

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

AUDIT REPORT

June 30, 2015

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COLLINS, BARR & HEMBREE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Pearl River Valley Water Supply District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Pearl River Valley Water Supply District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 7–12, 44, and 45, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information listed in the table of contents, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Collin Barr & Ambrose, LLP

January 21, 2016

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Introduction

This section presents management's discussion and analysis of the financial position and performance of the Pearl River Valley Water Supply District (the District) for the year ended June 30, 2015. Please read this narrative overview and analysis in conjunction with the District's basic financial statements which follow this section.

Overview of the Financial Statements

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

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

Financial Analysis

The District's net position at June 30, 2015 and 2014 was \$41,362,902 and \$47,164,034, respectively. Total net position decreased \$5,801,132 between June 30, 2015 and 2014. Liabilities, deferred outflows of resources and deferred inflows of resources have increased due to the implementation of Governmental Accounting Standards Board (GASB) Statement 68 which requires the District to record their proportionate share of the collective net pension liability for the cost-sharing defined benefit pension plan of which they are a member. Prior year amounts were not restated to reflect the implementation of GASB Statement 68. Below is a summary of total net position at June 30, 2015 and 2014.

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

NET POSITION

	<u>2015</u>	<u>2014</u>	<u>\$ Variance</u>
Assets:			
Cash	\$ 5,729,654	\$ 6,346,435	\$ (616,781)
Receivables	2,162,488	2,505,592	(343,104)
Capital assets	<u>43,193,899</u>	<u>40,953,354</u>	<u>2,240,545</u>
Total assets	<u>51,086,041</u>	<u>49,805,381</u>	<u>1,280,660</u>
Deferred outflows of resources -pensions	<u>677,540</u>	<u>-</u>	<u>677,540</u>
Total assets and deferred outflows of resources	<u>\$ 51,763,581</u>	<u>\$ 49,805,381</u>	<u>\$ 1,958,200</u>
Liabilities			
Accounts payable, accrued liabilities, and customer deposits	\$ 836,855	\$ 1,628,934	\$ (792,079)
Long-term liabilities	759,369	538,430	220,939
Net pension liability	7,282,902	-	7,282,902
Unearned revenue	<u>465,843</u>	<u>473,983</u>	<u>(8,140)</u>
Total liabilities	<u>9,344,969</u>	<u>2,641,347</u>	<u>6,703,622</u>
Deferred inflows of resources - pensions	<u>1,055,710</u>	<u>-</u>	<u>1,055,710</u>
Total liabilities and deferred inflows of resources	<u>\$ 10,400,679</u>	<u>\$ 2,641,347</u>	<u>\$ 7,759,332</u>
Net Position			
Net investment in capital assets	\$ 43,193,899	\$ 40,335,783	\$ 2,858,116
Unrestricted	<u>(1,830,997)</u>	<u>6,828,251</u>	<u>(8,659,248)</u>
Total net position	<u>\$ 41,362,902</u>	<u>\$ 47,164,034</u>	<u>\$ (5,801,132)</u>

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

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

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

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

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

Net capital assets increased to \$43,193,899 at June 30, 2015, an increase of \$2,240,545 from June 30, 2014. During fiscal 2015, additions to capital assets totaled \$5,308,285, and \$3,055,195 was recorded as depreciation expense. Capital asset additions primarily related to property improvement projects, sewer improvement projects and various equipment additions.

Long-term liabilities increased \$220,939, as a result of the compensated absences liability and the workers' compensation insurance liability increasing during fiscal 2015. Unearned revenue of \$465,843 was recorded at June 30, 2015 for advance lease payments received by the District.

The District's operations include governmental and business-type activities. The District's business-type activities include the activities of water and sewer operations and the Reservoir's sanitation system. A summary of revenues and expenses for the years ended June 30, 2015 and 2014 follows.

