

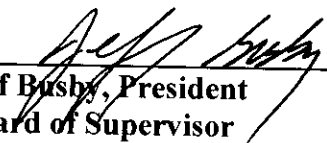
**ORDER: ACCEPT FY 2015 AUDIT REPORT FROM
FORTENBERRY & BALLARD, PC**

Motion was made by Kevin Frye, duly seconded by David Rikard,
to accept FY 2015 Audit report from Fortenberry & Ballard, PC.


The vote on the motion was as follows:

Supervisor Kevin Frye, voted yes
Supervisor Jeff Busby, voted yes
Supervisor David Rikard, voted yes
Supervisor Chad McLarty, voted yes
Supervisor Mike Roberts, voted yes

After the vote, President Busby, declared the motion carried, this the
1st day of August, 2016.



Jeff Busby, President
Board of Supervisor



Sherry Wall, Chancery Clerk

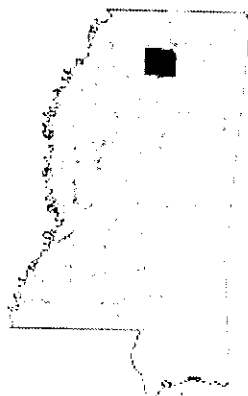
Lafayette County, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2015

Fortenberry & Ballard, PC
Certified Public Accountants

Lafayette County, Mississippi
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Lafayette County Location in Mississippi



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

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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Lafayette County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette County, Mississippi (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette County, Mississippi, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the school district adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of October 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, on our consideration of the Lafayette County, Mississippi's internal control over

financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lafayette County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 27, 2016

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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, 2015. 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 2015 decreased \$22,096,762 including a prior period adjustment of \$17,732,240, which represents a 21% decrease from 2014. This decrease was mainly due to the recording of the net pension liability. Total net position for 2014 increased \$979,254, which represents a 1% increase from 2013.
- The County had \$22,256,732 in total revenues for 2015. Tax revenues account for \$13,610,826 or 61% of total revenues for 2015. Charges for services account for \$4,314,509 or 19% for 2015. The County had \$23,610,701 in total revenues for 2014. Tax revenues account for \$12,181,734 or 52% of total revenues for 2014. Charges for services account for \$5,229,554 or 22% for 2014.
- For 2015, the County had \$26,621,254 in total expenses. Expenses in the amount of \$6,872,423 were offset by charges for services, grants, or outside contributions. General revenues of \$15,384,309 were not adequate to provide for the remainder of the expenses. For 2014, the County had \$22,631,447 in total expenses. Expenses in the amount of \$8,090,178 were offset by charges for services, grants, or outside contributions. General revenues of \$15,520,523 were adequate to provide for the remainder of the expenses.
- Among major funds, the General Fund had \$11,639,543 in revenues and \$11,764,156 in expenditures. The General Fund's fund balance decreased \$347,818 over the prior year. For 2014, the General Fund had revenues of \$11,981,758, and expenditures in the amount of \$11,115,821. Its fund balance increased \$830,897 over the prior year.
- Among major funds, the Bridge and Culvert Fund had \$2,322,589 in revenues, and \$1,521,027 in expenditures. The Bridge and Culvert Fund's fund balance increased \$501,562 from 2014. In the prior year, the Bridge and Culvert Fund had \$2,197,100 in revenues, and \$1,364,706 in expenditures. The Bridge and Culvert Fund's fund balance increased \$967,315 over the prior year.
- Capital assets, net of accumulated depreciation, in the governmental activities increased by \$1,594,729 primarily due to additions to mobile equipment. In 2014, capital assets, net of accumulated depreciation, in the governmental activities decreased by \$1,603,208.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

- In the business-type activities, capital assets, net of accumulated depreciation, decreased by \$270,389 mainly due to adjustments made to correctly present accumulated depreciation for mobile equipment. In 2014, capital assets, net of accumulated depreciation, increased \$217,197.
- Long-term debt increased by \$5,590,916 in the governmental activities due to an adjustment needed to record debt not previously reported by the County, and decreased \$1,094 in the business-type activities. In 2014, long-term debt increased by \$22,184 in the governmental activities and increased \$9,661 in the business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

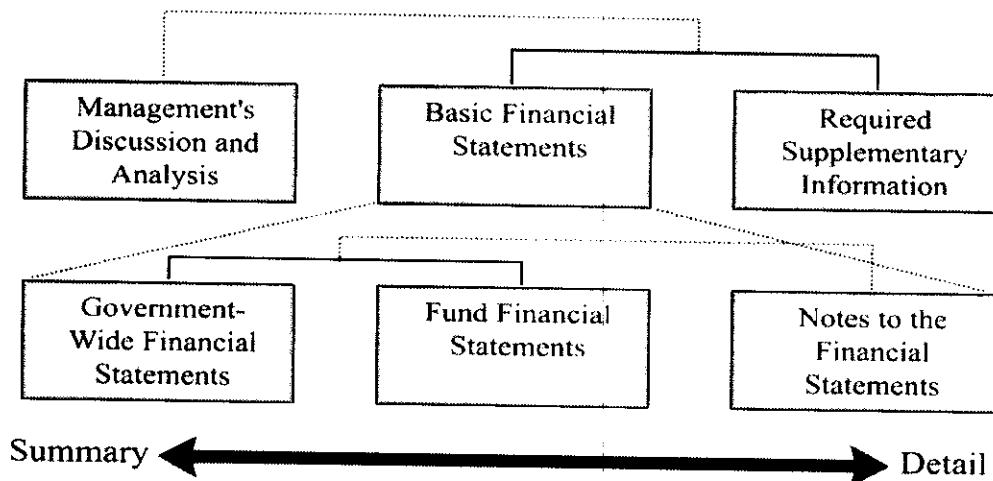


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

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

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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, pension expense and interest on long-term debt. The business-type activities of the County include solid waste collection.

Fund Financial Statements

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

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of the County's financial position. In the case of Lafayette County, total assets and total deferred outflows of resources exceeded total liabilities and total deferred inflows of resources by \$80,999,238 as of September 30, 2015.

Management's Discussion and Analysis
For the Year Ended September 30, 2015

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, 2015 and September 30, 2014.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

Table 1 A
Condensed Statement of Net Position

	09/30/15	09/30/14	% Change
Assets:			
Current assets	\$ 55,557,049	54,056,050	3%
Capital assets, net	60,239,095	58,644,366	3%
Total Assets	115,796,144	112,700,416	3%
Deferred outflows of resources	3,698,884		N/A
Liabilities:			
Current liabilities	1,407,900	1,083,504	30%
Long-term debt outstanding	6,104,583	513,667	1088%
Net pension liability	17,823,360		N/A
Total Liabilities	25,335,843	1,597,171	1486%
Deferred inflows of resources	14,399,370	10,509,317	37%
Net Position:			
Net investment in capital assets	54,660,574	58,644,366	-7%
Restricted	26,339,086	28,508,351	-8%
Unrestricted	(1,239,845)	13,441,211	-109%
Total Net Position	79,759,815	100,593,928	-21%

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

- Net pension liability of \$17,823,360 added due to GASB 68 and 71 implementation.
- Addition of long-term debt instrument of \$5,546,713 not previously recognized by the county.

