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MADISON COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021



MADISON COUNTY
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MADISON COUNTY

FINANCIAL SECTION



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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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the Governmental Activities and the General Fund

The Tax Collector did not timely and accurately reconcile her bank statements. Further, the Tax Collector's records did not match the source documents provided leading to limited confidence in the values provided. The amount by which this departure would affect the assets, net position/fund balance and revenues of the Governmental Activities and the General Fund has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and the General Fund of Madison County, Mississippi, as of September 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, liabilities, 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, 2021, 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 General County I & S Fund, the American Rescue Fund and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2021, 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 Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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

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 June 29, 2023 on our consideration of 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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, MS
June 29, 2023

MADISON COUNTY

FINANCIAL STATEMENTS

MADISON COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

| | Primary Government |
|--|----------------------------|
| | Governmental Activities |
| ASSETS | |
| Cash | \$ 83,738,205 |
| Investments | 535,042 |
| Property tax receivable | 44,455,358 |
| Fines receivable (net of allowance for uncollectibles of \$1,765,931) | 419,204 |
| Intergovernmental receivables | 2,768,805 |
| Other receivables | 795,493 |
| Capital assets: | |
| Land and construction in progress | 21,216,782 |
| Other capital assets, net | 118,708,901 |
| Total Assets | 272,637,790 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 7,584,905 |
| Deferred amount on refunding | 2,479,349 |
| Deferred outflows related to OPEB | 7,093 |
| Total Deferred Outflows of Resources | 10,071,347 |
| LIABILITIES | |
| Claims payable | 1,318,306 |
| Intergovernmental payables | 5,178,638 |
| Accrued interest payable | 2,962,941 |
| Unearned revenue | 10,321,045 |
| Amount held in custody for others | 1,248,357 |
| Claims and judgments payable | 253,776 |
| Long-term liabilities | |
| Due within one year: | |
| Capital debt | 11,273,714 |
| Non-capital debt | 597,874 |
| Due in more than one year: | |
| Capital debt | 65,605,253 |
| Non-capital debt | 16,658,968 |
| Net pension liability | 42,719,896 |
| Net OPEB liability | 21,536 |
| Total Liabilities | 158,160,304 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 12,978,713 |
| Deferred revenues - property taxes | 44,455,358 |
| Total Deferred Inflows of Resources | 57,434,071 |
| NET POSITION | |
| Net investment in capital assets | 65,526,065 |
| Restricted for: | |
| Expendable: | |
| General government | 983,950 |
| Public safety | 3,176,386 |
| Public works | 27,044,916 |
| Culture and recreation | 22,639 |
| Economic development and assistance | 378,473 |
| Debt service | 4,215,040 |
| Unrestricted | (34,232,707) |
| Total Net Position | \$ 67,114,762 |

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

MADISON COUNTY
Statement of Activities
For the Year Ended September 30, 2021

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 |
| Governmental activities: | | | | | |
| General government | \$ 22,973,765 | 10,353,151 | 1,111,357 | | (11,509,257) |
| Public safety | 19,880,619 | 5,790,620 | 116,745 | | (13,973,254) |
| Public works | 16,741,667 | 319,066 | 7,002,607 | 2,155,285 | (7,264,709) |
| Health and welfare | 1,132,214 | | 111,541 | | (1,020,673) |
| Culture and recreation | 1,938,662 | | | | (1,938,662) |
| Conservation of natural resources | 226,908 | | | | (226,908) |
| Economic development and assistance | 15,182,875 | | 4,531,545 | 5,558 | (10,645,772) |
| Interest on long-term debt | 2,868,855 | | | | (2,868,855) |
| Pension expense | 3,166,809 | | | | (3,166,809) |
| OPEB expense | 2,691 | | | | (2,691) |
| Total Governmental Activities | <u>84,115,065</u> | <u>16,462,837</u> | <u>12,873,795</u> | <u>2,160,843</u> | <u>(52,617,590)</u> |
| General revenues: | | | | | |
| Property taxes | | | | \$ | 53,775,178 |
| Road & bridge privilege taxes | | | | | 1,627,913 |
| In Lieu Tax | | | | | 727,183 |
| Grants and contributions not restricted to specific programs | | | | | 3,136,949 |
| Unrestricted interest income | | | | | 480,078 |
| Miscellaneous | | | | | <u>2,774,263</u> |
| Total General Revenues | | | | | <u>62,521,564</u> |
| Changes in Net Position | | | | | <u>9,903,974</u> |
| Net Position - Beginning | | | | | <u>57,210,788</u> |
| Net Position - Ending | | | | \$ | <u><u>67,114,762</u></u> |