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

CHANGE IN NET POSITION

	<u>2015</u>	<u>2014</u>	<u>\$ Variance</u>
Revenues:			
Governmental activities:			
Lease rentals	\$ 5,984,936	\$ 5,475,091	\$ 509,845
Campground fees	2,196,668	2,203,952	(7,284)
Transfer fees	93,143	85,430	7,713
Building permit fees	105,626	73,771	31,855
Grant revenues	364,530	109,817	254,713
Other	465,588	321,376	144,212
Total governmental activities	<u>9,210,491</u>	<u>8,269,437</u>	<u>941,054</u>
Business-type activities:			
Water sales	1,850,650	1,698,748	151,902
Sewer charges	2,016,456	1,494,636	521,820
Grant revenues	1,891,967	1,713,392	178,575
Other	257,448	204,300	53,148
Total business-type activities	<u>6,016,521</u>	<u>5,111,076</u>	<u>905,445</u>
General interest income	<u>583</u>	<u>2,866</u>	<u>(2,283)</u>
Total revenues	<u>15,227,595</u>	<u>13,383,379</u>	<u>1,844,216</u>
Expenses:			
Governmental activities:			
General and administrative	2,480,991	2,775,047	(294,056)
Maintenance of facilities	2,969,531	2,869,813	99,718
Campground operations	2,086,301	1,913,355	172,946
Spillway operation	546,605	537,341	9,264
Policing	764,911	700,228	64,683
Special projects	55,238	117,889	(62,651)
Shop and equipment	487,498	415,400	72,098
Miscellaneous	-	22,688	(22,688)
Total governmental activities	<u>9,391,075</u>	<u>9,351,761</u>	<u>39,314</u>
Business-type activities -			
Water and sewer operations and sanitation system	<u>3,874,439</u>	<u>3,409,509</u>	<u>464,930</u>
Total expenses	<u>13,265,514</u>	<u>12,761,270</u>	<u>504,244</u>
Change in net position	<u>\$ 1,962,081</u>	<u>\$ 622,109</u>	<u>\$ 1,339,972</u>

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

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

The net position previously reported as of June 30, 2014 has been restated to reflect the implementation of GASB Statement 68, which requires the District to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing defined benefit pension plan. The resulting restatement of net position at June 30, 2014, was a decrease of \$7,763,213. The change in net position and other balances for 2014 discussed in this section have not been restated to reflect the implementation of this standard.

Two of the more significant sources of the District's revenues are derived from lease rentals and campground fees. The District leases over 6,300 parcels of land around the Reservoir. Total revenues for the years ended June 30, 2015 and 2014, totaled \$15,227,595 and \$13,383,379, respectively. Lease rental revenue of \$5,984,936 for fiscal 2015 increased in comparison to fiscal 2014 lease rental revenue of \$5,475,091. The District received federal and state grant revenues of \$2,256,497 in 2015, an increase of \$433,288 from 2014.

Expenses related to governmental activities increased by approximately 0.4% over comparable fiscal 2014 expenses.

The District's governmental funds consist of the General Fund and Capital Projects Fund. During the year ended June 30, 2015, the net increase in the fund balance of the General Fund was \$475,549, as compared to a decrease in fiscal 2014 of \$253,950. The net increase is primarily attributed to increased grant revenues and an increase in land lease revenues from fiscal 2014. During the year ended June 30, 2015, no activity was recorded in the Capital Projects Fund, as compared to a decrease in fund balance of \$31,160 during fiscal 2014, due to less property improvement needs.

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

During the year ended June 30, 2015, budgeted revenues for the District's General Fund were \$9,338,000, compared to actual revenues of \$9,211,074, resulting in a difference between actual and budgeted revenues of \$126,926. During the year ended June 30, 2015, budgeted expenditures for the District's General Fund were \$9,980,000, compared to actual expenditures of \$8,735,525, a favorable variance of \$1,244,475.

The District operates four water and wastewater systems as reported in the Enterprise Fund. During the year ended June 30, 2015, operating revenues from these activities were \$4,124,554, an increase of \$726,870. In addition, during the year, the Enterprise Fund received capital grant proceeds of \$1,891,967 to finance the cost of sewer improvements.