Management's Discussion and Analysis
For the Year Ended September 30, 2015

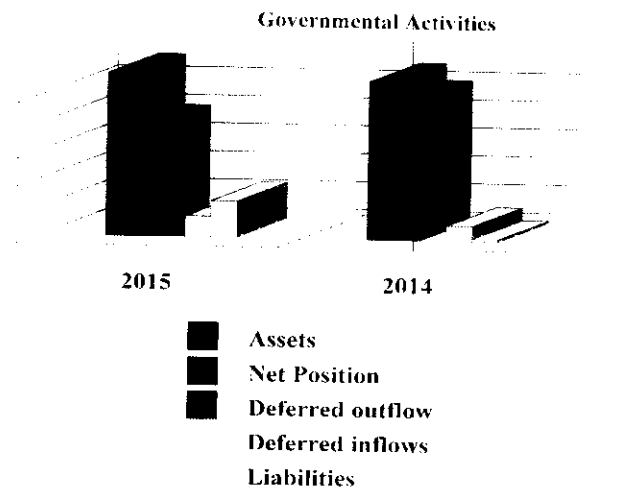


Table 1 B presents a summary of the County's net position for the business-type activities at September 30, 2015 and September 30, 2014.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

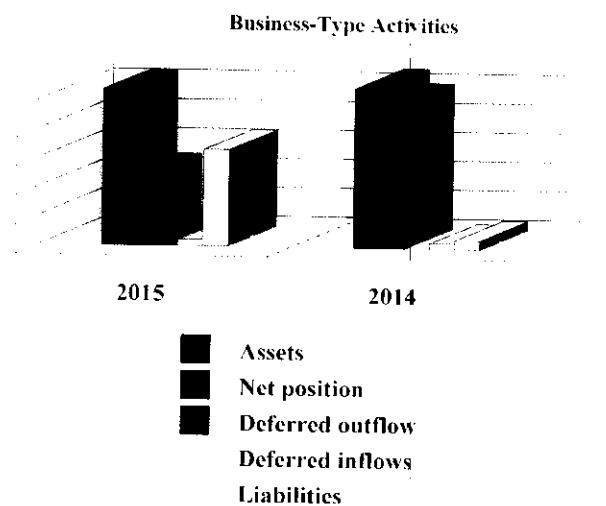
Table 1 B
Condensed Statement of Net Position

	09/30/15	09/30/14	% Change
Assets:			
Current assets	\$ 2,199,650	1,991,894	10%
Capital assets, net	482,403	752,792	-36%
Total Assets	<u>2,682,053</u>	<u>2,744,686</u>	<u>-2%</u>
Deferred outflows of resources	<u>321,614</u>		N/A
Liabilities:			
Current liabilities	47,390	85,521	-45%
Long-term debt outstanding	62,734	63,828	-2%
Net pension liability	1,549,723		N/A
Total Liabilities	<u>1,659,847</u>	<u>149,349</u>	<u>1011%</u>
Deferred inflows of resources	<u>104,397</u>	<u>93,265</u>	<u>12%</u>
Net Position:			
Net investment in capital assets	482,403	752,792	-36%
Restricted	757,020		N/A
Unrestricted		1,749,280	-100%
Total Net Position	<u>\$ 1,239,423</u>	<u>2,502,072</u>	<u>-50%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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

- The recording of the net pension liability due to GASB Statement No. 68 and 71 implementation during the year.
- Capital assets, net of accumulated depreciation, decreased by \$270,389 primarily due to an adjustment needed to properly present accumulated depreciation for mobile equipment.



Additional information on unrestricted net position:

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

	Governmental Activities
Total unrestricted net position (deficit)	\$ (1,239,845)
Less unrestricted deficit in net position resulting from implementation of GASB Statement No. 68 and No. 71	14,124,476
Unrestricted net position, exclusive of the net pension liability effect	\$ 12,884,631

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

Changes in Net Position

Lafayette County's total revenues for the fiscal year ended September 30, 2015 were \$22,256,732 and \$23,610,701 for 2014. The total cost of all services provided was \$26,621,254 for 2015 and \$22,631,447 for 2014.

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, 2015 and September 30, 2014.

Table 2 A
Changes in Net Position - Governmental Activities

	Fiscal Year Ended 09/30/15	Fiscal Year Ended 09/30/14	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 2,634,678	3,917,818	-33%
Operating grants & contributions	1,442,154	930,434	55%
Capital grants & contributions	499,319	1,382,127	-64%
General revenues:			
Taxes	13,610,826	12,687,635	7%
Grants and contributions	501,500		N/A
Unrestricted interest income	603,566	22,575	2574%
Other	582,599	2,772,438	-79%
Total Revenues	<u>19,874,642</u>	<u>21,713,027</u>	<u>-8%</u>
Expenses:			
General government	6,970,675	4,426,519	57%
Public safety	6,323,562	7,845,676	-19%
Public works	7,369,980	7,087,548	4%
Health & welfare	345,895	321,440	8%
Culture & recreation	275,176	370,670	-26%
Conservation of natural resources	94,266	99,703	-5%
Economic development and assistance	303,631	536,927	-43%
Interest on long-term debt	289,274		N/A
Pension expense	2,329,357		N/A
Total Expenses	<u>24,301,816</u>	<u>20,688,483</u>	<u>17%</u>
Change in Net Position	<u>\$ (4,427,174)</u>	<u>1,024,544</u>	<u>-532%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

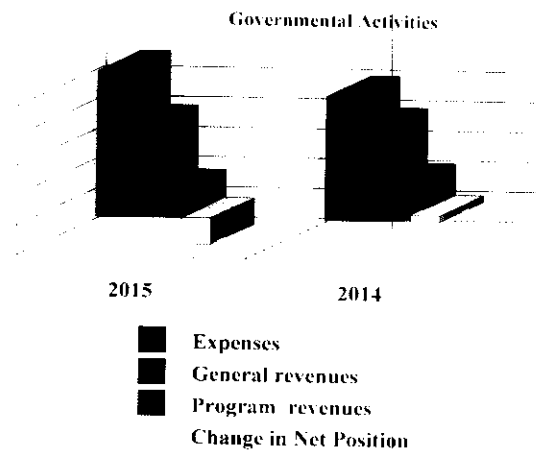
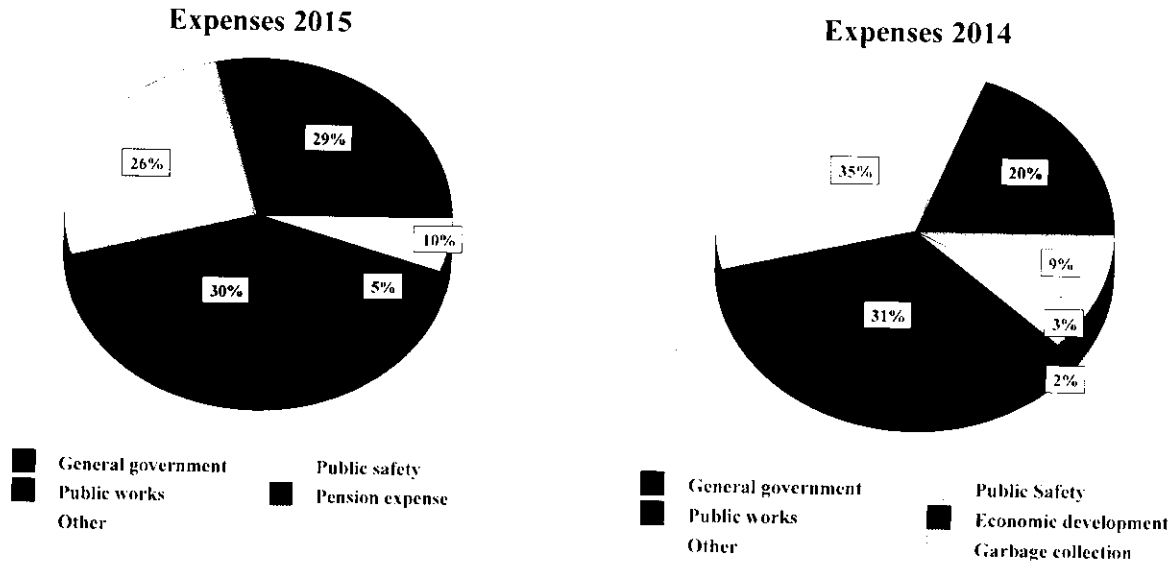


