

**COUNTY OF PIKE**  
**MILFORD, PENNSYLVANIA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

COUNTY OF PIKE, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2015

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Fund Net Position – Proprietary Fund	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	25
Statement of Cash Flows – Proprietary Fund	26
Statement of Fiduciary Net Position – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	28
Notes to Financial Statements	29 - 61
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	63
Schedule of Changes in the Net Pension Liability and Related Ratios	64
Schedule of County Contributions – Last 10 Years	65
Schedule of Investment Returns	66
Schedule of Funding Progress for Postemployment Benefits Other than Pensions	67

# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' REPORT

County Commissioners  
County of Pike  
Milford, Pennsylvania

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the COUNTY OF PIKE, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the COUNTY OF PIKE's basic financial statements as listed in the table of contents. We were not engaged to audit the financial statements of the discretely presented component unit.

### **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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component unit.

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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

---

#### **Harrisburg**

830 Sir Thomas Court, Suite 100  
Harrisburg, PA 17109  
717.561.9200 Fax 717.561.9202

#### **Philadelphia**

2370 York Road, Suite A-5  
Jamison, Pa 18929  
215.918.2277 Fax 215.918.2302

#### **Pittsburgh**

3800 McKnight E. Drive, Suite 3805  
Pittsburgh, PA 15237  
412.367.7102 Fax 412.367.7103

#### **Greensburg**

210 Tollgate Hill Road  
Greensburg, PA 15601  
724.834.2151 Fax 724.834.5969

# Zelenkofske Axelrod LLC

County Commissioners  
County of Pike  
Milford, Pennsylvania

## **Basis for Disclaimer of Opinion on the Discretely Presented Component Unit**

The financial statements of the Pike County Economic Development Authority have not been audited, and we were not engaged to audit the Pike County Economic Development Authority financial statements as part of our audit of the COUNTY OF PIKE's basic financial statements. Pike County Economic Development Authority's financial activities are included in the COUNTY OF PIKE's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net position, and revenues, respectively, of the COUNTY OF PIKE's discretely presented component unit.

## **Disclaimer of Opinion**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of the COUNTY OF PIKE. Accordingly, we do not express an opinion on these financial statements.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the COUNTY OF PIKE, as of December 31, 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.

## **Adoption of New Accounting Pronouncements**

As described in Note 1 to the financial statements, in 2015 the COUNTY OF PIKE adopted the provisions of Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and the provisions of Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information, Schedule of Changes in the Net Pension Liability and Related ratios, Schedule of Contributions – Last 10 Years, Schedule of Investment Returns and schedule of funding progress for postemployment benefits other than pensions on pages 4 through 16 and pages 63 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for

# Zelenkofske Axelrod LLC

County Commissioners  
County of Pike  
Milford, Pennsylvania

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 on our consideration of the COUNTY OF PIKE'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 COUNTY OF PIKE's internal control over financial reporting and compliance.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
September 29, 2016

# County of Pike

## Management's Discussion & Analysis

### Introduction

This section of the financial statements for the County of Pike (the "County") presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2015. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2015.

### Financial Highlights

At December 31, 2015 the total General Fund fund balance was \$4,309,396. The unassigned portion was \$201,025.

The real estate property tax rate remained the same in 2015.

Total Primary Government Net Position at year end was \$8,854,447.

### Overview of the Financial Statements

The financial section of this report consists of three parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the County's budget to actual figures for the general fund, a schedule of changes in the net pension liability and related ratios, schedule of County contributions – last 10 years, schedule of investment returns, and a schedule of funding progress for postemployment benefits other than pensions.

The basic financial statements present two different views of the County.

- **Government-wide financial statements**, the first two statements, provide information about the County's overall financial status as well as the financial status of the County's component units.

- **Fund financial statements**, the remaining statements, focus on individual parts of County government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
  - o Governmental funds statements show how general government services such as public safety were financed in the short term, as well as what remains for future spending.
  - o Proprietary fund statements offer short-term and long-term financial information about the activities the county operates like a business, such as the Internal Services Fund.
  - o Fiduciary funds statements reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

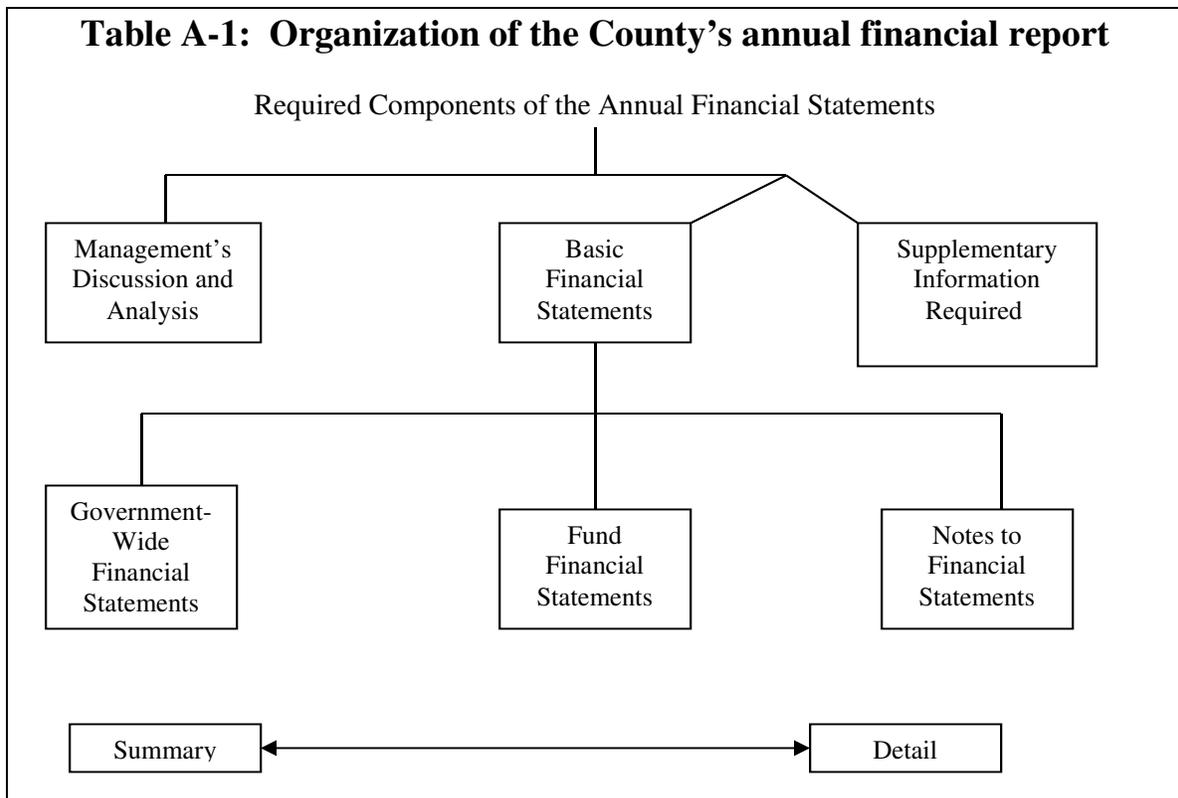


Table A-2 summarizes the major features of the County’s financial statements, including the area of the County’s activities they cover and the types of information they contain.

**Table A-2: Major features of the government-wide and fund financial statements**

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Internal Services Fund	Instances in which the County administers resources on behalf of others, such as the employee pension plan
Required Financial Statements	- Statement of net position - Statement of activities	- Balance Sheet - Statement of revenues, expenditures and changes in fund balance	- Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

## **Government-wide Financial Statements**

Government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies.

- The *statement of net position* includes all of the County's assets, deferred outflows of resources, and liabilities, except fiduciary funds, with the difference between the three reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The *statement of activities* focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net positions are one way to measure the County's financial position. Over time, increases or decreases in the County's net position are one indicator of whether the County financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The primary government and its component units are included in the government-wide financial statements. The component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has one blended component unit, the Pike County Conservation District, and one discretely presented component unit, the Pike County Economic Development Authority. Complete and detailed financial statements for the components unit are available for public inspection at the component units administrative offices. (See Note 1, Notes to the Financial Statements.)

There is one category of activities for the primary government.

- *Governmental activities* include the County's basic services such as general and judicial administration, corrections, public safety, public works, and human services. Property taxes and state and federal grants finance most of these activities.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expensed to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays of capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position balances as follows:
  - o Net investment in capital assets
  - o Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
  - o Unrestricted net position are net position that do not meet any of the above restrictions

## **Fund Financial Statements**

Fund financial statements provide more detailed information on the County's most significant funds, *not the County as a whole*. Funds are accounting devices, i.e., a group of related accounts, the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

The County has three kinds of funds:

- Governmental funds include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The County adopts an annual budget for the general fund and certain nonmajor special revenue funds. Budgetary comparisons of the County's general fund is presented as required supplementary information.

- Proprietary Funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual basis of accounting.

- *Fiduciary Funds* are funds for which the County is the trustee or fiduciary. These include the Employee Retirement Fund and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

## Government-Wide Financial Statements

### Net Position

Pike County's total assets were \$56,228,562 at December 31, 2015. Of this amount, \$24,417,380 was capital assets.

**Table A-3**  
**County of Pike**  
**Condensed Statement of Net Position**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>	Change From <u>2014 to 2015</u>
Current & Other Assets	\$31,811,182	\$34,094,153	(\$2,282,971)
Capital Assets	24,417,380	24,652,872	(235,492)
Total Assets	<u>\$56,228,562</u>	<u>\$58,747,025</u>	<u>(\$2,518,463)</u>
Deferred loss on refunding	\$465,441	\$510,499	(\$45,058)
Pensions	2,618,947	0	2,618,947
Total deferred outflows	<u>\$3,084,388</u>	<u>\$510,499</u>	<u>\$2,573,889</u>
Long-Term Liabilities	\$46,420,651	\$46,319,331	\$101,320
Other Liabilities	4,037,852	3,625,122	412,730
Total Liabilities	<u>\$50,458,503</u>	<u>\$49,944,453</u>	<u>\$514,050</u>
Net Position			
Net investment in capital assets	\$11,357,264	\$11,072,497	\$284,767
Restricted	10,035,000	8,422,305	1,612,695
Unrestricted	(12,537,817)	(10,181,731)	(2,356,086)
Total Net Position	<u>\$ 8,854,447</u>	<u>\$ 9,313,071</u>	<u>(\$458,624)</u>

Current and other assets decreased by \$2.3 million. The decrease was due to a \$1.7 million decrease in cash and cash equivalents primarily in the County's internal service fund, a \$2 million dollar increase in Due From Other Governments due to the delay of receiving intergovernmental revenue from the state budget impasse in 2015, a \$1 million dollar decrease in restricted cash primarily due to the County expending bond proceeds, and a \$1.4 million dollar decrease in the net pension asset due to the adoption of GASB 68 in 2015. Capital assets decreased \$.2 million due to depreciation expense in excess of capital asset additions. Deferred Outflow of Resources for Pensions increased \$2.6 million because the County adopted GASB 68 in 2015. Other

Liabilities increased \$.4 million primarily due to a \$.3 million dollar decrease in unearned revenue and a \$.8 million dollar increase in self-insurance claims payable related to increased health care expenses in 2015 as compared to 2014. Unrestricted net position decreased \$2.4 million primarily due to additional postemployment healthcare benefit expense.