Operating expenses of the water and sewer operations and sanitation system were \$3,874,439 in fiscal 2015, an increase of 14% over fiscal 2014.

Contacting the District's Financial Management

This financial report is designed to provide the District's Board of Directors, member local governments, customers, creditors and area citizens we serve with a general overview of the District's financial position at June 30, 2015, and to demonstrate the District's proper accountability for the monies, grants and contractual arrangements that it receives. If you have questions about this report or need additional information, please contact the General Manager or the Director of Finance at P. O. Box 2180, Ridgeland, MS 39158-2180. Also, please visit our website at www.therez.ms.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

BASIC FINANCIAL STATEMENTS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 3,285,596	\$ 2,444,058	\$ 5,729,654
Receivables, net	1,095,782	1,066,706	2,162,488
Internal balances	1,775,142	(1,775,142)	-
Total current assets	<u>6,156,520</u>	<u>1,735,622</u>	<u>7,892,142</u>
Non-current assets:			
Capital assets:			
Land	7,688,569	-	7,688,569
Machinery and equipment	5,636,351	1,837,285	7,473,636
Dams and other improvements	60,748,744	-	60,748,744
Water and sewer system	-	27,196,110	27,196,110
Less accumulated depreciation	(47,868,131)	(12,045,029)	(59,913,160)
Total non-current assets	<u>26,205,533</u>	<u>16,988,366</u>	<u>43,193,899</u>
Total assets	<u>32,362,053</u>	<u>18,723,988</u>	<u>51,086,041</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	580,014	97,526	677,540
Total assets and deferred outflows of resources	<u>32,942,067</u>	<u>18,821,514</u>	<u>51,763,581</u>
LIABILITIES			
Current liabilities:			
Accounts payable, accrued liabilities, and customer deposits	422,510	414,345	836,855
Current portion of long-term liabilities	51,658	11,340	62,998
Total current liabilities	<u>474,168</u>	<u>425,685</u>	<u>899,853</u>
Non-current liabilities:			
Long-term liabilities	571,024	125,347	696,371
Net pension liability	5,971,980	1,310,922	7,282,902
Unearned revenue	465,843	-	465,843
Total non-current liabilities	<u>7,008,847</u>	<u>1,436,269</u>	<u>8,445,116</u>
Total liabilities	<u>7,483,015</u>	<u>1,861,954</u>	<u>9,344,969</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	865,682	190,028	1,055,710
Total liabilities and deferred inflows of resources	<u>8,348,697</u>	<u>2,051,982</u>	<u>10,400,679</u>
NET POSITION			
Invested in capital assets, net of related debt	26,205,533	16,988,366	43,193,899
Unrestricted	(1,612,163)	(218,834)	(1,830,997)
Total net position	<u>\$ 24,593,370</u>	<u>\$ 16,769,532</u>	<u>\$ 41,362,902</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Primary Government	
					Business-type Activities	Total
Primary government:						
Governmental activities:						
General and administrative	\$ 2,480,991	\$ -	\$ -	\$ (2,480,991)	\$ -	\$ (2,480,991)
Maintenance of facilities	2,969,531	6,649,293	21,960	3,701,722	-	3,701,722
Campground operations	2,086,301	2,196,668	217,211	327,578	-	327,578
Spillway operation	546,605	-	-	(546,605)	-	(546,605)
Policing	764,911	-	100,359	(664,552)	-	(664,552)
Special projects	55,238	-	25,000	(30,238)	-	(30,238)
Shop and equipment	487,498	-	-	(487,498)	-	(487,498)
Total governmental activities	<u>9,391,075</u>	<u>8,845,961</u>	<u>364,530</u>	<u>(180,584)</u>	<u>-</u>	<u>(180,584)</u>
Business-type activities:						
Water and sewer operations and sanitation system	3,874,439	4,124,554	1,891,967	-	2,142,082	2,142,082
Total primary government	<u>\$ 13,265,514</u>	<u>\$ 12,970,515</u>	<u>\$ 2,256,497</u>	<u>(180,584)</u>	<u>2,142,082</u>	<u>1,961,498</u>
General revenues:						
Interest income				583	-	583
Change in net position				(180,001)	2,142,082	1,962,081
Net position, beginning of year, as previously reported				31,139,206	16,024,828	47,164,034
Prior period adjustment				(6,365,835)	(1,397,378)	(7,763,213)
Net position, beginning of year, as restated				24,773,371	14,627,450	39,400,821
Net position, end of year				<u>\$ 24,593,370</u>	<u>\$ 16,769,532</u>	<u>\$ 41,362,902</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	\$ 2,936,187	\$ 349,409	\$ 3,285,596
Receivables, net	1,095,782	-	1,095,782
Due from other funds	1,879,072	-	1,879,072
	<u>\$ 5,911,041</u>	<u>\$ 349,409</u>	<u>\$ 6,260,450</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 194,481	\$ -	\$ 194,481
Accrued liabilities	228,029	-	228,029
Due to other funds	-	103,930	103,930
Unearned revenue	465,843	-	465,843
	<u>888,353</u>	<u>103,930</u>	<u>992,283</u>
Fund balance:			
Restricted to:			
General government	500,000	-	500,000
Committed to:			
Capital improvements	-	245,479	245,479
Dam and infrastructure improvements	350,000	-	350,000
Assigned to:			
Dam and infrastructure improvements	800,000	-	800,000
Capital improvements	2,050,000	-	2,050,000
Unassigned	1,322,688	-	1,322,688
	<u>5,022,688</u>	<u>245,479</u>	<u>5,268,167</u>
Total liabilities and fund balance	<u>\$ 5,911,041</u>	<u>\$ 349,409</u>	<u>\$ 6,260,450</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balance - governmental funds	\$	5,268,167
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		26,205,533
Liabilities not due and payable in the current period are not reported in the funds:		
Accrued workers' compensation		(225,307)
Compensated absences		(397,375)
Net pension liability		(5,971,980)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		580,014
Deferred inflows of resources related to pensions		(865,682)
		(285,668)
Net position of governmental activities	\$	24,593,370