Table 2 B
Changes in Net Position - Business-Type Activities

	Fiscal Year Ended 09/30/15	Fiscal Year Ended 09/30/14	% Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,679,831	1,311,736	28%
Operating grants & contributions	616,441	548,063	12%
General revenues:			
Unrestricted interest income	928	1,855	-50%
Other	84,890	36,020	136%
Total Revenues	<u>2,382,090</u>	<u>1,897,674</u>	<u>26%</u>
Expenses:			
Garbage Collection	<u>2,319,438</u>	<u>1,942,964</u>	<u>19%</u>
Total Expenses	<u>2,319,438</u>	<u>1,942,964</u>	<u>19%</u>
Change in Net Position	<u>\$ 62,652</u>	<u>(45,290)</u>	<u>-238%</u>

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015



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 & 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.

	2015 Total Cost	2015 Net Cost	2014 Total Cost	2014 Net Cost
Governmental Activities:				
General government	\$ 6,970,675	(6,252,943)	4,426,519	(3,531,352)
Public safety	6,323,562	(3,795,602)	7,845,676	(4,395,036)
Public works	7,369,980	(6,101,750)	7,087,548	(5,240,020)
Health and welfare	345,895	(283,666)	321,440	(289,396)
Culture and recreation	275,176	(275,176)	370,670	(370,670)
Conservation of natural resources	94,266	(94,266)	99,703	(99,703)
Economic development and assistance	303,631	(303,631)	536,927	(531,927)
Interest on long-term debt	289,274	(289,274)		
Pension expense	2,329,357	(2,329,357)		
Total Expenses	\$ 24,301,816	(19,725,665)	20,688,483	(14,458,104)

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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 \$39,342,129, a decrease of \$2,303,752 from 2014. In 2014, the combined fund balance was \$41,645,881 an increase of \$3,177,148 from the prior year. The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$347,818.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Activities:

Capital Assets - As of September 30, 2015, Lafayette County's total capital assets were \$125,699,446. 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 \$4,110,638. Total accumulated depreciation as of September 30, 2015 was \$65,460,351 including \$3,189,942 of depreciation expense for the year. The balance in total net capital assets was \$60,239,095 at year-end.

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>Change</u>
Land	\$ 5,171,172	5,171,172	0%
Construction in progress	2,482,696	383,447	547%
Infrastructure	78,066,873	78,224,050	0%
Buildings	24,902,574	23,802,410	5%
Improvements other than buildings	2,665,858	2,665,858	0%
Mobile equipment	10,882,185	9,755,731	12%
Furniture and equipment	1,528,088	1,586,140	-4%
Accumulated depreciation	(65,460,351)	(62,944,442)	4%
Total Capital Assets, net	\$ <u>60,239,095</u>	<u>58,644,366</u>	3%

Business-Type Activities:

Capital Assets.

As of September 30, 2015, Lafayette County's total capital assets were \$1,630,072, including construction in progress, buildings, and mobile equipment. This amount represents a decrease from the previous year of \$41,759. Total accumulated depreciation as of September 30, 2015 was \$1,147,669 including \$128,209 of depreciation expense for the year. The balance in total net capital assets was \$482,403 at year-end.

	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>Change</u>
Construction in progress	\$ 288,220	243,649	-100%
Buildings	1,341,852	1,428,182	-6%
Mobile equipment	(1,147,669)	(919,039)	25%
Accumulated depreciation			
Total Capital Assets, net	\$ <u>482,403</u>	<u>752,792</u>	-36%

Lafayette County, Mississippi
Management's Discussion and Analysis
For the Year Ended September 30, 2015

Debt Administration.

Governmental Activities:

At September 30, 2015, Lafayette County had \$6,104,583 in long-term debt outstanding.

	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>Change</u>
Other loans	\$ 5,578,521		N/A
Compensated absences	526,062	513,667	2%
Total Long-Term Debt	<u>\$ 6,104,583</u>	<u>513,667</u>	1088%

Business-Type Activities:

At September 30, 2015, Lafayette County had \$62,734 in long-term debt outstanding.

	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>Change</u>
Compensated absences	\$ <u>62,734</u>	<u>63,828</u>	-2%

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, 2015

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 20,730,436	1,749,451	22,479,887
Cash with fiscal agents	729,214		729,214
Investments	18,535,981		18,535,981
Accrued interest receivable	18,867		18,867
Property tax receivable	14,399,370		14,399,370
Accounts receivable (net of allowance for uncollectibles of \$708,284)		284,471	284,471
Fines receivable (net of allowance for uncollectibles of \$837,093)	482,121		482,121
Capital leases receivable	45,000		45,000
Intergovernmental receivables	324,946	207,523	532,469
Other receivables	249,319		249,319
Internal balances	41,795	(41,795)	-
Capital assets:			
Land and construction in progress	7,653,868		7,653,868
Other capital assets, net	52,585,227	482,403	53,067,630
Total Assets	<u>115,796,144</u>	<u>2,682,053</u>	<u>118,478,197</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,698,884	321,614	4,020,498
Total Deferred Outflow of Resources	<u>3,698,884</u>	<u>321,614</u>	<u>4,020,498</u>
LIABILITIES			
Claims payable	424,233	47,390	471,623
Amounts held in custody for others	249,790		249,790
Intergovernmental payables	614,406		614,406
Accrued interest payable	119,471		119,471
Long-term liabilities			
Due within one year:			
Capital debt	378,351		378,351
Due in more than one year:			
Capital debt	5,200,170		5,200,170
Non-capital debt	526,062	62,734	588,796
Net pension liability	17,823,360	1,549,723	19,373,083
Total Liabilities	<u>25,335,843</u>	<u>1,659,847</u>	<u>26,995,690</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	14,399,370		14,399,370
User fee advance payments		104,397	104,397
Total Deferred Inflows of Resources	<u>14,399,370</u>	<u>104,397</u>	<u>14,503,767</u>
NET POSITION			
Net investment in capital assets	54,660,574	482,403	55,142,977
Restricted:			
Expendable:			
General government	3,556,594		3,556,594
Debt service	421,576		421,576
Public safety	334,779	757,020	1,091,799
Public works	2,656,664		2,656,664
Health and welfare	5,059		5,059
Economic development	57,187		57,187
Unemployment compensation	23,165		23,165
Non-Expendable:			
Permanent fund	19,284,062		
Unrestricted	(1,239,845)		(1,239,845)
Total Net Position	<u>\$ 79,759,815</u>	<u>1,239,423</u>	<u>80,999,238</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 6,970,675	413,260	277,854	26,618	(6,252,943)	(6,252,943)
Public safety	6,323,562	2,221,418	170,153	136,389	(3,795,602)	(3,795,602)
Public works	7,369,980		959,046	309,184	(6,101,750)	(6,101,750)
Health and welfare	345,895		35,101	27,128	(283,666)	(283,666)
Culture and recreation	275,176				(275,176)	(275,176)
Conservation of natural resources	94,266				(94,266)	(94,266)
Economic development and assistance	303,631				(303,631)	(303,631)
Interest on long-term debt	289,274				(289,274)	(289,274)
Pension expense	2,329,357				(2,329,357)	(2,329,357)
Total Governmental Activities	24,301,816	2,634,678	1,442,154	499,319	(19,725,665)	(19,725,665)
Business-type activities:						
Solid waste collection	2,319,438	1,679,831	616,441	-	-	(23,166)
Total Business-type Activities	2,319,438	1,679,831	616,441	-	-	(23,166)
Total Primary Government	\$ 26,621,254	4,314,509	2,058,595	499,319	(19,725,665)	(19,748,831)
General revenues:						
Property taxes					\$ 13,088,638	13,088,638
Road & bridge privilege taxes					522,188	522,188
Grants and contributions not restricted to specific programs					501,500	501,500
Unrestricted interest/investment income					603,566	604,494
Miscellaneous					582,599	667,489
Total General Revenues					15,298,491	15,384,309
Changes in Net Position					(4,427,174)	(4,364,522)
Net Position - Beginning, as originally reported					100,593,928	103,096,000
Prior Period Adjustments					(16,406,939)	(17,732,240)
Net Position - Beginning, as restated					84,186,989	85,363,760
Net Position - Ending					79,759,815	80,999,238