The following statement of activities represents changes in net position for the year ended December 31, 2015 and December 31, 2014. It shows revenues by source and expenses by function for governmental activities.

**Table A-4  
County of Pike  
Condensed Statement of Activities**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>	Change From <u>2014 to 2015</u>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$8,123,981	\$9,397,886	(\$1,273,905)
Operating Grants and Contributions	7,963,076	7,012,081	950,995
Capital Grants and Contributions	148,667	45,361	103,306
<b>General Revenues</b>			
Property Taxes	20,592,869	20,532,828	60,041
Hotel Tax	1,204,926	1,050,612	154,314
Licenses and permits	19,914	21,157	(1,243)
Interest	142,463	160,355	(17,892)
Loss on disposal of capital Assets	(37,694)	0	(37,694)
Total Revenues	\$38,158,202	\$38,220,280	(\$62,078)
<b>Program Expenses</b>			
General Government	\$6,096,393	\$6,172,319	(\$75,926)
Judicial	6,481,706	6,194,512	287,194
Public Safety	15,050,709	15,599,879	(549,170)
Public Works	722,912	236,173	486,739
Human Services	6,786,273	6,291,516	494,757
Culture and Recreation	1,352,688	1,048,520	304,168
Conservation and Development	1,965,415	1,973,927	(8,512)
Other Departments and Programs	208,643	245,616	(36,973)
Interest on Long Term Debt	976,277	1,162,316	(186,039)
Total Program Expenses	\$39,641,016	\$38,924,778	\$716,238
Change in Net Position	(1,482,814)	(704,498)	(778,316)
Net Position – Beg. – January 1 as restated	10,337,261	10,017,569	319,692
Net Position – Ending – December 31	\$8,854,447	\$9,313,071	(\$458,624)

Total revenues remained almost the same as in the prior year. Intergovernmental revenue increased by \$1 million due to the County classifying 911 revenue as intergovernmental revenue rather than as a charge for service and the County's allocation of 911 revenue increased as compared to the prior year. Charges for services decreased by \$1.2 million because of the

classification of 911 revenue as intergovernmental rather than as a charge for service and the Prison recognized less revenue in 2015 as it housed fewer ICE prisoners as compared to the prior year.

Total expenses increased \$.7 million. Public Safety expense decreased by \$.5 million primarily due to the Prison housing fewer ICE prisoners in 2015. Public Works expense increased by \$.5 million because of increased depreciation expense as compared to the prior year. Human Services expense increased \$.5 million primarily due to increased expenses for the Children and Youth Program.

## Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2015, general property taxes brought in \$20,592,869. Table A-5 depicts the net program expenses for the years ended December 31, 2015 and December 31, 2014.

**Table A-5**  
**County of Pike**  
**Net Cost of Governmental Type Activities**

<u>Program</u>	Total Cost of services - <u>2015</u>	Net Cost of services – <u>2015</u>	Total Cost of services - <u>2014</u>	Net Cost of services – <u>2014</u>
General Government	\$6,096,393	(\$4,185,911)	\$6,172,319	(\$4,603,704)
Judicial	6,481,706	(4,246,586)	6,194,512	(3,695,005)
Public Safety	15,050,709	(8,966,965)	15,599,879	(8,759,799)
Public Works	722,912	(418,814)	236,173	(10,051)
Human Services	6,786,273	(2,160,212)	6,291,516	(1,768,250)
Culture and Recreation	1,352,688	(1,349,621)	1,048,520	(1,045,270)
Conservation and Development	1,965,415	(892,263)	1,973,927	(1,179,439)
Other Department and Programs	208,643	(208,643)	245,616	(245,616)
Interest on Long Term Debt	976,277	(976,277)	1,162,316	(1,162,316)
Total	<u>\$39,641,016</u>	<u>(\$23,405,292)</u>	<u>\$38,924,778</u>	<u>(\$22,469,450)</u>

The County relied on property taxes and other general revenues to fund 59% of its governmental type activities in 2015.

The property tax is based on the assessed value of real property. The real estate millage rate remained the same during 2015. The County’s current millage rate of 18.54 is below the Commonwealth set cap of 25 mills for general purposes.

## Capital Assets

The County's investment in capital assets at December 31, 2015, net of accumulated depreciation, was \$24,417,380 for governmental activities. Capital assets consist primarily of land and intangible assets, construction in progress, buildings, machinery and equipment, and infrastructure. The decrease in capital assets is primarily due to depreciation expense in excess of capital asset additions.

Table A-6 is a summary of capital assets at December 31, 2015 and December 31, 2014.

**Table A-6**  
**County of Pike**  
**Capital Assets at December 31, 2015 and 2014**

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Land and intangible assets	\$ 2,351,716	\$ 2,351,716
Construction in Progress	1,006,845	471,915
Collections	513	513
Land Improvements	551,234	551,234
Buildings and Improvements	29,927,121	30,284,450
Infrastructure	1,576,246	1,377,369
Machinery and Equipment	13,695,162	13,034,792
Accumulated Depreciation	(24,691,457)	(23,419,117)
	<hr/>	<hr/>
Total	\$24,417,380	\$24,652,872

Other detailed information about the County's capital assets can be found in Note 5 of the Financial Statements.

## Debt Administration

### Long Term Liabilities:

At December 31, 2015, the County had \$28,113,898 of long-term debt outstanding related to bonds and notes for governmental activities. The County paid \$6,676,503 in principal on its outstanding general obligation debt and received \$5,010,000 related to the issuance of the 2015 General Obligation Bonds during 2015. The County also recorded a net additional liability of \$1,789,748 for postemployment benefits. Table A-7 details activity related to the long-term debt.

**Table A-7**  
**County of Pike**  
**Statement of Long Term Liabilities**

<u>Type</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds and Notes Payable	\$29,780,401	\$ 5,010,000	\$6,676,503	\$28,113,898
Liability for Other	14,218,724	2,456,767	667,019	16,008,472

Postemployment Benefits				
Bond Discount	\$(53,226)	\$(2,203)	\$(53,353)	\$(2,076)
Bond Premium	1,043,386	-	143,866	899,520
Compensated Absences	1,330,046	70,791	-	1,400,837
Total Long Term Debt	<u>\$46,319,331</u>	<u>\$7,535,355</u>	<u>\$7,434,035</u>	<u>\$46,420,651</u>

Other detailed information about the County's long term debt can be found in Note 8 to the Financial Statements.

## Governmental Funds

The County of Pike uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflow, and balances of resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds include the general fund, special revenue funds, capital projects fund and debt service. The general fund is the chief operating fund for the County. Special revenue funds are restricted to specific legislated use. The debt service fund is used to accumulate funds to pay the principle and interest on debt. The major funds are shown on the statement of revenues, expenditures and changes in fund balance in the financial statements.

## Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2015 and December 31, 2014, were as follows. Table A-8 also presents changes from 2015 to 2014.

**Table A-8**  
**County of Pike**  
**Revenues and Other Financing Sources by Source, Governmental Funds**

	<u>2015</u>	<u>2014</u>	<u>Changes from 2014 to 2015</u>
Real Estate Taxes	\$20,651,602	\$20,424,551	\$227,051
Hotel Taxes	1,204,926	1,050,612	154,314
Intergovernmental	8,111,743	7,057,442	1,054,301
Charges for Services	8,123,981	9,397,886	(1,273,905)
License and Permits	19,914	21,157	(1,243)
Interest	142,463	160,355	(17,892)
Transfers In	877,430	904,920	(27,490)
Issuance of Refunding Bonds	5,010,000	5,149,882	(139,882)
Total Revenues	<u>\$44,142,059</u>	<u>\$44,166,805</u>	<u>(\$24,746)</u>

Governmental Fund Revenue totaled \$44,142,059 for the year ended December 31, 2015. This was a decrease of \$24,746 or 0.1%, from the previous year. Intergovernmental revenue increased

by \$1 million due to the County classifying 911 revenue as intergovernmental revenue rather than as a charge for service and the County's allocation of 911 revenue increased as compared to the prior year. Charges for services decreased by \$1.2 million because of the classification of 911 revenue as intergovernmental rather than as a charge for service and the Prison recognized less revenue as it housed fewer ICE prisoners as compared to the prior year.

## Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2015, and December 31, 2014, were as follows. Table A-9 also presents changes from 2015 to 2014.

**Table A-9**  
**County of Pike**  
**Expenditures and Other Financing Sources by Function, Governmental Funds**

	<u>2015</u>	<u>2014</u>	<u>Changes from 2014 to 2015</u>
General Government	\$5,442,894	\$5,857,972	(\$415,078)
Judicial	5,841,791	6,023,629	(181,838)
Public Safety	13,302,962	14,447,025	(1,144,063)
Public Works	191,277	93,738	97,539
Health and Human Services	6,379,647	6,191,452	188,195
Culture and Recreation	1,359,025	1,044,407	314,618
Conservation and Development	1,879,585	1,943,870	(64,285)
Debt Service Principal and Interest	7,724,193	8,001,199	(277,006)
Capital Outlay	1,489,312	731,068	758,244
Bond Discount	2,203	-	2,203
Transfers Out	877,430	904,920	(27,490)
Total Expenditures	<u>\$44,490,319</u>	<u>\$45,239,280</u>	<u>\$(748,961)</u>

Governmental Fund expenditures totaled \$44,490,319 for the year ended December 31, 2015. This represents a decrease of \$748,961 or 1.7% from the prior year. The overall decrease of \$0.7 million was primarily due to a \$1.1 million decrease in public safety expenditures as the Prison housed fewer ICE prisoners as compared to the prior year, a decrease of \$0.3 million in interest expense, and an increase of \$0.8 million in capital outlay expenditures primarily for the Pike County Court Expansion Project.

