildings and Land Rent (excludes Railcar Storage)</b>					
FYE 2020			FYE 2011		
Customer	Revenue	Percentage of Total	Customer	Revenue	Percentage of Total
US Airforce	\$ 582,589	29.9%	US Airforce	582,589	36.0%
Tyonek Services Group, Inc. (formerly Selex Galileo, Inc.)	272,163	14.0%	US Coast Guard PSU 308	324,678	20.1%
US Coast Guard PSU 308	146,795	7.5%	US Corp of Engineers	171,415	10.6%
US Corps of Engineers	137,586	7.1%	Selex Galileo, Inc. (now Tyonek Services Group, Inc.)	156,346	9.7%
Optech, Inc.	120,000	6.2%	Optech, Inc.	145,056	9.0%
Andersons	108,000	5.5%	Others	344,479	21.3%
Others	581,321	29.8%	Total	\$ 1,616,563	106.7%
Total	\$ 1,948,453	100.0%			

<b>Railcar Storage (track rental)</b>					
FYE 2019			FYE 2010		
Customer	Revenue	Percentage of Total	Customer	Revenue	Percentage of Total
SABIC Innovative Plastics, LLC	\$ 1,011,743	50.6%	GE Plastics (now SABIC)	\$ 407,705	48.4%
DAK Americas Mississippi, Inc.	457,900	22.9%	Wellman, Inc. (now DAK)	423,000	50.2%
Polychemie	296,395	14.8%	Polychemie	12,180	39290.3%
Goodnight Terminal Services	202,108	10.1%	Others	31	0.0%
Others	32,033	1.6%	Total	\$ 842,916	39388.9%
Total	\$ 2,000,179	100.0%			

<b>Railcar Switching</b>					
FYE 2019			FYE 2010		
Customer	Revenue	Percentage of Total	Customer	Revenue	Percentage of Total
DAK Americas Mississippi, Inc.	\$ 566,900	43.2%	Wellman, Inc. (now DAK)	\$ 256,186	63.4%
SABIC Innovative Plastics, LLC	263,503	20.1%	GE Plastics (now SABIC)	105,538	26.1%
Polychemie	231,609	17.7%	PSL, NA (now Jindal Tubular)	-	0.0%
Anderson's	120,663	9.2%	Polychemie	42,375	10.5%
Others	128,895	9.8%	Others	-	0.0%
Total	\$ 1,311,570	100.0%	Total	\$ 404,099	100.0%



HANCOCK COUNTY PORT AND HARBOR COMMISSION  
Largest Customers (includes interest revenue)  
Current Fiscal Year and Ten Fiscal Years Prior  
(Unaudited)

<b>2020</b>		
Customer	Revenue	Percentage of Total
DAK Americas Mississippi, Inc. (formerly Wellman, Inc.)	\$ 4,196,014	34.3%
SABIC Innovative Plastics, LLC (formerly G.E. Plastics Company)	2,301,381	18.8%
Polychemie	1,104,844	9.0%
Jindal Tubular USA LLC	844,473	6.9%
United States of America Air Force	582,589	4.8%
Goodnight Terminal Services	561,547	4.6%
The Andersons, Inc.	339,686	2.8%
Tyonek Services Group, Inc. (formerly Selex Galileo, Inc.)	295,271	2.4%
Freeman Holdings of Mississippi	290,298	2.4%
SSA Gulf, Inc.	161,004	1.3%
U.S. Coast Guard PSU 308	157,919	1.3%
Corps of Engineers	134,853	1.1%
Warehouse Services, Inc.	132,146	1.1%
Optech, Inc.	123,300	1.0%
Others	994,208	8.1%
<b>TOTAL REVENUE 2020</b>	<b>\$ 12,219,531</b>	<b>100.0%</b>