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

	Major Funds						Total Governmental Funds
	General Fund	Hospital Proceeds	Lafayette County Reserve/Trust	Countywide Road Maintenance	Bridge and Culvert Fund	Other Governmental Funds	
ASSETS							
Cash	\$ 13,803,450	1,526,683		865,989	1,999,996	2,534,318	20,730,436
Cash with fiscal agents			729,214				729,214
Investments			18,535,981				18,535,981
Accrued interest receivable			18,867				18,867
Property tax receivable	9,341,729			2,357,647	2,146,227	553,767	14,399,370
Fines receivable (net of allowance for for uncollectibles of \$837,093)	482,121						482,121
Capital lease receivables	45,000						45,000
Intergovernmental receivables	324,946						324,946
Other receivables	249,319						249,319
Due from other funds	41,795						41,795
Total Assets	\$ 24,288,360	1,526,683	19,284,062	3,291,130	4,170,681	3,094,584	55,655,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Claims payable	\$ 161,657	2,426		176,219	8,496	75,435	424,233
Amounts held in custody for others	249,790						249,790
Intergovernmental payables	614,406						614,406
Due to other funds	98,451						98,451
Total Liabilities	1,124,304	2,426	-	176,219	8,496	75,435	1,386,880
Deferred Inflows of Resources:							
Unavailable revenue - property taxes	9,341,729			2,357,647	2,146,227	553,767	14,399,370
Unavailable revenue - fines	482,121						482,121
Unavailable revenue - capital lease	45,000						45,000
Total Deferred Inflows of Resources	9,868,850	-	-	2,357,647	2,146,227	553,767	14,926,491
Fund balances:							
Nonspendable:			19,284,062				19,284,062
Permanent fund principal							
Restricted for:		1,524,257					1,524,257
General government				619,511	2,015,958	2,032,337	3,556,504
Public safety						334,779	334,779
Public works						21,195	2,656,664
Health and welfare						5,059	5,059
Economic development and assistance						57,187	57,187
Debt service	403,294			137,753			541,047
Unemployment compensation						23,165	23,165
Unassigned	12,891,912					(8,340)	12,883,572
Total Fund Balances	13,295,206	1,524,257	19,284,062	757,264	2,015,958	2,465,382	39,342,129
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,288,360	1,526,683	19,284,062	3,291,130	4,170,681	3,094,584	55,655,500

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

LAFAYETTE COUNTY, MISSISSIPPIReconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 39,342,129
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$65,460,351.	60,239,095
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	482,121
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(6,104,583)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(119,471)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred outflows of resources.	45,000
Net pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	(17,823,360)
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource and therefore, not reported in the funds.	3,698,884
Total Net Position - Governmental Activities	\$ <u><u>79,759,815</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, 2015

Exhibit 4

	Major Funds					
	General Fund	Hospital Proceeds	Lafayette County Reserve/Trust	Countywide Road Maintenance	Bridge and Culvert Fund	Other Governmental Funds
						Total Governmental Funds
REVENUES						
Property taxes	\$ 8,287,603			1,961,042	2,321,217	518,716
Road and bridge privilege taxes				522,188		
Licenses, commissions and other revenue	755,606					
Fines and forfeitures	505,788					126,501
Special assessments						21,727
Intergovernmental revenues	676,347			1,268,230		498,396
Charges for services	1,030,840					479,443
Interest income	50,252		550,449	393	1,372	1,100
Miscellaneous revenues	333,047			199,154		603,566
Total Revenues	11,639,543	-	550,449	3,951,007	2,322,589	582,599
						1,696,281
EXPENDITURES						
Current:						
General government	4,756,020	957,355	550,450			644,737
Public safety	5,643,987					1,349,185
Public works						67,472
Health and welfare	282,677			5,600,072	1,521,027	63,218
Culture and recreation	275,176					345,895
Conservation of natural resources	99,371					275,176
Economic development and assistance	303,631					99,371
Debt service:						303,631
Principal	236,893			134,351		
Interest	166,401			3,402		371,244
Total Expenditures	11,764,156	957,355	550,450	5,737,825	1,521,027	169,803
						2,124,612
Excess of Revenues over (under) Expenditures	(124,613)	(957,355)	(1)	(1,786,818)	801,562	(2,495,556)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued				403,052		403,052
Compensation for loss on capital assets				1,296,338		1,296,338
Transfers in		300,000		123,663		223,205
Transfers out	(223,205)	(123,663)			(300,000)	
Total Other Financing Sources and Uses	(223,205)	176,337	-	1,823,053	(300,000)	1,699,390
	(347,818)	(781,018)	(1)	36,235	501,562	(796,166)
Net Changes in Fund Balances						
Fund Balances - Beginning, as previously reported	13,643,024	2,305,275	20,791,649	721,029	1,514,396	41,645,881
Prior period adjustment			(1,507,586)			(1,507,586)
Fund Balances - Beginning, as restated	13,643,024	2,305,275	19,284,063	721,029	1,514,396	40,138,295
Fund Balances - Ending	\$ 13,295,206	1,524,257	19,284,062	757,264	2,015,958	39,342,129

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

LAFAYETTE COUNTY, MISSISSIPPIExhibit 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, 2015

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (796,166)
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 \$2,192,700 and depreciation of \$3,189,942 in the current period.	(997,242)
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 asset sold.	(1,296,338)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	369,321
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 of debt repayment of \$371,244 exceeded debt proceeds of \$403,052.	(31,808)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the amount of the decrease in accrued interest payable.	
The amount of the change in accrued interest payable	(119,471)
Some items reported in the statement of activities related to the implementation of GASB 68 are not reported as revenues/expenditures in the Governmental Funds. These activities include:	
Recording of pension expense for the year	(2,124,236)
Recording of pension expense difference in amount calculated for net pension liability	(205,121)
Contributions made after measurement date	313,458
Recording of difference in amount calculated for the net pension liability	763,051
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 the funds. These activities include:	
Change in capital lease receivable	(5,000)
Change in compensated absences	(12,395)
Change in deferred items - fines	(285,227)
Change in Net Position of Governmental Activities	\$ <u>(4,427,174)</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, 2015