## Fund Balances/Net Position

Table A-10 reflects ending fund balances for governmental funds and net position for proprietary funds at December 31, 2015.

**Table A-10**  
**County of Pike**  
**Ending Fund Balances, Governmental Funds; Net Position, Proprietary Funds**

<u>Fund</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
General Fund	\$4,309,396	\$ -
Capital Projects Fund	11,773,153	-
Affordable Housing Fund	2,370,707	-
Debt Service Fund	2,439,106	-
Other Non Major Funds	1,376,870	-
Internal Service Fund	-	3,847,050
	<hr/>	<hr/>
Total	\$22,269,232	\$3,847,050

The County's Governmental funds reported a combined fund balance of \$22,269,232 at December 31, 2015. Of the total, \$201,025 was unassigned in the General Fund and is available to meet the County's current and future needs.

The \$11,773,153 in the Capital Project Bond Account Fund of the County is maintained to account for the financial resources expended for the acquisition, renovation or construction of major County facilities.

## Budgetary Highlights

The General Fund expenditure budget for fiscal year 2015 was approximately \$37.9 million. This was a decrease of \$0.5 million over the previous year budget. There were no amendments to the 2015 General Fund budget.

Overall revenues were unfavorable by \$2.3 million primarily due to the County received \$1.2 million less in revenue from housing ICE prisoners.

Overall expenditures were favorable by \$4.7 million primarily due to the County incurred fewer expenditures for the construction of the Pike County Court Expansion Project and fewer expenditures for a pending murder trial. Public Safety services expenditures were favorable due to the Prison incurring less expenditures for the housing of ICE prisoners than originally budgeted for. Conservation and Community Development expenditures were favorable because the County incurred less expenditure for the Scenic Rural Preservation Program than originally budgeted for.

Transfers In were unfavorable due to the County incurring less expenditures for the Pike County Courthouse Expansion Project than originally budgeted for.

The General Fund budget complied with financial policies approved by the Commissioners.

## **Economic Factors and Next Year's Budget**

### **Economic Conditions**

The County of Pike's growth has slowed to some degree, but continues to increase, as does the overall population within its boundaries. School districts as well as municipalities are also feeling the pressures on their overall financial operations. Additional human services are a direct result of the increase and represent a financial burden on the County. Employee benefits paid to current and retired County workers have increased steadily and represent a continued financial challenge in the future. The County, however, has taken a strong fiscal approach to ensure the needs are being met and fully funded. The County has never defaulted on the payment of debt service or operating expenses and maintains a strong fund balance at year-end to ensure the timely payment of expenses. In addition, the County's fund balance at December 31, 2015 was maintained at levels whereby a tax anticipation note was not warranted. The County also monitors its year-to-date performance against budget amounts to plan for any unexpected pitfalls. The County anticipates the need to expand its facilities to serve the growing population in the near future.

As a result, tax collection rates at the local levels and County level are very high and it is expected that the collections rates will continue as we move forward and actual revenues clearly support budget figures.

### **Next Year's Budget**

Pike County continues to maintain strong fiscal guidelines and continues to monitor revenue and expenses on a year to date performance. The County's millage rate remained the same for 2015. Tax collection rates and property value are one factor that helps in maintaining the County's tax rate.

## **Contacting the County's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this financial information or requests for additional information should be directed to:

County of Pike  
Commissioner's Office  
506 Broad Street  
Milford, Pennsylvania 18337

## **BASIC FINANCIAL STATEMENTS**

County of Pike, Pennsylvania

Statement of Net Position

December 31, 2015

	<b>Primary Government</b>	<b>Component</b>
	<b>Governmental Activities</b>	<b>Unit</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 9,205,434	\$ 14,896
Receivables:		
Taxes, net	1,708,947	-
Accounts	1,068,661	558
Due from other governments	2,514,458	-
Investments	4,475,353	-
Restricted cash	4,187,991	-
Restricted investments	8,056,403	-
Net pension asset	387,124	-
Other assets	206,811	2,557
Capital assets not being depreciated	3,359,074	-
Capital assets being depreciated, net	21,058,306	-
Total assets	<u>56,228,562</u>	<u>18,011</u>
<b>Deferred outflows of resources:</b>		
Pensions	2,618,947	
Deferred loss on refunding	465,441	-
Total deferred outflows of resources	<u>3,084,388</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,801,302	1,583
Accrued interest payable	217,946	-
Due to other governments	29,631	-
Unearned revenue - other	670,844	-
Self insurance claims payable	1,318,129	-
Long-term liabilities:		
Due within one year	1,793,898	-
Due in more than one year	44,626,753	-
Total liabilities	<u>50,458,503</u>	<u>1,583</u>
<b>Net position</b>		
Net investment in capital assets	11,357,264	-
Restricted	10,035,000	-
Unrestricted	(12,537,817)	16,428
Total net position	<u>\$ 8,854,447</u>	<u>\$ 16,428</u>

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

County of Pike, Pennsylvania

Statement of Activities

Year ended December 31, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Unit
Primary government:						
Governmental activities:						
General government	\$ 6,096,393	\$ 1,748,685	\$ 161,797	\$ -	\$ (4,185,911)	
Public safety	15,050,709	4,573,619	1,510,125	-	(8,966,965)	
Public works	722,912	50,000	254,098	-	(418,814)	
Human services	6,786,273	130,454	4,346,940	148,667	(2,160,212)	
Judicial	6,481,706	1,479,144	755,976	-	(4,246,586)	
Cultural and recreation	1,352,688	3,067	-	-	(1,349,621)	
Conservation and development	1,965,415	139,012	934,140	-	(892,263)	
Other departments and programs	208,643	-	-	-	(208,643)	
Interest expense	976,277	-	-	-	(976,277)	
Total governmental activities	\$ 39,641,016	\$ 8,123,981	\$ 7,963,076	\$ 148,667	\$ (23,405,292)	
Component unit:						
Economic development authority	\$ 187,409	\$ 12,835	\$ 176,200	\$ -		\$ 1,626
Total component unit	\$ 187,409	\$ 12,835	\$ 176,200	\$ -		\$ 1,626
General revenues:						
Property taxes					20,592,869	-
Hotel taxes					1,204,926	-
Interest					142,463	8
Licenses and permits					19,914	-
Loss on disposal of capital assets					(37,694)	-
Total general revenues					21,922,478	8
Change in net position					(1,482,814)	1,634
Net position – beginning, as restated (see Note 16)					10,337,261	14,794
Net position – ending					\$ 8,854,447	\$ 16,428

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

County of Pike, Pennsylvania

Balance Sheet – Governmental Funds

December 31, 2015

	General Fund	Capital Projects Bond Account Fund	Affordable Housing	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,500,158	\$ 66,953	\$ 764,506	\$ 2,395,940	\$ 1,506,025	\$ 8,233,582
Restricted cash and cash equivalents	3,402,974	731,055	-	-	53,962	4,187,991
Investments	-	2,865,913	1,609,440	-	-	4,475,353
Restricted investments	-	8,056,403	-	-	-	8,056,403
Receivables:						
Taxes, net	1,451,977	-	-	256,970	-	1,708,947
Accounts	719,289	119,068	16,795	-	213,509	1,068,661
Due from other funds	155,032	-	-	-	-	155,032
Due from other governments	2,186,249	-	-	-	328,209	2,514,458
Other assets	206,811	-	-	-	-	206,811
Total assets	<u>\$ 11,622,490</u>	<u>\$ 11,839,392</u>	<u>\$ 2,390,741</u>	<u>\$ 2,652,910</u>	<u>\$ 2,101,705</u>	<u>\$ 30,607,238</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,456,419	\$ -	\$ -	\$ -	\$ 344,883	\$ 1,801,302
Due to other governments	29,631	-	-	-	-	29,631
Due to other funds	4,193,327	66,239	20,034	-	68,759	4,348,359
Unearned revenue - other	359,651	-	-	-	311,193	670,844
Total liabilities	<u>6,039,028</u>	<u>66,239</u>	<u>20,034</u>	<u>-</u>	<u>724,835</u>	<u>6,850,136</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	1,274,066	-	-	213,804	-	1,487,870
Total deferred inflows of resources	<u>1,274,066</u>	<u>-</u>	<u>-</u>	<u>213,804</u>	<u>-</u>	<u>1,487,870</u>
Fund balances:						
Nonspendable	206,811	-	-	-	-	206,811
Restricted	3,401,560	8,787,458	2,370,707	2,439,106	1,169,546	18,168,377
Committed	-	-	-	-	207,324	207,324
Assigned	500,000	2,985,695	-	-	-	3,485,695
Unassigned	201,025	-	-	-	-	201,025
Total fund balances	<u>4,309,396</u>	<u>11,773,153</u>	<u>2,370,707</u>	<u>2,439,106</u>	<u>1,376,870</u>	<u>22,269,232</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,622,490</u>	<u>\$ 11,839,392</u>	<u>\$ 2,390,741</u>	<u>\$ 2,652,910</u>	<u>\$ 2,101,705</u>	<u>\$ 30,607,238</u>

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

County of Pike, Pennsylvania  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 December 31, 2015

Total Fund Balances of Governmental Funds: \$ 22,269,232

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets, including Infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 24,417,380

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds. 1,487,870

Internal service funds are used by management to charge the costs of health insurance. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. 3,847,050

The pension asset resulting from pension plan fiduciary net position exceeding the County's total pension liability is not a financial resource and therefore is not reported in the funds. 387,124

Long-term liabilities are not due and payable in the current period and accordingly not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:

General Obligation Bonds Payable	(28,113,898)
Liability for Other Postemployment Benefits	(16,008,472)
Unamortized Bond Premium	(899,520)
Unamortized Bond Discount	2,076
Deferred Loss on Refunding	465,441
Deferred outflows of resources from pensions	2,618,947
Accrued Interest Payable	(217,946)
Accrued Compensated Absences	(1,400,837)
	(1,400,837)

Total Net Position of Governmental Activities \$ 8,854,447

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

County of Pike, Pennsylvania

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year ended December 31, 2015