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Capital Projects	Total Governmental Funds
REVENUES			
Interest on investments	\$ 583	\$ -	\$ 583
Lease rentals	5,984,936	-	5,984,936
Assignment fees	93,143	-	93,143
Building permit fees	105,626	-	105,626
Campground fees	2,196,668	-	2,196,668
Grant revenues	364,530	-	364,530
Miscellaneous	465,588	-	465,588
Total revenues	9,211,074	-	9,211,074
EXPENDITURES			
General and administrative	2,512,871	-	2,512,871
Maintenance of facilities	1,488,996	-	1,488,996
Campground operations	1,992,276	-	1,992,276
Spillway operation	281,903	-	281,903
Policing	884,100	-	884,100
Special projects	1,006,976	-	1,006,976
Shop and equipment	568,403	-	568,403
Total expenditures	8,735,525	-	8,735,525
Net change in fund balances	475,549	-	475,549
Fund balances, beginning of year	4,547,139	245,479	4,792,618
Fund balances, end of year	<u>\$ 5,022,688</u>	<u>\$ 245,479</u>	<u>\$ 5,268,167</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$	475,549
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation (\$2,060,509) and current year disposals (\$12,545) exceeded capital outlays (\$1,490,487) in the current period.</p>		(582,567)
<p>Workers' compensation liabilities payable to the Department of Finance, State of Mississippi are measured by the amounts incurred during the year in the statement of activities. However, in the governmental funds, expenses are recorded when payments are due.</p>		(55,077)
<p>Compensated absences are measured by the amounts earned during the year in the statement of activities. However, in the governmental funds, expenditures are measured by the amount of financial resources used.</p>		(126,093)
<p>The statement of activities reports an expense equal to the District's proportionate share of the collective net pension expense for the cost-sharing pension plan. However, in the governmental funds, the cost-sharing expenses are measured by the amount of current contributions made to the plan. Reconciling items applicable to the pension liability and related accounts are the following:</p>		
Pension expense for the current year		(378,666)
Pension contributions made subsequent to the measurement date		486,853
		(180,001)
Change in net position of governmental activities	\$	(180,001)

