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Madison County, Mississippi

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019

Fortenberry & Ballard, PC
Certified Public Accountants

Madison County Location in Mississippi



Madison County is located in the U.S. State of Mississippi. As of the 2010 census, the population was 95,203. The county seat is Canton. The County was founded in 1828 and is named for U.S. President James Madison. Madison County covers an area of 742 square miles.

Madison County, Mississippi
TABLE OF CONTENTS

	<u>PAGE #</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	5
FINANCIAL STATEMENTS	
Statement of Net Position.....	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Assets and Liabilities.....	16
Notes to the Financial Statements	18
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund.....	51
Schedule of the County's Proportionate Share of the Net Pension Liability	52
Schedule of the County's Contributions.....	53
Notes to the Required Supplementary Information.....	54
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	59
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials.....	61
SPECIAL REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance.....	68
Schedule of Findings and Questioned Costs.....	71
Summary of Prior Audit Finding.....	74

FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Madison County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Madison County, Mississippi, as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, 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.

Omission of Required Supplementary Information

Madison County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of the Madison County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is

solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 14, 2020

Certified Public Accountants

FINANCIAL STATEMENTS

MADISON COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2019

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 53,154,838
Investments	1,038,642
Property tax receivable	42,069,270
Fines receivable (net of allowance for uncollectibles of \$1,540,795)	541,449
Intergovernmental receivables	2,366,273
Other receivables	377,755
Capital assets:	
Land and construction in progress	16,614,434
Other capital assets, net	115,483,731
Total Assets	<u>231,646,392</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,816,872
Deferred amount on refunding	2,672,827
Total Deferred Outflows of Resources	<u>4,489,699</u>
LIABILITIES	
Claims payable	2,043,500
Intergovernmental payables	2,291,416
Accrued interest payable	2,246,276
Amounts held in custody for others	1,041,137
Claims and judgments payable	138,720
Long-term liabilities	
Due within one year:	
Capital debt	8,417,279
Non-capital debt	3,973,044
Due in more than one year:	
Capital debt	67,403,638
Non-capital debt	8,744,841
Net pension liability	46,578,090
Total Liabilities	<u>142,877,941</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	531,459
Deferred revenues - property taxes	42,069,270
Total Deferred Inflows of Resources	<u>42,600,729</u>
NET POSITION	
Net investment in capital assets	58,950,075
Restricted for:	
Expendable:	
General government	768,260
Public safety	3,297,628
Public works	13,434,910
Culture and recreation	530,070
Economic development and assistance	33,102
Debt service	3,857,567
Unrestricted	(30,214,191)
Total Net Position	<u>\$ 50,657,421</u>

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

MADISON COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 19,541,813	7,921,959	779,522		(10,840,332)
Public safety	17,705,405	6,932,964	1,051,947		(9,720,494)
Public works	23,936,373	336,537	9,186,785	990,553	(13,422,498)
Health and welfare	1,103,326		91,804		(1,011,522)
Culture and recreation	2,325,928				(2,325,928)
Conservation of natural resources	325,204				(325,204)
Economic development and assistance	880,185		12,400		(867,785)
Interest on long-term debt	3,047,205				(3,047,205)
Pension expense	4,697,504				(4,697,504)
Total Governmental Activities	<u>73,562,943</u>	<u>15,191,460</u>	<u>11,122,458</u>	<u>990,553</u>	<u>(46,258,472)</u>
General revenues:					
Property taxes				\$	51,425,842
Road & bridge privilege taxes					1,556,980
Grants and contributions not restricted to specific programs					3,188,560
In lieu taxes					910,492
Unrestricted interest income					404,935
Miscellaneous					2,000,186
Total General Revenues					<u>59,486,995</u>
Changes in Net Position					<u>13,228,523</u>
Net Position - Beginning, as previously reported					38,207,110
Fund reclassification					(103,171)
Prior period adjustments					(675,041)
Net Position - Beginning, as restated					<u>37,428,898</u>
Net Position - Ending				\$	<u>50,657,421</u>

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

MADISON COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	General County I & S Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 28,386,804	5,839,817	18,928,217	53,154,838
Investments	1,038,642			1,038,642
Property tax receivable	19,551,515	10,883,682	11,634,073	42,069,270
Fines receivable (net of allowance for uncollectibles of \$1,540,795)	541,449			541,449
Intergovernmental receivables	2,175,582		190,691	2,366,273
Other receivables	286,541		78,100	364,641
Due from other funds	147,691	194,877	279,260	621,828
Advances to other funds	136,379		84,538	220,917
Total Assets	<u>52,264,603</u>	<u>16,918,376</u>	<u>31,194,879</u>	<u>100,377,858</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 775,590		1,267,910	2,043,500
Intergovernmental payables	2,285,220		6,196	2,291,416
Due to other funds	474,137		134,577	608,714
Advances from other funds			220,917	220,917
Amounts held in custody	1,041,137			1,041,137
Claims and judgments payable	138,720			138,720
Total Liabilities	<u>4,714,804</u>	<u>0</u>	<u>1,629,600</u>	<u>6,344,404</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	\$ 19,551,515	10,883,682	11,634,073	42,069,270
Unavailable revenue - fines	541,449			541,449
Total Deferred Inflows of Resources	<u>20,092,964</u>	<u>10,883,682</u>	<u>11,634,073</u>	<u>42,610,719</u>
Fund Balances:				
Nonspendable:				
Advances	136,379			136,379
Restricted for:				
General government			768,260	768,260
Public safety			3,297,628	3,297,628
Public works			13,434,910	13,434,910
Culture and recreation			530,070	530,070
Economic development and assistance			33,102	33,102
Debt service		6,034,694	69,149	6,103,843
Unassigned	27,320,456		(201,913)	27,118,543
Total Fund Balances	<u>27,456,835</u>	<u>6,034,694</u>	<u>17,931,206</u>	<u>51,422,735</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>52,264,603</u>	<u>16,918,376</u>	<u>31,194,879</u>	<u>100,377,858</u>

