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Lafayette County, Mississippi
Audited Financial Statements
And Special Reports
For the Year Ended
September 30, 2020

Fortenberry & Ballard, PC
Certified Public Accountants

Lafayette County, Mississippi

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FINANCIAL SECTION

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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 Lafayette County, Mississippi, (the County) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 Lafayette County, Mississippi, as of September 30, 2020, 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 Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the Schedule of Changes in the Total OPEB Liability and Related Ratios 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lafayette County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 November 21, 2022 on our consideration of 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 solely 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 the effectiveness of Lafayette County, Mississippi's 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 and Ballard, PC
November 21, 2022

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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, 2020. 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 2020 increased \$3,022,645 in governmental activities including a prior period adjustment of \$95,376 and a fund reclassification of \$51,567 from 2019. Total net position for 2020 decreased \$719,494 in business-type activities including a prior period adjustment of (\$12,598).
- The County had \$38,821,566 in total revenues for 2020. For 2020, tax revenues account for \$21,683,737 or 55.9% of total revenues and charges for services account for \$8,769,910 or 22.6% of total revenues. In comparison, the County had \$37,815,641 in total revenues for 2019.
- The County had \$36,652,760 in total expenses for 2020. Expenses of \$10,803,876 offset by charges for services, grants, or outside contributions. General revenues of \$28,017,690 were adequate to provide for the remainder of the expenses. In comparison, the County had \$33,173,517 in total expenses for 2019.
- Among major funds, the General Fund had \$18,855,476 in revenues and \$16,227,621 in expenditures for fiscal year 2020. The General Fund's fund balance increased \$1,490,648 over the prior year. In comparison, the General Fund had \$17,606,560 in revenues and \$13,716,677 in expenditures for 2019. The General Fund's fund balance increased \$1,160,493 over the fiscal year prior to 2019.
- Among major funds, the Bridge and Culvert Fund had \$3,560,532 in revenues and \$2,543,035 in expenditures for fiscal year 2020. The Bridge and Culvert Fund's fund balance increased \$1,531,014 over the prior year. In comparison, the Bridge and Culvert Fund had \$2,880,798 in revenues and \$4,122,844 in expenditures for 2019. The Bridge and Culvert Fund's fund balance decreased \$1,242,046 over the prior year. Variances in bridge repair activity account for the annual differences.
- Capital assets, net of accumulated depreciation, in the governmental activities increased by \$1,494,671 inclusive of a prior period adjustment of \$158,687 due to construction-in-progress coupled with the accumulated depreciation in fiscal year 2020. By comparison, capital assets, net of accumulated depreciation, in the governmental activities increased by \$14,316,492 in fiscal year 2019 over the prior fiscal year primarily due to the major capital projects constructed by the County from bond proceeds received previously.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

- In the business-type activities, capital assets, net of accumulated depreciation, increased by \$232,780 in fiscal year 2020 due to mobile equipment additions. By comparison, capital assets, net of accumulated depreciation, increased \$109,549 in fiscal year 2019 from the prior fiscal year also due to mobile equipment additions.
- Long-term debt decreased by \$964,941 in the governmental activities during fiscal year 2020 due to payments being made offset by the issuance of new debt whereas business-type activities decreased by \$29,854. By comparison, long-term debt decreased by \$1,021,796 in the governmental activities and increased \$47,555 in the business-type activities for fiscal year 2019.

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

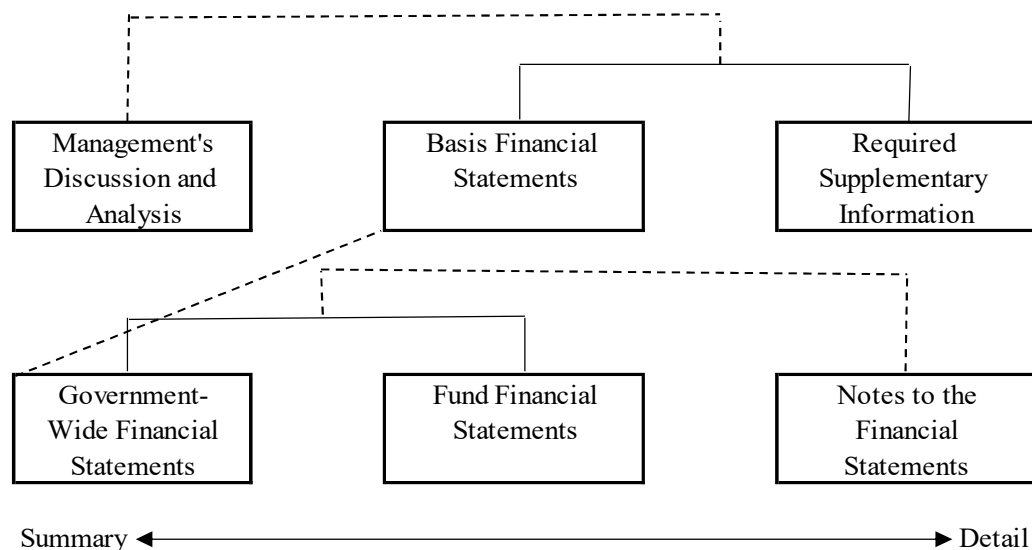


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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, 2020

	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 assets, deferred outflow of resources, liabilities and deferred inflow of resources information	All assets, deferred outflow of resources, liabilities and deferred inflow of resources, 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, deferred outflow of resources, liabilities and deferred inflow of resources 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, 2020

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 and pension expense.

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.

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.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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:

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.

A net pension liability and net OPEB liability results in a liability on the government-wide financial statements but is not reported on 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

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Liability, the Schedule of the County's Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios 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 \$96,860,658 as of September 30, 2020.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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, 2020 and September 30, 2019.

Table 1 A
Condensed Statement of Net Position

	<u>09/30/20</u>	<u>09/30/19</u>	<u>% Change</u>
Assets:			
Current assets	\$ 75,025,402	\$ 68,271,941	9.9%
Capital assets, net	95,458,395	93,963,724	1.6%
Total Assets	<u>170,483,797</u>	<u>162,235,665</u>	<u>5.1%</u>
 Deferred outflows of resources	 <u>4,770,589</u>	 <u>4,302,461</u>	 <u>10.9%</u>
 Liabilities:			
Current liabilities	3,564,568	2,142,823	66.3%
Long-term debt outstanding	25,798,105	24,833,164	3.9%
Net pension liability	28,241,277	24,823,215	13.8%
Other post employment benefits	2,907,761	2,580,903	12.7%
Total Liabilities	<u>60,511,711</u>	<u>54,380,105</u>	<u>11.3%</u>
 Deferred inflows of resources	 <u>17,882,017</u>	 <u>18,320,008</u>	 <u>-2.4%</u>
 Net Position:			
Net investment in capital assets	70,516,268	69,950,700	0.8%
Restricted	32,124,260	30,832,148	4.2%
Unrestricted	(5,779,870)	(6,944,835)	16.8%
Total Net Position	<u>\$ 96,860,658</u>	<u>\$ 93,838,013</u>	<u>3.2%</u>

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

- Cash position increase of \$3,471,760.
- Addition of new capital lease receivables for the SMW MFG, Inc. project site for \$2,131,416. The remaining principal and interest for this lease obligation paid off in the upcoming fiscal year.
- Net pension liability increases of \$3,418,062.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Table 1 B presents a summary of the County's net position for the business-type activities at September 30, 2020 and September 30, 2019.

Table 1 B
Condensed Statement of Net Position

		<u>09/30/20</u>	<u>09/30/19</u>	<u>% Change</u>
Assets:				
Current assets	\$	953,643	1,830,435	-47.9%
Capital assets, net		<u>1,473,339</u>	<u>1,240,559</u>	<u>18.8%</u>
Total Assets		<u>2,426,982</u>	<u>3,070,994</u>	<u>-21.0%</u>
Deferred outflows of resources				
		<u>443,739</u>	<u>419,120</u>	<u>5.9%</u>
Liabilities:				
Current liabilities		61,912	170,283	-63.6%
Long-term debt outstanding		85,767	115,621	-25.8%
Net pension liability		<u>2,735,961</u>	<u>2,418,131</u>	<u>13.1%</u>
Total Liabilities		<u>2,883,640</u>	<u>2,704,035</u>	<u>6.6%</u>
Deferred inflows of resources				
		<u>162,446</u>	<u>241,950</u>	<u>-32.9%</u>
Net Position:				
Net investment in capital assets		1,473,339	1,240,559	18.8%
Restricted		<u>(1,648,704)</u>	<u>(696,430)</u>	<u>-136.7%</u>
Total Net Position	\$	<u><u>(175,365)</u></u>	<u><u>544,129</u></u>	<u><u>-132.2%</u></u>

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 primarily due to purchases of mobile equipment.
- Cash position decreased \$830,688.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Additional information on unrestricted net position:

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

	Governmental Activities	Business-type Activities
Total unrestricted net position (deficit)	\$ (5,779,870)	\$ (1,648,704)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	23,667,836	2,310,560
Less unrestricted deficit in net position resulting from recognition of the OPEB liability.	<u>2,907,761</u>	<u> </u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 20,795,727</u>	<u>\$ 661,856</u>

Changes in Net Position

Lafayette County's total revenues for the fiscal year ended September 30, 2020 and 2019 were \$38,821,566 and \$37,815,641, respectively. The total cost of all services provided was \$36,652,760 for 2020 and \$33,347,135 for 2019.