<b>2011</b>		
Customer	Revenue	Percentage of Total
Wellman, Inc. (now DAK Americas)	\$ 3,620,907	34.2%
Rolls Royce North America, Inc.	1,392,191	13.2%
DESC / DFAS	1,069,972	10.1%
G.E. Plastics Company (now SABIC)	997,759	9.4%
Calgon	653,851	6.2%
United States of America Air Force	582,589	5.5%
Polychemie	354,223	3.3%
U.S. Coast Guard	324,678	3.1%
SSA Gulf, Inc.	193,877	1.8%
U.S. Corps of Engineers	171,415	1.6%
Selex Sensors & Airborne Systems, Inc. (now Tyonek Services)	156,346	1.5%
Optech International	145,056	1.4%
The Andersons, Inc.	125,704	1.2%
PSL/NA	64,513	0.6%
Others	727,376	6.9%
<b>TOTAL REVENUE 2011</b>	<b>\$ 10,580,457</b>	<b>100.0%</b>

HANCOCK COUNTY PORT AND HARBOR COMMISSION REVENUE RATES (as published) Last Ten Fiscal Years (Unaudited)										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Stennis International Airport &amp; Effective Date of Change</b>	8/6/2012			8/1/2013			4/1/2015			
Fuel Flowage Fee (per gallon)										
Av Gas	0.07	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Jet A	0.07	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Department of Defense	0.07	0.07	0.07	0.07	0.14	0.14	0.14	0.14	0.14	0.14
Rental Rates (per square foot per year)										
Office Space - Private	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50
Office Space - Public		6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Hangar Office	3.50	6.75	6.75	6.75						
Hangar with Fire Suppression					2.75	2.75	2.75	2.75	2.75	2.75
Hangar without Fire Suppression					2.00	2.00	2.00	2.00	2.00	2.00
Hangar Deck	1.80	1.80	1.80	1.80						
Hangar Storage					6.75	6.75	6.75	6.75	6.75	6.75
Undeveloped Land	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
T-Hangars (per month)										
Electric Bi-fold Doors	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00
End Storage Units (small)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
End Storage Units (large)	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00
<b>Port Bienville Industrial Park &amp; Effective Date of Change</b>	4/27/2015									
Wharfage (per ton)										
General Commodities	1.32	1.32	1.32	1.32	1.40	1.40	1.40	1.40	1.40	1.40
Hazardous Cargo	2.69	2.69	2.69	2.69	4.00	4.00	4.00	4.00	4.00	4.00
Bulk Commodities	0.60	0.60	0.60	0.60	1.00	1.00	1.00	1.00	1.00	1.00
USDA (bagged commodities)	0.60	0.60	0.60	0.60	1.00	1.00	1.00	1.00	1.00	1.00
Forest Products	0.35	0.35	0.35	0.35	1.00	1.00	1.00	1.00	1.00	1.00
Iron and/or Steel Articles	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50
Fabricated Steel	1.25	1.25	1.25	1.25	2.50	2.50	2.50	2.50	2.50	2.50
Dockage (per linear foot per day)										
1st 48 hours	0.72	0.72	0.72	0.72	1.00	1.00	1.00	1.00	1.00	1.00
each day thereafter	0.36	0.36	0.36	0.36	1.00	1.00	1.00	1.00	1.00	1.00
<b>Port Bienville Industrial Park Water &amp; Sewer Rates &amp; Effective Date of Change</b>	4/27/2015									
Water & Sewer Rates										
Water first 12,000 gallons	50.00	50.00	50.00	50.00						
Water first 8,000 gallons					75.00	75.00	75.00	75.00	75.00	75.00
each 1,000 gallons thereafter	0.80	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00	1.00
Sewer first 12,000 gallons	100.00	100.00	100.00	100.00						
Sewer first 8,000					150.00	150.00	150.00	150.00	150.00	150.00
each 1,000 gallons thereafter	1.60	1.60	1.60	1.60	2.00	2.00	2.00	2.00	2.00	2.00
Park Assessment (per tenant)	485.00	485.00	485.00	485.00	485.00	485.00	485.00	485.00	485.00	485.00
<b>Port Bienville Railroad &amp; Effective Date</b>	4/27/2015									
Railcar Switching (per car)										
Intra-Plant	75.00	75.00	75.00	75.00	125.00	125.00	125.00	125.00	125.00	222.00
Intra-Terminal	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	222.00
Railcar Storage (each car per day)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	15.00
Weighing (each car)	350.00	350.00	350.00	350.00	150.00	150.00	150.00	150.00	150.00	150.00
<i>Note 1: only those rates most significant to the financial statements are presented</i> <i>Note 2: Published rates and charges are applied absent negotiated rates</i>										