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

| | Major Funds | | | | |
|--|----------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| | General Fund | General County I & S Fund | American Rescue Fund | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | | |
| Cash | \$ 35,617,137 | 6,635,292 | 10,326,433 | 31,159,343 | 83,738,205 |
| Investments | 535,042 | | | | 535,042 |
| Property tax receivable | 19,747,214 | 12,043,749 | | 12,664,395 | 44,455,358 |
| Fines receivable (net of allowance for uncollectibles of \$1,765,931) | 419,204 | | | | 419,204 |
| Intergovernmental receivables | 2,118,760 | | | 650,045 | 2,768,805 |
| Other receivables | 653,255 | | | 138,245 | 791,500 |
| Due from other funds | 240,637 | 444,709 | | 601,236 | 1,286,582 |
| Advances to other funds | 230,141 | | | 84,538 | 314,679 |
| Total Assets | <u>\$ 59,561,390</u> | <u>19,123,750</u> | <u>10,326,433</u> | <u>45,297,802</u> | <u>134,309,375</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Claims payable | \$ 611,875 | | 58 | 706,373 | 1,318,306 |
| Intergovernmental payables | 5,167,317 | | | 11,321 | 5,178,638 |
| Due to other funds | 1,045,945 | | | 236,644 | 1,282,589 |
| Advances from other funds | | | | 314,679 | 314,679 |
| Unearned revenue | | | 10,321,045 | | 10,321,045 |
| Amounts held in custody for others | 1,248,357 | | | | 1,248,357 |
| Claims and judgments payable | 253,776 | | | | 253,776 |
| Total Liabilities | <u>\$ 8,327,270</u> | | <u>10,321,103</u> | <u>1,269,017</u> | <u>19,917,390</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Unavailable revenue - property taxes | 19,747,214 | 12,043,749 | | 12,664,395 | 44,455,358 |
| Unavailable revenue - fines | 419,204 | | | | 419,204 |
| Total Deferred Inflows of Resources | <u>\$ 20,166,418</u> | <u>12,043,749</u> | | <u>12,664,395</u> | <u>44,874,562</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Advances | 230,141 | | | | 230,141 |
| Restricted for: | | | | | |
| General government | | | 5,330 | 978,620 | 983,950 |
| Public safety | | | | 3,176,386 | 3,176,386 |
| Public works | | | | 27,044,916 | 27,044,916 |
| Culture and recreation | | | | 22,639 | 22,639 |
| Economic development and assistance | | | | 378,473 | 378,473 |
| Debt service | | 7,080,001 | | 97,980 | 7,177,981 |
| Unassigned | 30,837,561 | | | (334,624) | 30,502,937 |
| Total Fund Balances | <u>\$ 31,067,702</u> | <u>7,080,001</u> | <u>5,330</u> | <u>31,364,390</u> | <u>69,517,423</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 59,561,390</u> | <u>19,123,750</u> | <u>10,326,433</u> | <u>45,297,802</u> | <u>134,309,375</u> |

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

MADISON COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021Exhibit 3-1

| | <u>Amount</u> |
|---|-----------------------------|
| Total Fund Balance - Governmental Funds | \$ 69,517,423 |
| 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 \$128,729,280. | 139,925,683 |
| Fines receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 419,204 |
| Deferred outflows of resources related to refunding bonds is not a financial resource and therefore, is not reported in the funds. | 2,479,349 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (94,135,809) |
| Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds. | (21,536) |
| Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds. | (42,719,896) |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | (2,962,941) |
| Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds: | |
| Deferred outflows of resources related to pensions | 7,584,905 |
| Deferred inflows of resources related to pensions | (12,978,713) |
| Deferred outflows related to other postemployment benefits | <u>7,093</u> |
| Total Net Position - Governmental Activities | \$ <u><u>67,114,762</u></u> |