	General Fund	Capital Projects Bond Account Fund	Affordable Housing	Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Real estate taxes	\$ 17,302,825	\$ -	\$ -	\$ 3,348,777	\$ -	\$ 20,651,602
Hotel taxes	-	-	-	-	1,204,926	1,204,926
Intergovernmental	6,906,246	-	133,910	-	1,071,587	8,111,743
Licenses and permits	19,914	-	-	-	-	19,914
Interest	22,621	101,160	11,620	5,460	1,602	142,463
Charges for services	7,934,727	-	-	-	189,254	8,123,981
Total revenues	32,186,333	101,160	145,530	3,354,237	2,467,369	38,254,629
<b>Expenditures</b>						
Current:						
General government	5,336,506	86,226	-	-	20,162	5,442,894
Public safety	13,297,369	-	-	-	5,593	13,302,962
Public works	10,093	-	-	-	181,184	191,277
Health and human services	6,290,624	-	-	-	89,023	6,379,647
Judicial	5,837,999	-	-	-	3,792	5,841,791
Cultural and recreation	206,820	-	-	-	1,152,205	1,359,025
Conservation & development	1,014,381	-	121,241	-	743,963	1,879,585
Capital outlay	1,176,656	249,557	-	-	63,099	1,489,312
Debt service:						
Principal retirement	-	4,890,000	-	1,786,503	-	6,676,503
Interest and fiscal charges	-	31,571	-	1,016,119	-	1,047,690
Total expenditures	33,170,448	5,257,354	121,241	2,802,622	2,259,021	43,610,686
Excess (deficiency) of revenues over (under) expenditures	(984,115)	(5,156,194)	24,289	551,615	208,348	(5,356,057)
<b>Other financing sources (uses)</b>						
Transfers in	817,430	-	-	-	60,000	877,430
Transfers out	(45,000)	(630,097)	(20,034)	-	(182,299)	(877,430)
Issuance of refunding bonds	-	5,010,000	-	-	-	5,010,000
Bond discount	-	(2,203)	-	-	-	(2,203)
Total other financing sources (uses)	772,430	4,377,700	(20,034)	-	(122,299)	5,007,797
Net change in fund balances	(211,685)	(778,494)	4,255	551,615	86,049	(348,260)
Fund balances, beginning of the year	4,521,081	12,551,647	2,366,452	1,887,491	1,290,821	22,617,492
Fund balances, end of the year	\$ 4,309,396	\$ 11,773,153	\$ 2,370,707	\$ 2,439,106	\$ 1,376,870	\$ 22,269,232

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

County of Pike, Pennsylvania  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 Year ended December 31, 2015

Net change in fund balances - total governmental funds	\$ (348,260)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital purchases as expenditures. In the Statement of Activities, the cost of these assets is depreciated over the estimated useful lives and is reported as depreciation expense. The difference in the current period between capital expenditures (\$1,489,312), depreciation expense (\$1,687,110), and loss on disposal of capital assets (\$37,694), is a reconciling item.</p>	(235,492)
<p>Amount represents the change in the receivable recorded over 60 days. The funds report only receipts through 60 days of subsequent period. Statement of Activities includes full amount of levy deemed collectible by the County.</p>	(58,733)
<p>Internal service funds are used by management to charge the costs of health insurance. The net revenue of certain activities of internal service fund is reported with governmental activities.</p>	(963,073)
<p>The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Position. Accordingly, the repayment of principal and the proceeds of bond issuance are reported as an expenditure and revenue in the governmental funds, respectively, but reduce/increase the liability in the Statement of Net Position. The amounts related to the above items that make up differences are:</p>	
Principal repayments on general obligation bonds	6,676,503
Proceeds from refunding bonds issuance	(5,010,000)
<p>Pursuant to the modified basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The differences for the items discussed above are:</p>	
Compensated absence expense	(70,791)
Net other postemployment benefit expense	(1,789,748)
Amortization of bond discounts	(51,150)
Amortization of bond premium	143,866
Amortization of deferred refunding loss	(45,058)
Pension expense	243,164
Accrual of interest on long-term debt	25,958
Change in Net Position of governmental activities	<u>\$ (1,482,814)</u>

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

County of Pike, Pennsylvania

Statement of Fund Net Position – Proprietary Fund

December 31, 2015

	<b>Internal Service Fund</b>
<b>Assets</b>	
Cash	\$ 971,852
Due from other funds	4,193,327
Total assets	<u>5,165,179</u>
<b>Liabilities</b>	
Claims Liability	1,318,129
Total liabilities	<u>1,318,129</u>
<b>Net Position</b>	
Unrestricted	3,847,050
Total net position	<u>\$ 3,847,050</u>

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

County of Pike, Pennsylvania

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund

Year ended December 31, 2015

	<b>Internal Service Fund</b>
Operating revenues:	
Charges for sales and services:	
Charges for services	\$ 4,865,165
Total operating revenues	<u>4,865,165</u>
Operating expenses:	
Insurance claims	5,432,035
Reinsurance premiums	303,133
Administration	<u>93,514</u>
Total operating expenses	<u>5,828,682</u>
Operating loss	(963,517)
Nonoperating revenue	
Interest income	<u>444</u>
Total nonoperating revenue	<u>444</u>
Change in net position	(963,073)
Total net position, January 1	<u>4,810,123</u>
Total net position, December 31	<u><u>\$ 3,847,050</u></u>

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

County of Pike, Pennsylvania  
Statement of Cash Flows – Proprietary Fund  
Year ended December 31, 2015

	<b>Internal Service Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from retirees and COBRA	\$ 1,156,209
Cash received from users	1,089,520
Cash payments to administrator	(93,514)
Cash payments for reinsurance premiums	(303,133)
Cash payments for insurance claims	(4,633,300)
Net cash used in operating activities	(2,784,218)
 <b>Cash flows from investing activities</b>	
Interest income	444
Net cash provided by investing activities	444
 Net decrease in cash and cash equivalents	(2,783,774)
Cash and cash equivalents, January 1	3,755,626
Cash and cash equivalents, December 31	\$ 971,852
 Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (963,517)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities in:	
Due from other funds	(2,619,436)
Claims liabilities	798,735
Total adjustments	(1,820,701)
Net cash used in operating activities	\$ (2,784,218)

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

County of Pike, Pennsylvania

Statement of Fiduciary Net Position – Fiduciary Funds

December 31, 2015

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 954,586	\$ 3,297,517	\$ 4,252,103
Investments:			
Stocks	15,046,083	-	15,046,083
Mutual funds	6,226,094	-	6,226,094
International mutual funds	1,776,752	-	1,776,752
U.S. government obligations	910,741	-	910,741
Fixed income mutual funds	2,491,487	-	2,491,487
Corporate bonds	2,977,543	-	2,977,543
Municipal bonds	251,643	-	251,643
Other	51,439	-	51,439
Accounts receivable	260,000	-	260,000
Total assets	<u>\$ 30,946,368</u>	<u>\$ 3,297,517</u>	<u>\$ 34,243,885</u>
<b>Liabilities</b>			
Liabilities:			
Due to others	\$ -	\$ 3,297,517	\$ 3,297,517
Total liabilities	<u>-</u>	<u>3,297,517</u>	<u>3,297,517</u>
<b>Net position</b>			
Net position restricted for pensions	30,946,368	-	30,946,368
Total net position	<u>\$ 30,946,368</u>	<u>\$ -</u>	<u>\$ 30,946,368</u>

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

County of Pike, Pennsylvania

Statement of Changes in Fiduciary Net Position – Pension Trust Fund

Year ended December 31, 2015

Additions:	
Contributions:	
Employer	\$ 520,000
Employee	869,585
	<hr/>
Total contributions	1,389,585
	<hr/>
Investment income:	
Net depreciation in fair value of investments	(1,204,727)
Interest and Dividends	820,044
Less investment expense	(165,977)
	<hr/>
Net investment loss	(550,660)
	<hr/>
Total additions	838,925
	<hr/>
Deductions:	
Administrative expense	26,245
Benefit payments	1,410,660
Refunds of contributions	265,262
Other	203,843
	<hr/>
Total deductions	1,906,010
	<hr/>
Net decrease in net position	(1,067,085)
Net position restricted for pensions, beginning of year	32,013,453
	<hr/>
Net position restricted for pensions, end of year	\$ 30,946,368
	<hr/> <hr/>

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

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Pike (the "County") was formed in 1814, and operates under the direction of an elected Board of Commissioners which provides the following services: general administrative services, tax assessment and collection, judicial, public improvements, public safety and human services. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A summary of the County's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

A) Reporting Entity

Consistent with the guidance contained in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the County reviews the applicability of the following criteria.

The County is financially accountable for:

- Organizations that make up the legal County entity.
- Legally separate organizations if the County officials appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County as defined below:

*Impose Its Will* – If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

*Financial Benefit or Burden* – Exists if the County (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the County and have a financial benefit or burden relationship with the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

Based on the foregoing criteria, the reporting entity has been defined to include all funds for which the County is financially accountable or for which there is a significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude the potential component units in the County's financial statements are provided in the following paragraphs.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A) Reporting Entity (Continued)

1. Blended Component Unit

In conformity with GAAP the following Component Unit has been included in the financial reporting entity as a blended component unit:

- The Pike County Conservation District (District) – The District is governed by a board appointed by the County Commissioners and a commissioner sits on the board. The District is a legally separate entity from the County created to promote protection, conservation and sustainable use of natural resources of the County through education and public awareness. In addition, the District is not independent of the County in regards to financial accountability. The District's year end is December 31, 2015.

Complete and more detailed financial statements for the component unit can be obtained from their administrative office as follows:

Administrative Offices

Pike County Conservation District  
HC8  
PO Box 6770  
Hawley, PA 18428

2. Discretely Presented Component Unit

In conformity with GAAP the following Component Unit has been included in the financial reporting entity as a discretely presented component unit.

- Pike County Economic Development Authority (Authority) was organized on March 21, 1977 under the provisions of the "Industrial and Commercial Development Authorities Law" for the purpose of promoting Pike County for economic development, to attract new businesses to Pike County, and to support the retention and expansion of existing businesses within the community. The Authority is a legally separate entity from the County and the members of the Authority are appointed by the Pike County Commissioners. In addition, the Authority is not independent of the County in regards to financial accountability. The Authority's year end is December 31, 2015.