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
Year Ended June 30, 2015

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest on investments	\$ 8,000	\$ 583	\$ (7,417)
Lease rentals	6,000,000	5,984,936	(15,064)
Assignment fees	95,000	93,143	(1,857)
Building permit fees	135,000	105,626	(29,374)
Campground fees	2,300,000	2,196,668	(103,332)
Grant revenues	400,000	364,530	(35,470)
Miscellaneous	400,000	465,588	65,588
Total revenues	9,338,000	9,211,074	(126,926)
EXPENDITURES			
Salaries, wages and fringe benefits	4,500,000	3,947,166	552,834
Travel	30,000	26,383	3,617
Contractual services	2,400,000	2,352,157	47,843
Commodities	1,100,000	914,720	185,280
Equipment and special projects	1,800,000	1,495,099	304,901
Loans, subsidies and grants	150,000	-	150,000
Total expenditures	9,980,000	8,735,525	1,244,475
Net change in fund balances	\$ (642,000)	\$ 475,549	\$ 1,117,549

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

ASSETS		
Current assets:		
Cash	\$	2,444,058
Receivables, net		355,909
Grant receivables		<u>710,797</u>
Total current assets		<u>3,510,764</u>
Noncurrent assets:		
Capital assets:		
Machinery and equipment		1,837,285
Water and sewer system		27,196,110
Less accumulated depreciation		<u>(12,045,029)</u>
Total noncurrent assets		<u>16,988,366</u>
Total assets		20,499,130
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pensions		<u>97,526</u>
Total assets and deferred outflows of resources		20,596,656
LIABILITIES		
Current liabilities:		
Accounts payable		70,536
Accrued liabilities		11,340
Customer deposits		343,809
Due to other funds		<u>1,775,142</u>
Total current liabilities		2,200,827
Noncurrent liabilities		
Noncurrent accrued liabilities		125,347
Net pension liability		<u>1,310,922</u>
Total liabilities		3,637,096
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions		<u>190,028</u>
Total liabilities and deferred inflows of resources		<u>3,827,124</u>
NET POSITION		
Invested in capital assets, net of related debt		16,988,366
Unrestricted		<u>(218,834)</u>
Total net position		<u>\$ 16,769,532</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

OPERATING REVENUES	
Water sales	\$ 1,850,650
Tapping fees	21,200
Sewer charges	2,016,456
Pipeline maintenance fees	192,574
Miscellaneous	<u>43,674</u>
Total operating revenues	<u>4,124,554</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	721,299
Sewer disposal usage	707,115
Utilities	298,369
Repairs and maintenance	620,152
Depreciation	994,686
Supplies and materials	173,584
Professional fees and services	107,783
Other	<u>251,451</u>
Total operating expenses	<u>3,874,439</u>
Operating income (loss)	250,115
NONOPERATING REVENUES	
Capital grants	<u>1,891,967</u>
Change in net position	<u>2,142,082</u>
Net position, beginning of year, as previously reported	16,024,828
Prior period adjustment	<u>(1,397,378)</u>
Net position, beginning of year, as restated	<u>14,627,450</u>
Net position, end of year	<u><u>\$ 16,769,532</u></u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 4,183,978
Payments to suppliers for goods and services	(2,152,618)
Payments to employees for services	<u>(741,473)</u>
Net cash provided by operating activities	<u>1,289,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances from other funds, net	<u>667,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(4,435,369)
Capital grants	<u>1,960,808</u>
Net cash used by capital and related financing activities	<u>(2,474,561)</u>
Net decrease in cash	(516,913)
Balances, beginning of year	<u>2,960,971</u>
Balances, end of year	<u>\$ 2,444,058</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 250,115
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	994,686
(Increase) decrease in customer and other receivables	59,424
(Increase) decrease in deferred outflows - pensions	1,537
Increase (decrease) in deferred inflows - pensions	190,028
Increase (decrease) in net pension liability	(185,519)
Increase (decrease) in accounts payable and accrued liabilities	<u>(20,384)</u>
Net cash provided by operating activities	<u>\$ 1,289,887</u>

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

NOTES TO FINANCIAL STATEMENTS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1: Summary of Significant Accounting Policies

Organization

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

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use or benefit from the services provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Its revenues are primarily derived from lease rentals and campground fees. Its expenditures primarily relate to the operation and maintenance of the District.