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

MADISON COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

| | Major Funds | | | | |
|---|---------------|---------------------------|----------------------|--------------------------|--------------------------|
| | General Fund | General County I & S Fund | American Rescue Fund | Other Governmental Funds | Total Governmental Funds |
| REVENUES | | | | | |
| Property taxes | \$ 23,904,143 | 14,414,810 | | 15,456,225 | 53,775,178 |
| Road and bridge privilege taxes | | | | 1,627,913 | 1,627,913 |
| Licenses, commissions and other revenue | 4,158,051 | 1,593 | | 121,297 | 4,280,941 |
| Fines and forfeitures | 769,331 | | | 132,784 | 902,115 |
| In lieu taxes | | | | 727,183 | 727,183 |
| Intergovernmental revenues | 2,615,765 | | | 15,555,822 | 18,171,587 |
| Charges for services | 9,887,466 | | | 1,413,820 | 11,301,286 |
| Interest income | 241,846 | 32,335 | 5,388 | 200,509 | 480,078 |
| Miscellaneous revenues | 1,988,813 | | | 734,129 | 2,722,942 |
| Total Revenues | 43,565,415 | 14,448,738 | 5,388 | 35,969,682 | 93,989,223 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 22,695,621 | | 58 | 1,235,044 | 23,930,723 |
| Public safety | 15,444,287 | | | 6,859,337 | 22,303,624 |
| Public works | 827,400 | 160,181 | | 21,946,834 | 22,934,415 |
| Health and welfare | 1,116,258 | | | | 1,116,258 |
| Culture and recreation | | | | 1,929,845 | 1,929,845 |
| Conservation of natural resources | 226,908 | | | | 226,908 |
| Economic development and assistance | 842,053 | 258,887 | | 13,940,018 | 15,040,958 |
| Debt service: | | | | | |
| Principal | 420,000 | 11,062,500 | | 727,927 | 12,210,427 |
| Interest | 23,799 | 2,335,733 | | 122,907 | 2,482,439 |
| Bond issue costs | | | | 267,950 | 267,950 |
| Total Expenditures | 41,596,326 | 13,817,301 | 58 | 47,029,862 | 102,443,547 |
| Excess of Revenues over (under) Expenditures | 1,969,089 | 631,437 | 5,330 | (11,060,180) | (8,454,324) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-term debt issued | | | | 14,500,000 | 14,500,000 |
| Refunding bonds issued | | 5,749,000 | | | 5,749,000 |
| Proceeds from sale of capital assets | 86,814 | | | 185,258 | 272,072 |
| Premiums on bonds issued | | | | 231,057 | 231,057 |
| Payments to bond refunding escrow agent | | (5,588,819) | | | (5,588,819) |
| Transfers in | 189,671 | 933,149 | | 2,051,838 | 3,174,658 |
| Transfers out | (2,009,007) | (26,663) | | (1,138,988) | (3,174,658) |
| Total Other Financing Sources and Uses | (1,732,522) | 1,066,667 | 0 | 15,829,165 | 15,163,310 |
| Net Changes in Fund Balances | 236,567 | 1,698,104 | 5,330 | 4,768,985 | 6,708,986 |
| Fund Balances - Beginning | 30,831,135 | 5,381,897 | | 26,595,405 | 62,808,437 |
| Fund Balances - Ending | \$ 31,067,702 | 7,080,001 | 5,330 | 31,364,390 | 69,517,423 |

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

MADISON COUNTY

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, 2021

| | Amount |
|---|--------------|
| Net Changes in Fund Balances - Governmental Funds | \$ 6,708,986 |
| 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 \$11,972,961 exceeded depreciation of \$5,250,191 in the current period. | 6,722,770 |
| 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 gain of \$51,321, the loss of \$121,188 and the proceeds from the sale of capital assets of \$272,072 in the current period. | (341,939) |
| 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. | (21,505) |
| 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 proceeds of \$20,249,000 exceeded debt repayments of \$12,210,427. | (8,038,573) |
| 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: | |
| The amortization of: | |
| Premiums on bonds | 481,339 |
| Discount on bonds | (4,028) |
| Deferred amount on refunding bonds | (532,454) |
| Payment to bond refunding escrow agent | 5,588,819 |
| Deferred bond premium | (231,057) |
| Increase in compensated absences liability | (69,676) |
| Increase in accrued interest payable | (331,273) |
| Increase in other postemployment benefits payable | (2,992) |
| Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include: | |
| Recording of pension expense for the current period | (3,166,809) |
| Recording of contributions made during the year | 3,136,178 |
| Some items reported in the Statement of Activities relating to the implementation of GASB 75 are not reported in the governmental funds. These activities include: | |
| Increase in deferred outflows related to OPEB | 6,188 |
| Change in Net Position of Governmental Activities | \$ 9,903,974 |