HANCOCK COUNTY PORT AND HARBOR COMMISSION  
RATIOS OF OUTSTANDING DEBT  
Current Fiscal Year and Ten Fiscal Years Prior  
(Unaudited)

Fiscal Year	General Obligation Bond Issues	Notes and Capital Leases Payable	Total Debt	As a Percentage of Total Assets	Per Capita
2011	\$ 1,795,000	\$ 3,575,305	\$ 5,370,305	6.42%	\$ 121.77
2012	\$ 1,155,000	\$ 2,431,250	\$ 3,586,250	4.29%	\$ 80.12
2013	\$ 885,000	\$ 1,910,370	\$ 2,795,370	3.36%	\$ 61.67
2014	\$ 605,000	\$ 455,100	\$ 1,060,100	1.30%	\$ 23.25
2015	\$ 310,000	\$ 302,900	\$ 612,900	0.76%	\$ 13.31
2016	\$ -	\$ 150,700	\$ 150,700	0.19%	\$ 3.25
2017	\$ -	\$ 68,500	\$ 68,500	0.09%	\$ 1.46
2018	\$ -	\$ -	\$ -	n/a	n/a
2019	\$ -	\$ -	\$ -	n/a	n/a
2020	\$ -	\$ -	\$ -	n/a	n/a

(a) (b)

Note: Details regarding the Commission's outstanding debt can be found in note 9 to the financial statements. Total assets will be found in the financial statements.

(a) population for year ended 2017 is estimated based upon prior years growth  
(b) population numbers from the U.S. Department of Commerce Bureau of Economic Analysis

DEBT COVERAGE RATIO  
Current Fiscal Year and Ten Fiscal Years Prior  
(Unaudited)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Principal	Debt Service Interest	Total	Coverage Ratio
2011	\$ 10,714	\$ 9,047	\$ 1,667	\$ 1,387	\$ 179	\$ 1,566	1.06
2012	\$ 9,637	\$ 6,736	\$ 2,901	\$ 1,784	\$ 123	\$ 1,907	1.52
2013	\$ 7,684	\$ 5,554	\$ 2,130	\$ 791	\$ 68	\$ 859	2.48
2014	\$ 7,734	\$ 5,351	\$ 2,383	\$ 1,587	\$ 51	\$ 1,638	1.45
2015	\$ 8,327	\$ 5,655	\$ 2,672	\$ 447	\$ 16	\$ 463	5.77
2016	\$ 9,740	\$ 5,160	\$ 4,580	\$ 462	\$ 6	\$ 468	9.79
2017	\$ 10,090	\$ 5,636	\$ 4,454	\$ 82	\$ -	\$ 82	54.32
2018	\$ 10,128	\$ 5,957	\$ 4,171	\$ 68	\$ -	\$ 68	61.34
2019	\$ 10,589	\$ 6,061	\$ 4,528	\$ -	\$ -	\$ -	n/a
2020	\$ 12,219	\$ 8,334	\$ 3,885	\$ -	\$ -	\$ -	n/a

(a) (a)

(a) for illustration purposes interest revenue is included in Gross Revenues and depreciation expense is excluded from Operating Expenses

HANCOCK COUNTY, MISSISSIPPI  
Demographic and Economic Statistics  
Last Ten Years  
(Unaudited)

Year	Population	Personal Income	Personal Income Per Capita	Median Age	Public High School Graduation Rates	Total Public School Enrollment	Unemployment Rate
2010	44,102	1,461,740	33,145	40.8	67.6%	6,115	9.0%
2011	44,762	1,407,396	31,442	41.0	71.9%	6,256	9.5%
2012	45,327	1,439,674	31,762	40.5	79.9%	6,426	8.5%
2013	45,592	1,435,492	31,486	41.0	82.6%	6,428	7.9%
2014	46,035	1,524,088	33,107	41.2	88.3%	6,498	7.3%
2015	46,420	1,536,863	33,108	41.8	89.3%	6,392	6.4%
2016	46,791	1,520,089	32,487	41.8	88.8%	6,438	6.1%
2017	47,053	1,627,109	34,580	43.2	81.4%	6,417	5.4%
2018	47,334	1,669,094	35,262	44.0	82.8%	6,250	4.6%
2019	47,632	1,740,158	36,533	44.4	87.3%	6,250	5.6%
2020	47,632*	1,740,158**	36,533**	44.4*	91.4%	6,204	8.2%