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, 2020 and September 30, 2019.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Table 2 A
Changes in Net Position - Governmental Activities

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>% Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 6,607,585	5,864,145	12.7%
Operating grants & contributions	1,800,656	1,479,288	21.7%
Capital grants & contributions	233,310	5,201,430	-95.5%
General revenues:			
Taxes	21,683,737	20,811,393	4.2%
Grants and contributions	813,438	796,803	2.1%
Unrestricted interest income	907,601	659,364	37.6%
Other	4,580,397	1,012,532	352.4%
Total Revenues	<u>36,626,724</u>	<u>35,824,955</u>	<u>2.2%</u>
Expenses:			
General government	8,113,432	8,367,372	-3.0%
Public safety	9,235,716	7,528,043	22.7%
Public works	6,687,046	10,238,756	-34.7%
Health & welfare	468,576	372,691	25.7%
Culture & recreation	348,530	297,364	17.2%
Conservation of natural resources	101,284	41,604	143.4%
Economic development and assistance	4,605,737	235,027	1859.7%
Interest on long-term debt	766,770	751,701	2.0%
Pension expense	3,705,598	2,806,316	32.0%
Total Expenses	<u>34,032,689</u>	<u>30,638,874</u>	<u>11.1%</u>
Transfers	<u>281,667</u>	<u>(503,333)</u>	<u>156.0%</u>
Change in Net Position	<u>\$ 2,875,702</u>	<u>4,682,748</u>	<u>-38.6%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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

	Fiscal Year Ended 9/30/2020	Fiscal Year Ended 9/30/2019	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 2,162,325	\$ 1,861,981	16.1%
General revenues:			
Unrestricted interest income	25,624	20,864	22.8%
Miscellaneous	6,893	107,841	-93.6%
Total Revenues	<u>2,194,842</u>	<u>1,990,686</u>	<u>10.3%</u>
Expenses:			
Solid waste collection	2,275,506	2,708,261	-16.0%
Pension expense	344,565	-	N/A
Total Expenses	<u>2,620,071</u>	<u>2,708,261</u>	<u>-3.3%</u>
Transfers In (Out)	<u>(281,667)</u>	<u>503,333</u>	<u>-156.0%</u>
Change in Net Position	\$ <u>(706,896)</u>	\$ <u>(214,242)</u>	<u>-230.0%</u>

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.

	2020 Total Cost	2020 Net Cost	2019 Total Cost	2019 Net Cost
Governmental Activities:				
General government	\$ 8,113,432	\$ (3,154,170)	\$ 8,367,372	\$ (4,697,301)
Public safety	9,235,716	(6,488,378)	7,528,043	(4,804,112)
Public works	6,687,046	(5,838,131)	10,238,756	(4,161,078)
Health and welfare	468,576	(382,540)	372,691	(299,508)
Culture and recreation	348,530	(348,530)	297,364	(297,364)
Conservation of natural resources	101,284	(101,284)	41,604	(41,604)
Economic development and assistance	4,605,737	(4,605,737)	235,027	(235,027)
Interest on long-term debt	766,770	(766,770)	751,701	(751,701)
Pension expense	3,705,598	(3,705,598)	2,806,316	(2,806,316)
Total Expenses	\$ <u>34,032,689</u>	\$ <u>(25,391,138)</u>	\$ <u>30,638,874</u>	\$ <u>(18,094,011)</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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 \$51,316,087, an increase of \$2,755,244 from 2019. This amount includes a \$51,567 fund reclassification. Combined fund balance was \$48,560,843 in fiscal year 2019. 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 \$1,490,648.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Lafayette County revised its annual operating budget on several occasions. Budgeted revenues 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 are provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Activities:

Capital Assets - As of September 30, 2020, Lafayette County's total capital assets were \$168,111,414. 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 \$2,525,854. Total accumulated depreciation as of September 30, 2020, was \$72,653,019 including \$2,136,238 of depreciation expense for the year. The balance in total net capital assets was \$95,458,395 at year-end.

	<u>30-Sep-20</u>	<u>30-Sep-19</u>	<u>Change</u>
Land	\$ 5,171,172	\$ 5,171,172	0.0%
Construction in progress	29,608,875	30,447,866	-2.8%
Infrastructure	89,466,957	86,965,613	2.9%
Buildings	25,809,514	25,809,514	0.0%
Improvements other than buildings	2,665,858	2,665,858	0.0%
Mobile equipment	13,320,756	12,546,016	6.2%
Furniture and equipment	2,068,282	1,979,521	4.5%
Accumulated depreciation	(72,653,019)	(71,621,836)	1.4%
Total Capital Assets, net	\$ <u>95,458,395</u>	\$ <u>93,963,724</u>	<u>1.6%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Business-Type Activities:

Capital Assets.

As of September 30, 2020, Lafayette County's total capital assets were \$2,274,284, including buildings, and mobile equipment. This amount represents a decrease from the previous year of \$132,000. Total accumulated depreciation as of September 30, 2020 was \$800,945 including \$219,558 of depreciation expense for the year. The balance in total net capital assets was \$1,473,339 at year-end.

	<u>30-Sep-20</u>	<u>30-Sep-19</u>	<u>Change</u>
Buildings	\$ 288,220	\$ 288,220	0.0%
Mobile equipment	1,986,064	1,964,686	1.1%
Furniture and equipment	-	153,378	-100.0%
Accumulated depreciation	<u>(800,945)</u>	<u>(1,165,725)</u>	<u>31.3%</u>
Total Capital Assets, net	\$ <u>1,473,339</u>	\$ <u>1,240,559</u>	<u>18.8%</u>

Debt Administration.

Governmental Activities:

At September 30, 2020, Lafayette County had \$25,798,105 in long-term debt outstanding.

	<u>30-Sep-20</u>	<u>30-Sep-19</u>	<u>Change</u>
General Obligation Bonds	\$ 17,805,000	\$ 18,565,000	-4.1%
Premium	843,896	896,639	-5.9%
Other loans	6,293,231	4,551,385	38.3%
Compensated absences	<u>855,978</u>	<u>820,140</u>	<u>4.4%</u>
Total Long-Term Debt	\$ <u>25,798,105</u>	\$ <u>24,833,164</u>	<u>3.9%</u>

Business-Type Activities:

At September 30, 2020, Lafayette County had \$85,767 in long-term debt outstanding.