Exhibit 5

	Business-type Activities Garbage Collection Fund
ASSETS	
Current:	
Cash	
Accounts receivable, net of allowance for doubtful accounts of \$708,284	\$ 1,749,451
Intergovernmental receivables	284,471
Total current assets	<u>207,523</u> <u>2,241,445</u>
Non-current	
Capital assets:	
Other capital assets, net	482,403
Total non-current assets	<u>482,403</u>
Total Assets	<u>2,723,848</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	321,614
Total Deferred Outflow of Resources	<u>321,614</u>
LIABILITIES	
Current:	
Claims payable	47,390
Due to other funds	41,795
Total current liabilities	<u>89,185</u>
Non-current:	
Long-term liabilities	
Due in more than one year:	
Non-capital debt	62,734
Net pension liability	1,549,723
Total non-current liabilities	<u>1,612,457</u>
Total Liabilities	<u>1,701,642</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - advance payment on solid waste user fees	104,397
Total Deferred Inflows of Resources	<u>104,397</u>
NET POSITION	
Net investment in capital assets	482,403
Restricted:	
Solid waste disposal	757,020
Total Net Position	<u>\$ 1,239,423</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, 2015

Exhibit 6

	Business-type Activities Garbage Collection Fund
OPERATING REVENUES	
Charges for services	\$ 1,679,831
Total operating revenues	<u>1,679,831</u>
OPERATING EXPENSES	
Personnel services	1,270,487
Contractual services	706,394
Materials and supplies	214,348
Depreciation expense	128,209
Total operating expenses	<u>2,319,438</u>
Operating Income (Loss)	<u>(639,607)</u>
NON-OPERATING REVENUES (EXPENSES):	
Intergovernmental revenues	616,441
Interest income	928
Miscellaneous	84,890
Total non-operating revenues (expenses)	<u>702,259</u>
Change in Net Position	<u>62,652</u>
Net Position - Beginning, as previously reported	2,502,072
Prior period adjustment	<u>(1,325,301)</u>
Net Position - Beginning, as restated	1,176,771
Net Position - Ending	<u>\$ 1,239,423</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, 2015

Exhibit 7

	Business-type Activities Garbage Collection Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,536,612
Payments to suppliers	(822,794)
Payments to employees	337,795
Payments to General Fund for indirect costs	(44,949)
Net Cash Provided (Used) by Operating Activities	<u>1,006,664</u>
Cash Flows from Non-Capital Financing Activities:	
TVA in lieu monies received	<u>559,953</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>559,953</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(105,161)
Capital grants received	16,126
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(89,035)</u>
Cash Flows from Investing Activities:	
Interest income	<u>928</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>928</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,478,510</u>
Cash and Cash Equivalents - Beginning	1,545,263
Effect of recording net pension liability and current year deferred items	(1,274,322)
Cash and Cash Equivalents - End of Year	<u>\$ 1,749,451</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (639,607)
Adjustments to reconcile operating income to net cash	
Provided (Used) by Operating Activities	
Depreciation expense	128,209
Changes in assets and liabilities:	
Increase (decrease) in accounts receivable	(15,273)
Increase (decrease) in intergovernmental receivables	(40,363)
Increase (decrease) in prepaid expenses	10,273
Decrease (increase) in claims payable	6,818
Decrease (increase) in compensated absences	(1,094)
Decrease (increase) in advance payments on solid waste user fees	11,132
Decrease (increase) in interfund payables	(3,154)
Decrease (increase) in net pension liability	1,549,723
Total adjustments	<u>1,646,271</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,006,664</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, 2015

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 205,524
Total Assets	\$ 205,524
LIABILITIES	
Amounts held in custody for others	\$ 117,833
Intergovernmental payables	87,691
Total Liabilities	\$ 205,524

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

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Lafayette County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2015

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

B. Blended Component Units

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

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

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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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

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

C Basis of Presentation

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

Government-wide Financial Statements:

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

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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting

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

The revenues and expenses of 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

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

the current fiscal period.

The County reports the following major Governmental Funds:

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

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

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

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

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

purposes that support the County's programs.

PROPRIETARY FUND TYPES

Enterprise Funds - 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

FIDUCIARY FUND TYPES

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

E. Account Classifications

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

F. Deposits and Investments

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

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

G. Receivables

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

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

J. 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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

the year. The following schedule details those thresholds and estimated useful lives:

	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.

K. 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows as follows:

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

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

Unavailable revenue - solid waste fees - When an asset is recorded in the

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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.

L. 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.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

N. Equity Classifications

Government-wide Financial Statements:

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

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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2015

constitutional provisions or enabling legislation.

3. Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the county's highest level of decision making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes. Currently, there is no committed fund balance.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2015

Assigned fund balance includes amounts that are constrained by the county's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator pursuant to authorization established by the policy adopted by the county. Currently, there is no assigned fund balance.

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

Fund Balance Flow Assumption:

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

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.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2015

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

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

R. Changes in Accounting Standards

Lafayette County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of October 1, 2014, has been restated.. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustment

Exhibit 2 - Statement of Activities

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

Explanation	Amount
1. Implementation of GASB 68 & 71:	
Net Pension Liability at 10-01-14	\$ (13,514,091)
Deferred outflows - FY14 contributions	278,142
PPA related to GASB 68 & 71 implementation	(13,235,949)
2. To record capital assets not previously recognized	3,888,309
3. To record Olin CAP loan not previously recognized	(5,546,713)
4. To correctly state lease receivables at 10-01-14	(5,000)
5. See explanation below - Exhibit 4	(1,507,586)
Total Governmental Activities	(16,406,939)
6. Business-Type Activities - See explanation below - Exhibit 6	(1,325,301)
Total	\$ (17,732,240)

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

Major Fund	Explanation	Amount
Lafayette County Reserve/Trust Fund	To correctly state investments market value at 10-01-14	\$ (1,507,586)

Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position

Explanation	Amount
1. Implementation of GASB 68 & 71:	
Net Pension Liability at 10-01-14	\$ (1,175,036)
Deferred outflows - FY14 contributions	24,184
PPA related to GASB 68 & 71 implementation	(1,150,852)
2. Corrections to accumulated depreciation - mobile equipment	(174,449)
Total	\$ (1,325,301)

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

(3) Deposits and Investments

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2015, was \$20,730,436 in the governmental funds, \$1,749,451 in proprietary funds and \$205,524 in the fiduciary funds. The bank balance was \$22,739,112. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Cash with Fiscal Agents:

The carrying amount of the county's total cash with fiscal agents at September 30, 2015, was \$729,214 in the governmental funds.

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.