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

MADISON COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 5

| | <u>Custodial Funds</u> |
|--|----------------------------|
| ASSETS | |
| Cash | \$ 427,535 |
| Total Assets | <u>\$ 427,535</u> |
| LIABILITIES | |
| Amounts held in custody for others | \$ 323,070 |
| Intergovernmental payables | 100,472 |
| Due to Governmental funds | 3,993 |
| Total Liabilities | <u>\$ 427,535</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations and other governments | \$ _____ |
| Total net position | <u>_____</u> |

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

MADISON COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 6

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ADDITIONS | |
| Collections on behalf of individuals | \$ 1,460,091 |
| Assessments of fines for other governments | 1,204,354 |
| Tax collections for other governments | <u>4,045,866</u> |
| Total Additions | <u>6,710,311</u> |
| DEDUCTIONS | |
| Payments of collections on behalf of individuals | 1,460,091 |
| Payments of assessments of fines to other governments | 1,204,354 |
| Payments of tax collections to other governments | <u>4,045,866</u> |
| Total Deductions | <u>6,710,311</u> |
| Net increase in fiduciary net position | 0 |
| Net Position - Beginning | |
| Net Position - Ending | \$ <u><u>0</u></u> |

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(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 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 conformity 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
- Kearney Park 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 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

B. Individual Component Unit Disclosures.

Blended Component Units

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 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, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary, even though the latter are excluded from the government-wide financial statements. 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 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 asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

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

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.

American Rescue Fund – This fund is used to account for federal monies received from the American Rescue Plan to address issues resulting from COVID 19.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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." Noncurrent portions of inter-fund 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 that 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. Inter-fund 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 (applicable) 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 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:

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

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

J. Deferred Outflows/Inflows of Resources.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

Deferred outflows related to OPEB – This amount represents the County's proportionate share of the deferred outflows of resources reported by the OPEB plan in which the County participates. See Note 9 for additional details.

Deferred outflows related to refunding – For current refundings and advance refundings 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 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.

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

Deferred revenues – property taxes/unavailable 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.

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 10 for additional details.

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.

K. 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.

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions.

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

M. Other Postemployment Benefits.

Plan Description

The Madison County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101, Miss. Code Ann. (1972). The County's health insurance plan may be amended by the Madison County Board of Supervisors. The County self-funds the health benefit coverage provided through the County's health insurance plan, with stop-loss coverage purchased from a commercial insurance company.

Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

N. 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.

O. 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 improvement 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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

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

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

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

P. 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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

assessments of the previous year.

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. Changes in Accounting Standards.

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$84,165,740, and the bank balance was \$86,874,574. The County utilizes a multiple financial institution pool to manage credit risk, as authorized by Section 27-105-315, Miss. Code Ann.(1972). Under this program, the County's funds are protected by the Federal Deposit Insurance Corporation (FDIC). The financial institution of the County arranges for the investment of funds in interest bearing accounts, for an amount not exceeding FDIC insurance, in one or more banks or savings and loan associations wherever located in the United States, for the account of the public depositor. The full amount of the principal and interest of each such interest bearing account is insured by the Federal Deposit Insurance Corporation. The financial institution acts as custodian for the County's deposits with respect to the funds invested in the County's depositor accounts.

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 pool. 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 insure that deposits and subsequent interest do not exceed FDIC coverage. In the event any funds exceed the FDIC coverage limitations, the Mississippi State Treasurer manages that risk on behalf of the County.

