



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

Lafayette County, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2016

Fortenberry & Ballard, PC
Certified Public Accountants

Lafayette County, Mississippi
TABLE OF CONTENTS

	<u>PAGE #</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	6
Management's Discussion and Analysis	10
FINANCIAL STATEMENTS	
Statement of Net Position.....	26
Statement of Activities	27
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	31
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds.....	34
Statement of Fiduciary Assets and Liabilities.....	35
Notes to the Financial Statements	37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund.....	65
Budgetary Comparison Schedule - Hospital Proceeds Fund.....	66
Budgetary Comparison Schedule - Countywide Road Maintenance.....	67
Budgetary Comparison Schedule - Bridge and Culvert Fund	68
Schedule of the County's Proportionate Share of the Net Pension Liability	69
Schedule of the County's Contributions.....	70
Notes to the Required Supplementary Information.....	71
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials.....	74
SPECIAL REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)).....	79
Limited Internal Control and Compliance Review Management Report	84
Schedule of Findings and Responses.....	86

Lafayette County Location in Mississippi



Lafayette County was formed in 1836 and was named for General Marquis de LaFayette, a French military hero and American General who fought during the American Revolutionary War. It has an area of 679.1 square miles and a population of 47,351 according to the 2010 census. It is located in the rolling hills of North Mississippi and it is home to Ole Miss and many other sites such as Oxford, Taylor and Abbeville, Faulkner's Rowan Oak and miles of scenic landscape.

This page is intentionally left blank.

FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Lafayette County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette County, Mississippi (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, consideration of the Lafayette County, Mississippi'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 Lafayette County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 29, 2017

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

INTRODUCTION

The following discussion and analysis of Lafayette County, Mississippi's financial performance provides an overview of the County's financial activities for the year ended September 30, 2016. The intent of this discussion and analysis is to look at the County's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2016 increased \$843,002 including a prior period adjustment of (\$173,548), which represents a 1% increase from 2015. Total net position for 2015 decreased \$22,096,762, inclusive of a prior period adjustment of (\$17,732,240), which represents a 21% decrease from 2014.
- The County had \$26,705,944 in total revenues for 2016. Tax revenues account for \$15,658,478 or 59% of total revenues for 2016. Charges for services account for \$5,040,562 or 19% for 2016. The County had \$22,256,732 in total revenues for 2015. Tax revenues account for \$13,610,826 or 61% of total revenues for 2015. Charges for services account for \$4,314,509 or 19% for 2015.
- For 2016, the County had \$25,689,394 in total expenses. Expenses in the amount of \$8,506,879 were offset by charges for services, grants, or outside contributions. General revenues of \$18,199,065 were adequate to provide for the remainder of the expenses. For 2015, the County had \$26,621,254 in total expenses. Expenses in the amount of \$6,872,423 were offset by charges for services, grants, or outside contributions. General revenues of \$15,384,309 were not adequate to provide for the remainder of the expenses.
- Among major funds, the General Fund had \$13,963,249 in revenues and \$12,050,519 in expenditures. The General Fund's fund balance increased \$1,766,256 over the prior year. For 2015, the General Fund had revenues of \$11,639,543, and expenditures in the amount of \$11,764,156. Its fund balance decreased \$347,818 over the prior year.
- Among major funds, the Bridge and Culvert Fund had \$2,286,607 in revenues, and \$1,936,419 in expenditures. The Bridge and Culvert Fund's fund balance increased \$560,729 from 2015. In the prior year, the Bridge and Culvert Fund had \$2,322,589 in revenues, and \$1,521,027 in expenditures. The Bridge and Culvert Fund's fund balance increased \$501,562 over the prior year.
- Capital assets, net of accumulated depreciation, in the governmental activities decreased by \$72,453 primarily due to deletions to mobile equipment and furniture and equipment coupled with the accumulated depreciation. In 2015, capital assets, net of accumulated depreciation, in the governmental activities increased by \$1,594,729.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

- In the business-type activities, capital assets, net of accumulated depreciation, increased by \$147,425 mainly due to mobile equipment additions. In 2015, capital assets, net of accumulated depreciation, decreased \$270,389.
- Long-term debt increased by \$339,870 in the governmental activities due to addition of other loans, and increased \$6,262 in the business-type activities. In 2015, long-term debt increased by \$5,590,916 in the governmental activities and decreased \$1,094 in the business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 – Required Components of the County's Annual Report

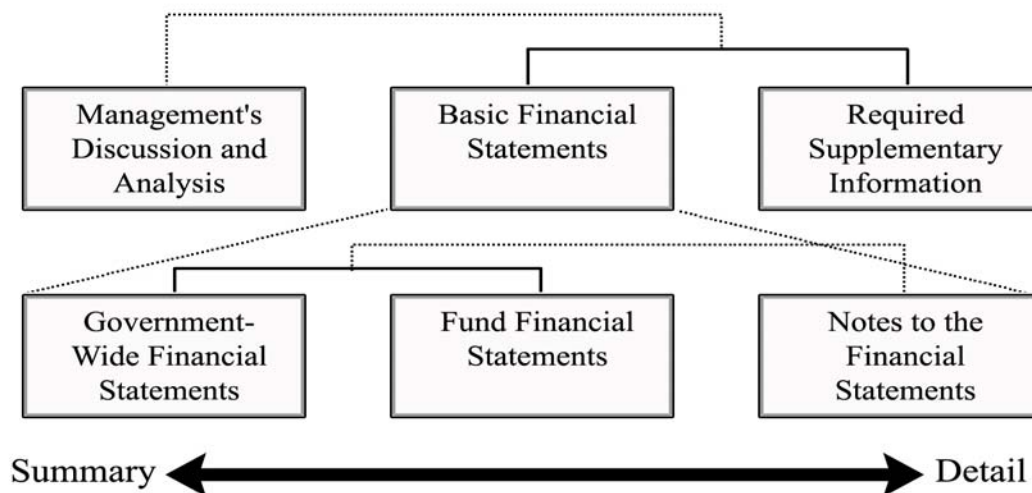


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

The next page summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

The next page also shows the Major Features of the County's Government-Wide and Fund Financial Statements.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds)	All activities of the County that are not business-type or fiduciary in nature	All activities of the County that are business-type in nature	The County is the trustee or agent for someone else's resources
Required Financial Statements	* Statement of Net Position * Statement of Activities	* Balance Sheet * Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Cash Flows	* Statement of Fiduciary Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets, liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short and long term	All assets, liabilities, both short and long term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when the cash is received or paid	N/A

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as "net position." Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

The government-wide financial statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, conservation of natural resources, economic development and assistance, pension expense and interest on long-term debt. The business-type activities of the County include solid waste collection.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Governmental funds - Most of the County's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the County's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may gain a better understanding of the long-term impact of the County's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. These funds are reported using the accrual basis of accounting. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and notes proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplementary information. The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board. Additionally, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Contributions are included in this Section.

Other Information

Although not a required part of the basic financial statements, the Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of the County's financial position. In the case of Lafayette County, total assets and total deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$81,842,240 as of September 30, 2016.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 A presents a summary of the County's net position for the governmental activities at September 30, 2016 and September 30, 2015.

Table 1 A
Condensed Statement of Net Position

	09/30/16	09/30/15	% Change
Assets:			
Current assets	\$ 61,475,251	55,557,049	11%
Capital assets, net	60,166,642	60,239,095	0%
Total Assets	121,641,893	115,796,144	5%
Deferred outflows of resources	4,715,116	3,698,884	27%
Liabilities:			
Current liabilities	2,315,860	1,407,900	64%
Long-term debt outstanding	6,444,453	6,104,583	6%
Net pension liability	20,870,356	17,823,360	17%
Total Liabilities	29,630,669	25,335,843	17%
Deferred inflows of resources	16,240,607	14,399,370	13%
Net Position:			
Net investment in capital assets	54,281,834	54,660,574	-1%
Restricted	27,686,553	26,339,086	5%
Unrestricted	(1,482,654)	(1,239,845)	-20%
Total Net Position	\$ 80,485,733	79,759,815	1%

The following are significant current year transactions in the governmental activities that had an impact on the Statement of Net Position.