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

MADISON COUNTY, MISSISSIPPI

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

Exhibit 3-1

Total Fund Balance - Governmental Funds	\$	51,422,735
Amounts reported for governmental activities 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 \$120,182,874.		132,098,165
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		541,449
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(88,538,802)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(46,578,090)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(2,246,276)
Deferred amount on refunding		2,672,827
Deferred outflows and inflows of resources related to pensions benefits are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		1,816,872
Deferred inflows of resources related to pensions		<u>(531,459)</u>
Total Net Position - Governmental Activities	\$	<u><u>50,657,421</u></u>

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

MADISON COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	General County I & S Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 23,416,445	14,840,380	13,169,017	51,425,842
Road and bridge privilege taxes			1,556,980	1,556,980
Licenses, commissions and other revenue	3,151,326	1,125	132,841	3,285,292
Fines and forfeitures	769,026		27,286	796,312
In lieu taxes			910,492	910,492
Intergovernmental revenues	2,615,260		12,686,311	15,301,571
Charges for services	9,892,524		1,277,968	11,170,492
Interest income	167,639	20,457	216,839	404,935
Miscellaneous revenues	1,338,497		636,391	1,974,888
Total Revenues	41,350,717	14,861,962	30,614,125	86,826,804
EXPENDITURES				
Current:				
General government	19,654,820		526,975	20,181,795
Public safety	14,592,049		5,465,883	20,057,932
Public works	751,360		24,793,567	25,544,927
Health and welfare	1,029,890			1,029,890
Culture and recreation	66,143		2,249,788	2,315,931
Conservation of natural resources	325,204			325,204
Economic development and assistance	130,559	53,594	740,105	924,258
Debt service:				
Principal	405,804	10,225,000	746,189	11,376,993
Interest	50,187	2,564,179	117,622	2,731,988
Bond issue costs			119,000	119,000
Total Expenditures	37,006,016	12,842,773	34,759,129	84,607,918
Excess of Revenues over (under) Expenditures	4,344,701	2,019,189	(4,145,004)	2,218,886
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			270,789	270,789
Long-term non-capital debt issued			7,335,000	7,335,000
Proceeds from sale of capital assets	84,137		44,175	128,312
Transfers in	162,038	940,058	2,661,977	3,764,073
Transfers out	(1,421,724)	(22,620)	(2,319,729)	(3,764,073)
Total Other Financing Sources and Uses	(1,175,549)	917,438	7,992,212	7,734,101
Net Changes in Fund Balances	3,169,152	2,936,627	3,847,208	9,952,987
Fund Balances - Beginning, as previously reported	24,287,683	3,098,067	14,187,169	41,572,919
Fund reclassification			(103,171)	(103,171)
Fund Balances - Beginning, as restated	24,287,683	3,098,067	14,083,998	41,469,748
Fund Balances - Ending	\$ 27,456,835	6,034,694	17,931,206	51,422,735

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

MADISON COUNTY, MISSISSIPPI

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

Net Changes in Fund Balances - Governmental Funds \$ 9,952,987

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
\$7,169,760 exceeded depreciation of \$5,009,932 in the current period. 2,159,828

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 amount of the net loss of \$40,265 and
the proceeds from the sale of \$128,312 in the current period. (168,577)

Fine revenue recognized on the modified accrual basis in the funds during the
current year is reduced because prior year recognition would have been required
on the Statement of Activities using the full-accrual basis of accounting. (60,636)

Debt proceeds provide current financial resources to Governmental Funds, but
issuing debt increases long-term liabilities in the Statement of Net Position. Repayment
of debt principal is an expenditure in the Governmental Funds, but the repayment
reduces long-term liabilities in the Statement of Net Position. Thus, the change in
net position differs from the change in fund balances by the amount that debt
repayments of \$11,376,993 exceeded debt proceeds of \$7,605,789. 3,771,204

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 a combination of the following items:

Increase in compensated absences	(10,781)
Increase in accrued interest payable	(313,059)
The amortization of:	
Premiums on bonds	466,713
Discount on bonds	(4,028)
Deferred amount on refunding bonds	(464,843)

Items reported in the Statement of Activities relating to the implementation of GASB 68
are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(4,697,504)
Recording of contributions made during the year	2,597,219

Change in Net Position of Governmental Activities \$ 13,228,523

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

MADISON COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 334,137
Total Assets	<u>334,137</u>
LIABILITIES	
Amounts held in custody for others	82,495
Intergovernmental payables	238,528
Due to other funds	13,114
Total Liabilities	\$ <u>334,137</u>

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

Madison County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2019

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Madison 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 Madison County, Mississippi to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Lake Lorman Utility District
- West Madison Utility District
- Madison County Nursing Home
- Madison County Library System
- Farmhaven Fire District
- South West Madison Fire District
- West Madison Fire District
- Camden Fire District
- South Madison Fire District
- Madison County Economic Development Authority
- Madison County Citizens Service Agency
- Valley View Fire District

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's 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
- Tax Collector
- Sheriff

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

B. Individual Component Unit Disclosures

Blended Component Unit

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 unit's balances and transactions are blended with the balances and transactions of the primary government.

- The Lost Rabbit Urban Renewal District is a legally separate entity, authorized under Mississippi Urban Renewal Law, Sections 43-35-1 of the Mississippi Code of 1972. Its purpose is to provide financing for infrastructure in the Lost Rabbit Subdivision.

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. 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.

The Statement of Net Position presents the financial condition of the governmental 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. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, deferred inflows of resources, liabilities, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental 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 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.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

General County I & S Fund - This fund is used to account for monies from specific revenue sources that are restricted for repayment of general obligation debt.

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.

FIDUCIARY FUND TYPE

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

G. Receivables

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

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Non-current portions of interfund receivables and payables are reported as “advances to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental 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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

on capital assets.

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. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount of refunding - For current refunding and advance refunding resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 15 for additional details.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

Deferred revenues - property taxes/unavailable revenue - property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 15 for additional details.

K. Pensions

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

L. Long-term Liabilities

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

M. Equity Classifications

Government-wide Financial Statements:

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

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.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

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.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

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

O. Intergovernmental Revenues in Governmental Funds

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

P. Compensated absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. 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.

Q. Change in accounting standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard has been incorporated into the financial statements and notes.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

(2) Fund Reclassification

The Persimmon Burn Corn WMD's beginning fund balance of \$103,171 was reclassified from a Special Revenue Funds to an Agency Fund.