Investments:

Investments balances at September 30, 2021, are as follows:

| <u>Investment Type</u> | <u>Maturity</u> | <u>Fair Value</u> | <u>Rating</u> |
|----------------------------|-----------------|-------------------|---------------------------|
| Full Faith & Credit Bonds | 10+ Years | \$ 54,359 | AA+/Aaa |
| Government Agency Bonds | <1 Year | 150,537 | AA+/Aaa |
| U. S. Treasury Note | 1 - 5 Years | 52,369 | AA+/Aaa |
| Taxable Municipal Bonds | 1 - 5 Years | 54,003 | AA insured (A underlying) |
| Full Faith & Credit Bonds | 6 - 10 Years | 103,075 | AA+/Aaa |
| Mortgage Backed Securities | 6 - 10 Years | 38,521 | AA+/Aaa |
| Full Faith & Credit Bonds | 6 - 10 Years | 82,178 | AA+/Aaa |
| Total | | <u>\$ 535,042</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. These investments are uninsured, unregistered.

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

The County has the following recurring fair value measurements as of September 30, 2021:

- Level 1 type investments of \$452,864 are valued using quoted market prices (Level 1 inputs)
- Level 2 type investments of \$82,178 are valued using a matrix pricing model (Level 2 inputs)

MADISON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---------------------------|--------------------------|---------------------|
| General Fund | Other Governmental Funds | \$ 236,644 |
| General Fund | Custodial Fund | 3,993 |
| General County I & S Fund | General Fund | 444,709 |
| Other Governmental Funds | General Fund | <u>601,236</u> |
| Total | | \$ <u>1,286,582</u> |

The receivables represent the tax revenue collected but not settled until October, 2021, borrowings to alleviate funding shortage until grant monies are received and to cover negative cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 230,141 |
| Other Governmental Funds | Other Governmental Funds | <u>84,538</u> |
| Total | | \$ <u>314,679</u> |

The balances represent monies advance to various funds to alleviate funding shortages and error corrections. Interfund balances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---------------------------|---------------------------|---------------------|
| General Fund | Other Governmental Funds | \$ 189,671 |
| General County I & S Fund | Other Governmental Funds | 933,149 |
| Other Governmental Funds | General Fund | 2,009,007 |
| Other Governmental Funds | General County I & S Fund | 26,663 |
| Other Governmental Funds | Other Governmental Funds | <u>16,168</u> |
| Total | | \$ <u>3,174,658</u> |

The principal purpose of interfund transfers was to provide funds to cover operating expenses, to fund construction projects and to cover debt service payments. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

MADISON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

| Description | Amount |
|--|---------------------|
| Governmental Activities: | |
| Legislative tax credit | \$ 1,372,156 |
| Housing prisoners | 648,914 |
| MS Development Authority Industry Incentive Finance Fund Program | 528,321 |
| National priority safety programs | 18,729 |
| Substance abuse and mental health services | 25,508 |
| Motor vehicle fuel tax | 37,063 |
| Motor vehicle license | 51,836 |
| Timber severance tax | 1,060 |
| Oil severance tax | 3,689 |
| Reimbursement of welfare | 22,205 |
| Edward Byrne memorial justice assistance grant | 25,973 |
| Adult drug court | 19,564 |
| Youth court | 9,021 |
| Liquor privilege tax | 1,575 |
| Miscellaneous | 3,191 |
| Total Governmental Activities | \$ <u>2,768,805</u> |

MADISON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental activities:

| | Balance Oct. 1, 2020 | Additions | Deletions | Adjustments* | Balance Sept. 30, 2021 |
|---|-------------------------|-------------|-----------|--------------|---------------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 3,107,918 | | | | 3,107,918 |
| Construction in progress | 12,833,631 | 9,034,778 | | (3,759,545) | 18,108,864 |
| Total non-depreciable capital assets | 15,941,549 | 9,034,778 | - | (3,759,545) | 21,216,782 |
| Depreciable capital assets: | | | | | |
| Infrastructure | 172,220,753 | | | 2,137,178 | 174,357,931 |
| Buildings | 43,813,106 | | | 1,622,367 | 45,435,473 |
| Improvements other than buildings | 5,312,370 | | | | 5,312,370 |
| Mobile equipment | 15,095,973 | 1,802,046 | 1,293,614 | | 15,604,405 |
| Furniture and equipment | 4,594,241 | 1,136,137 | 428,482 | | 5,301,896 |
| Leased property under capital leases | 1,426,106 | | | | 1,426,106 |
| Total depreciable capital assets | 242,462,549 | 2,938,183 | 1,722,096 | 3,759,545 | 247,438,181 |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 90,943,783 | 2,478,592 | | | 93,422,375 |
| Buildings | 18,968,336 | 946,627 | | | 19,914,963 |
| Improvements other than buildings | 1,560,459 | 238,669 | | | 1,799,128 |
| Mobile equipment | 9,782,434 | 1,171,187 | 997,107 | | 9,956,514 |
| Furniture and equipment | 3,515,688 | 286,767 | 383,050 | | 3,419,405 |
| Leased property under capital leases | 88,546 | 128,349 | | | 216,895 |
| Total accumulated depreciation | 124,859,246 | 5,250,191 | 1,380,157 | - | 128,729,280 |
| Total depreciable capital assets, net | 117,603,303 | (2,312,008) | 341,939 | 3,759,545 | 118,708,901 |
| Governmental activities capital assets, net | \$ 133,544,852 | 6,722,770 | 341,939 | - | 139,925,683 |

* Adjustments were made to transfer completed construction in progress to infrastructure and buildings.

Depreciation expense was charged to the following functions:

| | Amount |
|--|--------------|
| Governmental activities: | |
| General government | \$ 509,687 |
| Public safety | 1,444,552 |
| Public works | 3,017,522 |
| Health and welfare | 34,038 |
| Culture and recreation | 8,817 |
| Economic development | 235,575 |
| Total governmental activities depreciation expense | \$ 5,250,191 |

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

| <u>Description of Commitment</u> | <u>Remaining Financial Commitment</u> | <u>Expected Date of Completion</u> |
|----------------------------------|---|--|
| Bozeman Road | \$ 15,954,964 | To be determined |
| Reunion Parkway | 4,215,897 | To be determined |
| Sulphur Springs Park | Unknown | Unknown |

(6) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. 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 Madison County Economic Development Authority (MCEDA), Madison County Soil and Water Conservation District (MCSWD) and the Madison County Citizens Services Agency (MCCSA).

Under the plan, premiums 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.

The County has uninsured risk retention for all participating, to the extent that actual claims submitted exceed the predetermined premium. To minimize this potential risk, the County has purchased reinsurance which functions as stop-loss coverage. This 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.

MADISON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

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, 2021 the amount of these liabilities was \$253,776. 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 |
|-----------|--|---|-------------------|----------------------------------|
| 2019-2020 | \$ 138,720 | 4,351,710 | 4,280,235 | 210,195 |
| 2020-2021 | \$ 210,195 | 5,600,928 | 5,557,347 | 253,776 |

(7) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

| <u>Classes of Property</u> | <u>Amount</u> |
|--------------------------------------|---------------------|
| Mobile equipment | \$ 1,426,106 |
| Less: Accumulated depreciation | <u>(216,895)</u> |
| Leased Property Under Capital Leases | <u>\$ 1,209,211</u> |

The following is a schedule by years of the total payments due as of September 30, 2021:

| <u>Year Ending September 30</u> | <u>Governmental Activities</u> | |
|---------------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 282,452 | 15,841 |
| 2023 | 286,716 | 11,576 |
| 2024 | 291,058 | 7,235 |
| 2025 | <u>236,585</u> | <u>2,815</u> |
| Total | <u>\$ 1,096,811</u> | <u>37,467</u> |