- Addition of other loans of \$709,971 to long-term debt.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

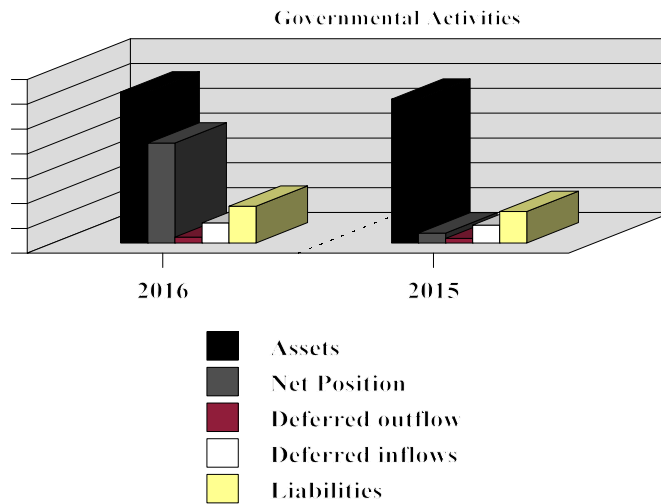


Table 1 B presents a summary of the County's net position for the business-type activities at September 30, 2016 and September 30, 2015.

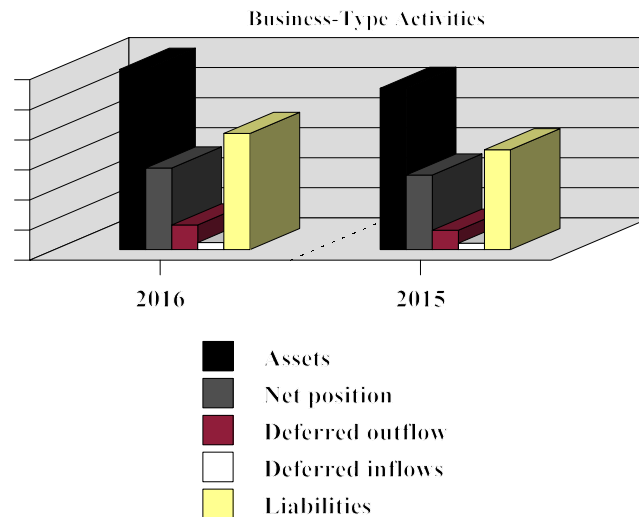
Table 1 B
Condensed Statement of Net Position

	09/30/16	09/30/15	% Change
Assets:			
Current assets	\$ 2,367,049	2,199,650	8%
Capital assets, net	629,828	482,403	31%
Total Assets	<u>2,996,877</u>	<u>2,682,053</u>	<u>12%</u>
Deferred outflows of resources	<u>408,069</u>	<u>321,614</u>	<u>27%</u>
Liabilities:			
Current liabilities	54,332	47,390	15%
Long-term debt outstanding	68,996	62,734	10%
Net pension liability	1,808,943	1,549,723	17%
Total Liabilities	<u>1,932,271</u>	<u>1,659,847</u>	<u>16%</u>
Deferred inflows of resources	<u>116,168</u>	<u>104,397</u>	<u>11%</u>
Net Position:			
Net investment in capital assets	629,828	482,403	31%
Restricted	726,679	757,020	-4%
Total Net Position	<u>\$ 1,356,507</u>	<u>1,239,423</u>	<u>9%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

The following are significant current year transactions in the business-type activities that had an impact on the Statement of Net Position.

- Capital assets, net of accumulated depreciation, increased by \$147,425 primarily due to an addition of mobile equipment.



Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions, management presents the following additional information:

	Governmental Activities
Total unrestricted net position (deficit)	\$ (1,482,654)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	16,210,781
Unrestricted net position, exclusive of the net pension liability effect	\$ <u>14,728,127</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Changes in Net Position

Lafayette County's total revenues for the fiscal year ended September 30, 2016 were \$26,705,944 and \$22,256,732 for 2015. The total cost of all services provided was \$25,689,394 for 2016 and \$26,621,254 for 2015.

The following tables present a summary of the changes in net position for the governmental and business-type activities for the fiscal years ended September 30, 2016 and September 30, 2015.

Table 2 A
Changes in Net Position - Governmental Activities

	Fiscal Year Ended 09/30/16	Fiscal Year Ended 09/30/15	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 3,353,438	2,634,678	27%
Operating grants & contributions	1,641,545	1,442,154	14%
Capital grants & contributions	1,195,648	499,319	139%
General revenues:			
Taxes	15,658,478	13,610,826	15%
Grants and contributions	549,549	501,500	10%
Unrestricted interest income	1,464,869	603,566	143%
Other	523,795	582,599	-10%
Total Revenues	<u>24,387,322</u>	<u>19,874,642</u>	<u>23%</u>
Expenses:			
General government	6,342,628	6,970,675	-9%
Public safety	7,321,618	6,323,562	16%
Public works	5,206,864	7,369,980	-29%
Health & welfare	382,137	345,895	10%
Culture & recreation	359,717	275,176	31%
Conservation of natural resources	141,501	94,266	50%
Economic development and assistance	304,155	303,631	0%
Interest on long-term debt	168,843	289,274	-42%
Pension expense	3,260,393	2,329,357	40%
Total Expenses	<u>23,487,856</u>	<u>24,301,816</u>	<u>-3%</u>
Change in Net Position	<u>\$ 899,466</u>	<u>(4,427,174)</u>	<u>120%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

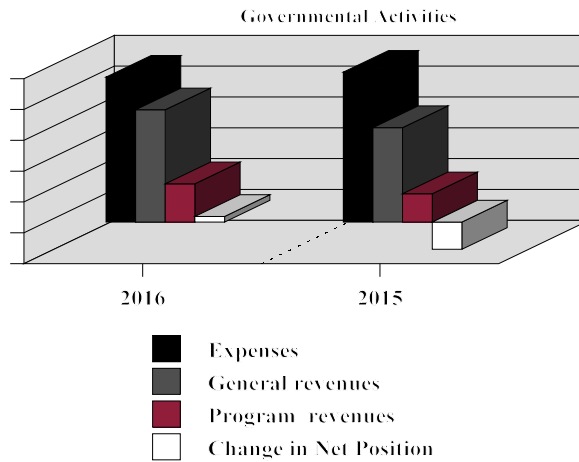
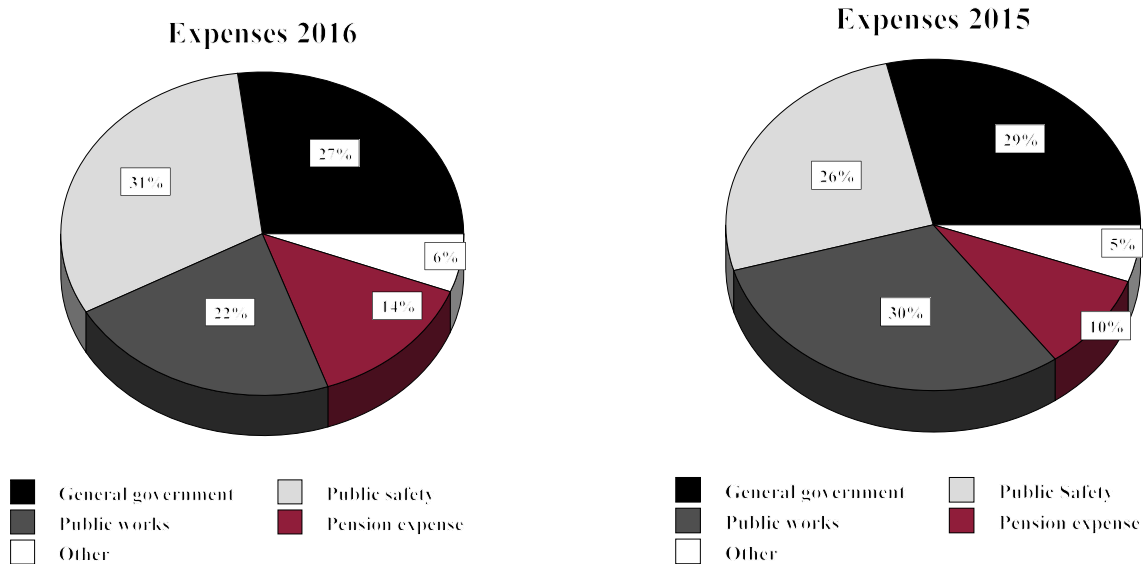


Table 2 B
Changes in Net Position - Business-Type Activities

	Fiscal Year Ended 09/30/16	Fiscal Year Ended 09/30/15	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,687,124	1,679,831	0%
Operating grants & contributions	629,124	616,441	2%
General revenues:			
Unrestricted interest income	670	928	-28%
Other	1,704	84,890	-98%
Total Revenues	<u>2,318,622</u>	<u>2,382,090</u>	<u>-3%</u>
Expenses:			
Solid waste collection	<u>2,201,538</u>	<u>2,319,438</u>	<u>-5%</u>
Total Expenses	<u>2,201,538</u>	<u>2,319,438</u>	<u>-5%</u>
Change in Net Position	<u>\$ 117,084</u>	<u>62,652</u>	<u>87%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016



Governmental Activities – The following table presents the cost of major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, Pension Expense and Interest on Long-Term Debt for the governmental activities. The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity). The net cost shows the financial burden that was placed on Lafayette County's taxpayers by each of these functions.