	<u>30-Sep-20</u>	<u>30-Sep-19</u>	<u>Change</u>
Compensated absences	\$ <u>85,767</u>	\$ <u>115,621</u>	<u>-25.8%</u>

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
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 32,916,116	\$ 633,656	\$ 33,549,772
Cash with fiscal agent	616,502		616,502
Investments	20,507,367		20,507,367
Property tax receivable	17,608,958		17,608,958
Accounts receivable (net of allowance for uncollectibles of \$591,607)		253,545	253,545
Fines receivable (net of allowance for uncollectibles of \$1,018,769)	632,071		632,071
Capital lease receivable	2,151,416		2,151,416
Intergovernmental receivables	521,845	134,863	656,708
Other receivables	2,706		2,706
Internal balances	68,421	(68,421)	-
Capital assets:			
Land and construction in progress	34,780,047		34,780,047
Other capital assets, net of depreciation	60,678,348	1,473,339	62,151,687
Total Assets	<u>170,483,797</u>	<u>2,426,982</u>	<u>172,910,779</u>
Deferred Outflows of Resources			
Deferred outflows related to pension	4,770,589	443,739	5,214,328
Total Deferred Outflows of Resources	<u>4,770,589</u>	<u>443,739</u>	<u>5,214,328</u>
Liabilities			
Claims payable	1,222,804	61,912	1,284,716
Intergovernmental payables	1,162,016		1,162,016
Amounts held in custody for others	932,050		932,050
Accrued interest payable	247,698		247,698
Long-term liabilities			
Other postemployment benefits payable	2,907,761		2,907,761
Due within one year:			
Capital debt	1,296,181		1,296,181
Due in more than one year:			
Capital debt	23,645,946		23,645,946
Non-capital debt	855,978	85,767	941,745
Net pension liability	28,241,277	2,735,961	30,977,238
Total Liabilities	<u>60,511,711</u>	<u>2,883,640</u>	<u>63,395,351</u>
Deferred Inflows of Resources			
Deferred inflows related to pension	197,148	18,338	215,486
Deferred revenue - advance payments on user fees		144,108	144,108
Deferred revenue - capital lease interest	75,911		75,911
Deferred revenue - property taxes	17,608,958		17,608,958
Total Deferred Inflows of Resources	<u>17,882,017</u>	<u>162,446</u>	<u>18,044,463</u>
Net Position			
Net investment in capital assets	70,516,268	1,473,339	71,989,607
Restricted for:			
Nonexpendable:			
Permanent fund	21,123,869		21,123,869
Expendable:			
General government	2,457,977		2,457,977
Public safety	1,331,307		1,331,307
Public works	6,872,624		6,872,624
Health and welfare	7,104		7,104
Economic development and assistance	294,577		294,577
Unemployment compensation	36,802		36,802
Unrestricted	(5,779,870)	(1,648,704)	(7,428,574)
Total Net Position	<u>\$ 96,860,658</u>	<u>\$ (175,365)</u>	<u>\$ 96,685,293</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2020

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 Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,113,432	\$ 4,296,339	\$ 662,923	\$	(3,154,170)	-	\$ (3,154,170)
Public safety	9,235,716	2,311,246	202,782	233,310	(6,488,378)		(6,488,378)
Public works	6,687,046		848,915		(5,838,131)		(5,838,131)
Health and welfare	468,576		86,036		(382,540)		(382,540)
Culture and recreation	348,530				(348,530)		(348,530)
Conservation of natural resources	101,284				(101,284)		(101,284)
Economic development and assistance	4,605,737				(4,605,737)		(4,605,737)
Interest on long-term debt	766,770				(766,770)		(766,770)
Pension expense	3,705,598				(3,705,598)		(3,705,598)
Total Governmental Activities	<u>34,032,689</u>	<u>6,607,585</u>	<u>1,800,656</u>	<u>233,310</u>	<u>(25,391,138)</u>		<u>(25,391,138)</u>
Business-type activities:							
Solid Waste Collection	2,275,506	2,162,325				(113,181)	(113,181)
Pension expense	344,565					(344,565)	(344,565)
Total Business-type Activities	<u>2,620,071</u>	<u>2,162,325</u>	<u>-</u>	<u>-</u>	<u>(457,746)</u>	<u>(457,746)</u>	<u>(457,746)</u>
Total Primary Government	<u>\$ 36,652,760</u>	<u>\$ 8,769,910</u>	<u>\$ 1,800,656</u>	<u>\$ 233,310</u>	<u>\$ (25,391,138)</u>	<u>\$ (457,746)</u>	<u>\$ (25,848,884)</u>
General revenues:							
Property taxes					\$ 21,080,026	\$	\$ 21,080,026
Road & bridge privilege taxes					603,711		603,711
Grants not restricted to specific programs					813,438		813,438
Unrestricted interest income					907,601	25,624	933,225
Miscellaneous					4,580,397	6,893	4,587,290
Transfers					281,667	(281,667)	-
Total General Revenues and Transfers					<u>28,266,840</u>	<u>(249,150)</u>	<u>28,017,690</u>
Change in Net Position					<u>2,875,702</u>	<u>(706,896)</u>	<u>2,168,806</u>
Net Position - Beginning, as previously reported					93,838,013	544,129	94,382,142
Prior Period Adjustments					95,376	(12,598)	82,778
Fund reclassification					51,567		51,567
Net Position, Beginning as restated					<u>93,984,956</u>	<u>531,531</u>	<u>94,516,487</u>
Net Position - Ending					<u>\$ 96,860,658</u>	<u>\$ (175,365)</u>	<u>\$ 96,685,293</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds						Other	Total
	General Fund	Hospital Proceeds	Lafayette County Reserve/Trust	Economic Development District	Countywide Road Maintenance	Bridge and Culvert	Governmental Funds	Governmental Funds
Assets								
Cash	\$ 21,207,716	\$ 782,622	\$	\$ 367,396	\$ 2,928,061	\$ 3,316,392	\$ 4,313,929	\$ 32,916,116
Investments			20,507,367					20,507,367
Cash with fiscal agent			616,502					616,502
Property tax receivable	11,083,178			180,945	2,081,124	2,509,109	1,754,602	17,608,958
Fines receivable (net of allowance for uncollectibles of \$1,018,769)	632,071							632,071
Capital lease receivable Intergovernmental receivables	20,000			2,131,416				2,151,416
Other receivables	478,766						43,079	521,845
Due from other funds	2,706							2,706
	68,421			5,681	125,995	78,783	59,776	338,656
Total Assets	<u>\$ 33,492,858</u>	<u>\$ 782,622</u>	<u>\$ 21,123,869</u>	<u>\$ 2,685,438</u>	<u>\$ 5,135,180</u>	<u>\$ 5,904,284</u>	<u>\$ 6,171,386</u>	<u>\$ 75,295,637</u>
Liabilities								
Claims payable	\$ 386,240	\$	\$	\$ 78,500	\$ 280,000	\$ 69,415	\$ 408,649	\$ 1,222,804
Intergovernmental payables	1,116,752							1,116,752
Amounts held in custody for others Due to other funds	932,050							932,050
	315,499							315,499
Total Liabilities	<u>\$ 2,750,541</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 78,500</u>	<u>\$ 280,000</u>	<u>\$ 69,415</u>	<u>\$ 408,649</u>	<u>\$ 3,587,105</u>
Deferred Inflows of Resources								
Unavailable revenue - property taxes	11,083,178			180,945	2,081,124	2,509,109	1,754,602	17,608,958
Unavailable revenue - capital leases	20,000			2,131,416				2,151,416
Unavailable revenue - fines	632,071							632,071
Total Deferred Inflows of Resources	<u>\$ 11,735,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312,361</u>	<u>\$ 2,081,124</u>	<u>\$ 2,509,109</u>	<u>\$ 1,754,602</u>	<u>\$ 20,392,445</u>
Fund Balances								
Nonspendable:								
Permanent fund principal			21,123,869					21,123,869
Restricted								
General government		782,622					1,675,355	2,457,977
Public safety							1,331,307	1,331,307
Public works					2,774,056	3,325,760	772,808	6,872,624
Health and welfare							7,104	7,104
Economic development and assistance				294,577				294,577
Debt service							184,759	184,759
Unemployment compensation							36,802	36,802
Unassigned	19,007,068							19,007,068
Total Fund Balances	<u>\$ 19,007,068</u>	<u>\$ 782,622</u>	<u>\$ 21,123,869</u>	<u>\$ 294,577</u>	<u>\$ 2,774,056</u>	<u>\$ 3,325,760</u>	<u>\$ 4,008,135</u>	<u>\$ 51,316,087</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 33,492,858</u>	<u>\$ 782,622</u>	<u>\$ 21,123,869</u>	<u>\$ 2,685,438</u>	<u>\$ 5,135,180</u>	<u>\$ 5,904,284</u>	<u>\$ 6,171,386</u>	<u>\$ 75,295,637</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, 2020**Exhibit 3-1**

Total fund balances for governmental funds	\$ 51,316,087
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.	95,458,395
Fines receivable are not available to pay current period expenditures and therefore are not reported in the funds:	632,071
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource and therefore is not reported in the funds.	4,770,589
Capital leases are not available to pay for current year expenditures and therefore are not reported in the funds	2,075,505
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(25,798,105)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(247,698)
Other postemployment benefits are not due and payable in the current period and therefore are not reported in the funds.	(2,907,761)
Deferred inflows of resources related to pension are not due and payable in the current period and therefore are not reported in the funds.	(197,148)
Net pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(28,241,277)</u>
Net position of governmental activities	\$ <u><u>96,860,658</u></u>