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

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

District Bond Campground and Park Improvement Account – The District Bond Campground and Park Improvement Account is used to account for the cost of capital improvements at campgrounds and parks maintained by the District. In accordance with Senate Bill No. 2988, the District is authorized to borrow money and issue bonds in amounts not to exceed \$10,000,000 to finance the projects. The balance in this account was \$0 at June 30, 2015.

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Fund Balance – Governmental Funds

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

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

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

Net Position – Government-wide Financial Statements

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are considered measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under usual accrual accounting.

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

Use of Estimates

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At June 30, 2015, the District held no cash equivalents.

Accounts Receivable

Accounts receivable consist of water and sewer charges to residents and rentals due from the lease of property. Accounts receivable are recorded net of estimated uncollectible amounts. No allowance for uncollectible amounts is recorded at June 30, 2015.

Capital Assets

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

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

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

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

Governmental activities:	
Maintenance of facilities	\$ 1,634,333
Spillway operation	258,302
Campground operations	<u>167,874</u>
Total depreciation expense – governmental activities	<u>\$ 2,060,509</u>
Business-type activities:	
Water and sewer operations	<u>\$ 994,686</u>

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Compensated Absences

Section 25-3-97, Mississippi Code Ann. (1972), authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless the employee presents medical evidence that his or her physical condition is such that he or she can no longer work in a capacity of state government. At June 30, 2015, accumulated unpaid personal leave up to a maximum of 30 days per employee is reported as accrued vacation on the statement of net position.

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

Interfund Activity

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

Income Taxes

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Budget

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

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

Risks and Uncertainties

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The State manages tort claims through the retention of all liability exposure administered by the Tort Claims Board. Statutory regulations provide some protection, as well as a limitation of liability, for claims filed against state agencies and state employees. The District purchases commercial insurance for certain areas not covered by the State specific to the District's operations. In the last three years, settled claims have not exceeded commercial coverage. Claims payments are financed through an annual assessment to all state agencies based on amount of payroll and past loss history. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, as well as the experience of similar programs in other states.

The District finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust (MPEWCT), a public entity risk pool. The District pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability; however, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 2: Deposits and Investments

Custodial credit risk is the risk that in the event of the failure of a financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2015, the carrying amount of the District's deposits with financial institutions was \$5,729,654 and the bank balance was \$5,719,796. None of the District's bank balance was exposed to custodial credit risk.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the District's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3: Capital Assets

Capital assets and related activity for the year ended June 30, 2015, consist of the items shown below.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 7,688,569	\$ -	\$ -	\$ -	\$ 7,688,569
Capital assets being depreciated					
Furniture and equipment	5,360,704	400,835	(125,188)	-	5,636,351
Dams and other improvements	59,659,092	1,089,652	-	-	60,748,744
Total capital assets being depreciated	65,019,796	1,490,487	(125,188)	-	66,385,095
Less accumulated depreciation for					
Furniture and equipment	4,230,047	316,702	(112,643)	-	4,434,106
Dams and other improvements	41,690,218	1,743,807	-	-	43,434,025
Total accumulated depreciation	45,920,265	2,060,509	(112,643)	-	47,868,131
Total capital assets being depreciated, net	19,099,531	(570,022)	(12,545)	-	18,516,964
Total governmental activities capital assets, net	\$ 26,788,100	\$ (570,022)	\$ (12,545)	\$ -	\$ 26,205,533
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 2,857,955	\$ 3,770,123	\$ -	\$ (6,628,078)	\$ -
Capital assets being depreciated					
Furniture and equipment	1,816,904	20,381	-	-	1,837,285
Water and sewer system	20,540,738	27,294	-	6,628,078	27,196,110
Total capital assets being depreciated	22,357,642	47,675	-	6,628,078	29,033,395
Less accumulated depreciation for					
Furniture and equipment	1,197,665	136,783	-	-	1,334,448
Water and sewer system	9,852,678	857,903	-	-	10,710,581
Total accumulated depreciation	11,050,343	994,686	-	-	12,045,029
Total capital assets being depreciated, net	11,307,299	(947,011)	-	6,628,078	16,988,366
Total business-type activities capital assets, net	\$ 14,165,254	\$ 2,823,112	\$ -	\$ -	\$ 16,988,366