(d) (d) (d) (a) (c) (c) (b)

Sources:

- (a) [US Census Bureau](#)
- (b) [Mississippi Department of Employment Security](#)
- (c) [Mississippi Department of Education](#)
- (d) [U.S. Department of Commerce Bureau of Economic Analysis, Interactive Data](#)
- \* Most Recent Available Data (Census Data Delayed Due to Covid-19)

HANCOCK COUNTY  
Principal Employers  
Current Fiscal Year and Ten Fiscal Years Prior  
(Unaudited)

NAICS	Description	2020 Jobs	Percentage of Total
928110	National Security	1,295	8.6%
721120	Casino Hotels	961	6.4%
611110	Elementary and Secondary Schools	838	5.6%
561210	Facilities Support Services	790	5.3%
921140	Executive and Legislative Offices, Combined	630	4.2%
541512	Computer Systems Design Services	592	4.0%
722511	Full-Service Restaurants	517	3.5%
722513	Limited-Service Restaurants	467	3.1%
927110	Space Research and Technology	425	2.8%
452311	Warehouse Clubs and Supercenters	338	2.3%
622110	General Medical and Surgical Hospitals	300	2.0%
	All Other Remaining Industries	7,778	51.9%
	Total Employed	14,975	100%

NAICS	Description	2011 Jobs	Percentage of Total
928110	National Security	1,287	8.2%
611110	Elementary and Secondary Schools	868	5.5%
561210	Facilities Support Services	861	5.5%
721120	Casino Hotels	678	4.3%
921140	Executive and Legislative Offices, Combined	562	3.6%
713210	Casinos (except Casino Hotels)	527	3.4%
722513	Limited-Service Restaurants	428	2.7%
541330	Engineering Services	412	2.6%
927110	Space Research and Technology	407	2.6%
452311	Warehouse Clubs and Supercenters	387	2.5%
622110	General Medical and Surgical Hospitals	354	2.3%
722511	Full-Service Restaurants	347	2.2%
	All Other Remaining Industries	8,526	54.5%
	Totally Employed	15,644	100.0%

HANCOCK COUNTY PORT AND HARBOR COMMISSION

STAFFING BY DIVISION/DEPARTMENT (FTE's)

Last Ten Years

(Unaudited)

	<u>2011<sup>1</sup></u>	<u>2012<sup>1</sup></u>	<u>2013<sup>1</sup></u>	<u>2014<sup>1</sup></u>	<u>2015<sup>2</sup></u>	<u>2016<sup>2</sup></u>	<u>2017<sup>2</sup></u>	<u>2018<sup>2</sup></u>	<u>2019<sup>2</sup></u>	<u>2020<sup>2</sup></u>
Executive Director	1	1	1	1	1	1	1	1	1	1
General Administration	3	3	3	1.5	1	2	2.5	2.5	3	5
Economic Development	2	2	2	2.5	2	3	3	2	3	3
Finance and Accounting	6	5	5	4	4	4	3	3	3	3
Railroad	8	8	9	10	9	11	12	12	12.35	12.35
Port	8	7	7	7	6	4.5	4	4.35	4.35	2
Port Security (outsourced in 2008)	1	1	1	1	0	0	0	0	0	0
Airport	10	7	7	7	6	5.5	3.5	3.5	4	3
	39	34	35	34	29	31	29	28.35	30.7	29.35

<sup>1</sup> Note: Historical data has been reclassified to reflect current organizational structure and titles for comparative purposes.

<sup>2</sup> Note: Data presented as of fiscal year end.