(3) Prior Period Adjustments

A summary of significant net position adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets	\$ (662,878)
To correct prior year errors in compensated absences	(131,333)
To correct prior year errors in accrued interest	119,170
Total prior period adjustments	\$ <u>(675,041)</u>

(4) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$53,488,975, and the bank balance was \$58,389,578. 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's policy to manage custodial credit risk utilizes a multiple financial institution. Deposits are limited to FDIC coverage and placed in multiple financial institutions by the financial institution of the County. The financial institution of the County monitors these accounts to ensure that deposits and subsequent interest do not exceed FDIC coverage. In the event any funds exceed the FDIC coverage limitation, the Mississippi State Treasurer manages that risk on behalf of the

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

County.

Investments:

Investments balances at September 30, 2019, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Full Faith and Credit Bonds	6-10 years	\$ 175,348	AA+
Full Faith and Credit Bonds	6-10 years	93,266	AA+
Full Faith and Credit Bonds	10 + years	82,140	AA+
Government Agency Bonds	< 1 year	99,917	AA+
Government Agency Bonds	1-5 years	50,035	AA+
Government Agency Bonds	1-5 years	150,978	AA+
Taxable Municipal Bonds	6-10 years	51,806	AA
Municipal Bonds	6-10 years	50,094	AA
Municipal Bonds	1-5 years	50,241	AA
CMO's	6-10 years	92,694	AA+
Mortgage Backed Securities	6-10 years	90,808	AA+
U.S. Treasury Note	1-5 years	<u>51,315</u>	AA+
Total		<u>\$ 1,038,642</u>	

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's investments, all of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of September 30, 2019:

Level 1 type of investments of \$947,834 are valued using quoted market prices prices (Level 1 inputs)

Level 2 type of investments of \$90,808 are valued using a matrix pricing model (Level 2 inputs)

(5) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 134,577
General Fund	Fiduciary Funds	13,114
General County I & S Fund	General Fund	194,877
Other Governmental Funds	General Fund	279,260
Total		<u>\$ 621,828</u>

The receivables primarily represent the tax revenue collected but not settled until October 2019, and to alleviate funding shortage until grant monies are received. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 136,379
Other Governmental Funds	Other Governmental Funds	84,538
Total		<u>\$ 220,917</u>

The balances represent monies advanced to alleviate funding shortages until grant monies are received and error corrections. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 162,038
General County I & S Fund	Other Governmental Funds	940,058
Other Governmental Funds	General Fund	1,421,724
Other Governmental Funds	General County I & S Fund	22,620
Other Governmental Funds	Other Governmental Funds	1,217,633
Total		<u>\$ 3,764,073</u>

The principal purpose of the interfund transfers was to provide funds to cover operating expenditures, to fund construction projects, and to match grant funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(6) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2019 consisted of the following:

Governmental Activities:

Description	Amount
Legislative tax credit	\$ 1,314,250
Housing prisoners	787,257
Substance abuse and mental health services grant	20,786
Highway planning and construction	42,158
Motor vehicle fuel tax	39,629
Motor vehicle license	66,402
Timber severance tax	1,065
Oil severance tax	841
Reimbursement of welfare	8,997
Edward Byrne memorial justice assistance grant	11,608
Adult Drug Court	10,984
Youth Drug Court	23,458
Liquor privilege tax	2,250
National priority safety programs	33,786
Miscellaneous	2,802
Total	<u>\$ 2,366,273</u>

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2019

(7) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 3,109,237			(1,319)	3,107,918
Construction in progress	10,906,538	5,957,736		(3,357,758)	13,506,516
Total non-depreciable capital assets	14,015,775	5,957,736	0	(3,359,077)	16,614,434
Depreciable capital assets:					
Infrastructure	165,568,295			1,628,127	167,196,422
Buildings	43,264,847			548,259	43,813,106
Improvements other than buildings	5,312,370				5,312,370
Mobile equipment	11,959,385	652,260	750,359	988,414	12,849,700
Furniture and equipment	4,119,455	288,975	93,602	206,680	4,521,508
Leased property under capital leases	2,897,804	270,789		(1,195,094)	1,973,499
Total depreciable capital assets	233,122,156	1,212,024	843,961	2,176,386	235,666,605
Less accumulated depreciation for:					
Infrastructure	86,039,608	2,276,590			88,316,198
Buildings	17,552,538	976,533		(519,813)	18,009,258
Improvements other than buildings	1,083,119	238,670			1,321,789
Mobile equipment	7,696,864	1,069,384	594,431	367,959	8,539,776
Furniture and equipment	2,924,286	283,326	80,953	167,411	3,294,070
Leased property under capital leases	1,071,724	165,429		(535,370)	701,783
Total accumulated depreciation	116,368,139	5,009,932	675,384	(519,813)	120,182,874
Total depreciable capital assets, net	116,754,017	(3,797,908)	168,577	2,696,199	115,483,731
Governmental activities capital assets, net	\$ 130,769,792	2,159,828	168,577	(662,878)	132,098,165

*Adjustments were made to transfer paid out leased property to mobile equipment and furniture and equipment, to transfer completed construction in progress to infrastructure, and to correct prior years' errors.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 540,185
Public safety	1,302,521
Public works	2,829,535
Health and welfare	85,650
Culture and recreation	16,466
Economic development	235,575
Total depreciation expense	<u>\$ 5,009,932</u>

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Bozeman Road	\$ 16,700,000	12/2021
Reunion Parkway III	5,132,066	12/2020
Purvis Road Bridge	717,000	03/2020
Gluckstadt Road Widening	2,174,847	01/2020
Total	<u>\$ 24,723,913</u>	

All other unfinished construction in progress is substantially complete as of September 30, 2019.