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

LAFAYETTE COUNTY, MISSISSIPPI

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

Exhibit 4

	Major Funds						Other	Total
	General	Hospital	Lafayette	Economic	Countywide	Bridge and	Governmental	Governmental
	Fund	Proceeds	County	Development	Road	Culvert	Funds	Funds
			Reserve/Trust	District	Maintenance			
REVENUES								
Property taxes	\$ 13,289,490	\$	\$	\$ 210,835	\$ 2,558,932	\$ 2,902,152	\$ 2,118,617	\$ 21,080,026
Road and bridge privilege taxes	139				603,572			603,711
Licenses, commissions and other revenue	1,019,248			2,298,270		94,435	587,415	3,999,368
Fines and forfeitures	343,796						14,030	357,826
Intergovernmental revenues	701,107				881,685	262,129	1,002,483	2,847,404
Charges for services	1,744,410						507,053	2,251,463
Interest income	678,506		38,300		59,263	61,567	69,965	907,601
Miscellaneous revenues	1,078,780		778,015	5,000	367,830	240,249	86,380	2,556,254
Total Revenues	<u>18,855,476</u>	<u>0</u>	<u>816,315</u>	<u>2,514,105</u>	<u>4,471,282</u>	<u>3,560,532</u>	<u>4,385,943</u>	<u>34,603,653</u>
EXPENDITURES								
Current:								
General government	6,514,898		9,880				1,423,928	7,948,706
Public safety	8,381,796						2,022,785	10,404,581
Public works					4,770,622	2,543,035	1,141,027	8,454,684
Health and welfare	444,456						24,120	468,576
Culture and recreation	348,530							348,530
Conservation of natural resources	101,284							101,284
Economic development and assistance	33,363			4,572,374			-	4,605,737
Debt service:								
Principal	274,624			104,495			799,035	1,178,154
Interest	128,670			44,213			658,508	831,391
Total Expenditures	<u>16,227,621</u>	<u>0</u>	<u>9,880</u>	<u>4,721,082</u>	<u>4,770,622</u>	<u>2,543,035</u>	<u>6,069,403</u>	<u>34,341,643</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,627,855</u>	<u>0</u>	<u>806,435</u>	<u>(2,206,977)</u>	<u>(299,340)</u>	<u>1,017,497</u>	<u>(1,683,460)</u>	<u>262,010</u>
OTHER FINANCING SOURCES (USES)								
Long-term capital debt issued				2,160,000				2,160,000
Transfers in	281,667				931,108	513,517	1,184,125	2,910,417
Transfers out	(1,418,874)	(1,039,320)	(25,305)				(145,251)	(2,628,750)
Total Other Financing Sources and Uses	<u>(1,137,207)</u>	<u>(1,039,320)</u>	<u>(25,305)</u>	<u>2,160,000</u>	<u>931,108</u>	<u>513,517</u>	<u>1,038,874</u>	<u>2,441,667</u>
Net Changes in Fund Balances	<u>1,490,648</u>	<u>(1,039,320)</u>	<u>781,130</u>	<u>(46,977)</u>	<u>631,768</u>	<u>1,531,014</u>	<u>(644,586)</u>	<u>2,703,677</u>
Fund Balances - Beginning, as previously reported	17,516,420	1,821,942	20,342,739	341,554	2,142,288	1,794,746	4,601,154	48,560,843
Fund Reclassification							51,567	51,567
Fund Balances - Beginning, as restated	<u>17,516,420</u>	<u>1,821,942</u>	<u>20,342,739</u>	<u>341,554</u>	<u>2,142,288</u>	<u>1,794,746</u>	<u>4,652,721</u>	<u>48,612,410</u>
Fund Balances - Ending	<u>\$ 19,007,068</u>	<u>\$ 782,622</u>	<u>\$ 21,123,869</u>	<u>\$ 294,577</u>	<u>\$ 2,774,056</u>	<u>\$ 3,325,760</u>	<u>\$ 4,008,135</u>	<u>\$ 51,316,087</u>

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

LAFAYETTE COUNTY, MISSISSIPPI**Exhibit 4-1**

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020

Net Changes in Fund Balances - Governmental Funds	\$ 2,703,677
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,575,567 exceeded depreciation of \$2,136,238 in the current period.	1,439,329
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the assets sold.	(103,345)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(12,855)
Debt proceeds provide current financial resources to Governmental Funds, but issuing 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 proceeds from issuance of \$2,160,000 exceeds debt repayments of \$1,178,154.	(981,846)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,705,598)
Recording of contributions made during the year	1,707,999
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:	
Increase / (decrease) in capital lease receivable	2,126,416
(Increase) / decrease in bond premiums	52,743
(Increase) / decrease in compensated absences liability	(35,838)
(Increase) / decrease in other post employment benefits payable	(326,858)
(Increase) / decrease in accrued interest payable	11,878
Change in Net Position of Governmental Activities	\$ <u>2,875,702</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, 2020

Exhibit 5

	Business-type Activities
	Garbage Collection
ASSETS	
Current assets:	
Cash	\$ 633,656
Accounts receivable (net of allowance for uncollectibles of \$591,607)	253,545
Intergovernmental receivables	134,863
Total Current Assets	<u>1,022,064</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	1,473,339
Total Noncurrent Assets	<u>1,473,339</u>
Total Assets	<u>2,495,403</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	443,739
Total Deferred Outflows of Resources	<u>443,739</u>
LIABILITIES	
Current liabilities:	
Claims payable	61,912
Due to other funds	68,421
Total Current Liabilities	<u>130,333</u>
Noncurrent liabilities:	
Net pension liability	2,735,961
Non-capital debt:	
Compensated absences payable	85,767
Total Noncurrent Liabilities	<u>2,821,728</u>
Total Liabilities	<u>2,952,061</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - advance payments on user fees	144,108
Deferred inflows related to pensions	18,338
Total Deferred Inflows of Resources	<u>162,446</u>
NET POSITION	
Net investment in capital assets	1,473,339
Unrestricted	(1,648,704)
Total Net Position	<u>\$ (175,365)</u>

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

LAFAYETTE COUNTY, MISSISSIPPI

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 6

	Business-type Activities
	Garbage Collection
OPERATING REVENUES	
Charges for services	\$ 2,162,325
Total Operating Revenues	<u>2,162,325</u>
OPERATING EXPENSES	
Cost of sales	
Personal services	1,265,441
Contractual services	717,430
Materials and supplies	73,077
Depreciation expense	219,558
Pension expense	344,565
Total Operating Expenses	<u>2,620,071</u>
Operating Income (Loss)	<u>(457,746)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	25,624
Miscellaneous	6,893
Net Nonoperating Revenue	<u>32,517</u>
Net Income (Loss) Before Transfers	(425,229)
Transfers out	<u>(281,667)</u>
Changes in Net Position	(706,896)
Net Position - Beginning, as previously reported	544,129
Prior Period Adjustment	(12,598)
Net Position - Beginning, as restated	<u>531,531</u>
Net Position - Ending	<u>\$ (175,365)</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 7

	Business-type Activities
	Garbage Collection
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,180,694
Payments to suppliers	(886,280)
Payments to employees	(1,408,289)
Net Cash Provided (Used) by Operating Activities	<u>(113,875)</u>
Cash Flows From Noncapital Financing Activities	
Transfer in	(281,667)
Other receipts / (expenses)	(5,705)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(287,372)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(455,834)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(455,834)</u>
Cash Flows From Investing Activities	
Interest on deposits	26,393
Net Cash Provided (Used) by Investing Activities	<u>26,393</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(830,688)
Cash and Cash Equivalents at Beginning of Year	1,464,344
Cash and Cash Equivalents at End of Year	<u>\$ 633,656</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (457,746)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	219,558
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	5,735
(Increase) decrease In deferred outflow - pensions	(24,619)
Increase (decrease) in claims payable	(108,371)
Increase (decrease) in compensated absences liability	(29,854)
Increase (decrease) in advance payments on solid waste user fees	15,361
Increase (decrease) in interfund payables	43,096
Increase (decrease) in net pension liability	317,830
Increase (decrease) in deferred inflow - pensions	(94,865)
Total Adjustments	<u>343,871</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (113,875)</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 8

		Agency Funds
		<hr/>
ASSETS		
Cash and investments	\$	432,249
Due from other funds		<hr/> 45,264
Total Assets	\$	<hr/> <hr/> 477,513
LIABILITIES		
Intergovernmental payables	\$	<hr/> 477,513
Total Liabilities	\$	<hr/> <hr/> 477,513

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, 2020

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

(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 to present these financial statements on the primary government and its component units which have significant operational or financial relationships 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 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

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

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 and 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 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, deferred outflows, liabilities, deferred inflows, fund balances, 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 Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. 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 Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a 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 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.