Complete and more detailed financial statements for the component unit can be obtained from their administrative office as follows:

Administrative Offices

Pike County Economic Development Authority  
Milford, PA 18337

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A) Reporting Entity (Continued)

3. Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. These organizations include:

- Lake Wallenpaupack Watershed Management District
- Pike County Historical Society
- Pike County Humane Society
- Pike County Public Library Inc.
- Pike County Economic Development Corporation
- Private Industry Council, Pocono Counties SDA #15

4. Joint Venture

The County participates in two joint ventures with other governmental entities. Based upon the foregoing criteria, the County has determined that the joint ventures should not be included in its financial reporting entity. The Carbon-Monroe-Pike Mental Health and Mental Retardation Program and Carbon Monroe Pike Drug & Alcohol Commission Inc. were created for the delivery of various human service related activities to the counties of Carbon, Monroe and Pike. The counties exercise joint control and the counties have an ongoing financial responsibility to the joint venture. However, neither county has an ongoing financial interest or equity interest in the joint ventures.

Carbon-Monroe-Pike Mental Health and Mental Retardation Program

Financial information on the joint venture as of and for the year ended June 30, 2015, is as follows:

Assets	<u>\$ 3,642,521</u>
Liabilities	<u>\$ 3,466,846</u>
Net Position	<u>\$ 175,675</u>
Revenues	<u>\$ 16,607,848</u>
Expenses	<u>\$ 16,631,697</u>

In 2015, Pike County contributed \$62,000 to the operations of this joint venture.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A) Reporting Entity (Continued)

4. Joint Venture (Continued)

Carbon Monroe Pike Drug & Alcohol Commission Inc.

Financial information on the joint venture as of and for the year ended June 30, 2015, is as follows:

Assets	\$ 324,393
Liabilities	\$ 131,544
Net Position	\$ 192,849
Revenues	\$ 2,468,559
Expenses	\$ 2,429,361

In 2015, Pike County contributed \$11,368 to the operations of this joint venture.

B) Measurement Focus, Basis of Accounting

The basic financial statements of the County are composed of the following:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole, except for its fiduciary activities. These statements include a separate column for the governmental activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct 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 customer or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and the internal service fund. The fiduciary statements include financial information for the Employment Retirement Trust Fund and agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B) Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

**Governmental Funds (Continued)**

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

**Proprietary Fund**

The County's internal service fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net position.

The proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C) Basis of Presentation

The determination of major funds is based on minimum criteria as set forth in GASB Statement Number 34, as amended by GASB 54. The non-major funds are combined in a column in the fund financial statements. The following are the County's major funds:

1. Governmental Fund Types

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general county government, boards, commissioners, the court system and health and welfare services.
- The Affordable Housing Fund is used to account for specific revenue sources related to the provisions of Affordable Housing services that are restricted to expenditures for those specified purposes.
- The Capital Projects Bond Account Fund is used to account for financial resources to be used for the acquisition of capital assets.
- The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

2. Proprietary Fund Type

- The Internal Service Fund is maintained to account for and finance services and commodities furnished exclusively for the user offices, departments, and other agencies and funds of the County on a cost reimbursement basis.

3. Other Fund Types

- The Employee Retirement Trust Fund accounts for the revenue (i.e., member contributions, County contributions, and net investment income) and the expenses (i.e., contributions refunded, retirement allowance, and death benefits paid) of the Retirement Trust Fund.
- The Agency Funds consist of restricted revenues of the various row offices of the County. The row office funds, in essence are escrow funds maintained by the row offices for bails posted, funds held for sheriff's sales, realty transfer taxes held and owed to other governmental entities, and other funds reserved for disposition of legal action.

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Investments

Investments for the County are reported at fair value. Investments that do not have an established market value are reported at estimated fair values.

4. Capital Assets

Capital assets, which include land and intangible assets, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure assets are reported in the governmental activity column in the government-wide financial statements. Capital Assets with initial, individual costs that equal or exceed \$1,500 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at 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 its useful life are not capitalized. Major outlay of capital assets and improvements are capitalized as projects are completed.

Capital Assets of the primary government are depreciated using the straight line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Land Improvements	20
Buildings and Improvements	20-40
Machinery and Equipment	5-20
Infrastructures	25

5. Restricted Assets

Restricted assets represent revenues set aside for the liquidation of specific obligations, as detailed in Note 3.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

6. Allowance for Doubtful Accounts

Taxes receivable has been reported net of allowance for doubtful accounts of \$312,712.

7. Compensated Absences

County policy permits employees to accumulate various amounts of sick and vacation leave based on their length of employment. Vacation leave is earned by employees on a monthly basis each year. Employees may carry over a maximum of one year's earned vacation to the following year. Sick leave is earned by employees on a monthly basis and may be accumulated. Employees upon separation of services will be compensated for all earned and unused vacation and sick leave.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as general government expenditures.

9. Unearned Revenues

Revenues that are received but not earned are recorded as unearned revenue in the County's financial statements. In the County's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

10. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Members of the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Commissioners may assign fund balance by a motion at a public meeting.
- Unassigned fund balance – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

11. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first, then unrestricted net position as they are needed.

12. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, which are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Under the accrual basis of accounting, the County had two items that qualifies for reporting in this category. Deferred loss on refunding is the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions are described further in Note 6. The components of deferred outflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all members of the plan beginning the year in which the deferred amount occurs. The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government had an item that qualified for reporting in this category. Under the modified accrual basis of accounting, the governmental funds report unavailable revenue from property taxes as a deferred inflow of resources.

E) Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of GASB Statement No. 68, *“Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”*. The adoption of this statement resulted in a restatement of net position (See Note 16) and modification of Note 6.

The County adopted the provisions of GASB Statement No. 71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.”* The adoption of this statement had no effect on previously reported amounts.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) Pending Changes in Accounting Principles

In February 2015, the GASB issued Statement No. 72, "*Fair Value Measurement and Application*." The County is required to adopt statement No. 72 for its calendar year 2016 financial statements.

In June 2015, the GASB issued Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." The County is required to adopt statement No. 73 for its calendar year 2017 financial statements.

In June 2015, the GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*." The County is required to adopt statement No. 74 for its calendar year 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*." The County is required to adopt statement No. 75 for its calendar year 2018 financial statements.

In June 2015, the GASB issued statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*." The County is required to adopt Statement No. 76 for its calendar year 2016 financial statements.

In August 2015, the GASB issued statement No. 77, "*Tax Abatement Disclosures*." The County is required to adopt Statement No. 77 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". The County is required to adopt statement No. 78 for its calendar year 2016 financial statements.

In December 2015, the GASB issued Statement No. 79, "*Certain External Investment Pools and Pool Participants*". The County is required to adopt statement No. 79 for its calendar year 2016 financial statements.

In January 2016, the GASB issued Statement No. 80, "*Blending Requirements for Certain Component Units - amendment of GASB No. 14*". The County is required to adopt statement No. 80 for its calendar year 2017 financial statements.

In March 2016, the GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreements*". The County is required to adopt statement No. 81 for its calendar year 2017 financial statements.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) Pending Changes in Accounting Principles (Continued)

In March 2016, the GASB issued Statement No. 82, "*Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*". The County is required to adopt statement No. 82 for its calendar year 2017 financial statements.

The County has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

G) Budgets and Budgetary Accounting

Commonwealth of Pennsylvania law (the "County Code") requires that County Governments establish budgetary systems and adopt annual operating budgets. The County's annual budget includes the General Fund, Certain Special Revenue Funds, Capital Projects Bond Account Fund and Debt Service Fund, and is based on estimates of revenues and expenditures approved by the Commissioners. The County of Pike follows these procedures detailed in the County Code in establishing the budgetary data reflected in the financial statements.

County Budget Process

1. The Commissioners, at least thirty days prior to adopting the budget, shall begin the preparation of the proposed budget for the succeeding fiscal year.
2. The Accounting Department shall transmit to the Commissioners a comparative statement of revenues for the current and the immediately preceding fiscal year, and a comparative statement of expenditures, including interest due and to fall due on all lawful interest bearing debts of the County for the same years.
3. The Accounting Department's statements shall also indicate the amounts of all appropriation requests, submitted to the Commissioners and supplied by them to the Accounting Department, from the several County offices and agencies, including estimates of expenditures contemplated by the Commissioners as forwarded by them to the Accounting Department.
4. The Accounting Department's statements, in such form and detail as the Commissioners direct, shall be prepared upon a form or forms furnished, as provided in this subdivision, by the Department of Community and Economic Development of the Commonwealth. With this information as a guide, the Commissioners shall, within a reasonable time, begin the preparation of a proposed budget for the succeeding fiscal year.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) Budgets and Budgetary Accounting (Continued)

County Budget Process (Continued)

5. The proposed budget shall be prepared and adopted not later than December thirty-first, and notice thereof shall be published, and the proposed budget shall be made available for public inspection for at least twenty days prior to the date set for adopting the budget. The date set for final action on the budget shall likewise be made a matter of public notice for at least ten days prior thereto.
6. Formal budgeting process is employed as a planning device. The budget adopted is on a basis consistent with GAAP. Budget amounts are as amended by the County Commissioners.

Level of Control

The County maintains budgeting control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue resources may arise. As a result, funds are occasionally transferred between line items of the department's budget or additional revenues may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners. Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with other departments.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 2: DEPOSIT AND INVESTMENT RISK

As of December 31, 2015, the Governmental Activities and Pension Trust Fund had the following debt investment and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Governmental Activities</u>					
Certificates of Deposit	\$ 12,531,756	\$ 12,531,756	\$ -	\$ -	\$ -
<u>Pension Trust Fund</u>					
U.S. Government Agencies	\$ 910,741	\$ -	\$ -	\$ -	\$ 910,741
Municipal Bonds	251,643	-	-	-	251,643
Corporate Bonds	2,977,543	1,480,503	752,808	494,082	250,150
Fixed Income Mutual Funds	2,491,487	-	1,593,569	596,384	301,534
Total Pension Trust Fund	<u>\$ 6,631,414</u>	<u>\$ 1,480,503</u>	<u>\$ 2,346,377</u>	<u>\$ 1,090,466</u>	<u>\$ 1,714,068</u>

*Interest Rate Risk.* The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates for the Governmental Activities or Pension Trust Fund.

*Credit Risk.* As of December 31, 2015, all of the Pension Trust Fund's investments in U.S. Government Agencies and Municipal Bonds were rated AAA by Standard & Poor's. All of the Pension Trust Fund's investments in money market funds and Fixed Income Mutual Funds were not rated by Standard & Poor's. Of the Pension Trust Fund's investments in Corporate Bonds, \$1,020,441 (34%), \$1,543,635 (52%), and \$413,467 (14%) were rated AA, A, BBB, respectively by Standard & Poor's. The County does not have a formal policy that limits investments to ratings issued by nationally recognized statistical rating organizations for the Pension Trust Fund.