(8) 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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

January 1, 2019 to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County finances its exposure to risk of loss relating to employee health and accident coverage. Beginning in 1997 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund to account for and finance its uninsured risk of loss. The Madison County Board of Supervisors has extended coverage to the employees of the following public entities:

- Madison County Economic Development Authority (MCEDA)
- Madison County Soil and Water Conservation District (MCSWCD)
- Madison County Citizens' Services Agency (MCCSA)

Under the plan, amounts payable to the risk management fund are based on historical cost estimates. Each participating entity pays a premium on a single coverage policy for respective employees. Employees pay an additional individual premium, and if electing dependent coverage, pay any additional premium through payroll deduction. Premium payments to the risk management fund are determined on a historical cost basis. The County has uninsured risk retention for all participating entities, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased re-insurance which functions as stop loss coverage. The coverage is purchased from an outside commercial carrier. For the current fiscal year, there is an aggregate specific deductible of \$90,000, as well as an individual-specific deductible of \$100,000. The County must meet an overall deductible of \$90,000 as well as meeting the individual deductible of \$100,000 in claims paid.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of these liabilities was \$138,720. An analysis of claims activities is presented below:

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$	219,446	3,203,977	3,292,369	131,054
2018-2019	\$	131,054	4,051,378	4,043,712	138,720

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

(9) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>		<u>Amount</u>
Mobile equipment	\$	1,973,499
Less: Accumulated depreciation		<u>(701,783)</u>
Leased property under capital leases	\$	<u><u>1,271,716</u></u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ending September 30,</u>		<u>Principal</u>	<u>Interest</u>
2020	\$	233,849	8,947
2021		52,610	6,282
2022		54,115	4,777
2023		55,662	3,229
2024		<u>57,255</u>	<u>1,637</u>
Total	\$	<u><u>453,491</u></u>	<u><u>24,872</u></u>

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

(10) Long-Term Debt

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
G.O. Road & Bridge Refunding Bond Series 2015	\$ 7,325,000	2.50-4.00%	03/2023
Series 2009 Mississippi Development Bank Special Obligation Refunding Bonds	955,000	1.50 - 4.00%	05/2024
Series 2011 Refunding Bonds (Jail)	3,965,000	2.00 - 3.25%	06/2024
Series 2012 Road and Bridge Refunding Bonds	6,835,000	2.00 - 3.00%	05/2026
Series 2014 Road and Bridge Refunding Bonds	10,600,000	2.00 - 4.00%	05/2027
Series 2014 Road and Bridge Bonds	11,725,000	3.50 - 4.50%	11/2029
Series 2014 Refunding Bonds	10,960,000	0.78 - 3.34%	09/2026
Series 2016 Refunding Bonds (Nissan)	6,895,000	3.00 - 4.00%	03/2028
Series 2017 Road and Bridge Bonds	7,395,000	2.12 - 3.00%	10/2037
Total General Obligation Bonds	\$ 66,655,000		
B. Limited Obligation Bonds:			
Urban Renewal Revenue Bond (Sulphur Springs)	\$ 645,000	2.50%	03/2023
Urban Renewal Revenue Bond (Lost Rabbit)	5,140,000	7.88%	09/2039
Tax Increment Financing Taxable Limited Obligation Bonds			
Series 2015 Galleria Parkway Project	1,019,700	5.37%	04/2035
Total Limited Obligation Bonds	\$ 6,804,700		
C. Capital Leases:			
Caterpillar Motor Grader	\$ 270,789	2.86%	04/2024
Heavy equipment (road)	182,702	1.97%	04/2020
Total Capital Leases	\$ 453,491		

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2019

D. Other Loans				
South Madison Fire Station	\$	123,328	2.00%	05/2021
Farmhaven Fire Station		174,769	2.00%	02/2022
Industrial development capital improvement (CAP)		573,071	3.00%	12/2028
South Madison Annex - limited obligation promissory note		630,756	3.69%	09/2023
Valley View Fire Station		538,992	2.00%	02/2034
South Madison Fire Station		713,099	2.00%	08/2038
G.O. Note, Series 2018		2,640,000	2.41%	02/2023
G.O. Note, Series 2018B		2,850,000	2.38%	04/2021
G.O. Note, Series 2019		1,635,000	1.51%	07/2021
		<hr/>		
Total Other Loans	\$	9,879,015		
		<hr/> <hr/>		

Pledge of Future Revenues - The County has pledged future general county tax revenues to repay \$5,235,000 in limited obligation infrastructure acquisition revenue bonds issued on August 22, 2014. Proceeds from the bonds provided financing for the acquisition of land improvements within the Lost Rabbit Urban Renewal District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general county tax revenues collected from parcels of land located within the boundaries of the Lost Rabbit Urban Renewal District and income received from property fees assessed to land owners within the district and payable through 2039. The total principal and interest remaining to be paid on the bonds is \$11,799,592. Principal and interest paid for the current year was \$112,324.

The County has pledged future general county tax revenues to repay \$1,500,000 in limited obligation recreational facility construction revenue bonds issued March 21, 2013. Proceeds from the bonds provided financing for the construction of a recreational facility within the Sulphur Springs Lake Project Urban Renewal District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general county tax revenues. The total principal and interest remaining to be paid on the bonds is \$677,688. Principal and interest paid for the current year and total net revenues at September 30, 2019 were \$150,000 and \$18,000, respectively.

The County has pledged 50% of the future incremental tax revenues from various funds to repay \$1,135,000 in taxable tax increment limited obligation refunding bonds issued on February 25, 2015. Proceeds from the bonds provided financing for the refunding of the 2011 Taxable Increment Financing bonds. The bonds are payable solely from income derived from general county tax revenues collected from parcels of land located within the boundaries of the Galleria Project Tax Increment Financing District. The bonds are not a general obligation of the County and therefore, are not secured by the full faith and credit of

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

the County. The total principal and interest remaining to be paid on the bonds is \$1,602,318. The total principal and interest paid for the current year was \$89,732.

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 6,910,000	2,125,992	405,000	1,997,731	4,841,474	216,520
2021	7,125,000	1,934,074	316,900	450,972	1,983,804	107,185
2022	7,350,000	1,715,904	333,900	435,478	939,095	64,532
2023	7,615,000	1,472,834	346,000	419,027	789,716	40,190
2024	7,910,000	1,257,942	193,200	403,737	132,956	28,997
2025 - 2029	24,710,000	2,404,505	1,208,200	1,782,868	651,516	93,900
2030 - 2034	3,520,000	435,597	1,723,800	1,267,659	373,477	35,356
2035 - 2039	1,515,000	69,075	2,277,700	517,426	166,977	6,658
Total	\$ 66,655,000	11,415,923	6,804,700	7,274,898	9,879,015	593,338

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 4.21% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2019, \$65,320,000 of bonds outstanding were considered defeased.