	2016 Total Cost	2016 Net Cost	2015 Total Cost	2015 Net Cost
Governmental Activities:				
General government	\$ 6,342,628	(4,487,690)	6,970,675	(6,252,943)
Public safety	7,321,618	(4,992,422)	6,323,562	(3,795,602)
Public works	5,206,864	(3,229,091)	7,369,980	(6,101,750)
Health and welfare	382,137	(353,413)	345,895	(283,666)
Culture and recreation	359,717	(359,717)	275,176	(275,176)
Conservation of natural resources	141,501	(141,501)	94,266	(94,266)
Economic development and assistance	304,155	(304,155)	303,631	(303,631)
Interest on long-term debt	168,843	(168,843)	289,274	(289,274)
Pension expense	3,260,393	(3,260,393)	2,329,357	(2,329,357)
Total Expenses	\$ 23,487,856	(17,297,225)	24,301,816	(19,725,665)

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. 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 fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$42,569,749, an increase of \$3,227,620 from 2015. In 2015, the combined fund balance was \$39,342,129 a decrease of \$2,303,752 from the prior year. The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$1,766,256.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Lafayette County revised its annual operating budget on several occasions. Budgeted revenues were changed as better estimates became available.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other special revenue major funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Activities:

Capital Assets - As of September 30, 2016, Lafayette County's total capital assets were \$127,186,913. This includes land, construction in progress, infrastructure, buildings, improvements other than buildings, mobile equipment, and furniture and equipment. This amount represents an increase from the previous year of \$1,487,467. Total accumulated depreciation as of September 30, 2016 was \$67,020,271 including \$1,843,532 of depreciation expense for the year. The balance in total net capital assets was \$60,166,642 at year-end.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Land	\$ 5,171,172	5,171,172	0%
Construction in progress	736,329	2,482,696	-70%
Infrastructure	80,631,593	78,066,873	3%
Buildings	25,317,872	24,902,574	2%
Improvements other than buildings	2,665,858	2,665,858	0%
Mobile equipment	10,918,633	10,882,185	0%
Furniture and equipment	1,745,456	1,528,088	14%
Accumulated depreciation	(67,020,271)	(65,460,351)	2%
Total Capital Assets, net	<u>\$ 60,166,642</u>	<u>60,239,095</u>	0%

Business-Type Activities:

Capital Assets.

As of September 30, 2016, Lafayette County's total capital assets were \$1,878,510, including buildings, and mobile equipment. This amount represents an increase from the previous year of \$248,438. Total accumulated depreciation as of September 30, 2016 was \$1,248,682 including \$101,013 of depreciation expense for the year. The balance in total net capital assets was \$629,828 at year-end.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Buildings	\$ 288,220	288,220	0%
Mobile equipment	1,590,290	1,341,852	19%
Accumulated depreciation	(1,248,682)	(1,147,669)	9%
Total Capital Assets, net	<u>\$ 629,828</u>	<u>482,403</u>	31%

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Debt Administration.

Governmental Activities:

At September 30, 2016, Lafayette County had \$6,444,453 in long-term debt outstanding.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Other loans	\$ 5,884,808	5,578,521	5%
Compensated absences	559,645	526,062	6%
Total Long-Term Debt	<u>\$ 6,444,453</u>	<u>6,104,583</u>	6%

Business-Type Activities:

At September 30, 2016, Lafayette County had \$68,996 in long-term debt outstanding.

	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Compensated absences	\$ <u>68,996</u>	<u>62,734</u>	10%

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Lafayette County Administrator's office (room 222) at the Lafayette County Chancery Building, 300 N. Lamar Boulevard, P.O. Box 1240, Oxford, Mississippi 38655, or call 662-236-2717.

FINANCIAL STATEMENTS

LAFAYETTE COUNTY, MISSISSIPPI

Exhibit 1

Statement of Net Position

September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 23,613,201	1,757,790	25,370,991
Investments	20,061,125		20,061,125
Cash with fiscal agent	622,325		622,325
Property tax receivable	16,185,066		16,185,066
Accounts receivable (net of allowance for uncollectibles of \$657,726)		274,648	274,648
Fines receivable (net of allowance for uncollectible of \$917,857)	480,980		480,980
Capital leases receivable	40,000		40,000
Intergovernmental receivables	327,435	377,184	704,619
Other receivables	102,546		102,546
Internal balance	42,573	(42,573)	-
Capital assets:			
Land and construction in progress	5,907,501		5,907,501
Other capital assets, net of depreciation	54,259,141	629,828	54,888,969
Total Assets	<u>121,641,893</u>	<u>2,996,877</u>	<u>124,638,770</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	4,715,116	408,069	5,123,185
Total Deferred Outflow of Resources	<u>4,715,116</u>	<u>408,069</u>	<u>5,123,185</u>
LIABILITIES			
Claims payable	887,607	54,332	941,939
Amounts held in custody for others	661,599		661,599
Intergovernmental payables	650,250		650,250
Accrued interest payable	116,404		116,404
Long-term liabilities			
Due within one year:			
Capital debt	524,488		524,488
Due in more than one year:			
Capital debt	5,360,320		5,360,320
Non-capital debt	559,645	68,996	628,641
Net pension liability	20,870,356	1,808,943	22,679,299
Total Liabilities	<u>29,630,669</u>	<u>1,932,271</u>	<u>31,562,940</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	16,185,066		16,185,066
User fee advance payments		111,443	111,443
Deferred inflows related to pension	55,541	4,725	60,266
Total Deferred Inflows of Resources	<u>16,240,607</u>	<u>116,168</u>	<u>16,356,775</u>
NET POSITION			
Net investment in capital assets	54,281,834	629,828	54,911,662
Restricted:			
Expendable:			
General government	2,991,966		2,991,966
Public safety	509,614	726,679	1,236,293
Public works	3,472,699		3,472,699
Health and welfare	5,648		5,648
Unemployment compensation	23,176		23,176
Non-Expendable:			
Permanent fund	20,683,450		20,683,450
Unrestricted	(1,482,654)		(1,482,654)
Total Net Position	<u>\$ 80,485,733</u>	<u>1,356,507</u>	<u>81,842,240</u>

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

LAFAYETTE COUNTY, MISSISSIPPI

Statement of Activities

For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 6,342,628	1,510,467	338,671	5,800	(4,487,690)		(4,487,690)
Public safety	7,321,618	1,842,971	460,009	26,216	(4,992,422)		(4,992,422)
Public works	5,206,864		842,865	1,134,908	(3,229,091)		(3,229,091)
Health and welfare	382,137			28,724	(353,413)		(353,413)
Culture and recreation	359,717				(359,717)		(359,717)
Conservation of natural resources	141,501				(141,501)		(141,501)
Economic development and assistance	304,155				(304,155)		(304,155)
Interest on long-term debt	168,843				(168,843)		(168,843)
Pension expense	3,260,393				(3,260,393)		(3,260,393)
Total Governmental Activities	<u>23,487,856</u>	<u>3,353,438</u>	<u>1,641,545</u>	<u>1,195,648</u>	<u>(17,297,225)</u>	<u>-</u>	<u>(17,297,225)</u>
Business-type activities:							
Solid waste collection	<u>2,201,538</u>	<u>1,687,124</u>	<u>629,124</u>			114,710	114,710
Total Business-type Activities	<u>2,201,538</u>	<u>1,687,124</u>	<u>629,124</u>	<u>-</u>	<u>-</u>	<u>114,710</u>	<u>114,710</u>
Total Primary Government	<u>\$ 25,689,394</u>	<u>5,040,562</u>	<u>2,270,669</u>	<u>1,195,648</u>	<u>(17,297,225)</u>	<u>114,710</u>	<u>(17,182,515)</u>
General revenues:							
Property taxes					15,134,854		15,134,854
Road & bridge privilege taxes					523,624		523,624
Grants not restricted to specific programs					549,549		549,549
Unrestricted interest and investment income					1,464,869	670	1,465,539
Miscellaneous					523,795	1,704	525,499
Total General Revenues					<u>18,196,691</u>	<u>2,374</u>	<u>18,199,065</u>
Change in Net Position					<u>899,466</u>	<u>117,084</u>	<u>1,016,550</u>
Net Position - Beginning, as previously reported					79,759,815	1,239,423	80,999,238
Prior period adjustment(s)					(173,548)		(173,548)
Net Position - Beginning, as restated					<u>79,586,267</u>	<u>1,239,423</u>	<u>80,825,690</u>
Net Position - Ending					<u>\$ 80,485,733</u>	<u>1,356,507</u>	<u>81,842,240</u>