Economic Development District - This fund is used to account for countywide economic development projects and contributions to local economic development entities.

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.

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

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 Projects 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.

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 TYPE

Enterprise Fund - These funds are 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

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

not invest in any governmental securities during the fiscal year.

G. Receivables.

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

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 Financial Statements
For the Year Ended September 30, 2020

	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 pensions – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 13 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenues – property taxes – 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.

Unavailable revenue – fines - 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 revenue – capital leases interest/unavailable revenue – capital leases – 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 revenue – advance payments on user 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.

Lafayette County, Mississippi

Notes to Financial Statements

For the Year Ended September 30, 2020

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 13 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. Other Postemployment Benefits.

Plan Description

The Lafayette County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Lafayette County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

M. 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. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

N. Equity Classifications.

Government-wide Financial Statements:

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

Lafayette County, Mississippi

Notes to Financial Statements

For the Year Ended September 30, 2020

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 improvement of those 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 amounts 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.

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

Lafayette County, Mississippi

Notes to Financial Statements

For the Year Ended September 30, 2020

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.

O. 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.

P. 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 expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

Q. 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

Lafayette County, Mississippi

Notes to Financial Statements

For the Year Ended September 30, 2020

liability payable only if the payable has matured, for example an employee resigns or retires.

R. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

(2) Fund Reclassification (Accounting Change).

The Multi-Purpose Arena fund beginning cash balance of \$51,567 was reclassified from Agency Funds to a beginning fund balance in Governmental Activities because, effective October 1, 2019, it became the objective to account for arena operations to determine revenues earned and expenditures incurred.

(3) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustment is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in recording capital assets.	\$ 158,687
To correct prior year errors in recording revenues/expenditures.	(63,311)
Total prior period adjustments	<u>\$ 95,376</u>

Exhibit 2 – Statement of Activities – Proprietary Fund

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in recording revenues/expenditures.	\$ (12,598)
Total prior period adjustments	<u>\$ (12,598)</u>

(4) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$33,982,021, and the bank balance was \$34,184,693. The collateral for public entities' deposits in financial

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

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. The County does not have a formal policy for custodial credit risk. 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). Deposits above 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, 2020, was \$616,502.

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.

Investments balances at September 30, 2020, are as follows:

<u>Investment Type</u>	<u>Fair Value Level</u>	<u>Cost</u>	<u>Increase (Decrease)</u>
Bonds	\$ 17,998,440	\$ 17,996,811	\$ 1,629
Stocks	2,255,581	2,414,374	(158,793)
Exchange Traded Products	<u>253,346</u>	<u>249,750</u>	<u>3,596</u>
Total	\$ <u>20,507,367</u>	\$ <u>20,660,935</u>	\$ <u>(153,568)</u>

Investments listed above 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.

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

The County has the following recurring fair value measurements as of September 30, 2020:

- Level 1 type of investments of \$20,507,367 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 counterparty, the County will not be able to recover the value of its investments or collateral securities that

are in the possession of an outside party. 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 \$20,507,367 is uninsured by Fidelity.

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Garbage Collection	\$ 68,421
County Wide Road Maintenance	General Fund	125,995
Bridge and Culvert	General Fund	78,783
Economic Development District	General Fund	5,681
Other Governmental Funds	General Fund	59,776
Agency Funds	General Fund	45,264
Total		\$ <u>383,920</u>

The receivable in the General Fund represents the calculated indirect costs for the fiscal year. The other receivables represent the tax revenue collected in September 2020, but not settled until October 2020. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Garbage Collection	\$ 281,667
Countywide Road Maintenance	General Fund	380,000
Countywide Road Maintenance	Hospital Proceeds	538,004
Countywide Road Maintenance	Lafayette County Reserve/Trust	13,104
Bridge and Culvert	Hospital Proceeds	501,316
Bridge and Culvert	Lafayette County Reserve/Trust	12,201
Other Governmental Funds	General Fund	1,038,874
Other Governmental Funds	Other Governmental Funds	<u>145,251</u>
Total		\$ <u>2,910,417</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.

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 333,044
City of Oxford	8,205
Bureau of prisoners	2,702
Mississippi Department of Corrections (September)	12,220
E911	43,079
Mississippi Department of Corrections (August)	1,280
United States Marshall Services	82,908
Management services network	3,543
Drug court	29,703
Securus technologies	<u>5,161</u>
Total Governmental Activities	\$ <u>521,845</u>
Business-type Activities:	
TVA in-lieu payments	\$ <u>134,863</u>

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 5,171,172				5,171,172
Construction in progress	30,447,866	1,709,197		(2,548,188)	29,608,875
Total non-depreciable capital assets	35,619,038	1,709,197	-	(2,548,188)	34,780,047
<u>Depreciable capital assets:</u>					
Infrastructure	86,965,613			2,501,344	89,466,957
Building	25,809,514				25,809,514
Improvements other than buildings	2,665,858				2,665,858
Mobile equipment	12,546,016	1,674,774	900,034		13,320,756
Furniture and equipment	1,979,521	191,596	102,835		2,068,282
Total depreciable capital assets	129,966,522	1,866,370	1,002,869	2,501,344	133,331,367
<u>Less accumulated depreciated for:</u>					
Infrastructure	48,171,148	769,599		19,231	48,959,978
Buildings	11,012,482	460,803		1	11,473,286
Improvements other than buildings	1,884,118	54,543		1	1,938,662
Mobile equipment	8,788,123	757,852	797,718	(224,764)	8,523,493
Furniture and equipment	1,765,965	93,441	101,806		1,757,600
Total accumulated depreciation	71,621,836	2,136,238	899,524	(205,531)	72,653,019
Total depreciable capital assets, net	58,344,686	(269,868)	103,345	2,706,875	60,678,348
Governmental activities capital assets, net	\$ 93,963,724	1,439,329	103,345	158,687	95,458,395

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

Business-type activities:

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
<u>Depreciable capital assets:</u>				
Building	\$ 288,220			288,220
Mobile equipment	1,964,686	517,265	495,887	1,986,064
Furniture and equipment	153,378		153,378	0
Total depreciable capital assets	2,406,284	517,265	649,265	2,274,284
<u>Less accumulated depreciated for:</u>				
Building	28,822	5,764		34,586
Mobile equipment	998,863	213,794	446,298	766,359
Furniture and equipment	138,040		138,040	0
Total accumulated depreciation	1,165,725	219,558	584,338	800,945
Total depreciable capital assets, net	1,240,559	297,707	64,927	1,473,339
Business-type activities capital assets, net	\$ 1,240,559	297,707	64,927	1,473,339

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 550,671
Public safety	331,443
Public works	1,254,124
Total governmental activities depreciation expense	\$ 2,136,238
	Amount
Business-type activities:	
Solid waste	\$ 219,558

Commitments with respect to unfinished capital projects at September 30, 2020 consisted of ongoing county and state aid road projects.

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

(8) Claims and Judgements.

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 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, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessor:

The County leases the following property (Olin Industrial Building) with varying terms and options as of September 30, 2020:

The County leases the following property with varying terms and options as of September 30, 2020:

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

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2020, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 193,267	\$ 66,761
2022	1,872,238	9,150
2023	5,000	
2024	<u>5,000</u>	
Total	<u><u>\$ 2,075,505</u></u>	<u><u>75,911</u></u>

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

(10) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2017	\$ 17,805,000	3.00%	06/2037
B. Other Loans:			
MDA Cap Loan	\$ 4,014,392	3.00%	01/2032
Fire Station #2 Construction Loan	223,334	2.50%	01/2026
Tennessee Valley Authority	1,026,333	3.00%	02/2030
Three Rivers	743,291	3.75%	01/2030
Three Rivers	285,881	3.75%	01/2030
Total Other Loans	\$ 6,293,231		

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

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 785,000	629,494	511,181	192,391
2022	810,000	598,094	2,199,667	125,267
2023	840,000	565,094	342,221	106,322
2024	870,000	532,094	352,297	96,247
2025	900,000	497,294	362,686	85,850
2026 - 2030	4,995,000	1,920,670	1,753,488	275,582
2031 - 2035	5,930,000	963,970	771,691	34,897
2036 - 2040	2,675,000	126,689	-	-
Total	\$ 17,805,000	5,833,399	6,293,231	916,556

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 2.37% of the latest property assessments.