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance				Balance	Amount
	Oct. 1, 2018	Additions	Reductions	Adjustments*	Sept. 30, 2019	due within one year
Governmental Activities:						
General obligation bonds	\$ 73,370,000		6,715,000		66,655,000	6,910,000
Limited obligation bonds	7,082,900		278,200		6,804,700	405,000
Capital leases	552,814	270,789	370,112		453,491	233,849
Other loans	6,557,696	7,335,000	4,013,681		9,879,015	4,841,474
Compensated absences	1,358,000	10,781		131,333	1,500,114	
Total	\$ 88,921,410	7,616,570	11,376,993	131,333	85,292,320	12,390,323

	Balance			Balance
	Oct. 1, 2018	Additions	Reductions	Sept. 30, 2019
Premiums	\$ 3,731,913		466,713	3,265,200
Discounts	(22,746)		(4,028)	(18,718)
	<u>\$ 3,709,167</u>	<u>0</u>	<u>462,685</u>	<u>3,246,482</u>

*The adjustment to compensated absences is to add prior year balances for compensation time.

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Planning & Zoning, E911 Communications, Solid Waste, 1/4-mill Fire District, Road Maintenance Fund and Bridge and Culvert Fund.

(11) Deficit Fund Balances of Individual Funds

The following funds reported a deficit in fund balance and net position at September 30, 2019:

Fund	Deficit Amount
State Aid Road Fund	\$ 2,850
SAMHSA Grant Fund	2,522
\$6M MDOT Project Fund	72,452
Mannsdale Turn Lane	119,959
Sulphur Springs NH Grant Fund	12,659
MDA DIP Fastnal Grant Fund	33,629

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

(12) 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.

Parkway South Public Improvement District - The County entered into a limited agreement with the Parkway South Public Improvement District, pursuant to the "Public Improvement District Act", codified as Section 19-31-1 Miss. Code (1972), as amended. The purpose of the agreement was to construct a parkway financed by a bond issue to be repaid by special assessments to landowners along the parkway. The agreement provided that, in the event Parkway South fails, for any reason, to levy and/or collect a sufficient amount of special assessments from the owners of land within Parkway South to satisfy any debt service payment, the County shall pay the outstanding amount required to satisfy the deficient debt service payment. In the event of a sale of a parcel of land for taxes upon which a special assessment was levied but not collected, the County's reimbursement, plus interest would come from the tax sale. Parkway South contractually agreed to reimburse the County no later than two years after the deficiency payment was made. The agreement indicates that breach of the agreement by Parkway South relieves the County of additional liability for payment of the bonds.

As of September 30, 2019, the County has advanced \$4,365,029 to Parkway South, under the Contribution Agreement. Parkway South has repaid \$2,884,269 to the County, leaving a balance due of \$1,480,760 payments of \$129,400 and \$729,400 due on November 1, 2019 and May 1, 2020, respectively.

(13) No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for which the debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in event of default.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

Madison County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated October 11, 2006 and amended May 8, 2013 allowing the County to provide proper funds necessary to the Commission (MDOT) for the construction of a Highway project. Funding was obtained from the \$145,000,000 Mississippi Development Bank Bonds, Series 2006 (Madison County, Mississippi Highway Construction Project), and the \$88,865,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Construction Project) dated May 8, 2013. Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the Series 2006 and Series 2013C Bonds. Nothing in the bonds themselves or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers. The principal amount of such debt outstanding at September 30, 2019 is as follows:

<u>Issue</u>	<u>Outstanding Amount</u>
Mississippi Development Bank Bonds, Series 2013C	\$ <u>74,460,000</u>

(14) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Madison County Board of Supervisors appoints two of the twenty-two members of the college board of trustees. Madison County appropriated \$3,789,899 for maintenance and support of the College in fiscal year 2019.

Region 8 Mental Health - Mental Retardation Commission operates in a district composed of the counties of Copiah, Madison, Rankin, and Simpson. The Madison County Board of Supervisors appoints one of the four board of commissioners. The County appropriated \$110,000 for maintenance and support of the center in fiscal year 2019.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Madison County Board of Supervisors appoints three of thirty-three members of the board of directors. Madison County appropriated \$11,279 for maintenance and support of the district in fiscal year 2019.

The Madison County Wastewater Authority was organized under House Bill Number 1640 Local and Private Laws of the State of Mississippi, 2001, for the acquisition, construction and operation of user-funded wastewater systems, in order to prevent and control the

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

pollution of the waters of the County. The Madison County Board of Supervisors appoints one of the nine members of the board of directors. The County made no appropriation to the Authority in fiscal year 2019.

(15) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. Madison County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$2,597,219, \$2,633,456, and \$2,568,712, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$46,578,090 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was .264769 percent, which was based on a measurement date of June 30, 2019. This was an increase of .004750 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$4,697,504. At September 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,059	\$ 48,806
Net difference between projected and actual earnings on pension plan investments		
Change of assumptions	456,471	482,653
Changes in proportion and differences between County's contributions and proportionate share of contributions	574,126	
County contributions subsequent to the measurement date	<u>759,216</u>	
Total	<u>\$ 1,816,872</u>	<u>\$ 531,459</u>

\$759,216 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 ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2020	\$ 479,806
2021	(414,169)
2022	247,907
2023	<u>212,653</u>
Total	<u>\$ 526,197</u>

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

Investment rate of return 7.75 percent, net of pension plan investment expense, including inflation

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

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27%	4.90%
International Equity	22%	4.75%
Global Equity	12%	5.00%
Fixed Income	20%	1.50%
Real Estate	10%	4.00%
Private Equity	8%	6.25%
Cash	1%	0.25%
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 (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 61,228,514	\$ 46,578,090	\$ 34,485,482

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

(16) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$30,214,191) includes the effect of deferred inflows / outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$759,216 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. The \$1,057,656 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$531,459 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in revenue over the next four years.

The governmental activities' net investment in capital assets net position amount of \$58,950,075 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County's debt. \$2,672,827 of the \$4,489,699 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets net position over the next few years.