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

LAFAYETTE COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2016

Exhibit 3

	Major Funds						
	General Fund	Hospital Proceeds	Lafayette County Reserve/Trust	Countywide Road Maintenance	Bridge and Culvert Fund	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash	\$ 16,264,106	1,163,473		1,199,181	2,601,022	2,385,419	23,613,201
Investments			20,061,125				20,061,125
Cash with fiscal agent			622,325				622,325
Property tax receivable	10,629,833			2,489,960	2,298,225	767,048	16,185,066
Fines receivable (net allowance for uncollectibles of \$917,857)	480,980						480,980
Capital lease receivable	40,000						40,000
Intergovernmental receivables	327,435						327,435
Other receivables	102,546						102,546
Due from other funds	42,573			24,983	24,229	8,598	100,383
Total Assets	<u>\$ 27,887,473</u>	<u>1,163,473</u>	<u>20,683,450</u>	<u>3,714,124</u>	<u>4,923,476</u>	<u>3,161,065</u>	<u>61,533,061</u>
Liabilities:							
Claims payable	\$ 305,539	1,995		337,651	48,564	193,858	887,607
Amounts held in custody for others	661,599						661,599
Intergovernmental payables	650,250						650,250
Due to other funds	57,810						57,810
Total Liabilities	<u>1,675,198</u>	<u>1,995</u>	<u>-</u>	<u>337,651</u>	<u>48,564</u>	<u>193,858</u>	<u>2,257,266</u>
Deferred Inflows of Resources:							
Unavailable revenue - property taxes	10,629,833			2,489,960	2,298,225	767,048	16,185,066
Unavailable revenue - fines	480,980						480,980
Unavailable revenue - capital leases	40,000						40,000
Total Deferred Inflows of Resources	<u>11,150,813</u>	<u>-</u>	<u>-</u>	<u>2,489,960</u>	<u>2,298,225</u>	<u>767,048</u>	<u>16,706,046</u>
Fund Balances:							
Nonspendable:							
Permanent fund principal			20,683,450				20,683,450
Restricted for:							
General government		1,161,478				1,830,488	2,991,966
Public safety						509,614	509,614
Public works				886,513	2,576,687	9,499	3,472,699
Health and welfare						5,648	5,648
Unemployment compensation						23,176	23,176
Unassigned	15,061,462					(178,266)	14,883,196
Total Fund Balances	<u>15,061,462</u>	<u>1,161,478</u>	<u>20,683,450</u>	<u>886,513</u>	<u>2,576,687</u>	<u>2,200,159</u>	<u>42,569,749</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,887,473</u>	<u>1,163,473</u>	<u>20,683,450</u>	<u>3,714,124</u>	<u>4,923,476</u>	<u>3,161,065</u>	<u>61,533,061</u>

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

LAFAYETTE COUNTY, MISSISSIPPIReconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2016Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 42,569,749
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$67,020,271.	60,166,642
Fines receivable are not available to pay current period expenditures and therefore are not reported in the funds:	480,980
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource and therefore is not reported in the funds.	4,715,116
Capital leases reported as deferred outflows of resources are not available to pay for current year expenditures and therefore are not reported in the funds.	40,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(6,444,453)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(116,404)
Deferred inflows of resources related to pension reported in governmental activities is not a financial resource and therefore is not reported in the funds.	(55,541)
Net pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(20,870,356)</u>
Total Net Position - Governmental Activities	\$ <u>80,485,733</u>

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

LAFAYETTE COUNTY, MISSISSIPPIExhibit 4

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

For the Year Ended September 30, 2016

	Major Funds						
	General Fund	Hospital Proceeds	Lafayette County Reserve/Trust	Countywide Road Maintenance	Bridge and Culvert Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 10,193,561			2,059,639	2,285,578	596,076	15,134,854
Road and bridge privilege taxes				523,624			523,624
Licenses, commissions, and other revenues	934,866					107,273	1,042,139
Fines and forfeitures	596,997					34,142	631,139
Intergovernmental revenues	576,883			1,986,212		823,647	3,386,742
Charges for services	1,180,547					500,754	1,681,301
Interest and investment income	62,814		1,399,817	378	1,029	831	1,464,869
Miscellaneous revenues	417,581	9,050		159,619		15,508	601,758
Total Revenues	13,963,249	9,050	1,399,817	4,729,472	2,286,607	2,078,231	24,466,426
EXPENDITURES							
Current:							
General government	4,878,195	576,832	429			814,035	6,269,491
Public safety	5,721,205					1,926,329	7,647,534
Public works				4,257,467	1,936,419	110,059	6,303,945
Health and welfare	316,911					65,226	382,137
Culture and recreation	359,717						359,717
Conservation of natural resources	145,541						145,541
Economic development and assistance	225,655					78,500	304,155
Debt service:							
Principal	244,000			132,836		26,240	403,076
Interest	159,295			4,917		7,698	171,910
Total Expenditures	12,050,519	576,832	429	4,395,220	1,936,419	3,028,087	21,987,506
Excess (Deficiency) of Revenues over (under) Expenditure	1,912,730	(567,782)	1,399,388	334,252	350,188	(949,856)	2,478,920
OTHER FINANCING SOURCES (USES)							
Long-term capital debt issued					210,541	499,430	709,971
Transfers in	27,568	205,003				246,708	479,279
Transfers out	(212,771)			(205,003)		(61,505)	(479,279)
Total Other Financing Sources (Uses)	(185,203)	205,003	-	(205,003)	210,541	684,633	709,971
Net Change in Fund Balances	1,727,527	(362,779)	1,399,388	129,249	560,729	(265,223)	3,188,891
Fund Balances - Beginning, as previously reported	13,295,206	1,524,257	19,284,062	757,264	2,015,958	2,465,382	39,342,129
Prior period adjustment	38,729						38,729
Fund Balances - Beginning, as restated	13,333,935	1,524,257	19,284,062	757,264	2,015,958	2,465,382	39,380,858
Fund Balances - Ending	\$ 15,061,462	1,161,478	20,683,450	886,513	2,576,687	2,200,159	42,569,749

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

LAFAYETTE COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2016

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 3,188,891
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,056,927 exceeded depreciation expense of \$1,843,532.	213,395
In the statement of activities, only the gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(72,963)
Debt proceeds provide current financial resources to Governmental Funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$709,971 exceeded debt repayment of \$403,076.	(306,895)
Some items reported in the statement of activities related to the implementation of GASB 68 are not reported as revenues/expenditures in the Governmental Funds. These activities include:	
Recording pension expense for the current year	(2,067,606)
Recording pension expense for prior period due to deferred outflows amortization	(1,133,126)
Recording pension expense difference in amount calculated for net pension liability	(59,661)
Recognition of contributions made during the year	1,174,088
Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:	
Change in capital lease receivable	(5,000)
Change in compensated absences	(33,583)
Change in accrued interest payable	3,067
Change in receivable fines	(1,141)
Change in Net Position of Governmental Activities	\$ <u>899,466</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
Statement of Net Position - Proprietary Fund
September 30, 2016

Exhibit 5

	Business-type Activities - Enterprise Fund
	Garbage Collection Fund
ASSETS	
Current:	
Cash	\$ 1,757,790
Accounts receivable, net allowance for doubtful accounts of \$657,726	274,648
Intergovernmental receivables	377,184
Total Current Assets	<u>2,409,622</u>
Noncurrent:	
Capital assets:	
Other capital assets, net	<u>629,828</u>
Total Noncurrent Assets	<u>629,828</u>
Total Assets	<u>629,828</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>408,069</u>
Total Deferred Outflow of Resources	<u>408,069</u>
LIABILITIES	
Current liabilities:	
Claims payable	54,332
Due to other funds	<u>42,573</u>
Total Current Liabilities	<u>96,905</u>
Noncurrent liabilities:	
Non-capital debt:	
Compensated absences payable	68,996
Pension liability, net	<u>1,808,943</u>
Total Noncurrent Liabilities	<u>1,877,939</u>
Total Liabilities	<u>1,974,844</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - advance payment on solid waste user fees	111,443
Deferred inflows related to pensions	<u>4,725</u>
Total Deferred Inflows of Resources	<u>116,168</u>
NET POSITION	
Net investment in capital assets	629,828
Restricted:	
Public safety	<u>726,679</u>
Total Net Position	<u>\$ 1,356,507</u>