Investment balances at September 30, 2015 are as follows:

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

Investment Type	Fair Value	Cost	Increase (Decrease)
Bonds - 51% of Trust	\$ 9,422,479	9,590,997	(168,518)
Stocks - 39% of Trust	7,298,827	7,901,830	(603,003)
Mutual Funds - 10% of Trust	1,814,675	2,118,602	(303,927)
Totals	\$ 18,535,981	19,611,429	(1,075,448)

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

Interest Rate Risk - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparts, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's investment, \$500,000 of securities, including a \$250,000 limit for cash held in a brokerage account is insured by the Securities Investor Protection Corporation (SICP). In addition, Fidelity provides its brokerage customers and additional \$1 billion dollar coverage with Lloyd's of London. How the \$1 billion would be allocated is unknown; therefore, \$500,000 is insured and an unknown portion of the \$18,035,981 is uninsured by Fidelity.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2015:

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 41,795
Countywide Road Maintenance	General Fund	67,494
Bridge and Culvert Fund	General Fund	24,458
Other Governmental Funds	General Fund	6,499
Total		<u>\$ 140,246</u>

The receivable in the General Fund represent the calculated indirect costs for the fiscal year. The rest of the receivables represent the tax revenue collected but not settled until October 2015. All interfund balances are expected to be repaid within one year.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Hospital Proceeds Fund	Bridge and Culvert Fund	\$ 300,000
Countywide Road Maintenance	Hospital Proceeds Fund	123,663
Other Governmental Funds	General Fund	223,205
Total		<u>\$ 646,868</u>

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

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative Tax Credit	\$ <u>324,946</u>

Business-Type Activities:

<u>Description</u>	<u>Amount</u>
TVA In-Lieu Payments	\$ <u>207,523</u>

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2015:

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Completed Construction	Adjustments	Balance Sept. 30, 2015
Non-depreciable capital assets:						
Land	\$ 5,171,172					5,171,172
Construction in progress	383,447	87,482		(740,746)	2,752,513	2,482,696
Total non-depreciable capital assets	5,554,619	87,482	0	(740,746)	2,752,513	7,653,868
Depreciable capital assets:						
Infrastructure	78,224,050	204,818		740,746	(1,102,741)	78,066,873
Buildings	23,802,410				1,100,164	24,902,574
Improvements other than buildings	2,665,858					2,665,858
Mobile equipment	9,755,731	1,893,163	1,296,179		529,470	10,882,185
Furniture and equipment	1,586,140	7,237	15,915		(49,374)	1,528,088
Total depreciable capital assets	116,034,189	2,105,218	1,312,094	740,746	477,519	118,045,578
Less accumulated depreciation for:						
Infrastructure	44,315,837	1,815,457			(388,206)	45,743,088
Buildings	8,542,958	485,330			173,632	9,201,920
Improvements other than buildings	1,602,768	56,701				1,659,469
Mobile equipment	7,180,635	780,036			(470,360)	7,490,331
Furniture and equipment	1,302,244	52,398	15,756		26,657	1,365,543
Total accumulated depreciation	62,944,442	3,189,942	15,756	0	(658,277)	65,460,351
Total depreciable capital assets, net	53,089,747	(1,084,724)	1,296,338	740,746	1,135,796	52,585,227
Governmental activities capital assets, net	\$ 58,644,366	(997,242)	1,296,338	0	3,888,309	60,239,095

Adjustments were made to record capital lease not previously recognized and to record capital assets adjustments not previously recognized by the County.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

Business-type activities:

	Balance Oct. 1, 2014	Additions	Deletions	Completed Construction	Adjustments	Balance Sept. 30, 2015
Non-depreciable capital assets:						
Construction in progress	\$ 243,649	44,571		(288,220)		0
Total non-depreciable capital assets	243,649	44,571	0	(288,220)	0	0
Depreciable capital assets:						
Buildings				288,220		288,220
Mobile equipment	1,428,182		86,330			1,341,852
Total depreciable capital assets	1,428,182	0	86,330	288,220	0	1,630,072
Less accumulated depreciation for:						
Buildings		5,764				5,764
Mobile equipment	919,039	122,445	74,028		174,449	1,141,905
Total accumulated depreciation	919,039	128,209	74,028	0	174,449	1,147,669
Total depreciable capital assets, net	509,143	(128,209)	12,302	288,220	(174,449)	482,403
Governmental activities capital assets, net	\$ 752,792	(83,638)	12,302	0	(174,449)	482,403

Adjustments were made to correctly present accumulated depreciation for mobile equipment.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 569,762
Public safety	450,164
Public works	2,170,016
Total depreciation expense	\$ 3,189,942
Business-Type Activities:	
Garbage collection	\$ 128,209

Commitments with respect to unfinished capital projects at September 30, 2015 consisted of ongoing county and state aid road projects.

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

(7) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool 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, 2015 to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases

As Lessor:

The County leases the following property (Olin Industrial Building) with varying terms and options as of September 30, 2015:

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

The future minimum lease receivables and the present value of the net minimum lease receivable as of September 30, 2015, are as follows:

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 5,000
2017	5,000
2018	5,000
2019	5,000
2020	5,000
2021 - 2024	20,000
Total	<u>\$ 45,000</u>

(9) Long-Term Debt

Debt outstanding as of September 30, 2015, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<u>Governmental Activities:</u>			
A. Other Loans:			
Road equipment	\$ 268,701	1.55%	09/2017
MDA Cap Loan	<u>5,309,820</u>	3.00%	01/2032
Total Other Loans	<u>\$ 5,578,521</u>		

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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

Governmental Activities:

Year Ending September 30,	Other Loans	
	Principal	Interest
2016	\$ 378,351	162,697
2017	385,670	155,377
2018	258,859	144,435
2019	266,625	136,669
2020	274,624	128,671
2021 - 2025	1,501,755	514,716
2026 - 2030	1,740,946	275,525
2031 - 2032	771,691	34,897
Total	\$ <u>5,578,521</u>	<u>1,552,987</u>

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Amount due within one year
<u>Governmental Activities:</u>						
Other loans	\$	403,052	371,244	5,546,713	5,578,521	378,351
Compensated absences	513,667	12,395			526,062	
Total	\$ <u>513,667</u>	<u>415,447</u>	<u>371,244</u>	<u>5,546,713</u>	<u>6,104,583</u>	<u>378,351</u>

Adjustment was made to include a CAP loan not included in prior year financial statements.

	Balance Oct. 1, 2014	Reductions	Balance Sept. 30, 2015
<u>Business-Type Activities:</u>			
Compensated absences	\$ <u>63,828</u>	<u>1,094</u>	<u>62,734</u>

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

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

(10) Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balance and net position at September 30, 2015:

Fund	Deficit Amount
Emergency Medical Service Operations Funds Fund	\$ 8,340

(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 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, 2015 was \$3,090,000. Lafayette County is responsible for 8.81% of the bond issue or \$272,229.

(12) Joint Ventures

The County participates in the following joint ventures:

Lafayette County is a participant with the City of Oxford in a joint venture, authorize by Section 19-5-99, Miss. Code Ann. (1972), to operate the Lafayette-Oxford Development Association. The joint venture was created to foster, encourage and facilitate economic development in the County and is governed by a twenty-member board. One member each is appointed by the Lafayette County Board of Supervisors, the City of Oxford, the

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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 \$391,451 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) 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 \$1,317,291 for the maintenance and support of the College in fiscal year 2015.

Communicare operates in a district composed of the Counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Lafayette County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$64,000 for the maintenance and support of Communicare for the fiscal year 2015.

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 \$139,105 for support of the District in fiscal year 2015.

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.

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

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 \$62,188 for the support in fiscal year 2015.

(14) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Mississippi Code Ann. (1972) grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available financial report that includes financial statements and required supplementary information. PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.pers.ms.gov.

Benefits provided. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2% 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et. Seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature. 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

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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.

Contributions. Per Chapter 11 of Title 25, Mississippi Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00% of their annual pay, while the County's required contribution rate was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's employer contributions to PERS for the fiscal years ending September 30, 2015, 2014 and 2013 were \$1,244,311, \$1,181,341, and \$1,043,520, respectively. The contributions for each year met the required contributions.