(17) Tax Abatements

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatements Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

The Madison County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. Madison County has abated the following taxes:

	Year of Expiration	Tax Abated
Section 27-31-101, Miss. Code Ann. (1972)		
Industrial new enterprise exemption		
American Howa Kentucky Inc	2024	15,891
Axiall LLC	2025	1,877
Madison Tin, LLC	2028	1,783
Eastgroup Properties LP	2022	8,610
Unipres Southeast USA, Inc	2028	41,691
Monsanto	2020	854
Southeast Industrial Properties I L	2020	12,818
Southeast Industrial Properties I L	2020	64
Steel Technology LLC	2023	14,744
Sun Pine Corp	2020	397
Sun Pine Corp	2021	624
Sun Pine Corp	2022	1,104
Section 27-31-102, Miss. Code Ann. (1972)		
Equipment used in connection with enhanced oil recovery projects		
Denbury Gulf Coast	2022	3,407
Denbury Onshore LLC	2020	7,495
Denbury Onshore LLC	2021	14,970
Denbury Onshore LLC	2019	27,385
Denbury Onshore LLC	2021	350
Denbury Onshore LLC	2022	2,382
Denbury Onshore LLC	2024	183
Denbury Onshore LLC	2023	7,399
Section 27-31-104 , Miss. Code Ann. (1972)		
Industrial fee-in-lieu of taxes		
Mississippi Major Economic Impact	2026	1,389
Mississippi Major Economic Impact	2027	1,986
Mississippi Major Economic Impact	2024	220,418
Nissan North America	2028	1,090,593
Section 27-31-105, Miss. Code Ann. (1972)		
Industrial expansion or addition to existing entity exemption		
Arrowhead real Estate LLC	2027	15,425
Axiall LLC	2027	329
Axial LLC	2028	1,544
Business Communications-Data Center	2021	4,563
Calsonic Kansei North America Inc	2027	30,140
D.B.C.	2021	813
D.B.C.	2024	2,163

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2019

D.B.C.	2028	6,584
D.B.C.	2028	1,651
Denbury Gulf Coast	2023	4,174
Denbury Onshore LLC	2023	26,707
Euro American Plastics Inc	2026	466
Euro American Plastics Inc	2027	881
Hederman Borthers, LLC	2027	1,597
Hederman Borthers, LLC	2018	21,200
Kasai North America Inc	2022	47,432
Kasai North America Inc	2023	2,876
Kasai North America Inc	2024	25,075
Kasai North America Inc	2027	5,284
Kasai North America Inc	2028	32,660
Matheson Tri-Gas Inc	2028	2,008
Matheson Tri-Gas Inc	2028	18,088
Musee Properties LLC	2028	9,418
Systems Electro Coating LLC	2024	7,784
Topre America Corp	2023	23,068
Topre America Corp	2024	19,091
Tower Automotive	2020	14,026
Tower Automotive	2022	7,146
Tower Automotive	2024	2,112
Tower Automotive	2025	35,415
Tower Automotive	2026	10,193
Tower Automotive	2027	19,610
Vari Form US Holding Corp	2024	339
Kasai North America Inc	2026	6,537
Freeport Warehouse Exemption		
Axiall LLC		43,866
Cardinal Health 110 Inc		695,273
D.B.C. (Freeport Whse and Full TAX)		4,602
Lacour J A and Company		684
Levi Strauss & Co (Full Tax & Fw)		576,287
McKesson Medical Surgical Inc	2099	17,557
McKesson Medical Surgical Inc		15,053
Nissan Trading Corp (Freeport Warehouse)		38,227
Parker Hannifin Corp Fluidex		1,633
Parker Hannifin Corp Fluidex	2099	1,854
Presto Manufacturing Co (Freeport Whse)		46,405
Primos Hunting-(Full Tax W/INV)		3,867
Robot Coupe USA Inc		32,261
Robot Coupe USA Inc	2099	37,074
Skyhawk Technologies LLC		14,454
Skyhawk Technologies LLC	2099	16,622
Sun-Pine Corp (Full Tax Parcel)		998
Vertex Aerospace LLC		131,181

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2019

(18) Mississippi Office of the State Auditor

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will include a Purchasing Report and Limited Compliance Review Report.

(19) 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 Madison 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 requiring disclosure in the notes to the financial statements:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
12/2019	1.99%	\$	5,700,000	General obligation note	Ad valorem taxes
01/2020	2.00%		8,400,000	General obligation bonds	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 22,990,359	23,403,426	23,403,426	-
Licenses, commissions and other revenue	3,295,500	3,309,444	3,309,444	-
Fines and forfeitures	800,000	753,163	753,163	-
Intergovernmental revenues	2,490,396	2,147,095	2,147,095	-
Charges for services	7,271,924	9,592,759	9,592,759	-
Interest income	81,100	102,981	102,981	-
Miscellaneous revenues	617,500	1,495,026	1,495,026	-
Total Revenues	<u>37,546,779</u>	<u>40,803,894</u>	<u>40,803,894</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	23,135,155	22,004,764	22,004,764	-
Public safety	13,763,866	14,143,858	14,143,858	-
Public works	1,411,000	-	-	-
Health and welfare	968,826	1,039,102	1,039,102	-
Conservation of natural resources	338,262	323,072	323,072	-
Economic development and assistance	11,279	11,279	11,279	-
Debt service expenditures	1,308,980	1,396,259	1,396,259	-
Total Expenditures	<u>40,937,368</u>	<u>38,918,334</u>	<u>38,918,334</u>	<u>-</u>
Deficiency of Revenues (Under) Expenditures	<u>(3,390,589)</u>	<u>1,885,560</u>	<u>1,885,560</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	3,743,995	2,817,054	1,733,838	(1,083,216)
Other financing uses	-	-	(509,762)	(509,762)
Total Other Financing Sources (Uses)	<u>3,743,995</u>	<u>2,817,054</u>	<u>1,224,076</u>	<u>(1,592,978)</u>
Net Change in Fund Balance	<u>353,406</u>	<u>4,702,614</u>	<u>3,109,636</u>	<u>(1,592,978)</u>
Fund Balances - Beginning	<u>3,746,334</u>	<u>11,610,979</u>	<u>23,642,653</u>	<u>12,031,674</u>
Fund Balances - Ending	<u>\$ 4,099,740</u>	<u>16,313,593</u>	<u>26,752,289</u>	<u>10,438,696</u>

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

Madison County, Mississippi

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

PERS

Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (asset)	\$ 46,578,090	43,248,885	42,844,471	45,831,595	40,110,027	30,143,808
County's proportion of the net pension liability (asset)	0.264769%	0.260019%	0.257736%	0.256580%	0.259477%	0.248339%
County's covered payroll	\$ 17,515,920	16,604,692	16,533,930	16,414,032	16,210,616	15,181,708
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	265.92%	260.46%	259.13%	279.22%	247.43%	198.55%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	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 06/30 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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,597,219	2,633,456	2,568,712	2,576,920	2,533,214	2,388,961
Contributions in relation to the contractually required contribution	2,597,219	2,633,456	2,568,712	2,576,920	2,533,214	2,388,961
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	16,042,119	16,720,356	16,309,283	16,361,397	16,083,898	15,168,006
Contributions as a percentage of covered payroll	16.19%	15.75%	15.75%	15.75%	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.