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

LAFAYETTE COUNTY, MISSISSIPPIExhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2016

	Business-type Activities
	Garbage Collection
	Fund
OPERATING REVENUES	
Charges for services	\$ 1,687,124
Total Operating Revenues	<u>1,687,124</u>
OPERATING EXPENSES	
Personal services	1,298,885
Contractual services	638,437
Materials and supplies	163,203
Depreciation expense	<u>101,013</u>
Total Operating Expenses	<u>2,201,538</u>
Operating Income (Loss)	<u>(514,414)</u>
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	629,124
Interest income	670
Miscellaneous	<u>1,704</u>
Total Non-operating Revenues (Expenses)	<u>631,498</u>
Change in Net Position	<u>117,084</u>
Net Position - Beginning	<u>1,239,423</u>
Net Position - Ending	\$ <u><u>1,356,507</u></u>

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

LAFAYETTE COUNTY, MISSISSIPPIExhibit 7

Statement of Cash Flows - Proprietary Fund

For the Year Ended September 30, 2016

	Business-type Activities
	Garbage Collection
	Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,599,464
Payments to employees for services	(1,010,604)
Payments to suppliers for goods and services	(821,656)
Payments to General Fund for indirect costs	(41,795)
Net Cash Provided by (Used for) Operating Activities	(274,591)
Cash Flows From Noncapital Financing Activities:	
TVA in-lieu monies received	445,673
Miscellaneous revenues	1,704
Net Cash Provided by (Used for) Noncapital Financing Activities	447,377
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(178,907)
Capital grants received	13,790
Net Cash Provided by (Used for) Capital and Related Financing Activities	(165,117)
Cash Flows From Investing Activities:	
Interest income	670
Net Cash Provided by (Used for) Investment Activities	670
Net Change in Cash and Cash Equivalents	8,339
Cash and Cash Equivalents - Beginning	1,749,451
Cash and Cash Equivalents - End of Year	\$ 1,757,790
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Operating income (loss)	\$ (514,414)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	101,013
Change in assets and liabilities:	
Increase (decrease) in accounts receivable	(9,823)
Increase (decrease) in intergovernmental receivables	169,661
(Increase) decrease in claims payable	(6,942)
(Increase) decrease in compensated absences payable	(6,262)
(Increase) decrease in advance payments on solid waste user fees	(7,046)
(Increase) decrease in interfund payables	(778)
Total adjustments	239,823
Net Cash Provided by (Used for) Operating Activities	\$ (274,591)

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

LAFAYETTE COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 326,874
Total Assets	<u>326,874</u>
LIABILITIES	
Amounts held in custody for others	17,683
Intergovernmental payables	<u>309,191</u>
Total Liabilities	<u>\$ 326,874</u>

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

Lafayette County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2016

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Lafayette County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Lafayette County, Mississippi to present these financial statements on the primary government and its component units which have a significant operational or financial relationship with the County.

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor/Collector
- Sheriff

B. Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Lafayette County Public Improvement Corporation is comprised solely of the five members of the Lafayette County Board of Supervisors. Although created legally separate from the County under Section 31-8-3, Miss. Code Ann. (1972), the Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct county public facilities.

The Lafayette County Economic Development District is comprised solely of the five members of the Lafayette County Board of Supervisors. Although created legally separate from the County under Section 19-5-66, Miss. Code Ann. (1972), the District is reported as if it were part of the

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

primary government because its sole purpose is to enhance and develop the economic development resources of the County.

The Lafayette County Reserve and Trust Fund trustees are comprised solely of the five members of the Lafayette County Board of Supervisors. Although created legally separate from the County by Senate Bill No. 2945, the Trust is reported as if the Trust were part of the primary government because the sole purpose for the Trust is to invest the proceeds from the sale of the real and personal property related to the Baptist Memorial Hospital-North Mississippi.

C Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Fund and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of the Proprietary Fund are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with the Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2016

the current fiscal period.

The County reports the following major Governmental Funds:

General Fund- This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Hospital Proceeds - This fund is used to account for the proceeds that resulted from the sale of the Oxford-Lafayette Medical Center.

Lafayette County Reserve/Trust - This fund is used to account for the investments from the proceeds that resulted from the sale of the Oxford-Lafayette Medical Center.

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Bridge and Culvert Fund - This fund is used to account for monies from specific revenue sources that are restricted for the construction and maintenance of bridges and culverts.

The County reports the following major Enterprise Fund:

Garbage Collection Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest

Capital Project Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2016

Permanent Funds - These funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

PROPRIETARY FUND TYPES

Enterprise Fund - This fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPES

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other

funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

I. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the County’s financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year’s depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2016

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	n/a
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. 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.

Deferred outflows related to pension - This amounts represent the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 16 for additional details.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows as follows:

Property taxes for future reporting period - Unavailable revenue - property tax - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Capital leases for future reporting period - Unavailable revenue - capital leases - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

Unavailable revenue - solid waste fees - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pension - This amounts represent the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 16 for additional details.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds 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 the applicable bond premium or discount.

M. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvements of those

Lafayette County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

assets.

2. Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County.

Nonspendable fund balance includes items that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed, or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

N. Property Tax Revenues

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

O. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the “available” criterion applies for certain federal grants and shared revenues when the expenditure is made because the expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Prior Period Adjustments

A summary of the significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

Explanation	Amount
1. To correctly state capital assets at 10-01-15	(212,885)
2. To correctly state long-term debt at 10-01-15	608
3. See explanation below - Exhibit 4	38,729
Total Governmental Activities	\$ <u>(173,548)</u>

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances

Major Fund	Explanation	Amount
General Fund	To correctly state cash at 10-01-15	\$ <u>38,729</u>

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

(3) Deposits and Investments

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2016, was \$25,697,865, and the bank balance was \$25,864,079. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to place the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Cash with Fiscal Agents:

The carrying amount of the County's total cash with fiscal agents at September 30, 2016, was \$622,325.

Investments:

As provided by Senate Bill Number 2945, the board of trustees shall invest the funds in any of the investments authorized for the Mississippi Prepaid Affordable College Tuition Program under Section 37-155-9; Mississippi Code of 1972, and those investments shall be subject to the limitations prescribed by Section 37-155-9. The maximum investments in stocks shall not exceed fifty percent (50%) of the book value of the total investment fund of the system.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

Investment balances at September 30, 2016 are as follows:

Investment Type	Fair Value	Cost	Increase (Decrease)
Bonds - 51% of Trust	\$ 10,246,299	10,147,285	99,014
Stocks - 33% of Trust	6,601,479	5,980,344	621,135
Mutual Funds - 16% of Trust	3,213,347	3,250,940	(37,593)
Total	\$ 20,061,125	19,378,569	682,556

The investments are held in a custodian account with Fidelity Investments.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2017:

- Level 1 type of investments of \$20,061,125 are valued using quoted market prices (Level 1 inputs)

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. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparts, 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. The County does not have a formal policy for custodial credit risk. Of the County's investment, \$500,000 of securities, including a \$250,000 limit for cash held in a brokerage account is insured by the Securities Investor Protection Corporation (SICP). In addition, Fidelity provides its brokerage customers and additional \$1 billion dollar coverage with Lloyd's of London. How the \$1 billion would be allocated is unknown; therefore, \$500,000 is insured and an unknown portion of the \$19,561,125 is uninsured by Fidelity.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 42,573
Countywide Road Maintenance	General Fund	24,983
Bridge and Culvert Fund	General Fund	24,229
Other Governmental Funds	General Fund	8,598
Total		<u>\$ 100,383</u>

The receivable in the General Fund represent the calculated indirect costs for the fiscal year. The rest of the receivables represent the tax revenue collected but not settled until October 2016. All interfund balances are expected to be repaid within one year.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 27,568
Hospital Proceeds	Countywide Road Maintenance	205,003
Other Governmental Funds	General Fund	212,771
Other Governmental Funds	Other Governmental Funds	33,937
Total		<u>\$ 479,279</u>

The principal purpose of the interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2016 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative Tax Credit	\$ <u>327,435</u>