*Custodial Credit Risk.* For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2015, the County's cash deposits, excluding the District's cash deposits, had a carrying amount of \$16,391,099 and a bank balance of \$17,232,285. Of the bank balance, \$16,422,196 of the County's deposits in Governmental Activities were exposed to custodial credit risk, as the deposits were uninsured and collateralized by securities held by the pledging financial institution trust department or agent but not in the County's name.

At December 31, 2015, \$12,531,756 of the County's investments in non-negotiable certificates of deposit in the Governmental Activities were exposed to custodial credit risk, as the certificates of deposits were uninsured and collateralized by securities held by the pledging financial institution trust department or agent but not in the County's name. None of the Pension Trust Fund's cash equivalents and investments were exposed to custodial credit risk. The County does not have a formal policy related to custodial credit risk for the Governmental Activities or the Pension Trust Fund.

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

*Concentration of Credit Risk.* The County does not have a formal policy that places a limit on the amount or percent that may be invested in any one issuer for the Governmental Activities or the Pension Trust Fund. At December 31, 2015, the County did not have more than 5 percent of the Governmental Activities or the Pension Trust Fund investments invested in any one issuer.

Component Units - Deposit and Investment Risk

Pike County Conservation District

*Custodial Credit Risk.* For deposits and investments of the District, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy to limit its exposure to custodial credit risk.

At December 31, 2015, the District's cash deposits had a carrying amount of \$38,551 and a bank balance of \$91,021. All of the bank balance was covered by federal depository insurance. The District's cash equivalents of \$261,292 were not subject to custodial credit risk, as they were invested in a state investment pool.

As of December 31, 2015, the District had the following debt investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State investment pool	\$ 261,292	\$ 261,292	\$ -	\$ -	\$ -

*Interest Rate Risk.* The District's Investment Policies do not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* As of December 31, 2015 all of the District's investments in the state investment pool were rated AAA by Standard and Poors.

NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS/INVESTMENTS

Restricted Cash and Cash Equivalents

General Fund

Restricted cash and cash equivalents of \$3,402,974 consist of cash and cash equivalents held in segregated accounts specifically for the following Programs:

Offenders Supervision Program	\$ 641,269
Juvenile Supervision Program	88,712
Aging Program	42,022
Unclaimed monies	29,631
Prison Program Account	139,427
DCNR Grant Program	350,000
911 Program	777,083

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS/INVESTMENTS (CONTINUED)

Restricted Cash and Cash Equivalents (Continued)

General Fund (Continued)

Coroner Modernization Program	\$ 21,071
Booking Center Fee Program	454,935
Domestic Relations Program	829,972
Probation Auto Deposit Program	10,930
Judicial Account Program	139
Transportation Program	7,897
Coroner K. Felts	235
JJES Grant	<u>9,651</u>
 Total Restricted Cash	 <u>\$ 3,402,974</u>

Capital Projects Bond Account

Restricted cash and cash equivalents of \$731,055 consist of cash and cash equivalents held in a segregated account specifically for capital projects.

Other NonMajor Funds

Pike County Conservation District – Blended Component Unit

Restricted cash and cash equivalents of \$53,962 is comprised of cash held in a Pennsylvania INVEST Account for the Dirt, Gravel, and Low Volume Road Program.

Restricted Investments

Capital Projects Bond Account

Restricted Investments of \$8,056,403 consist of a certificate of deposit held in a segregated account specifically for capital projects.

NOTE 4: REAL ESTATE TAXES

Real estate taxes for the calendar year are levied on March 15 of each year. Any unpaid real estate taxes attach as an enforceable lien on property as of January 15 of the following year. Taxes are levied on March 15 and payable with a 2% discount to May 15, with no discount or penalty to July 15 and with a 10% penalty from July 16 to December 31. The County bills these taxes which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

The rate of taxation for 2015 was 18.54 mills with 15.54 mills for general purposes and 3.0 mills for debt service obligations. The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principle on bonded or funded debt. The County's 2015 real estate taxes are based on assessed value of \$1,121,966,120 established by the County's Bureau of Assessment.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 5: CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land and intangible assets	\$ 2,351,716	\$ -	\$ -	\$ 2,351,716
Construction in Progress	471,915	534,930	-	1,006,845
Collections	513	-	-	513
Total Capital Assets, Not Being Depreciated	<u>2,824,144</u>	<u>534,930</u>	<u>-</u>	<u>3,359,074</u>
Capital Assets, Being Depreciated				
Land Improvements	551,234	-	-	551,234
Building and Improvements	30,284,450	41,406	398,735	29,927,121
Infrastructure	1,377,369	198,877	-	1,576,246
Machinery and Equipment	13,034,792	714,099	53,729	13,695,162
Total Capital Assets, Being Depreciated	<u>45,247,845</u>	<u>954,382</u>	<u>452,464</u>	<u>45,749,763</u>
Less Accumulated Depreciation and Amortization for:				
Land Improvements	(524,693)	(4,180)	-	(528,873)
Building and Improvements	(11,992,739)	(775,358)	363,759	(12,404,338)
Infrastructure	(1,245,726)	(36,170)	-	(1,281,896)
Machinery and Equipment	(9,655,959)	(871,402)	51,011	(10,476,350)
Total Accumulated Depreciation and Amortization	<u>(23,419,117)</u>	<u>(1,687,110)</u>	<u>414,770</u>	<u>(24,691,457)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,828,728</u>	<u>(732,728)</u>	<u>37,694</u>	<u>21,058,306</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,652,872</u>	<u>\$ (197,798)</u>	<u>\$ 37,694</u>	<u>\$ 24,417,380</u>

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

<u>GOVERNMENTAL ACTIVITIES:</u>	
General Government-Admin.	\$ 292,425
General Government-Judicial	88,423
Public Safety	532,959
Public Works	531,635
Human Services	20,774
Conservation and Development	12,251
Other	<u>208,643</u>
Total Depreciation Expense – Governmental Activities	<u>\$1,687,110</u>

NOTE 6: RETIREMENT PLAN

The County maintains a single-employer defined benefit pension plan (the “Plan”) that covers all full time employees and certain part time employees who work more than 1,000 hours each year of the County. The Plan is part of the County’s financial reporting entity and is included in the County’s financial statements as a Pension Trust Fund.

Description of Plan

*Plan administration.* The Retirement Board administers the Pike County Employees Pension Plan. The Plan is governed by the 1971 County Pension Law, Act 96, of the General Assembly of the Commonwealth of Pennsylvania, as amended (the “Act”). Benefit and contribution provisions of the Plan are established and can be amended as provided by the Act.

Management of the Plan is vested in the Retirement Board, which consists of five members - three elected County Commissioners, the Chief Clerk, and the County Treasurer.

*Plan membership.* Membership in the Plan is mandatory for all full-time County employees. At December 31, 2015, the Plan’s membership consisted of the following:

Inactive plan members and beneficiaries currently receiving benefits	135
Inactive plan members entitled to but not receiving benefits	35
Active plan members	<u>331</u>
Total plan members	<u><u>501</u></u>

*Benefits provided.* The Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member’s final 3-year average salary times the member’s years of service for their class under the Act. Plan members are eligible for retirement at age 60 or at age 55 with 20 years of service. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of final average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of the member’s retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 6: RETIREMENT PLAN (CONTINUED)

*Contributions.* The Retirement Board establishes contribution rates based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2015, the minimum required active member contribution rate was 5.0 percent of annual pay and the County's average contribution rate was 3.93 percent of annual payroll. Employees may contribute up to an additional 10% of gross pay, at their option. The employee contributions are recorded in an individually identified account that is also credited with interest, calculated to yield 5.0% compounded annually at December 31, 2015. Administrative and investment costs of the plan are financed through investment earnings. The Act makes no provision for termination of the Plan. The County does not issue a separate financial report for the Plan.

Legally Required Reserves

At December 31, 2015, the County has a balance of \$8,573,535 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2015. Since those accumulations represent the present value as of December 31, 2015 of future benefits, the reserve balance and liability are equal.

The County has a balance of \$4,254,402 in the County Annuity Reserve Account as of December 31, 2015. This balance and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the County's share of the retirement allowances.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County annuity reserve account to the retired members' reserve account to provide for such County annuities actually entered into.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances and death benefits are paid. The balance in this account was \$10,913,074 as of December 31, 2015.

Net Pension Asset of the County

The total pension asset was based on an actuarial valuation dated January 1, 2015 and update procedures were used to rollforward the total pension liability to the December 31, 2015 measurement date. The components of the net pension asset of the County at December 31, 2015, were as follows:

Total pension liability	\$(30,559,244)
Plan fiduciary net position	30,946,368
County's net pension asset	<u>\$ 387,124</u>
Plan fiduciary net position as a percentage of the total pension liability	101.27%

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 6: RETIREMENT PLAN (CONTINUED)

Changes in the County's net pension asset for the plan for the year ended December 31, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 29,250,546	\$ 32,013,453	\$ (2,762,907)
Service Cost	502,062	-	502,062
Interest Cost	2,169,735	-	2,169,735
Changes of Benefit Terms	-	-	-
Changes for Experience	312,823	-	312,823
Changes of Assumptions	-	-	-
Contributions - Employer	-	520,000	(520,000)
Contributions - Member	-	869,585	(869,585)
Net Investment Income	-	(550,660)	550,660
Benefit Payments, including			
Refunds of Member Contributions	(1,675,922)	(1,675,922)	-
Administrative Expense	-	(26,245)	26,245
Other changes	-	(203,843)	203,843
Net Changes	<u>1,308,698</u>	<u>(1,067,085)</u>	<u>2,375,783</u>
Balances at 12/31/15	<u>\$ 30,559,244</u>	<u>\$ 30,946,368</u>	<u>\$ (387,124)</u>

Deferred Outflows of Resources

The total pension expense recognized in 2015 for the plan was \$276,835. At December 31, 2015, the County reported deferred outflows of resources related to the pension plan from the following sources:

	<b>Deferred Outflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 266,820
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>2,352,127</u>
Total	<u>\$ 2,618,947</u>

The deferred outflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$ 634,035
2017	634,035
2018	634,035
2019	634,035
2020	46,003
Thereafter	<u>36,804</u>
Total	<u>\$2,618,947</u>

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 6: RETIREMENT PLAN (CONTINUED)

Plan Actuarial Methods and Assumptions

*Actuarial assumptions.* The total pension liability was measured as of December 31, 2015 and determined by rolling forward the liability from an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality Table for Males and Females, as appropriate, with no projected improvement.