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

At September 30, 2015, the County reported a liability of \$19,373,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 the County's employer contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2015, the County's proportion was 0.125327 percent, which was an increase from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$2,329,357 in the governmental activities and \$202,536 in the business-type activities for a total pension expense of \$2,531,893. At September 30, 2015 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 298,142
Net difference between projected and actual earnings on pension plan investments	1,133,533
Change of assumptions	1,668,925
Changes in proportion and differences between County contributions and proportionate share of contributions	606,441
County contributions subsequent to the measurement date	313,458
Total	\$ <u>4,020,499</u>

\$313,458 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 1,229,525
2017	1,229,525
2018	964,606
2019	283,385
Total	\$ <u>3,707,041</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward to two years for males.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

Lafayette County, Mississippi

Notes to the Financial Statements
For the Year ended September 30, 2015

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 25,535,498	\$ 19,373,083	\$ 14,259,430

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Report, publicly available at www.pers.ms.gov.

(15) Subsequent Events

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

The county issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing
12-21-15	2.5%	\$ 400,000	Promissory Note
01-04-16	1.64%	\$ 99,430	Promissory Note
02-16-16	1.54%	\$ 211,000	Promissory Note

(16) Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$1,239,845) in the governmental activities and \$0 in the business-type activities includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$3,698,884 balance of deferred outflow of resources in the governmental activities and the \$321,614 balance of deferred outflow of resources in the business-type activities, at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

Lafayette County, Mississippi

Notes to the Financial Statements For the Year ended September 30, 2015

The net position amount of \$79,759,815 in the governmental activities and the \$1,239,423 in the business-type activities includes the effect of deferring the recognition of revenue resulting from property taxes for a future reporting period and user fee advance payment, respectively. The \$14,399,370 balance of deferred inflow of resources in the governmental activities and the \$104,397 in the business-type activities, at September 30, 2015 will be recognized as a revenue and will increase the unrestricted net position in next year.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 9,341,729	\$ 8,275,089	\$ 8,275,089	\$ -
Licenses, commissions and other revenue	696,300	719,468	719,468	-
Fines and forfeitures	423,000	487,662	487,662	-
Intergovernmental revenues	585,750	731,400	731,400	-
Charges for services	950,000	986,320	986,320	-
Interest income	20,000	44,655	44,655	-
Miscellaneous revenues	586,307	432,229	432,229	-
Total Revenues	<u>12,603,086</u>	<u>11,676,823</u>	<u>11,676,823</u>	<u>-</u>
Expenditures by Major Budgetary Function				
General government	5,348,236	4,778,680	4,778,680	-
Public safety	5,691,492	5,601,620	5,601,620	-
Health and welfare	277,072	266,701	266,701	-
Culture and recreation	288,600	275,176	275,176	-
Conservation of natural resources	105,251	99,371	99,371	-
Economic development and assistance	301,105	301,105	301,105	-
Debt service:				
Principal	244,000	244,000	244,000	-
Interest	159,295	159,295	159,295	-
Total Expenditures	<u>12,415,051</u>	<u>11,725,948</u>	<u>11,725,948</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>188,035</u>	<u>(49,125)</u>	<u>(49,125)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	552,013	550,442	550,442	
Transfers out	(739,785)	(728,698)	(728,698)	
Total Other Financing Sources (Uses)	<u>(187,772)</u>	<u>(178,256)</u>	<u>(178,256)</u>	<u>-</u>
Net Change in Fund Balance	263	(227,381)	(227,381)	-
Fund Balances - Beginning	<u>13,131,183</u>	<u>13,333,935</u>	<u>13,333,935</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 13,131,446</u>	<u>\$ 13,106,554</u>	<u>\$ 13,106,554</u>	<u>\$ -</u>

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

LAFAYETTE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Hospital Proceeds Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Expenditures by Major Budgetary Function				
General government	977,779	1,505,379	1,505,379	-
Total Expenditures	977,779	1,505,379	1,505,379	-
Deficiency of Revenue Under Expenditures	(977,779)	(1,505,379)	(1,505,379)	-
Other Financing Sources (Uses)				
Other financing sources		550,449	550,449	-
Transfers in		300,000	300,000	
Transfers out	(525,000)	(123,663)	(123,663)	
Total Other Financing Sources (Uses)	(525,000)	726,786	726,786	-
Net Change in Fund Balance	(1,502,779)	(778,593)	(778,593)	-
Fund Balances - Beginning	1,518,402	2,305,276	2,305,276	-
Fund Balances - Ending	\$ 15,623	\$ 1,526,683	\$ 1,526,683	\$ -

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)

County Wide Road Maintenance

For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 1,877,647	\$ 1,960,392	\$ 1,960,392	\$ -
Road and bridge privilege tax	480,000	520,710	520,710	-
Intergovernmental revenues	750,000	1,292,515	1,292,515	-
Interest income		393	393	-
Miscellaneous revenues	150,000	199,759	199,759	-
Total Revenues	<u>3,257,647</u>	<u>3,973,769</u>	<u>3,973,769</u>	<u>-</u>
Expenditures by Major Budgetary Function				
Public works	3,099,873	3,797,456	3,797,456	-
Debt service:				
Principal	145,600	134,351	134,351	-
Interest	13,500	3,402	3,402	-
Total Expenditures	<u>3,258,973</u>	<u>3,935,209</u>	<u>3,935,209</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>(1,326)</u>	<u>38,560</u>	<u>38,560</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	550,449	123,663	123,663	
Total Other Financing Sources (Uses)	<u>550,449</u>	<u>123,663</u>	<u>123,663</u>	<u>-</u>
Net Change in Fund Balance	549,123	162,223	162,223	-
Fund Balances - Beginning	<u>472,414</u>	<u>703,765</u>	<u>703,765</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,021,537</u>	<u>\$ 865,988</u>	<u>\$ 865,988</u>	<u>\$ -</u>

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

LAFAYETTE COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Bridge and Culvert
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 2,146,227	\$ 2,320,248	\$ 2,320,248	\$ -
Interest income		1,372	1,372	-
Total Revenues	<u>2,146,227</u>	<u>2,321,620</u>	<u>2,321,620</u>	<u>-</u>
Expenditures by Major Budgetary Function				
Public works	2,064,835	1,512,530	1,512,530	-
Debt service:				
Principal	79,832			-
Interest	1,560			-
Total Expenditures	<u>2,146,227</u>	<u>1,512,530</u>	<u>1,512,530</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>809,090</u>	<u>809,090</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out		(300,000)	(300,000)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	-	509,090	509,090	-
Fund Balances - Beginning	<u>2,513,955</u>	<u>1,490,906</u>	<u>1,490,906</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,513,955</u>	<u>\$ 1,999,996</u>	<u>\$ 1,999,996</u>	<u>\$ -</u>

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

Lafayette County, Mississippi

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

PERS

Last 10 Fiscal Years*

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

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

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

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

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

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

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

Lafayette County, Mississippi

Notes to the Required Supplementary Information
For the year ended September 30, 2015

1) Budgetary Schedules

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

Lafayette County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

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

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Hospital Proceeds</u>	<u>Road Fund</u>	<u>Bridge Fund</u>
Budget (Cash Basis)	\$ (227,381)	(778,593)	162,223	509,090
Increase (Decrease)				
Net adjustments for revenue accruals	(123,412)		(22,779)	1,168
Net adjustments for expenditure accruals	<u>2,975</u>	<u>(2,425)</u>	<u>(103,209)</u>	<u>(8,696)</u>
GAAP Basis	<u>\$ (347,818)</u>	<u>(781,018)</u>	<u>36,235</u>	<u>501,562</u>