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

Business-Type Activities:

Description	Amount
TVA In-Lieu Payments	\$ 377,184

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Completed Construction	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:						
Land	\$ 5,171,172					5,171,172
Construction in progress	2,482,696	1,446,536		(2,980,018)	(212,885)	736,329
Total non-depreciable capital assets	7,653,868	1,446,536	0	(2,980,018)	(212,885)	5,907,501
Depreciable capital assets:						
Infrastructure	78,066,873			2,564,720		80,631,593
Buildings	24,902,574			415,298		25,317,872
Improvements other than buildings	2,665,858					2,665,858
Mobile equipment	10,882,185	384,023	347,575			10,918,633
Furniture and equipment	1,528,088	226,368	9,000			1,745,456
Total depreciable capital assets	118,045,578	610,391	356,575	2,980,018	0	121,279,412
Less accumulated depreciation for:						
Infrastructure	45,743,088	513,690				46,256,778
Buildings	9,201,920	444,479				9,646,399
Improvements other than buildings	1,659,469	56,702				1,716,171
Mobile equipment	7,490,331	700,483	274,702			7,916,112
Furniture and equipment	1,365,543	128,178	8,910			1,484,811
Total accumulated depreciation	65,460,351	1,843,532	283,612	0	0	67,020,271
Total depreciable capital assets, net	52,585,227	(1,233,141)	72,963	2,980,018	0	54,259,141
Governmental activities capital assets, net	\$ 60,239,095	213,395	72,963	0	(212,885)	60,166,642

Adjustments were made to correct construction-in-progress amount for maintenance project erroneously identified as a capital project.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

Business-type activities:

	Balance Oct. 1, 2015	Additions	Balance Sept. 30, 2016
Depreciable capital assets:			
Buildings	\$ 288,220		288,220
Mobile equipment	1,341,852	248,438	1,590,290
Total depreciable capital assets	1,630,072	248,438	1,878,510
Less accumulated depreciation for:			
Buildings	5,764	5,764	11,528
Mobile equipment	1,141,905	95,249	1,237,154
Total accumulated depreciation	1,147,669	101,013	1,248,682
Total depreciable capital assets, net	482,403	147,425	629,828
Business-type activities capital assets, net	\$ 482,403	147,425	629,828

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 548,089
Public safety	437,004
Public works	858,439
Total depreciation expense	\$ 1,843,532
Business-Type Activities:	
Garbage collection	\$ 101,013

Commitments with respect to unfinished capital projects at September 30, 2016 consisted of ongoing county and state aid road projects.

(7) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016 to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases

As Lessor:

The County leases the following property (Olin Industrial Building) with varying terms and options as of September 30, 2016:

Classes of Property	Amount
Land	\$ 233,115
Buildings	476,549
Total	<u>\$ 709,664</u>

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2016, are as follows:

Year Ending September 30,	Amount
2017	\$ 5,000
2018	5,000
2019	5,000
2020	5,000
2021	5,000
2022 - 2024	15,000
Total	<u>\$ 40,000</u>

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2016

(9) Long-Term Debt

Debt outstanding as of September 30, 2016, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<u>Governmental Activities:</u>			
A. Other Loans:			
MDA Cap Loan	\$ 5,065,820	3.00%	01/2032
Road Equipment (13 pieces)	135,257	1.55%	09/2017
Fire Station #2 Construction Loan	373,760	2.50%	01/2026
MSWIN Radios Loan	99,430	1.64%	03/2019
Road Equipment (4 pieces)	210,541	1.54%	04/2019
	<u>5,884,808</u>		
Total Other Loans	\$ <u>5,884,808</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

<u>Year Ending September 30,</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 524,488	168,401
2018	399,307	155,826
2019	409,639	145,495
2020	313,657	134,888
2021	322,914	125,630
2022 - 2026	1,730,081	478,696
2027 - 2031	1,793,174	223,297
2032	391,548	11,747
Total	\$ <u>5,884,808</u>	<u>1,443,980</u>

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
<u>Governmental Activities:</u>						
Other loans	\$ 5,578,521	709,971	403,076	(608)	5,884,808	524,488
Compensated absences	526,062	33,583			559,645	
Total	\$ <u>6,104,583</u>	<u>743,554</u>	<u>403,076</u>	<u>(608)</u>	<u>6,444,453</u>	<u>524,488</u>

Adjustment was made to correct prior period error in principal balance of a specific loan.

	Balance Oct. 1, 2015	Additions	Balance Sept. 30, 2016
<u>Business-Type Activities:</u>			
Compensated absences	\$ <u>62,734</u>	<u>6,262</u>	<u>68,996</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are the General Fund, the Countywide Road Maintenance Fund, the Bridge and Culvert Fund, the Fire Department Fund, the Enhanced 911 Fund and the Garbage Collection Fund.

(10) Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balances at September 30, 2016:

Fund	Deficit Amount
Mitigation Grants	\$ 13,440
Emergency Medical Services Operations Funds	8,340
Economic Development	16,313
West Oxford / Sisk Avenue Extension	140,173

(11) Contingencies

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the

Lafayette County, Mississippi

Notes to the Financial Statements

For the Year ended September 30, 2016

County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Solid Waste Revenue Refunding Bonds - In 2012, solid waste revenue refunding bonds were issued by the Three Rivers Solid Waste Management Authority (the Authority) for \$4,235,000. As part of a solid waste disposal service agreement between Lafayette County and the Authority, the County has agreed to pay its pro-rate share of any obligations of the Authority in the event that fees generated from solid waste disposal services for all counties included in the Authority do not sufficiently cover the debt requirement. The balance of the revenue refunding bonds at September 30, 2016 was \$2,695,000. Lafayette County is responsible for 8.81% of the bond issue or \$237,430.

(12) Joint Ventures

The County participates in the following joint ventures:

Lafayette County is a participant with the City of Oxford in a joint venture, authorize by Section 19-5-99, Miss. Code Ann. (1972), to operate the Lafayette-Oxford Development Association. The joint venture was created to foster, encourage and facilitate economic development in the County and is governed by a twenty-member board. One member each is appointed by the Lafayette County Board of Supervisors, the City of Oxford, the University of Mississippi, Chamber of Commerce and the business community. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$157,000. Complete financial statements for the Lafayette-Oxford Development Association can be obtained from 299 Jackson Avenue, Oxford, MS 38655.

Lafayette County is a participant with DeSoto, Panola, Tate and Tunica counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free library service to the citizens of the respective counties. First Regional Library is governed by a five-member board. Each participating County's Board of Supervisors appoints one member. The County appropriated \$392,062 this year to the joint venture. Complete financial statements for the First Regional Library can be obtained from the main office in Hernando or the Chancery Clerk's Office in DeSoto County.

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2016

(13) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Lafayette County Board of Supervisors appoints two of the twenty three members of the College Board of Trustees. The County appropriated \$1,390,400 for the maintenance and support of the College in fiscal year 2016.

Communicare operates in a district composed of the counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Lafayette County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$64,000 for the maintenance and support of Communicare for the fiscal year 2016.

Three Rivers Planning and Development District (the District) operates in a district comprised of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Lafayette County Board of Supervisors appoints five of the forty members of the board of directors. The County appropriated \$137,155 for support of the District in fiscal year 2016.

Three Rivers Solid Waste Management Authority operates in a district comprised of the counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union and the Cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. The Lafayette County Board of Supervisors appoints one of the fourteen members of the Board of Directors. Each governmental entity is billed based on solid waste volume collected.

Northeast Mississippi Emergency Medical Services serves the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Marshall, Pontotoc, Tishomingo and Union. The Lafayette County Board of Supervisors appoints four of the thirty six members of the Board of Directors. The County appropriated \$63,764 for the support in fiscal year 2016.

(14) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. LaFayette County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$1,273,972, \$1,244,311 and \$1,181,341, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the County reported a liability of \$22,679,299 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30,

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was 0.126966 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.001639 from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$3,260,393 in the governmental activities and \$277,374 in the business-type activities for a total pension expense of \$3,537,767. At September 30, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 672,278	\$
Net difference between projected and actual earnings on pension plan investments	2,925,671	
Change of assumptions	1,668,925	60,266
Changes in proportion and differences between County contributions and proportionate share of contributions	(462,537)	
County contributions subsequent to the measurement date	318,848	
Total	\$ 5,123,185	\$ 60,266

\$318,848 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

Year ending September 30:

2017	\$	1,868,857
2018		1,603,938
2019		823,240
2020		448,036
Total	\$	<u>4,744,071</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 - 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

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

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). 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 County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 29,079,945	\$ 22,679,299	\$ 17,368,836

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

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2016

(15) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Lafayette County evaluated the activity of the County, through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred that require disclosure in the notes to the financial statements.