HANCOCK COUNTY PORT AND HARBOR COMMISSION

INSURANCE COVERAGE

As of September 30, 2020

(unaudited)

		<u>Limits of Coverage</u>
Workers' Compensation & Employers' Liability		
<i>Employee Benefits</i>		Statutory
<i>Employers' Liability</i>	\$	1,000,000
Railroad Workers' Accidental Death & Dismemberment	\$	1,000,000
General Liability		
<i>General/Products/Completed Operations - Aggregate</i>	\$	2,000,000
<i>Employee Theft</i>	\$	1,000,000
<i>Automobile</i>	\$	1,000,000
<i>Umbrella</i>	\$	1,000,000
<i>Failure to Supply - Aggregate</i>	\$	3,000,000
<i>Public Officials &amp; Employment Practices</i>	\$	5,000,000
<i>Employee Benefits - Aggregate</i>	\$	2,000,000
<i>Employers</i>	\$	1,000,000
<i>Garagekeepers</i>	\$	1,000,000
<i>Hunting Lease - Aggregate</i>	\$	2,000,000
Airport Liability & Hangarkeepers	\$	1,000,000
Railroad Liability	\$	4,000,000
Pollution Liability	\$	5,000,000
Property Coverages		
<i>Total Maximum Limit</i>	\$	42,670,988
	<u>Sublimits</u>	<u>Amount</u>
<i>Buildings</i>	\$	37,404,884
<i>Personal Property</i>	\$	1,628,292
<i>Inland Marine (Rolling Stock/Equipment)</i>	\$	3,637,812
National Flood		
<i>Flood - Buildings</i>	\$	9,022,800
<i>Flood - Contents</i>	\$	2,215,500
Equipment Floater	\$	3,371,527
Auto Physical Damage	\$	532,347



# HANCOCK

MISSISSIPPI

P O R T • A I R • S P A C E

## *Compliance Section*







ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC  
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC  
Wealth Management

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

March 11, 2021

Board of Commissioners  
Hancock County Port and Harbor Commission  
Kiln, 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 component unit financial statements of the business-type activities of Hancock County Port and Harbor Commission (a component unit of Hancock County, Mississippi), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Hancock County Port and Harbor Commission's basic financial statements, and have issued our report thereon dated March 11, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hancock County Port and Harbor Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that 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 Hancock County Port and Harbor Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Hancock County Port and Harbor Commission'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 Hancock County Port and Harbor Commission's financial statements are free of 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 financial statements. 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*.

9490 Three Rivers Road | Gulfport, MS 39503 | (228) 863-0411 | Fax (228) 863-1165 | E-Mail: [info@avlcpa.com](mailto:info@avlcpa.com) | [www.avlcpa.com](http://www.avlcpa.com)

304 N. Vardaman Street | P.O. Box 749 | Wiggins, MS 39577 | (601) 928-4416 | Fax (601) 928-4417 | E-Mail: [info@avlcpa.com](mailto:info@avlcpa.com) | [www.avlcpa.com](http://www.avlcpa.com)

831 Hwy. 90 | Bay St. Louis, MS 39520 | (228) 467-1402 | Fax (228) 467-2594 | E-Mail: [info@avlcpa.com](mailto:info@avlcpa.com) | [www.avlcpa.com](http://www.avlcpa.com)

Members: American Institute of CPA's. Mississippi Society of CPA's. The AICPA Alliance for CPA Firms-  
Partnering for CPA Practice Success, National Association of Certified Valuation Analysts

Board of Commissioners  
Hancock County Port and Harbor Commission  
March 11, 2021

**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.

*Alexander, Van Loon, Sloan, Levens & Favre PLLC*

**ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC**  
**Certified Public Accountants**  
**Gulfport, Mississippi**



**ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC**  
Certified Public Accountants & Business Consultants

**AVL WEALTHCARE, LLC**  
Wealth Management

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

March 11, 2021

Board of Commissioners  
Hancock County Port and Harbor Commission  
Kiln, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited Hancock County Port and Harbor Commission's (a component unit of Hancock County, Mississippi) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Hancock County Port and Harbor Commission's major federal program for the year ended September 30, 2020. Hancock County Port and Harbor Commission's major federal program is identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Hancock County Port and Harbor Commission's major federal program 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 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 Hancock County Port and Harbor Commission'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 the major federal program. However, our audit does not provide a legal determination of Hancock County Port and Harbor Commission's compliance.