Madison County, Mississippi

Notes to the Required Supplementary Information
For the year ended September 30, 2019

Budgetary Comparison Schedule

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, 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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

Madison County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

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

	<u>Governmental Fund</u>	
		<u>General Fund</u>
Budget (Cash Basis)	\$	<u>3,109,636</u>
Increase (Decrease)		
Net adjustments for revenue accruals		310,057
Net adjustments for expenditure accruals		(1,906,475)
Other reconciling items		<u>1,655,934</u>
GAAP Basis	\$	<u><u>3,169,152</u></u>

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

Madison County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

2017

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

The wage inflation assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019

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

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

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

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

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

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

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

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

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

Madison County, Mississippi

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

B. Change in Benefit Provisions.

2016

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

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed-through the Mississippi Home Corporation			
Home Investment Partnership Program	14.239	1228-M16-SG-280-045	\$ <u>12,400</u>
Total passed-through the Mississippi Home Corporation			<u>12,400</u>
Total U.S. Department of Housing and Urban Development			<u>12,400</u>
U.S. Department of Interior			
Direct Program:			
Payment in lieu of taxes	15.226	N/A	<u>8,649</u>
Total U.S. Department of Interior			<u>8,649</u>
U.S. Department of Justice			
Passed-through the MS Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17DC1451	76,269
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DC1451	<u>37,586</u>
Total passed-through the MS Department of Public Safety			<u>113,855</u>
Total U.S. Department of Justice			<u>113,855</u>
U.S. Department of Transportation			
Passed-through the MS Department of Transportation			
Highway Planning and Construction	20.205	STP-0045-000-0027	<u>698,020</u>
Total passed-through the MS Department of Transportation			<u>698,020</u>
Passed-through the MS Department of Public Safety			
National Priority Safety Programs	20.616	M5X-18-MD-14-51	<u>76,930</u>
Total passed-through the MS Department of Public Safety			<u>76,930</u>
Total U.S. Department of Transportation			<u>774,950</u>
U.S. Department of Health and Human Services			
Direct Program:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	<u>24,195</u>
Total U.S. Department of Health and Human Services			<u>24,195</u>
U.S. Department of Homeland Security			
Passed-through the MS Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMA-2018	<u>74,863</u>
Total passed-through the MS Emergency Management Agency			<u>74,863</u>
Total U.S. Department of Homeland Security			<u>74,863</u>
Total Expenditures of Federal Awards			\$ <u><u>1,008,912</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Federal Awards (Schedule) includes the federal grant activity of Madison County and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparations of, the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Madison County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Madison County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

OTHER INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Shelia Jones	Supervisor District 1	Liberty Mutual Surety	\$100,000
Trey Herron Baxter	Supervisor District 2	Liberty Mutual Surety	\$100,000
Gerald D. Steen	Supervisor District 3	Liberty Mutual Surety	\$100,000
David Bishop	Supervisor District 4	Liberty Mutual Surety	\$100,000
Paul Griffin	Supervisor District 5	Liberty Mutual Surety	\$100,000
Shelton Vance	County Administrator	Liberty Mutual Surety	\$100,000
Ronald W. Lott	Chancery Clerk	Liberty Mutual Surety	\$100,000
Shelton Vance	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Regina Ferguson	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Cynthia Parker	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Holli McCarra	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Jeff Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Stacey Toten	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Charles Laseter	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Marie Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Kimberly Sievers	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Megan Mawhorter	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Kim Arnold	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Cheryl Houston	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Emily Anne Robertson	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Ivy Brock	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Rhonda Kammerdeiner	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Susan Edgar	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Greg Higginbotham	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Hardy Crunk	Purchase Clerk	Liberty Mutual Surety	\$75,000
Kesha Jackson-Buckner	Purchase Clerk	Liberty Mutual Surety	\$75,000
Cynthia Parker	Assistant Purchase Clerk	Liberty Mutual Surety	\$50,000
Myrtis Sims	Receiving Clerk	Liberty Mutual Surety	\$75,000
Leanna Autum	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Dawn Massey	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Lynn Thornburg	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Leeann Sanders	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Yahatta Johnson	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Clara Latiker	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Jay Hilliard	Inventory Control Clerk	Liberty Mutual Surety	\$75,000
Cornelius Bacon	Road Manager	Liberty Mutual Surety	\$100,000
William L. Weisenberger Jr.	Constable	Liberty Mutual Surety	\$50,000
Johnny Sims	Constable	Liberty Mutual Surety	\$50,000
Brad Harbour	Constable	Liberty Mutual Surety	\$50,000
Michael Brown	Constable	Liberty Mutual Surety	\$50,000
Anita Wray	Circuit Clerk	Liberty Mutual Surety	\$100,000
Priscilla D Blankenship	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Monica L Henderson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Wanda Jefferson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Margaret Jones	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Laurie A Prince	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Fannie M Sanders	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Tina Ann Blount	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Randall Tucker	Sheriff	Liberty Mutual Surety	\$100,000
Albert Jones, Jr.	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Sam Howard	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kristopher J Stone	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James C Mangum	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Cannon	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tommy Squires	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joseph Butler	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Don Hicks	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Earl Taylor	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Elton Flax	Deputy Sheriff	Liberty Mutual Surety	\$50,000
George Elliot	Deputy Sheriff	Liberty Mutual Surety	\$50,000
George Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Harold Curtis	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Knight	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Keith Gerlach	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jason Barnes	Deputy Sheriff	Liberty Mutual Surety	\$50,000