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 4: Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2015, follow:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$1,879,072	\$ -
Capital Project Funds	-	103,930
Proprietary Fund		
Enterprise Fund	-	1,775,142
	\$1,879,072	\$1,879,072

At June 30, 2015, the majority of interfund borrowing was due to the general and administrative allocation between the General and Enterprise Funds. Management expects all interfund borrowing to be repaid within the next fiscal year.

Note 5: Long-term Liabilities

The following is a summary of long-term obligation transactions for the District for the year ended June 30, 2015.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Accrued compensated absences	\$271,282	\$126,093	\$ -	\$397,375	\$ 51,658
Accrued workers' compensation liability	170,230	55,077	-	225,307	-
	441,512	181,170	-	622,682	51,658
Business-type activities					
Accrued compensated absences	59,550	27,679	-	87,229	11,340
Accrued workers' compensation liability	37,368	12,090	-	49,458	-
	96,918	39,769	-	136,687	11,340
	\$538,430	\$220,939	\$ -	\$759,369	\$ 62,998

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6: Operating Leases

The District is a party to a member payment agreement with the Madison County Wastewater Authority, whereby the District provides a 20% share of costs, including debt service associated with operating certain facilities for the collection, transportation and treatment of wastewater. As the District retains no ownership rights to the facilities, the debt service portion of the cost is considered to be operating leases. These leases expire between 2024 and 2032. Rental payments include minimum rentals, plus related interest.

Future minimum lease payments at June 30, 2015, were:

2016	\$ 132,880
2017	132,880
2018	132,880
2019	132,880
2020	132,880
2021 - 2025	630,564
2026 - 2032	289,584
	\$ 1,584,548

Note 7: Land Leases

Prior to completion of the District's Ross Barnett Reservoir project in 1965, the District acquired, by negotiation or through eminent domain proceedings, substantially all the land along the shoreline of the Ross Barnett Reservoir. The District from time to time leases improved land to developers and individuals for commercial and residential development purposes. Before leases are executed, developers and/or lessees reimburse the District for the direct and indirect costs of streets, water, sewer and other improvements and planning, development and marketing expenses incurred by the District. The leases generally have initial primary terms of 60 years, with options to renew for additional 60-year terms. Lease rentals are based on the estimated fair value of the property for the purpose and use specified in the lease, determined under circumstances and market conditions existing at the date of the lease. Some of the lease agreements contain rental escalators as predetermined in the lease agreements. The leases are classified as operating leases, and rental income is recorded in the General Fund as billed. At June 30, 2015, the District was a party to approximately 6,300 leases which yield aggregate annual rental income of approximately \$6,000,000. Remaining primary terms under these leases range from 0 to 60 years.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The District contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years of creditable service for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired plan member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The District's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were approximately \$564,000, \$550,000, and \$435,000, respectively, and equaled the required contributions for each year.