2) Pension Schedules

A. Change of Benefit Terms

None

B. Change of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.5% to 3% and 8% to 7.75%, respectively.

OTHER INFORMATION

LAFAYETTE COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2015

UNAUDITED

Name	Position	Company	Bond
Mike Pickens	Supervisor District 1	Western Surety	\$100,000
Jeff Busby	Supervisor District 2	Western Surety	\$100,000
Robert Blackmon	Supervisor District 3	EMC Insurance	\$100,000
Chad McLarty	Supervisor District 4	FCCI	\$100,000
Mike Roberts	Supervisor District 5	Western Surety	\$100,000
Joseph Johnson	County Administrator	Western Surety	\$100,000
Jerry Haynie	Road Manager	Western Surety	\$50,000
Sherry Wall	Chancery Clerk	Western Surety	\$100,000
Annie M. Baker	Deputy Clerk	Western Surety	\$10,000
Gloria Ann Nicks	Deputy Clerk	Western Surety	\$10,000
Meri Jo Hardin	Deputy Clerk	Western Surety	\$10,000
Kerri Coleman	Deputy Clerk	Western Surety	\$10,000
Joseph Johnson	Purchase Clerk	Western Surety	\$75,000
Jamie Vaughn	Assistant Purchase Clerk	FCCI	\$50,000
Stacie VanLandingham	Receiving Clerk	FCCI	\$75,000
Rhonda Newell	Assistant Receiving Clerk	Western Surety	\$50,000
Jack Edward Theobald	Constable	Western Surety	\$50,000
Jody Mayfield	Constable	Western Surety	\$50,000
Avery Dunn	Constable	Travelers	\$50,000
Baretta Mosley	Circuit Clerk	Western Surety	\$100,000
F.D. "Buddy" East	Sheriff	RLI Insurance	\$100,000
Charles Edward Smith	Deputy Sheriff*	Western Surety	\$50,000
John Earl Dukes, Jr.	Deputy Sheriff*	Western Surety	\$50,000
Jack Edward Theobald	Deputy Sheriff*	Western Surety	\$50,000
James Marvin Frye	Deputy Sheriff*	Western Surety	\$50,000
Jody Mayfield	Deputy Sheriff*	Western Surety	\$50,000
Timmy Pruitt	Deputy Sheriff*	Western Surety	\$50,000
Lloyd Caleb East	Deputy Sheriff*	Western Surety	\$50,000
Omar Ahmed	Deputy Sheriff*	Western Surety	\$50,000
Darren Allen Roberts	Deputy Sheriff*	Western Surety	\$50,000
Art Watts	Deputy Sheriff*	Western Surety	\$50,000
Nathan Noe	Deputy Sheriff*	Western Surety	\$50,000
Willie Holloway Tidwell, III	Deputy Sheriff*	Western Surety	\$50,000
James Kimmons Gray	Deputy Sheriff*	Western Surety	\$50,000
Michael Darrick Beville	Deputy Sheriff*	Western Surety	\$50,000
Jonathan Granthom	Deputy Sheriff*	Western Surety	\$50,000
Dennis Ray Carwyle	Deputy Sheriff*	Western Surety	\$50,000
Joey Carwyle	Deputy Sheriff*	Western Surety	\$50,000
Christopher Gwen Smith	Deputy Sheriff*	Western Surety	\$50,000
Scott Mills	Deputy Sheriff*	Western Surety	\$50,000
David Hoyt Box	Deputy Sheriff*	RLI Insurance	\$50,000
Randall K. Davis	Deputy Sheriff*	RLI Insurance	\$50,000
Benjamin Watts	Deputy Sheriff*	RLI Insurance	\$50,000
David Clay Cullison	Deputy Sheriff*	RLI Insurance	\$50,000
Justin Parker Canterbury	Deputy Sheriff*	Travelers	\$50,000
Courtney Terrell Dixon	Deputy Sheriff*	Travelers	\$50,000
William Bradley McDonald	Deputy Sheriff*	Travelers	\$50,000
Arthur Lee Durham	Deputy Sheriff*	Travelers	\$50,000
Justin L. Wilson	Deputy Sheriff*	Travelers	\$50,000
Rowland Carrothers	Deputy Sheriff*	Travelers	\$50,000
Randy Jones	Deputy Sheriff*	FCCI	\$50,000
Jamie Vaughn	Deputy Sheriff*	FCCI	\$50,000
Theresa Rickard	Deputy Sheriff*	FCCI	\$50,000

LAFAYETTE COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials (continued)

For the Year Ended September 30, 2015

UNAUDITED

John E. Prince, III	Deputy Sheriff*	Western Surety	\$50,000
Ronald Alan Wilburn	Deputy Sheriff*	Western Surety	\$50,000
George Alan Castle	Deputy Sheriff*	Western Surety	\$50,000
John Brian Hill	Deputy Sheriff*	Western Surety	\$50,000
Nora Lynn Webb	Deputy Sheriff*	Western Surety	\$50,000
Ricky Roy	Deputy Sheriff*	Western Surety	\$50,000
James Milliner	Deputy Sheriff*	Western Surety	\$50,000
Mike Moore	Deputy Sheriff*	Western Surety	\$50,000
Bradley Vance	Deputy Sheriff*	Western Surety	\$50,000
Virgil M. Box	Deputy Sheriff*	Western Surety	\$50,000
Brian Lon Howell	Deputy Sheriff*	Western Surety	\$50,000
Frances Gordon	Justice Court Judge	Western Surety	\$50,000
Mickey Avent	Justice Court Judge	FCCI	\$50,000
Johnny Wayne McLarty	Justice Court Judge	Travelers	\$50,000
Jill Carwyle	Justice Court Clerk	Western Surety	\$50,000
Donna Varner	Deputy Justice Court Clerk	Western Surety	\$50,000
Sherrita Harris	Deputy Justice Court Clerk	Western Surety	\$50,000
Sache Adams	Deputy Justice Court Clerk	Western Surety	\$50,000
Carolyn Bell	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
Teresa Owens Longmire	Deputy Collector	Western Surety	\$50,000
Bridgette Woods	Deputy Collector	Western Surety	\$50,000
Mary McCain	Deputy Collector	Western Surety	\$50,000
Wendy Gillespie	Deputy Collector	Western Surety	\$50,000
Lumpar Sawin	Deputy Collector	Western Surety	\$50,000
Kelly Presley Smith	Deputy Collector	Western Surety	\$50,000
Alicia Watts	Deputy Assessor	Western Surety	\$10,000
Meagan Brooke McDonald	Deputy Assessor	Western Surety	\$10,000
Jennifer Pinnow	Deputy Assessor	Western Surety	\$10,000
Larry Britt	County Engineer	Travelers	\$50,000

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

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SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Lafayette County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated April 27, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Fortenberry & Ballard PC

Fortenberry & Ballard PC
April 27, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Lafayette County, Mississippi

We have examined Lafayette County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Lafayette County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Lafayette County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Lafayette County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 27, 2016

Certified Public Accountants

Lafayette County, Mississippi

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

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

Lafayette County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our test results did not identify any emergency purchases.

Lafayette County, Mississippi**Schedule 3**

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2015

Date	Item Purchased	Amount Paid	Vendor
09-21-15	APEX Software - Tax Assessor	\$ 11,490	Delta Computer Systems

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, 2015, 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 April 27, 2016, on the financial statements of Lafayette County, Mississippi.

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 27, 2016

Certified Public Accountants

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SCHEDULE OF FINDINGS AND RESPONSES

Lafayette County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2015

Section I: Summary of Auditor's Results

Financial Statements:

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

Section II: Financial Statement Findings

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