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
William H Hudson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William L Weisenberger Jr	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William Lee Brock	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John M Chapman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Rylon Thompson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Donovan Gerlach	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joshua Douglas Farrar	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Taylor Chastain	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Scott McDonald	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Russell Kirby	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robbin Welch	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robert S Graves	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard T Davis III	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Randall Grewe	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Radford G Shearrill	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John Christian Wallace	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Todd Wilson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Mark Sandridge	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kim W Henderson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joshua H Fish	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Newman Bernard Newsome	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jordan Thomas Evans	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeremy Williams	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Slade Moore	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Charles Harold Clark	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Hall	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joel Evans	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joseph Mangino	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kevin Moffett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard Ladner	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Guy Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Kip Luby	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kyrie Lucas	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Glen William Fox	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Seth Everett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Strait	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Watts Johnson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeffery M Waldrop	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brad Sullivan	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brian Loveall	Deputy Sheriff	Liberty Mutual Surety	\$50,000
David Redd	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Andre Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Daniel Conner Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Gregory Scott Phillips	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jamal Watkins	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John Chapman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Matthew Holcomb	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Paul Cox	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Barry Shane Chandler	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brennan Edward Alexander	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kyle Michael Millican	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Lamar Rhinewalt	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Cline Wyman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Gary A. Copeland, II	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jacoby Cowan	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeffery Todd Harrell	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Irving McGowan	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Skyler Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeremiah W. Thornton	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John F. Garcia	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tony R. Alexander	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Christopher Blake Kimbrough	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Molly Grace Ratcliff	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Pery Christopher Ables	Deputy Sheriff	Liberty Mutual Surety	\$50,000

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Kathy Kehle	Sheriff's Bookkeeper	Liberty Mutual Surety	\$50,000
Albert Jones III	County Patrolman	Liberty Mutual Surety	\$50,000
Kyrie Lucas	County Patrolman	Liberty Mutual Surety	\$50,000
Michael Seth Everett	County Patrolman	Liberty Mutual Surety	\$50,000
Martina Bridges Griffin	Justice Court Judge	Liberty Mutual Surety	\$50,000
Marsha Weems Stacey	Justice Court Judge	Liberty Mutual Surety	\$50,000
Lloyd Spivey, III	Justice Court Judge	Liberty Mutual Surety	\$50,000
William Bruce McKinley	Justice Court Judge	Liberty Mutual Surety	\$50,000
Cheryl Horn	Justice Court Clerk	Liberty Mutual Surety	\$50,000
Angela Tramble	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Sarah Steele	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Lauren Canoy	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Stephanie Burton	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Brittany Nicole Hollins	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Brittany Horn	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Richard T. Davis	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
James Ransburg	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Shelia Taylor	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Seth Everett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Donovan Gerlach	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Lisa Simmons Lee	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Mary Luckett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Mark Sandridge	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Matthew Taylor Chastain	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Michael Todd Wilson	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Robert Scott Graves	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Russell Kirby	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Tommy Squires	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Trevell Remashean Dixon	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
William L. Weisenberger Jr.	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Kay S. Pace	Tax Collector	Liberty Mutual Surety	\$100,000
Norman Cannady	Tax Assessor	Liberty Mutual Surety	\$50,000
Lisa K Duvall	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Lori A Butler	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Myrtle Rayburn	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Margaret Hayman	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brenda McKenzie	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Wanda Lancaster	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Debra Nason	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Sheila Woodard	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Laura Sullivan	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Christina Marie Hewitt	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Vent Mixon	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Jeff Hodgins	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Margaret E Anderson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Payton Annette Ray	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Kathleen Ketchum	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
John F Fox	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Mitchell Martin	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Ira H Thorn	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Evelyn Mixon	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Steven Todd Meador	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Christopher J Garavelli	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Brad D Harbour	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Angelina Brown	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Adriane D Odom	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Leslie Lacour	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Randi Jerome	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Brent Smith	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Carolyn Bryant	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Lesly Barthel	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Stacy Powell	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Don Jorgenson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000

MADISON COUNTY, MISSISSIPPI
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2019
 UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Nicole Mann	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Sommer Jackson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Sue Anglin	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Roy Doom	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Kimberly Pugh Kennedy	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Lisa Coursey	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Dan Gaillet	County Engineer	Liberty Mutual Surety	\$50,000
Timothy Alan Bryan	County Engineer	Liberty Mutual Surety	\$50,000
Richard Tolbert	County Surveyor	Liberty Mutual Surety	\$50,000
Greg Higginbotham	Comptroller	Liberty Mutual Surety	\$75,000
Kesha Jackson-Buckner	Administrative Assistant	Liberty Mutual Surety	\$50,000
Virginia Kelley	Veterans' Office Assistant	Liberty Mutual Surety	\$50,000
Jessica Carr Culpepper	Adult Drug Coordinator	Liberty Mutual Surety	\$50,000
Suzanne Hidalgo	Drug Coordinator	Liberty Mutual Surety	\$50,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Madison 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, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 14, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison 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 Madison County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

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

Compliance and Other Matters

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

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
December 14, 2020

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Madison County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Madison County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Madison County, Mississippi's major federal program for the year ended September 30, 2019. Madison County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Madison County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 14, 2020

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Madison County, Mississippi

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
General County I & S Fund	Unmodified
Aggregate remaining fund information	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.

Federal Awards:

- 4.. Internal control over major program:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.

5. Type of auditor's report issued on compliance for major program: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

7. Identification of major program:

CFDA Number:	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? No

Section II: Financial Statement Findings

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

Section III: Federal Awards Findings and Questioned Costs

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

SUMMARY OF PRIOR AUDIT FINDING



MADISON COUNTY BOARD OF SUPERVISORS

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www.madison-co.com

SUMMARY OF PRIOR AUDIT FINDING

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), Madison County has prepared and hereby submits the following summary of prior audit finding follow up as of September 30, 2019:

Finding
2018-001

Status
It has been determined that the conscious decision made by the County to exclude the presentation of the County's component unit due to a cost/benefit analysis does not constitute a deficiency in internal control. This will no longer be reported as such.