The actuarial assumptions used in the January 1, 2015 valuation were based on past experience under the Plan and reasonable future expectations which represent our best estimate of anticipated experience under the Plan. A recent actuarial experience study was not performed.

Under the Act, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is a percentage of the change in the Consumer Price Index. The Plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not considered to be substantively automatic.

*Investment policy.* The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2015 measurement period:

Asset Class	Target Allocation
Domestic equity	60%
International equity	2%
Fixed income	33%
Real estate	0%
Cash	5%
	100%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 6: RETIREMENT PLAN (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.4 - 6.4%
International equity	5.5 – 6.5
Fixed income	1.3 – 3.3
Real estate	4.5 – 5.5
Cash	0.0 – 1.0

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 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 County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension asset to changes in the discount rate.* The following presents the net pension asset of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
County's net pension liability	\$1,594,563	\$(387,124)	\$(3,432,064)

*Rate of return.* For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 7: POST EMPLOYMENT BENEFIT PLAN

*Plan Description.* The County administers a single-employer postemployment benefit plan (the Plan) that covers health benefits for eligible retirees. On December 1, 1983, the Pike County Retirement Board passed a resolution providing the authority under which benefit provisions for the Plan were established and may be amended. This benefit was eliminated for employees hired after January of 2006. The Plan does not issue a publicly available financial report.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 7: POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funding Policy. The contribution requirements of the County are established and may be amended by resolution of the Pike County Retirement Board. The Plan does not require any contributions from Plan members. The County funds the Plan on a pay-as-you-go basis. For 2015, the County contributed \$667,019 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

	Governmental <u>Activities</u>	Total Primary <u>Government</u>
Annual required contribution (ARC)	\$ 2,710,385	\$ 2,710,385
Interest on net OPEB obligation	568,749	568,749
Adjustment to ARC	<u>(822,367)</u>	<u>(822,367)</u>
Annual OPEB costs (expense)	2,456,767	2,456,767
Contributions made	<u>(667,019)</u>	<u>(667,019)</u>
Increase in net OPEB obligation	1,789,748	1,789,748
Net OPEB obligation - beginning of year	<u>14,218,724</u>	<u>14,218,724</u>
Net OPEB obligation - end of year	<u>\$ 16,008,472</u>	<u>\$ 16,008,472</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

<b>Fiscal Year <u>Ended</u></b>	<b>Annual <u>OPEB Cost</u></b>	<b>Percentage of Annual OPEB <u>Cost Contributed</u></b>	<b>Net OPEB <u>Obligation</u></b>
12/31/15	\$ 2,456,767	27.2%	\$ 16,008,472
12/31/14	\$ 2,490,834	23.3%	\$ 14,218,724
12/31/13	\$ 2,967,890	24.2%	\$ 12,308,778

Funded Status and Funding Progress. As of January 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$28.1 million and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$28.1 million. The covered payroll was \$13.2 million, and the ratio of the UAAL to the covered payroll was 212.5%.

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 7: POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (including 3% inflation), which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits and a health care cost trend rate of 5.9% initially, reduced by decrements to an ultimate rate of 3.9%. The UAAL is being amortized using the level dollar method over a period of 30 years on an open basis.

NOTE 8: LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds Payable:					
General Obligation bonded debt	\$29,780,401	\$ 5,010,000	(\$6,676,503)	\$28,113,898	\$1,793,898
Total bonds payable	29,780,401	5,010,000	(6,676,503)	28,113,898	1,793,898
Other liabilities:					
Liability for other post employment benefits	14,218,724	2,456,767	(667,019)	16,008,472	-
Bond Discount	(53,226)	(2,203)	53,353	(2,076)	-
Bond Premium	1,043,386	-	(143,866)	899,520	-
Compensated Absences	1,330,046	70,791	-	1,400,837	-
Total other liabilities	16,538,930	2,525,355	(757,532)	18,306,753	-
Governmental activities Long-term liabilities	\$46,319,331	\$ 7,535,355	(\$7,434,035)	\$46,420,651	\$1,793,898

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

Compensated absences and the liability for other post employment benefits are liquidated by the general fund.

Pertinent information regarding general long-term debt is presented below:

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding December 31, 2015</u>
2012A	\$2,930,000	Advance refund the 2008 General Obligation Bonds Series A and payment of the costs of issuing the bonds (final Maturity in 2018, with various annual interest rates from 1.25% to 3.75%)	\$ 2,905,000
2012B	\$6,775,000	Advance refund the 2008 General Obligation Bonds Series B and payment of the costs of issuing the bonds (final Maturity in 2021, with various annual interest rates from 2.00% to 4.00%)	6,750,000
2012C	\$11,760,000	Provide funds for various capital projects, to fund a portion of the Scenic Rural Preservation Program, and payment of the costs of issuing the bonds (final Maturity in 2028, with various annual interest rates from 1.25% to 5.00%)	11,700,000
2014	\$5,149,882	Current refund the 2004 and 2004 Series A General Obligation Bonds and payment of the costs of issuing the notes (final Maturity in 2016, with an annual interest rates of 1.50%)	1,748,898
2015	\$5,010,000	Current refund the 2010 General Obligation Bonds and payment of the costs of issuing the bonds (final Maturity in 2023, with various annual interest rates from 2.00% to 2.375%)	5,010,000
			<u>\$ 28,113,898</u>

The County has pledged its taxing power as security for general obligation debt.

An analysis of the debt service requirements to maturity on these obligations follows as of December 31, 2015, is presented in the following table:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,793,898	\$ 928,545	\$ 2,722,443
2017	1,890,000	922,826	2,812,826
2018	1,960,000	853,701	2,813,701
2019	2,075,000	797,951	2,872,951
2020	2,170,000	716,151	2,886,151
2021-2025	11,915,000	2,439,059	14,354,059
2026-2028	6,310,000	425,075	6,735,075
	<u>\$ 28,113,898</u>	<u>\$ 7,083,308</u>	<u>\$ 35,197,206</u>

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

In December 2015, the County issued General Obligation Bonds, Series of 2015, in the amount of \$5,010,000. The principal of these bonds is payable in annual installments from \$5,000 in 2016 to \$2,385,000 in 2023. Interest payments on the outstanding principal shall be due semi-annually, on April 1 and October 1 of each year, beginning on April 1, 2016. The interest rate on the bonds varies from 2.00% to 2.375%. The proceeds of the bonds were used to current refund the 2010 General Obligation Bonds and to pay issuance costs of \$86,226. The bonds will decrease debt service payments for the County by \$274,686 and resulted in an economic gain of \$260,872.

NOTE 9: RISK MANAGEMENT

The County participates in the Pennsylvania Counties' Workers' Compensation Trust ("PCOMP") insurance pool for workers' compensation insurance. Insurance premiums for PCOMP are developed based on employee job descriptions, rate factors, and payroll costs for the year. The County also participates in the Pennsylvania Counties Risk Pool ("PCORP") for auto, general liability, and error and omissions insurance. PCORP and PCOMP have audits performed each year and the County may be required to pay any additional premiums as a result of the audits, or the County may be entitled to refunds as a result of the audits. For the year ended December 31, 2015, the County paid insurance premiums of \$465,703 to PCORP and \$723,427 to PCOMP.

In addition, the County elected to self-insure potential obligations applicable to medical benefits. The Internal Services Fund is used to account for the risk associated with the benefits. The costs of the benefits are allocated by the County to the departments of the County in order for the Internal Service Fund to be reimbursed. The County maintains excess Commercial insurance for the liability in excess of \$175,000 per year per individual with a maximum specific benefit per person of \$4,825,000. There has been no significant reduction in insurance coverage from the prior year and the amount of settlements have not exceeded insurance coverage for each of the past three years.

The following summary provides aggregate information on self insurance liabilities, incurred claims, payments, and reported self insurance liabilities during the years ended December 31, 2015 and 2014:

January 1, 2015 <u>Liability</u>	Incurred Claims and Changes in Estimate	<u>Payments</u>	December 31, 2015 <u>Liability</u>
\$519,394	\$5,432,035	\$4,633,300	\$1,318,129
January 1, 2014 <u>Liability</u>	Incurred Claims and Changes in Estimate	<u>Payments</u>	December 31, 2014 <u>Liability</u>
\$606,735	\$4,218,266	\$4,305,607	\$519,394

COUNTY OF PIKE, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances of each individual fund as of December 31, 2015, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 155,032	\$ 4,193,327
Capital Projects Bond Account Fund	-	66,239
Affordable Housing	-	20,034
Other Nonmajor Funds	-	68,759
	155,032	4,348,359
Total Governmental Funds		
Proprietary Funds:		
Internal Service Fund	4,193,327	-
Total Proprietary Funds	4,193,327	-
Total	\$ 4,348,359	\$ 4,348,359

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur and (3) payments between funds are made.

NOTE 11: TRANSFERS

Interfund operating transfers are executed as a result of the requirements of the General Fund to match a portion of the expenditures of other funds or for other funds to reimburse the General Fund for expenditures incurred. Interfund operating transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 817,430	\$ 45,000
Capital Projects Bond Account Fund	-	630,097
Affordable Housing	-	20,034
Other Nonmajor Funds	60,000	182,299
	877,430	877,430
Total Governmental Funds	\$ 877,430	\$ 877,430

NOTE 12: FUND BALANCES/NET POSITION

General Fund

Restricted

This amount is restricted for the Offenders Supervision Program	\$641,269
This amount is restricted for the Juvenile Supervision Program	\$88,712
This amount is restricted for the Aging Program	\$42,022
This amount is restricted for the Prison Program Account	\$139,427

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 12: FUND BALANCES/NET POSITION

General Fund (Continued)

Restricted (Continued)

This amount is restricted for the 911 Program	\$1,127,022
This amount is restricted for the Coroner Modernization Program	\$21,071
This amount is restricted for the Coroner K. Felts Program Account	\$235
This amount is restricted for the Booking Center Fee Program	\$454,935
This amount is restricted for the Domestic Relations Program	\$884,487
This amount is restricted for the Probation Auto Deposit Program	\$2,241
This amount is restricted for the Judicial Account Program	<u>\$139</u>
Total General Fund Restricted	<u>\$3,401,560</u>

Nonspendable

This amount represents prepaid general liability insurance and postage	<u>\$206,811</u>
--	------------------

Assigned

This amount represents funds to offset excess expenditures over revenues for the 2016 General Fund Budget.	<u>\$500,000</u>
--	------------------

Debt Service Fund

<u>Restricted for Debt Service</u>	<u>\$2,439,106</u>
This amount represents funds restricted for the payment of debt.	