MADISON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(8) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|--|-----------------------|------------------|---------------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| G.O. Road & Bridge Refunding Bond, Series 2015 | \$ 3,790,000 | 2.50/4.00% | 03/2023 |
| MS Development Bank Special Obligation Refunding Bonds, Series 2009 | 595,000 | 1.50/4.00% | 05/2024 |
| G.O. Refunding , Series 2011 (Jail) | 2,450,000 | 2.00/3.25% | 06/2024 |
| Road and Bridge Refunding, Series 2012 | 5,025,000 | 2.00/3.00% | 05/2026 |
| G.O. Road & Bridge Refunding Bond, Series 2014 | 9,110,000 | 2.00/4.00% | 05/2027 |
| Road and Bridge Refunding, Series 2014 | 5,125,000 | 3.50/4.50% | 11/2029 |
| G.O. Refunding Bonds, Series 2014 | 8,090,000 | .78-3.34% | 06/2026 |
| G.O. Nissan Refunding Bonds, Series 2006 | 6,895,000 | 3.00/4.00% | 03/2028 |
| G.O. Road and Bridge Refunding, Series 2017 | 6,755,000 | 2.12/3.00% | 10/2037 |
| G.O. Public Improvement Bond, Series 2020 | 8,080,000 | 2.00/2.25% | 01/2040 |
| Taxable GO Refunding Bonds, Series 2021A | 5,749,000 | 1.15% | 11/2029 |
| Taxable GO Bonds, Series 2020C | 9,500,000 | 1.50/2.125% | 09/2041 |
| Total General Obligation Bonds | \$ <u>71,164,000</u> | | |
| B. Limited Obligation Bonds: | | | |
| Urban Renewal Revenue Bond (Sulphur Springs) | \$ 330,000 | 2.50% | 03/2023 |
| Urban Renewal Revenue Bond (Lost Rabbit) | 4,610,000 | 7.88% | 09/2039 |
| Taxable Tax Increment Limited Obligation Bonds, Series 2015 (Galleria Parkway Project) | 947,800 | 5.37% | 04/2035 |
| Total Limited Obligation Bonds | \$ <u>5,887,800</u> | | |
| C. Capital Leases: | | | |
| Tractors, bushhogs and mowers | \$ 929,779 | 1.19% | 07/2025 |
| Caterpillar Motor Grader | 167,032 | 2.86% | 04/2024 |
| Total Capital Leases | \$ <u>1,096,811</u> | | |
| D. Other Loans: | | | |
| Building Farmhaven Fire Station | \$ 31,921 | 2.00% | 02/2022 |
| Industrial development capital improvement (CAP) | 457,397 | 3.00% | 12/2028 |
| South Madison Annex-LO Promissory Note | 120,756 | 3.69% | 09/2023 |
| Valley View Fire Station | 481,373 | 2.00% | 02/2034 |
| South Madison Fire Station | 649,966 | 2.00% | 08/2038 |
| G.O. Note, Series 2018 | 1,320,000 | 2.41% | 02/2023 |
| G.O. Note, Series 2019 | 4,560,000 | 1.99% | 06/2025 |
| G.O. Note, Series 2020 | 4,000,000 | 1.10% | 10/2025 |
| Total Other Loans | <u>11,621,413</u> | | |

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 fund 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. Annual principal and interest payments on the bonds are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,878,335. Principal and interest paid for the current year was \$176,148.

The County has pledged future general county tax revenues to repay \$1,500,000 in limited obligation recreational facility construction revenue bonds issued on March 21, 2013. Proceeds from the bonds provided financing for the construction of a recreational facility within the Sulphur Springs Lake Project Urban Renewal Plan. 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 \$338,250. Principal and interest paid for the current year was \$170,250.

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 bond 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 the County. The total principal and interest remaining to be paid on the bonds is \$1,422,782. The principal and interest paid for the current year was \$89,778.

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

Governmental Activities:

| <u>Year Ending September 30</u> | <u>General Obligation Bonds</u> | |
|---------------------------------|---------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 8,176,000 | 1,914,258 |
| 2023 | 8,463,000 | 1,655,144 |
| 2034 | 8,779,000 | 1,423,778 |
| 2025 | 7,996,000 | 1,146,910 |
| 2026 | 12,932,000 | 757,159 |
| 2027 - 2031 | 12,173,000 | 1,877,070 |
| 2032 - 2036 | 7,195,000 | 1,009,263 |
| 2037 - 2041 | <u>5,450,000</u> | <u>248,255</u> |
| Total | <u>\$ 71,164,000</u> | <u>10,031,837</u> |