The County issued the following debt obligation:

Issue Date	Interest Rate	Issue Amount	Type of Financing
6-21-17	3 - 4%	\$ 20,000,000	General Obligation Bonds

(16) Effect of Deferred Amounts on Net Position

The governmental activities unrestricted net position amount of (\$1,482,654) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$293,849 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$4,421,267 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 3 years. The \$55,541 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 4 years.

The business-type activities restricted net position amount of \$726,679 includes the effect of deferred inflows / outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$24,999 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$383,070 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 3 years. The \$4,725 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 4 years.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2016

The governmental activities' unrestricted net position amount of (\$1,482,654) includes the effect of deferring recognition of revenue resulting from property taxes for a future reporting period. The \$16,185,066 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the unrestricted net position in the next year.

The business-type activities' restricted net position amount of \$726,679 includes the effect of deferring recognition of revenue resulting from user fee advance payments. The \$111,443 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the restricted net position in the next year.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 9,341,729	\$ 9,996,483	\$ 9,996,483	\$ -
Licenses, commissions and other revenue	696,300	900,629	900,629	-
Fines and forfeitures	423,000	585,187	585,187	-
Intergovernmental revenues	585,750	576,883	576,883	-
Charges for services	950,000	1,327,319	1,327,319	-
Interest income	20,000	61,089	61,089	-
Miscellaneous revenues	586,307	647,553	647,553	-
Total Revenues	<u>12,603,086</u>	<u>14,095,143</u>	<u>14,095,143</u>	<u>-</u>
Expenditures by Major Budgetary Function				
General government	6,474,615	4,943,112	4,943,112	-
Public safety	5,618,292	5,657,923	5,657,923	-
Health and welfare	247,272	264,149	264,149	-
Culture and recreation	248,000	286,038	286,038	-
Conservation of natural resources	105,251	99,047	99,047	-
Economic development and assistance	296,105	299,155	299,155	-
Debt service:				
Principal	244,000	244,000	244,000	-
Interest	159,295	159,295	159,295	-
Total Expenditures	<u>13,392,830</u>	<u>11,952,719</u>	<u>11,952,719</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>(789,744)</u>	<u>2,142,424</u>	<u>2,142,424</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	552,013	602,680	602,680	
Transfers out	<u>(1,264,785)</u>	<u>(746,087)</u>	<u>(746,087)</u>	
Total Other Financing Sources (Uses)	<u>(712,772)</u>	<u>(143,407)</u>	<u>(143,407)</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,502,516)</u>	<u>1,999,017</u>	<u>1,999,017</u>	<u>-</u>
Fund Balances - Beginning	<u>13,131,446</u>	<u>13,106,554</u>	<u>13,106,554</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 11,628,930</u>	<u>\$ 15,105,571</u>	<u>\$ 15,105,571</u>	<u>\$ -</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Hospital Proceeds Fund

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Expenditures by Major Budgetary Function				
General government	977,779	577,691	577,691	-
Total Expenditures	977,779	577,691	577,691	-
Excess of Expenses over Revenues	(977,779)	(577,691)	(577,691)	-
Other Financing Sources (Uses)				
Other financing sources		9,478	9,478	-
Transfers in		205,003	205,003	-
Transfers out	(525,000)			-
Total Other Financing Sources (Uses)	(525,000)	214,481	214,481	-
Net Change in Fund Balance	(1,502,779)	(363,210)	(363,210)	-
Fund Balances - Beginning	1,518,402	1,526,683	1,526,683	-
Fund Balances - Ending	\$ 15,623	\$ 1,163,473	\$ 1,163,473	\$ -

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Countywide Road Maintenance

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 1,877,647	\$ 2,076,752	\$ 2,076,752	\$ -
Road and bridge privilege tax	480,000	549,023	549,023	-
Intergovernmental revenues	750,000	1,986,212	1,986,212	-
Interest income		378	378	-
Miscellaneous revenues	150,000	22,547	22,547	-
Total Revenues	<u>3,257,647</u>	<u>4,634,912</u>	<u>4,634,912</u>	<u>-</u>
Expenditures by Major Budgetary Function				
Public works	3,099,873	4,233,788	4,233,788	-
Debt service:				
Principal	145,600			-
Interest	13,500			-
Total Expenditures	<u>3,258,973</u>	<u>4,233,788</u>	<u>4,233,788</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>(1,326)</u>	<u>401,124</u>	<u>401,124</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	700,449	137,072	137,072	-
Transfers out		(205,003)	(205,003)	-
Total Other Financing Sources (Uses)	<u>700,449</u>	<u>(67,931)</u>	<u>(67,931)</u>	<u>-</u>
Net Change in Fund Balance	<u>699,123</u>	<u>333,193</u>	<u>333,193</u>	<u>-</u>
Fund Balances - Beginning	<u>1,021,537</u>	<u>865,988</u>	<u>865,988</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,720,660</u>	<u>\$ 1,199,181</u>	<u>\$ 1,199,181</u>	<u>\$ -</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Bridge and Culvert Fund

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 2,146,227	\$ 2,285,808	\$ 2,285,808	\$ -
Licenses, commissions and other revenues		210,541	210,541	-
Interest income		1,029	1,029	-
Total Revenues	<u>2,146,227</u>	<u>2,497,378</u>	<u>2,497,378</u>	<u>-</u>
Expenditures by Major Budgetary Function				
Public works	2,064,835	1,895,541	1,895,541	-
Debt service:				
Principal	79,832			-
Interest	1,560	811	811	-
Total Expenditures	<u>2,146,227</u>	<u>1,896,352</u>	<u>1,896,352</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>601,026</u>	<u>601,026</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>601,026</u>	<u>601,026</u>	<u>-</u>
Fund Balances - Beginning	<u>2,513,955</u>	<u>1,999,996</u>	<u>1,999,996</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,513,955</u>	<u>\$ 2,601,022</u>	<u>\$ 2,601,022</u>	<u>\$ -</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

Lafayette County, Mississippi

Schedule of the County's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	2016	2015	2014
County's proportion of the net pension liability (asset) \$	22,679,299	19,373,083	14,689,127
County's proportionate share of the net pension liability (asset)	0.126966%	0.125327%	0.121016%
County's covered - employee payroll	8,156,565	7,900,387	7,500,578
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	278.05%	245.22%	195.84%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

Lafayette County, Mississippi
Schedule of the County's Contributions
PERS
Last 10 Fiscal Years*

	2016	2015	2014
Contractually required contribution	\$ 1,273,972	1,244,311	1,181,341
Contributions in relation to the contractually required contribution	1,273,972	1,244,311	1,181,341
Contribution deficiency (excess)	\$ -	-	-
County's covered - employee payroll	8,088,711	7,900,387	7,500,578
Contributions as a percentage of covered - employee payroll	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the year ended September 30, 2016

1) Budgetary Schedules

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2016

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Fund:

	<u>Governmental Funds</u>			
	General Fund	Hospital Proceeds	County Wide Road Maintenance	Bridge and Culvert
Budget (Cash Basis)	\$ 1,999,017	(363,210)	333,193	601,026
Increase (Decrease)				
Net adjustments for revenue accruals	(707,009)		(42,511)	(230)
Net adjustments for expenditure accruals	435,519	431	(161,433)	(40,067)
GAAP Basis	<u>\$ 1,727,527</u>	<u>(362,779)</u>	<u>129,249</u>	<u>560,729</u>

2) Pension Schedules

A. Change in benefit provisions.

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

B. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2015 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