***Opinion on the Major Federal Program***

In our opinion, Hancock County Port and Harbor Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

9490 Three Rivers Road | Gulfport, MS 39503 | (228) 863-0411 | Fax (228) 863-1165 | E-Mail: [info@avlcpa.com](mailto:info@avlcpa.com) | [www.avlcpa.com](http://www.avlcpa.com)  
304 N. Vardaman Street | P.O. Box 749 | Wiggins, MS 39577 | (601) 928-4416 | Fax (601) 928-4417 | E-Mail: [info@avlcpa.com](mailto:info@avlcpa.com) | [www.avlcpa.com](http://www.avlcpa.com)  
831 Hwy. 90 | Bay St. Louis, MS 39520 | (228) 467-1402 | Fax (228) 467-2594 | E-Mail: [info@avlcpa.com](mailto:info@avlcpa.com) | [www.avlcpa.com](http://www.avlcpa.com)

Members: American Institute of CPA's. Mississippi Society of CPA's. The AICPA Alliance for CPA Firms-  
Partnering for CPA Practice Success, National Association of Certified Valuation Analysts

### **Report on Internal Control over Compliance**

Management of Hancock County Port and Harbor Commission 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 Hancock County Port and Harbor Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Hancock County Port and Harbor Commission'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 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.

*Alexander, Van Loon, Sloan, Levens & Favre, PLLC*

**ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC**  
Certified Public Accountants  
Gulfport, Mississippi



**HANCOCK COUNTY PORT AND HARBOR COMMISSION**  
**(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Identifying Number</b>	<b>Federal Expenditures</b>
<i>U.S. Department of Transportation</i>			
<i>Federal Aviation Administration</i>			
Airport Improvement Program -2019	20.106	3-28-0005-33-2019	\$ 818,568
Airport Improvement Program -2020	20.106	3-28-0005-34-2020	4,000
COVID-19 - Airport Improvement Program - Cares Act	20.106	3-28-0005-35-2020	69,000
<i>Total U.S. Department of Transportation</i>			<u>891,568</u>
<i>U.S. Department of Treasury</i>			
<i>Passed through Mississippi Department of Environmental Quality</i>			
Resources and ecosystems sustainability, Tourist opportunities, and revived economies of the Gulf Coast States	21.015	18-00036	675,233
<i>Total U.S. Department of Treasury</i>			<u>675,233</u>
Total Expenditures of Federal Awards			<u>\$ 1,566,801</u>

See accompanying notes to the schedule.

**HANCOCK COUNTY PORT AND HARBOR COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The cost principles are applied based on the period of expenditures.

**NOTES 2 – DE MINIMIS COST RATE**

The Hancock County Port and Harbor Commission has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Hancock County Port and Harbor Commission (Commission) under programs of the federal government for the year ended September 30, 2020 and is presented on the accrual basis of accounting. 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 the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hancock County Port and Harbor Commission.

**NOTE 4 – RECONCILIATION TO GRANT REVENUE**

Federal revenues are reported in statement of revenues, expenses, and changes in net position for the year ended September 30, 2020 as follows:

Capital contributions - federal	\$ 1,497,801
Grant revenue - federal	<u>69,000</u>
Total federal revenues	<u><u>\$ 1,566,801</u></u>

**HANCOCK COUNTY PORT AND HARBOR COMMISSION  
(A COMPONENT UNIT OF HANCOCK COUNTY, MISSISSIPPI)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued	Unmodified
Internal Control over financial reporting:	
Material Weaknesses identified?	No
Significant Deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal Control Over Major Programs:	
Material Weaknesses identified?	No
Significant Deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?	No
Federal programs identified as major programs:	

CFDA Number  
20.106

Name of Federal Program  
*U.S. Department of Transportation  
Federal Aviation Administration  
Airport Improvement Program*

Dollar threshold used to distinguish between type A and type B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings**

None reported.