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 820,140	35,838			855,978	
General obligation bonds	18,565,000		760,000		17,805,000	785,000
Add:						
Premiums	896,639		52,743		843,896	
Other loans	4,551,385	2,160,000	418,154	-	6,293,231	511,181
Total	\$ 24,833,164	2,195,838	1,230,897	-	25,798,105	1,296,181
Business-type Activities:						
Compensated absences	\$ 115,621		29,854		85,767	-
Total	\$ 115,621	-	29,854	-	85,767	-

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.

(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 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

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

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, 2020 was \$970,000. Lafayette County is responsible for 8.81% of the bond issue or \$85,457.

(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, authorized 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 \$467,544 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.

(13) 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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 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

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

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, 2020, 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, 2020 was 17.40% 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, 2020, 2019 and 2018 were \$1,866,817, \$1,698,608, and \$1,471,416, 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, 2020, the County reported a liability of \$30,977,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, net pension liability was 0.160016 percent, which was based on a measurement date of June 30, 2020. This was an increase of .005165 percent from its proportionate share used to calculate the September 30, 2019, net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$3,705,598 in governmental activities and \$344,565 in business-type activities for a total pension expense of \$4,050,163. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 639,674	215,486
Net difference between projected and actual earnings on pension plan investments	1,385,215	
Changes of assumptions	1,315,780	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,405,302	
County contributions subsequent to the measurement date	468,357	
Total	\$ 5,214,328	215,486

\$468,357 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2021	\$ 1,681,604
2022	1,512,576
2023	926,287
2024	410,018
Total	\$ 4,530,485

Actuarial Assumptions. The total pension liability as of June 30, 2020, was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	<u>100.00 %</u>	

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

Sensitivity to 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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 40,096,228	30,977,238	23,450,407

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

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

(14) Other Postemployment Benefits.

Plan Description. The Lafayette County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Lafayette County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

Funding Policy. Benefits of the plan are provided through a fully insured medical program with BCBS. Contributions by participating retired employees, at rates determined by Lafayette County are required for continued participation. The employer has not contributed any amounts to finance future benefits under the plan for either current or future retirees.

Employees hired prior to July 1, 2011, become eligible for benefits under the plan upon attainment of 25 years of service at any age, or at age 60 and vested (employees are vested with four years of service). It is assumed that coverage will cease for each eligible retiree and spouse upon attainment of the retiree's age 65.

Employees hired after July 1, 2011, become eligible for benefits under the plan upon attainment of 30 years of service at any age, or at age 60 and vested (employees are vested with eight years of service). It is assumed that coverage will cease for each eligible retiree and spouse upon attainment of the retiree's age 65.

The benefits provided are identical to the medical benefits provided to active employees under the Lafayette County medical plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County.

Employees covered by benefit terms. At September 30, 2020, the following employees were covered by the benefit terms:

Number of Participants	
Active employees	219
Inactive employees	7
Annual Projected Payroll	\$ 9,908,300
Average Projected Earnings	\$ 45,243

Lafayette County, Mississippi

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For the Year Ended September 30, 2020

Total OPEB Liability. The County's total OPEB liability of \$2,907,761 was measured as of September 30, 2020 and was determined by an actuarial valuation as of October 1, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the September 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	2.14%
Healthcare cost trend rates	6.50% graded down to 5.75% over three years. After the transition period, medical trend follows the 2020 Getzen model.

Figures or results are based on the October 1, 2020, actuarial valuation with measurement dates of September 30, 2019, and September 30, 2020.

The discount rate is 2.14% and was based on the S&P Municipal Bond 20-Year High Grade Index as of September 30, 2020.

Mortality rates were based on the SOA PubG.H. Mortality Healthy with Scale MP-2020 for the active participants and healthy annuitants and SOA PubG.H. Mortality Disable with Scale MP-2020 for the disabled participants.

Medical claims below age 65 are fully insured premium rates for 2021 were spread over the entire population of actives and retirees with aging factors. A 20% adjustment was applied to the projected per capita cost to reflect actual retiree claims experience. The annual claims costs per person is \$15,513 for males age 65.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 09/30/19	\$ 2,580,903
Changes for the year:	
Service cost	322,071
Interest	60,922
Benefit payments	(56,135)
Net changes	326,858
Balance at 09/30/20	\$ 2,907,761

Lafayette County, Mississippi

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For the Year Ended September 30, 2020

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	\$ 3,157,679	\$ 2,907,761	\$ 2,673,490

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 5.50% and 4.75% over 3 years and following the Getzen model thereafter	Current 6.50% and 5.75% over 3 years and following the Getzen model thereafter	1% Increase 7.50% and 6.75% over 3 years and following the Getzen model thereafter
Total OPEB Liability	\$ 2,530,473	\$ 2,907,761	\$ 3,364,944

OPEB Expense Related to OPEB. For the year ended September 30, 2020, the County recognized OPEB expense of \$382,993. At September 30, 2020, the County did not report any deferred outflows of resources and deferred inflows of resources.

(15) Effect of Deferred Amounts on Net Position

The governmental activities unrestricted net position amount of (\$5,779,870) 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 \$428,512 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, 2021. The \$4,342,077 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$197,148 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized as a reduction in pension expense over the next 3 years.

Lafayette County, Mississippi

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For the Year Ended September 30, 2020

The business-type activities unrestricted net position amount of (\$1,648,704) 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 \$39,845 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, 2021. The \$403,894 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$18,338 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized as a reduction in pension expense over the next 3 years.

(16) 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 \$1,726,559 for the maintenance and support of the College in fiscal year 2020.

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 \$84,000 for the maintenance and support of Communicare for the fiscal year 2020.

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 \$27,155 for support of the District in fiscal year 2020.

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 \$4,498 for the support in fiscal year 2020.

(17) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the

Lafayette County, Mississippi

Notes to Financial Statements
For the Year Ended September 30, 2020

agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Lafayette County Board of Supervisors negotiates property tax abatements on an individual basis. Four abatements are for ten years and nine are for five years. The County had thirteen tax abatement agreements as of September 30, 2020.

The County had three types of abatements. The payments in lieu of taxes is the only type of abatement that provides for the abatement of school tax levies. None of the types of tax abatements provide for the abatement of state taxes:

Sections 27-31-100, 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

All allowable property tax levies except for countywide road fund tax levy

All companies have tax abatements under the aforementioned statutes.

Category	% of Taxes Abated During the Fiscal Year Fiscal Year	Amount of Taxes Abated During the Fiscal Year Fiscal Year
Economic development projects	34.74%	\$334,083

The companies were not required to comply with any special provisions to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

(18) 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 and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 12,682,523	12,682,523	12,909,939	227,416
Licenses, commissions and other revenue	984,500	986,500	1,050,705	64,205
Fines and forfeitures	447,000	447,000	342,020	(104,980)
Intergovernmental revenues	681,722	691,322	697,213	5,891
Charges for services	1,725,000	1,725,000	1,810,607	85,607
Interest income	350,000	350,000	672,102	322,102
Miscellaneous revenues	645,689	654,741	1,026,123	371,382
Total Revenues	<u>17,516,434</u>	<u>17,537,086</u>	<u>18,508,709</u>	<u>971,623</u>
EXPENDITURES				
Current:				
General government	7,311,697	7,478,299	6,423,300	1,054,999
Public safety	10,249,425	10,250,945	8,428,490	1,822,455
Health and welfare	385,879	385,879	382,909	2,970
Culture and recreation	499,549	499,549	346,446	153,103
Conservation of natural resources	101,172	106,251	105,631	620
Economic development and assistance	132,155	132,155	32,155	100,000
Debt service:				
Principal	274,624	274,624	266,625	7,999
Interest	128,671	128,671	136,669	(7,998)
Total Expenditures	<u>19,083,172</u>	<u>19,256,373</u>	<u>16,122,225</u>	<u>3,134,148</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,566,738)</u>	<u>(1,719,287)</u>	<u>2,386,484</u>	<u>4,105,771</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	928,432	928,432	928,432	0
Transfers out	(2,065,639)	(2,065,639)	(2,065,639)	0
Total Other Financing Sources and Uses	<u>(1,137,207)</u>	<u>(1,137,207)</u>	<u>(1,137,207)</u>	<u>0</u>
Net Change in Fund Balance	<u>(2,703,945)</u>	<u>(2,856,494)</u>	<u>1,249,277</u>	<u>4,105,771</u>
Fund Balances - Beginning	<u>12,630,590</u>	<u>14,118,671</u>	<u>17,424,227</u>	<u>3,305,556</u>
Fund Balances - Ending	<u>\$ 9,926,645</u>	<u>11,262,177</u>	<u>18,673,504</u>	<u>7,411,327</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
 For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current:				
General government	\$ 12,000			0
Total Expenditures	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(600,000)	(1,064,986)	(1,039,320)	25,666
Total Other Financing Sources and Uses	<u>(600,000)</u>	<u>(1,064,986)</u>	<u>(1,039,320)</u>	<u>25,666</u>
Net Change in Fund Balance	<u>(612,000)</u>	<u>(1,064,986)</u>	<u>(1,039,320)</u>	<u>25,666</u>
Fund Balances - Beginning	<u>0</u>	<u>1,188,893</u>	<u>1,155,730</u>	<u>(33,163)</u>
Fund Balances - Ending	<u><u>\$ (612,000)</u></u>	<u><u>123,907</u></u>	<u><u>116,410</u></u>	<u><u>(7,497)</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)