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

OTHER INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Name	Position	Company	Bond
Mike Pickens	Supervisor District 1	Western Surety	\$100,000
Kevin Frye	Supervisor District 1	Western Surety	\$100,000
Jeff Busby	Supervisor District 2	Western Surety	\$100,000
Robert Blackmon	Supervisor District 3	EMC Insurance	\$100,000
David Richard	Supervisor District 3	Western Surety	\$100,000
Chad McLarty	Supervisor District 4	Western Surety	\$100,000
Mike Roberts	Supervisor District 5	Western Surety	\$100,000
Lisa Carwyle	County Administrator	Western Surety	\$100,000
Jamie Rose	Assistant Receiving Clerk	FCCI	\$50,000
Judy Ballard	Assistant Receiving Clerk	Western Surety	\$50,000
Roberta Burns	Assistant Receiving Clerk	Western Surety	\$50,000
Mary Catherine Conner	Assistant Receiving Clerk	Western Surety	\$50,000
Lesley Depreist	Assistant Receiving Clerk	Western Surety	\$50,000
Fonda Kannada	Assistant Receiving Clerk	Western Surety	\$50,000
Mary Pettis	Assistant Receiving Clerk	Western Surety	\$50,000
Carrie Traylor	Assistant Receiving Clerk	Western Surety	\$50,000
Lisa Carwyle	Inventory Control Clerk	Western Surety	\$100,000
Joel Hollowell	Building Inspector	Western Surety	\$100,000
Jerry Haynie	Road Manager	Western Surety	\$50,000
Sherry Wall	Chancery Clerk	Western Surety	\$100,000
Annie M. Baker	Deputy Clerk	Western Surety	\$50,000
Gloria Ann Nicks	Deputy Clerk	Western Surety	\$50,000
Meri Jo Hardin	Deputy Clerk	Western Surety	\$50,000
Kerri Coleman	Deputy Clerk	Western Surety	\$50,000
Lisa Carwyle	Purchase Clerk	Western Surety	\$75,000
Stacie VanLandingham	Receiving Clerk	FCCI	\$75,000
Jack Edward Theobald	Constable	Western Surety	\$50,000
Jody Mayfield	Constable	Western Surety	\$50,000
Greg Pettis	Constable	Western Surety	\$50,000
Katreena Thompson	Deputy Circuit Clerk	Western Surety	\$50,000
Lasonja Pettis	Deputy Circuit Clerk	Western Surety	\$50,000
Barbara Dunn	Deputy Circuit Clerk	Western Surety	\$100,000
Alice Adams	Deputy Circuit Clerk	Western Surety	\$50,000
Nina Rikard	Deputy Circuit Clerk	Western Surety	\$50,000
Baretta Mosley	Circuit Clerk	Western Surety	\$100,000
F.D. "Buddy" East	Sheriff	RLI Insurance	\$100,000
Charles Edward Smith	Deputy Sheriff*	Western Surety	\$50,000
John Earl Dukes, Jr.	Deputy Sheriff*	Western Surety	\$50,000
Jack Edward Theobald	Deputy Sheriff*	Western Surety	\$50,000
Jody Mayfield	Deputy Sheriff*	Western Surety	\$50,000
Timmy Pruitt	Deputy Sheriff*	Western Surety	\$50,000
Caleb East	Deputy Sheriff*	Western Surety	\$50,000
Micah East	Deputy Sheriff*	Western Surety	\$50,000
Omar Ahmed	Deputy Sheriff*	Western Surety	\$50,000
Darren Allen Roberts	Deputy Sheriff*	Western Surety	\$50,000
Art Watts	Deputy Sheriff*	Western Surety	\$50,000
Nathan Noe	Deputy Sheriff*	Western Surety	\$50,000
Willie Holloway Tidwell, III	Deputy Sheriff*	Western Surety	\$50,000
James Kimmons Gray	Deputy Sheriff*	Western Surety	\$50,000
Michael Darrick Bevill	Deputy Sheriff*	Western Surety	\$50,000
Jonathan Granthom	Deputy Sheriff*	Western Surety	\$50,000
Joey Carwile	Deputy Sheriff*	Western Surety	\$50,000
Tyler Wren	Deputy Sheriff*	Western Surety	\$50,000
Brandon Vance	Deputy Sheriff*	Western Surety	\$50,000
Alan Wilburn	Deputy Sheriff*	Western Surety	\$50,000
Joseph Quarles	Deputy Sheriff*	Western Surety	\$50,000
Jeffrey South	Deputy Sheriff*	Western Surety	\$50,000

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Name	Position	Company	Bond
Wendell McNeece	Deputy Sheriff*	Western Surety	\$50,000
Chequille Wilson	Deputy Sheriff*	Western Surety	\$50,000
David Wilson	Deputy Sheriff*	Western Surety	\$50,000
Christopher Gwen Smith	Deputy Sheriff*	Western Surety	\$50,000
Scott Mills	Deputy Sheriff*	Western Surety	\$50,000
David Hoyt Box	Deputy Sheriff*	RLI Insurance	\$50,000
Randall K. Davis	Deputy Sheriff*	RLI Insurance	\$50,000
Benjamin Watts	Deputy Sheriff*	RLI Insurance	\$50,000
David Clay Cullison	Deputy Sheriff*	RLI Insurance	\$50,000
Justin Parker Canterbury	Deputy Sheriff*	Travelers	\$50,000
Courtney Terrell Dixon	Deputy Sheriff*	Travelers	\$50,000
William Bradley McDonald	Deputy Sheriff*	Travelers	\$50,000
Hoby James	Deputy Sheriff*	Travelers	\$50,000
Arthur Lee Durham	Deputy Sheriff*	Travelers	\$50,000
Justin L. Wilson	Deputy Sheriff*	Travelers	\$50,000
Rowland Carrothers	Deputy Sheriff*	Travelers	\$50,000
John E. Prince, III	Deputy Sheriff*	Western Surety	\$50,000
George Alan Castle	Deputy Sheriff*	Western Surety	\$50,000
John Brian Hill	Deputy Sheriff*	Western Surety	\$50,000
Jarrett Bundren	Deputy Sheriff*	Western Surety	\$50,000
Nora Lynn Webb	Deputy Sheriff*	Western Surety	\$50,000
Ricky Roy	Deputy Sheriff*	Western Surety	\$50,000
James Milliner	Deputy Sheriff*	Western Surety	\$50,000
Virgil M. Box	Deputy Sheriff*	Western Surety	\$50,000
Brian Lon Howell	Deputy Sheriff*	Western Surety	\$50,000
Frances Gordon	Justice Court Judge	Western Surety	\$50,000
Mickey Avent	Justice Court Judge	FCCI	\$50,000
Johnny Wayne McLarty	Justice Court Judge	Travelers	\$50,000
Jill Carwyle	Justice Court Clerk	Western Surety	\$50,000
Eulana Beavers	Deputy Justice Court Clerk	Western Surety	\$50,000
Sherrita Harris	Deputy Justice Court Clerk	Western Surety	\$50,000
Sache Adams	Deputy Justice Court Clerk	Western Surety	\$50,000
Carolyn Bell	Justice Court Judge	Western Surety	\$100,000
Mary Ann Pettis	Deputy Justice Court Clerk	Western Surety	\$50,000
Sylvia Baker	Tax Collector-Assessor	Western Surety	\$100,000
Teresa Owens Longmire	Deputy Collector	Western Surety	\$50,000
Elvia Hampton	Deputy Collector	Western Surety	\$50,000
Sheila Ray	Deputy Collector	Western Surety	\$50,000
Kristy Bishop	Deputy Collector	Western Surety	\$50,000
Mary McCain	Deputy Collector	Western Surety	\$50,000
Alta Byrd	Deputy Collector	Western Surety	\$50,000
Sophia Lumpar Sawin	Deputy Collector	Western Surety	\$50,000
Kelly Presley Smith	Deputy Collector	Western Surety	\$50,000
Alicia Watts	Deputy Assessor	Western Surety	\$10,000
Lane Martin	Deputy Assessor	Western Surety	\$10,000
Larry Britt	County Engineer	Travelers	\$50,000

* hired under Section 45-5-9, Miss. Code Ann. (1972)

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Lafayette County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Compliance and Other Matters

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard PC
September 29, 2017

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors
Lafayette County, Mississippi

We have examined Lafayette County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Lafayette County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Lafayette County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Lafayette County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases, and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

This report is intended for use in evaluating LaFayette County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 29, 2017

Certified Public Accountants

Lafayette County, Mississippi

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2016

Our test results did not identify any purchases from other than the lowest bidder.

Lafayette County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

Lafayette County, Mississippi**Schedule 3**

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2016

Date	Item Purchased	Amount Paid	Vendor
11-16-15	Fingerprint Machine	\$ 14,793	Morpho Trust USA

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Lafayette County, Mississippi

In planning and performing our audit of the financial statements of Lafayette County, Mississippi for the year ended September 30, 2016, we considered Lafayette County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Lafayette County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 29, 2017, on the financial statements of Lafayette County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 29, 2017

Certified Public Accountants

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

SCHEDULE OF FINDINGS AND RESPONSES

Lafayette County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2016

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness identified? No.
 - b. Significant deficiency identified? None reported.
3. Noncompliance material to financial statements noted? No.

Section II: Financial Statement Findings

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