Capital Projects Bond Account Fund

<u>Restricted</u>	<u>\$8,787,458</u>
This amount represents funds restricted for capital construction.	
<u>Assigned</u>	<u>\$2,985,695</u>
This amount represents funds assigned for capital construction.	

Affordable Housing Fund

<u>Restricted</u>	<u>\$2,370,707</u>
This amount represents funds restricted for the Affordable Housing program.	

Nonmajor Funds

<u>Restricted</u>	
This amount is restricted for the Liquid Fuels Program	\$52,241

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 12: FUND BALANCES/NET POSITION (CONTINUED)

Nonmajor (Continued)

Restricted (Continued)

This amount is restricted for the CDBG Program	\$8,979
This amount is restricted for the Orphans Court Program	\$10,513
This amount is restricted for the Act 8 Program	\$26,173
This amount is restricted for the Clean and Green Program	\$71,985
This amount is restricted for the Hotel Tax Program	\$155,153
This amount is restricted for the Gypsy Moth Program	\$500
This amount is restricted for the use of Conservation District	\$107,573
This amount is restricted for the Hazardous Materials Program	\$3,718
This amount is restricted for the Kidsmart Smoke Alarm Program	\$1
This amount is restricted for the Mt. Laurel Act Improv Pass Thru Program	\$1
This amount is restricted for the Dare Program	\$8,333
This amount is restricted for the Act 13 Program	\$401,227
This amount is restricted for the Act 44 Program	\$50,263
This amount is restricted for the Agricultural Land Preservation Program	<u>\$272,886</u>
Total Nonmajor Funds Restricted	<u>\$1,169,546</u>

Committed

This amount is committed for future District conservation efforts	<u>\$207,324</u>
---	------------------

Retirement Trust Fund

<u>Restricted for pensions</u>	<u>\$30,946,368</u>
This reserve represents funds restricted to Retirement Fund use for the future payment of member benefits.	

NOTE 13: LITIGATION

The County is involved in various claims and legal actions arising in the ordinary course of its activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the County's financial statements.

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Pennsylvania Local Government Unit Debt Act permits local governments to extend nonexchange financial guarantees on certain debt issued by unrelated entities located within the government's physical boundaries. In accordance with the Act, the County has guaranteed a commercial construction mortgage loan ("loan") of the Pike County Public Library Inc. (the "Library"), a legally separate entity that is located within the County boundaries but is not a component unit of the County or part of the County's financial reporting entity. This is the only nonexchange financial guarantee extended by the County.

In 2001, the County guaranteed the Library's \$665,000 21-year loan issued in 2001. The loan matures in 2022, with principal and interest payments due monthly. At December 31, 2015, the outstanding principal amount of the loan is \$292,556. In the event the Library is unable to make a required payment on the loan, the County will be required to make that payment. The Library is not required to repay the County for any payments the County makes pursuant to the guarantee. The land the Dingman's Branch of the library is on is owned by the Pike County Economic Development Authority. The Library borrowed money and constructed a building. When the loan is satisfied the land will be deeded over to the library. At December 31, 2015, the County has not recorded a liability for this guarantee.

Component Unit – Pike County Conservation District

The District receives a substantial amount of its support from state and local governments. A significant reduction in the level of their support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 15: OPERATING LEASES

The County leases various vehicles under operating leases with expiration date greater than one year. The County has the option to terminate the leases at any time. Minimum rental payments at December 31, 2015 are as follows:

2016	\$ 168,657
2017	168,657
2018	<u>168,657</u>
Total	<u>\$ 505,971</u>

Rental expense totaled \$39,368 for the year ended December 31, 2015.

COUNTY OF PIKE, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015

NOTE 16:      RESTATEMENT OF NET POSITION/CHANGE IN ACCOUNTING PRINCIPAL

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*". The County has changed its manner of accounting for pensions. This change for governmental activities is reported as a cumulative effect of a change in accounting principle in the amount of \$1,024,190 and is reflected as a restatement of beginning net position in the governmental activities of the government-wide financial statements.

	Governmental Activities
Net Position	
Beginning of year as previously stated	\$ 9,313,071
Understatement of pension asset due to the adoption of GASB 68.	1,024,190
Net Position	
beginning of year, as restated	\$10,337,261

**REQUIRED SUPPLEMENTARY INFORMATION**

County of Pike, Pennsylvania

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget and Actual – General Fund

Year ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget – Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Real estate taxes	\$ 17,156,959	\$ 17,156,959	\$ 17,302,825	\$ 145,866
Intergovernmental	6,031,923	6,031,923	6,906,246	874,323
Licenses and permits	19,500	19,500	19,914	414
Interest	13,505	13,505	22,621	9,116
Charges for services	11,310,682	11,310,682	7,934,727	(3,375,955)
Total revenues	34,532,569	34,532,569	32,186,333	(2,346,236)
<b>Expenditures</b>				
Current:				
General government	5,490,925	5,490,925	5,336,506	154,419
Public safety	14,824,737	14,824,737	13,297,369	1,527,368
Public works	138,500	138,500	10,093	128,407
Health and human services	6,602,352	6,602,352	6,290,624	311,728
Judicial	9,118,725	9,118,725	5,837,999	3,280,726
Cultural and recreation	4,700	4,700	206,820	(202,120)
Conservation & development	1,696,130	1,696,130	1,014,381	681,749
Capital outlay	-	-	1,176,656	(1,176,656)
Total expenditures	37,876,069	37,876,069	33,170,448	4,705,621
Deficiency of revenues under expenditures	(3,343,500)	(3,343,500)	(984,115)	2,359,385
<b>Other financing sources (uses)</b>				
Transfers in	2,043,500	2,043,500	817,430	(1,226,070)
Transfers out	-	-	(45,000)	(45,000)
Total other financing sources	2,043,500	2,043,500	772,430	(1,271,070)
Net change in fund balances	\$ (1,300,000)	\$ (1,300,000)	\$ (211,685)	\$ 1,088,315

County of Pike, Pennsylvania

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service Cost	\$ 502,062	\$ 500,096
Interest	2,169,735	2,070,570
Changes of benefit terms	-	-
Differences between expected and actual experience	312,823	338,762
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(1,675,922)</u>	<u>(1,505,570)</u>
<b>Net change in total pension liability</b>	<u>1,308,698</u>	<u>1,403,858</u>
<b>Total pension liability - beginning</b>	<u>29,250,546</u>	<u>27,846,688</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 30,559,244</u>	<u>\$ 29,250,546</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 520,000	\$ 880,000
Contributions - employee	869,585	779,785
Net investment income	(550,660)	2,765,051
Benefit payments, including refunds of employee contributions	(1,675,922)	(1,505,570)
Administrative expense	(26,245)	(50,848)
Other	<u>(203,843)</u>	<u>(64,178)</u>
<b>Net change in plan fiduciary position</b>	<u>(1,067,085)</u>	<u>2,804,240</u>
<b>Plan fiduciary net position - beginning</b>	<u>32,013,453</u>	<u>29,209,213</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 30,946,368</u>	<u>\$ 32,013,453</u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (387,124)</u>	<u>\$ (2,762,907)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	101.27%	109.45%
<b>Covered - employee payroll</b>	\$ 13,244,647	\$ 13,218,885
<b>County net pension liability as a percentage of covered - employee payroll</b>	-2.92%	-20.90%

**Note to Schedule**

The County adopted GASB 67 on a prospective basis in 2014; therefore only two years are present in the above schedule.

County of Pike, Pennsylvania

Required Supplementary Information

Schedule of County Contributions - Last 10 Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined employer contributions	\$ 259,681	\$ 418,946	\$ 879,341	\$ 1,024,187	\$ 912,931	\$ 931,949	\$ 645,366	\$ 545,198	\$ 526,953	\$ 556,557
Contributions in relation to the actuarially determined employer contribution	520,000	880,000	900,000	1,000,000	975,000	850,000	650,000	650,000	650,000	655,447
Employer contributions deficiency (excess)	<u>\$ (260,319)</u>	<u>\$ (461,054)</u>	<u>\$ (20,659)</u>	<u>\$ 24,187</u>	<u>\$ (62,069)</u>	<u>\$ 81,949</u>	<u>\$ (4,634)</u>	<u>\$ (104,802)</u>	<u>\$ (123,047)</u>	<u>\$ (98,890)</u>
Covered - employee payroll	\$ 13,244,647	\$ 13,218,885	\$ 13,435,795	\$ 12,899,082	\$ 13,173,604	\$ 13,034,252	\$ 12,363,336	\$ 11,575,322	\$ 10,847,417	\$ 10,485,297
Employer contributions as a percentage of covered - employee payroll	3.93%	6.66%	6.70%	7.75%	7.40%	6.52%	5.26%	5.62%	5.99%	6.25%

**Notes to Schedule**

Valuation date: January 1, 2015

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Fair-Market value
Inflation	3.0%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or age 55 with 20 years' service
Mortality	Mortality rates were based on the RP-2013 Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement

Other information:

Effective in 2013 the Entry Age Funding Method was used to determine the actuarially determined calculated contribution. Prior to 2013 the Aggregate Actuarial Cost Method was used.

County of Pike, Pennsylvania  
Required Supplementary Information  
Schedule of Investment Returns

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	2.15%	6.11%

**Note to Schedule**

The County adopted GASB 67 on a prospective basis in 2014; therefore only two years are present in the above schedule.

County of Pike, Pennsylvania

Required Supplementary Information

Schedule of Funding Progress for Postemployments Benefits Other Than Pensions

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
1/1/2010	\$ -	\$ 26,024,954	\$ 26,024,954	0%	\$ 13,034,752	199.7%
1/1/2012	\$ -	\$ 30,825,895	\$ 30,825,895	0%	\$ 12,899,082	239.0%
1/1/2014	\$ -	\$ 28,091,798	\$ 28,091,798	0%	\$ 13,218,885	212.5%