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

At June 30, 2015, the District reported a liability of \$7,282,902 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District's proportion was 0.060 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$493,243. At June 30, 2015 the District deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 113,611	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,055,710
District contributions subsequent to the measurement date	563,929	-
	\$ 677,540	1,055,710

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

\$563,929 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (223,060)
2017	(223,060)
2018	(232,051)
2019	<u>(263,928)</u>
	<u>\$ (942,099)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary Increase	4.25-19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	<u>100 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 9,928,766	\$ 7,282,902	\$5,075,857

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

Note 9 – Prior Period Adjustment

The District implemented Governmental Accounting Standards Board Statement 68 during the year ended June 30, 2015, which establishes accounting and financial reporting standards that require government employers that are members of cost-sharing defined benefit pension plans to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The resulting restatement of net position at June 30, 2014 is computed as follows:

Net pension liability (measurement date)	\$8,313,562
Deferred outflows - contributions made during fiscal year 2014	(550,349)
Total change in net position	\$7,763,213

PEARL RIVER VALLEY WATER SUPPLY DISTRICT
A Component Unit of the State of Mississippi
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10: Deferred Compensation Plan

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

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

Note 11: Contingencies

Federal Grants

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

Litigation

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

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

REQUIRED SUPPLEMENTARY INFORMATION

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

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

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.060%	0.060%
District's proportionate share of the net pension liability	\$ 7,282,902	\$ 8,313,562
District's covered-employee payroll	\$ 3,580,502	\$ 3,494,279
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.40%	237.92%
Plan fiduciary net position as a percentage of the total pension liability	67.21%	61.02%

Notes:

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 563,929	\$ 550,349
Contributions in relation to the contractually required contribution	<u>(563,929)</u>	<u>(550,349)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 3,580,502</u>	<u>\$ 3,494,279</u>
Contributions as a percentage of covered-employee payroll	<u>15.75%</u>	<u>15.75%</u>

Notes

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

SUPPLEMENTAL INFORMATION

Pearl River Valley Water Supply District
A Component Unit of the State of Mississippi
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Agency/ Pass-through Entity/ Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Number	Federal Expenditures
<u>U.S. Department of Defense/Corps of Engineers</u>			
Direct Program:			
Mississippi Environmental Infrastructure (Section 592)	12.124	N/A	<u>\$ 1,891,967</u>
<u>U.S. Department of Transportation</u>			
Passed-through the Office of Public Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	15-OP-422-1	1,639
Alcohol Open Container Requirements	20.607	15-TA-422-1	53,517
Passed-through the Mississippi Department of Wildlife, Fisheries, and Parks			
Recreational Trails Program	20.219	28-RTP-0231	<u>100,000</u>
Total U.S. Department of Transportation			<u>155,156</u>
<u>U.S. Department of Homeland Security</u>			
Passed-through the Mississippi Department of Homeland Security			
Homeland Security Grant Program	97.067	10LE292	<u>29,959</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	<u>2,920</u>
Total for All Federal Awards			<u><u>\$ 2,080,002</u></u>

Note 1: Basis of Presentation

The above schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net position or cash flows of the District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



COLLINS, BARR & HEMBREE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Pearl River Valley Water Supply District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collin, Barr & Humber, LLP

January 21, 2016



COLLINS, BARR & HEMBREE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Pearl River Valley Water Supply District (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

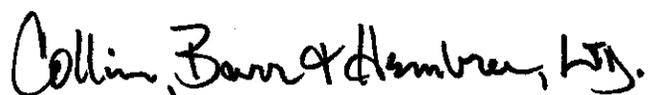
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



January 21, 2016

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements:

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

Federal Awards:

- | | |
|--|-----------------|
| 4. Type of auditor’s report issued on compliance for major programs | Unmodified |
| 5. Internal control over major programs: | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified | None Reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 | No |
| 7. Federal program identified as a major program: | |
| Mississippi Environmental Infrastructure (Section 592) | CFDA No. 12.124 |
| 8. Dollar threshold to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee | No |

PEARL RIVER VALLEY WATER SUPPLY DISTRICT

A Component Unit of the State of Mississippi

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

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

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

OTHER ITEMS

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

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315(b) of OMB Circular A-133, Pearl River Valley Water Supply District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2015:

There are no current year findings.

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

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section __.315(b) of OMB Circular A-133, Pearl River Valley Water Supply District has prepared and hereby submits the following summary schedule of prior audit findings for the year ended June 30, 2015:

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