Economic Development District

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 203,102	203,102	207,085	3,983
Licenses, commissions and other revenue		2,160,000	2,298,270	138,270
Miscellaneous revenues			5,000	5,000
Total Revenues	<u>203,102</u>	<u>2,363,102</u>	<u>2,510,355</u>	<u>147,253</u>
EXPENDITURES				
Current:				
Economic development and assistance	207,000	2,217,000	2,333,874	(116,874)
Debt service:				
Principal		150,000	148,708	1,292
Total Expenditures	<u>207,000</u>	<u>2,367,000</u>	<u>2,482,582</u>	<u>(115,582)</u>
Net Change in Fund Balance	<u>(3,898)</u>	<u>(3,898)</u>	<u>27,773</u>	<u>31,671</u>
Fund Balances - Beginning	<u>338,578</u>	<u>338,578</u>	<u>339,623</u>	<u>1,045</u>
Fund Balances - Ending	\$ <u><u>334,680</u></u>	<u><u>334,680</u></u>	<u><u>367,396</u></u>	<u><u>32,716</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)
 Countywide Road Maintenance
 For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,425,328	3,010,328	2,514,674	(495,654)
Road and bridge privilege taxes	585,000	781,185	597,823	(183,362)
Intergovernmental revenues	781,185		881,685	881,685
Interest income	20,000	20,000	57,434	37,434
Miscellaneous revenues	15,000	192,563	367,830	175,267
Total Revenues	<u>3,826,513</u>	<u>4,004,076</u>	<u>4,419,446</u>	<u>415,370</u>
EXPENDITURES				
Current:				
Public works	4,404,292	4,643,294	4,606,056	37,238
Total Expenditures	<u>4,404,292</u>	<u>4,643,294</u>	<u>4,606,056</u>	<u>37,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(577,779)</u>	<u>(639,218)</u>	<u>(186,610)</u>	<u>452,608</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,140,000	980,000	931,109	(48,891)
Total Other Financing Sources and Uses	<u>1,140,000</u>	<u>980,000</u>	<u>931,109</u>	<u>(48,891)</u>
Net Change in Fund Balance	<u>562,221</u>	<u>340,782</u>	<u>744,499</u>	<u>403,717</u>
Fund Balances - Beginning	<u>1,545,362</u>	<u>1,836,753</u>	<u>2,178,246</u>	<u>341,493</u>
Fund Balances - Ending	<u>\$ 2,107,583</u>	<u>2,177,535</u>	<u>2,922,745</u>	<u>745,210</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

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,812,482	2,812,482	2,850,181	37,699
Licenses, Commissions and other revenues	-	94,435	94,435	0
Intergovernmental revenues	-	-	262,129	262,129
Interest income	45,000	45,000	58,615	13,615
Miscellaneous revenues	104,000	104,000	240,249	136,249
Total Revenues	<u>2,961,482</u>	<u>3,055,917</u>	<u>3,505,609</u>	<u>449,692</u>
EXPENDITURES				
Current:				
Public works	3,852,273	3,725,269	2,633,036	1,092,233
Total Expenditures	<u>3,852,273</u>	<u>3,725,269</u>	<u>2,633,036</u>	<u>1,092,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(890,791)</u>	<u>(669,352)</u>	<u>872,573</u>	<u>1,541,925</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			513,517	513,517
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>513,517</u>	<u>513,517</u>
Net Change in Fund Balance	<u>(890,791)</u>	<u>(669,352)</u>	<u>1,386,090</u>	<u>2,055,442</u>
Fund Balances - Beginning	<u>2,137,390</u>	<u>1,994,834</u>	<u>1,923,821</u>	<u>(71,013)</u>
Fund Balances - Ending	<u>\$ 1,246,599</u>	<u>1,325,482</u>	<u>3,309,911</u>	<u>1,984,429</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

Last 10 Fiscal Years*

For the Year Ended September 30, 2020

		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)		0.160016%	0.154851%	0.144042%	0.133787%	0.126966%	0.125327%	0.121016%
County's proportionate share of the net pension liability (asset)	\$	30,977,238	27,241,346	23,958,464	22,239,940	22,679,298	19,373,083	14,689,127
County's covered payroll	\$	10,728,836	10,350,479	10,085,048	8,582,533	8,122,343	7,829,708	7,391,308
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		288.73%	263.19%	237.56%	259.13%	279.22%	247.43%	198.74%
Plan fiduciary net position as a percentage of the total pension liability		58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,866,817	1,673,546	1,471,416	1,377,476	1,273,972	1,244,311	1,181,341
Contributions in relation to the contractually required contribution	<u>1,866,817</u>	<u>1,673,546</u>	<u>1,471,416</u>	<u>1,377,476</u>	<u>1,273,972</u>	<u>1,244,311</u>	<u>1,181,341</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,728,836	10,350,479	9,342,324	8,745,880	8,088,711	7,900,387	7,500,578
Contributions as a percentage of covered payroll	17.40%	16.41%	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

LAFAYETTE COUNTY, MISSISSIPPI

Schedule of Changes in the Total OPEB Liability and Related Ratios

OPEB

Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 322,071	\$ 306,734
Interest	60,922	54,074
Contributions - Employer	<u>(56,135)</u>	<u>(52,709)</u>
Net change in Total OPEB Liability	\$ <u>326,858</u>	\$ <u>308,099</u>
 Total OPEB Liability - beginning	 \$ <u>2,580,903</u>	 \$ <u>2,272,804</u>
 Total OPEB Liability - ending	 \$ <u><u>2,907,761</u></u>	 \$ <u><u>2,580,903</u></u>
 Covered Employee Payroll	 \$ 9,908,300	 \$ 9,619,709
 Total OPEB Liability as a percentage of covered employee payroll	 29.3%	 26.8%

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten-year trend is compiled, the County has only presented information for the years in which information is available.

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

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-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 revise 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 supplementary 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).

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

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

	Governmental Fund Types				
	General Fund	Hospital Proceeds	Economic Development District	Countywide Road Maintenance	Bridge and Culvert
Budget (Cash Basis)	\$ 1,249,277	(1,039,320)	27,773	744,499	1,386,090
Increase (Decrease)					
Net adjustments for revenue accruals	346,767		2,163,750	51,835	54,923
Net adjustments for expenditure accruals	(105,396)		(2,238,500)	(164,566)	90,001
GAAP Basis	\$ 1,490,648	(1,039,320)	(46,977)	631,768	1,531,014

Pension. Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

OPEB Schedules

A. Changes of assumptions.

2020

None.

2019

None.

B. Changes in benefit provisions.

2020

None.

2019

None.

C. Actuarial methods and assumptions.

2019

Actuarial valuation method	Entry age normal
Discount method	2.14 percent per annum
Salary increases	3.00 percent per annum
Expected long-term rate of return on plan assets	Not applicable
Plan participation	90 percent of future eligible retirees are assumed to elect medical coverage upon retirement
Dependent coverage	For current and future retirees, actual spouse coverage information was used. Actual spouse ages were used.
Age variance	Medical claims were adjusted by both age and gender based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013.
Administrative expenses	Assumed to be included in the medical claim cost.
Retiree contributions	Assumed to increase at the health care cost trend rate. Retirees are required to contribute 100 percent of the total fully insured premium rate.

SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

<u>Federal Grantor/ Pass-through Grantor/ Program Title or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture / Passed-through the Office of the State Treasurer Schools and Roads - Grants to States	10.665	N/A	\$ 68,632
Direct Award: Emergency Watershed Protection Program	10.923	N/A	<u>94,435</u>
Total U.S. Department of Agriculture			<u>163,067</u>
U.S. Department of Defense / Passed-through the Office of the State Treasurer Flood Control Projects	12.106	N/A	<u>54,403</u>
U.S. Department of Transportation / Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	EFL 1839 4 BO	<u>19,113</u>
U.S. Department of the Treasury / Passed-through the Mississippi Emergency Management Agency COVID-19 Coronavirus Relief Fund*	21.019	FIPS089-99089-00	<u>648,649</u>
U.S. Department of Homeland Security / Passed-through the Mississippi Emergency Management Emergency Management Performance Grants	97.042	N/A	43,424
State Homeland Security Program	97.073	N/A	<u>83,594</u>
Total U.S. Department of Homeland Security			<u>127,018</u>
Total Expenditures of Federal Awards			\$ <u><u>1,012,250</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lafayette County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lafayette County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lafayette County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Lafayette County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

* Denotes major federal award program

OTHER INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
"Unaudited"

Name	Position	Company	Bond
Kevin Frye	Supervisor District 1	Western Surety	\$ 100,000
Brent Larson	Supervisor District 1	Western Surety	\$ 100,000
Jeff Busby	Supervisor District 2	Western Surety	\$ 100,000
Larry Gillespie	Supervisor District 2	Western Surety	\$ 100,000
David Rikard	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
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
Tina Johnson	Deputy Clerk	Western Surety	\$ 50,000
Kerri Coleman	Deputy Clerk	Western Surety	\$ 50,000
Lisa Carwyle	Purchase Clerk	Western Surety	\$ 75,000
Lisa Carwyle	Inventory Control Clerk	Western Surety	\$ 75,000
Stacie VanLandingham	Receiving Clerk	FCII	\$ 75,000
Jamie Rose	Assistant Receiving Clerk	FCII	\$ 50,000
Judy Ballard	Assistant Receiving Clerk	Western Surety	\$ 50,000
Robert 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
Joel Hollowell	Director of Developmental Services	Western Surety	\$ 100,000
Joe Bynum	Road Manager	Western Surety	\$ 50,000
Jack Edward Theobald	Constable	Western Surety	\$ 50,000
Jody Mayfield	Constable	Western Surety	\$ 50,000
Chris Smith	Constable	Western Surety	\$ 50,000
Greg Pettis	Constable	Western Surety	\$ 50,000
Baretta Mosley	Circuit Clerk	Western Surety	\$ 100,000
Jeff Busby	Circuit Clerk	Western Surety	\$ 100,000
Katreena Thompson	Deputy Circuit Clerk	Western Surety	\$ 50,000
Lasonja Pettis	Deputy Circuit Clerk	Western Surety	\$ 50,000
Katrina Colston	Deputy Circuit Clerk	Western Surety	\$ 50,000
Alice Adams	Deputy Circuit Clerk	Western Surety	\$ 50,000
Chyna Sinervo	Deputy Circuit Clerk	Western Surety	\$ 50,000
Joey 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
D.J. Allen	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
D.H. Arbuckle	Deputy Sheriff*	Western Surety	\$ 50,000
Nathan Noe	Deputy Sheriff*	Western Surety	\$ 50,000
Willie Holloway Tidwell, III	Deputy Sheriff*	Western Surety	\$ 50,000
R.B. Blackmon	Deputy Sheriff*	Western Surety	\$ 50,000

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
"Unaudited"

Name	Position	Company	Bond
Michael Darrick Bevill	Deputy Sheriff*	Western Surety	\$ 50,000
Jonathan Grantham	Deputy Sheriff*	Western Surety	\$ 50,000
M.C. Brannon	Deputy Sheriff*	Western Surety	\$ 50,000
Tyler Wren	Deputy Sheriff*	Western Surety	\$ 50,000
G.W. Clemons	Deputy Sheriff*	Western Surety	\$ 50,000
Alan Wilburn	Deputy Sheriff*	Western Surety	\$ 50,000
Joseph Quarles	Deputy Sheriff*	Western Surety	\$ 50,000
M.C. Connor	Deputy Sheriff*	Western Surety	\$ 50,000
Wendell McNece	Deputy Sheriff*	Western Surety	\$ 50,000
J.S. Fingerman	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
J.M. Frye	Deputy Sheriff*	Western Surety	\$ 50,000
J.T. Harden	Deputy Sheriff*	Western Surety	\$ 50,000
M.C. Hickinbottom	Deputy Sheriff*	Western Surety	\$ 50,000
H.L. James	Deputy Sheriff*	Western Surety	\$ 50,000
B.T. Leheny	Deputy Sheriff*	Western Surety	\$ 50,000
J.K. Ramey	Deputy Sheriff*	Western Surety	\$ 50,000
B.J. Rodela, Jr.	Deputy Sheriff*	Western Surety	\$ 50,000
K.E. Shoffner	Deputy Sheriff*	Western Surety	\$ 50,000
C.L. Traylor	Deputy Sheriff*	Western Surety	\$ 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
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
Ricky Roy	Deputy Sheriff*	Western Surety	\$ 50,000
James Milliner	Deputy Sheriff*	Western Surety	\$ 50,000
Brian Lon Howell	Deputy Sheriff*	Western Surety	\$ 50,000
Carolyn Bell	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
Laci Frye	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Mary Ann Pettis	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Sylvia Baker	Tax Collector-Assessor	Western Surety	\$ 100,000
Spenser Russell	Deputy Collector	Western Surety	\$ 50,000
Kori Cupps	Deputy Collector	Western Surety	\$ 50,000
Sheila Kelly	Deputy Collector	Western Surety	\$ 50,000
Kristy Hollowell	Deputy Collector	Western Surety	\$ 50,000

LAFAYETTE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
"Unaudited"

Name	Position	Company	Bond	
Mary McCain	Deputy Collector	Western Surety	\$	50,000
Sophia Sawin	Deputy Collector	Western Surety	\$	50,000
Kelly Smith	Deputy Collector	Western Surety	\$	50,000
Alicia Watts	Deputy Assessor	Western Surety	\$	50,000
Alta Byrd	Deputy Assessor	Western Surety	\$	50,000
Lindsey Ann Hill	Deputy Assessor	Western Surety	\$	50,000
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 THE 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 (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette County, Mississippi'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 Lafayette County, Mississippi'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 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.

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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 result 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 and Ballard, PC
November 21, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors
Lafayette County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Lafayette County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Lafayette County, Mississippi's major federal program for the year ended September 30, 2020. Lafayette County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Lafayette County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

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Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC
November 21, 2022

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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. 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 such 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, 2020.

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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 examination and, in our opinion, is fairly presented in relation to that examination.

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 and Ballard, PC
November 21, 2022

Certified Public Accountants

Lafayette County, Mississippi

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2020

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

Lafayette County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

Our tests did not identify any emergency purchases.

Lafayette County, MississippiSchedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
11/18/2019	Bullex BullsEye Digital Simulation Panel Base Package	\$	11,861	NAFECO
7/6/2020	Hurst Jaws of Life		19,797	MES Municipal Emergency Services

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, 2020, 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 November 21, 2022, on the financial statements of Lafayette County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of 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.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Board of Supervisors.

Finding #1

Board of Supervisors Should Ensure Compliance with State Law Over Road Inspection Reports

Repeat Finding: Yes

Criteria:

Section 65-7-117, Miss. Code Ann. (1972), states, "Each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County not later than December 31, 1989, and thereafter, not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him with recommendations by him for a four-year plan for construction and major maintenance of each roads and bridges."

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Condition:

Per test work, it was determined that road inspection reports were not spread upon the official minutes of the Board of Supervisors.

Cause:

Road inspection reports were not spread upon the official minutes of the Board of Supervisors.

Effect:

Failure to inspect every road and bridge in each district and spreading road inspection reports upon the official minutes of the Board of Supervisors may result in insufficient maintenance of public roads and bridges.

Recommendation:

The Board of Supervisors should inspect all roads and bridges in each district and reports of such should be spread upon the official minutes.

Official Response:

As of April 5, 2021, and for each fiscal year thereafter, the Board of Supervisors will spread road inspection reports on the Board minutes.

Lafayette County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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 and Ballard, PC
November 21, 2022

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Lafayette County, Mississippi

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020**

Section 1: 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 the financial statements noted? No.

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? No.
 - b. Significant deficiency identified? None reported.
5. Type of auditor's report issued on compliance for major federal programs: Unmodified.
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

7. Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? No.
10. Prior fiscal year audit finding(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)?
No.

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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