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

| <u>Year Ending September 30</u> | Limited Obligation Bonds | |
|---------------------------------|---------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 333,900 | 2,360,850 |
| 2023 | 346,000 | 419,027 |
| 2024 | 193,200 | 403,737 |
| 2025 | 210,500 | 389,605 |
| 2026 | 222,900 | 374,168 |
| 2027 - 2031 | 1,391,100 | 1,598,527 |
| 2032 - 2036 | 2,075,200 | 994,210 |
| 2037 - 2041 | <u>1,115,000</u> | <u>211,443</u> |
| Total | \$ <u>5,887,800</u> | <u>6,751,567</u> |

| <u>Year Ending September 30</u> | Other Loans | |
|---------------------------------|----------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 3,079,236 | 182,433 |
| 2023 | 2,929,716 | 124,405 |
| 2024 | 2,272,956 | 79,526 |
| 2025 | 2,276,281 | 42,516 |
| 2026 | 139,691 | 22,262 |
| 2027 - 2031 | 532,849 | 65,109 |
| 2032 - 2036 | 309,109 | 21,291 |
| 2037 - 2041 | <u>81,575</u> | <u>1,579</u> |
| Total | \$ <u>11,621,413</u> | <u>539,121</u> |

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, 2021, the amount of outstanding debt was equal to 4.40% of the latest property assessments.

Advance Refunding – On January 1, 2021, the County issued \$5,749,000 in taxable general obligation refunding bonds with an average interest rate of 1.15% to advance refund \$4,785,000 of the following outstanding bond issue:

| <u>Issue</u> | <u>Average Interest Rate</u> | <u>Outstanding Amount Refunded</u> |
|-------------------------------|------------------------------|------------------------------------|
| G.O. Road & Bridge Bonds 2014 | 4.50% | \$4,785,000 |

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The G.O. Road & Bridge Bonds 2014 had an outstanding balance of \$9,910,000 at the time of refunding , but only \$4,785,000 of the bond was refunded, leaving a remaining balance of \$5,125,000 of which \$925,000 was redeemed during the fiscal year 2021 , prior to refunding.

The net proceeds of \$5,588,819 (after payment of \$160,181 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds had been removed from the Statement of Net Position. On March 1, 2021, the remaining bonds were redeemed using the proceeds of the U.S. government securities.

The County advance refunded the above bonds to reduce its total debt service payments over the next 9 years by almost \$214,840 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$205,123.

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, 2021, \$4,785,000 of the bonds were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

| | Balance Oct. 1, 2020 | Additions | Reductions | Adjustments | Balance Sept. 30, 2021 | Amount due within one year |
|-------------------------------------|-------------------------|-------------------|-------------------|--------------------|------------------------------|----------------------------------|
| Governmental Activities: | | | | | | |
| General obligation bonds | \$ 68,145,000 | 15,249,000 | 7,445,000 | (4,785,000) | 71,164,000 | 8,176,000 |
| Limited obligation bonds | 6,259,700 | | 371,900 | | 5,887,800 | 333,900 |
| Capital leases | 1,374,959 | | 278,148 | | 1,096,811 | 282,452 |
| Other loans | 10,736,792 | 5,000,000 | 4,115,379 | | 11,621,413 | 3,079,236 |
| Compensated absences | 1,671,969 | 69,676 | | | 1,741,645 | |
| Total | \$ 88,188,420 | 20,318,676 | 12,210,427 | (4,785,000) | 91,511,669 | 11,871,588 |

| | Balance Oct. 1, 2020 | Additions | Reductions | Adjustments | Balance Sept. 30, 2021 |
|--------------|-------------------------|----------------|----------------|-------------|------------------------------|
| Premiums | \$ 2,885,084 | 231,057 | 481,339 | | 2,634,802 |
| Discounts | (14,690) | | (4,028) | | (10,662) |
| Total | \$ 2,870,394 | 231,057 | 477,311 | | 2,624,140 |

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Planning and Zoning Fund, E911 Communications Fund, Solid Waste Fund, ¼ Mill Fire District Fund, Road Maintenance Fund and the Bridge and Culvert Fund.

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(9) Other Postemployment Benefits.

Plan Description

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

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Miss. Code Ann.(1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2021, retiree premiums range from \$724 to \$1,222 depending on dependent coverage and Medicare eligibility.

Employees covered by benefit terms

At September 30, 2021, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 3 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | 423 |
| Total | <u>426</u> |

Total OPEB Liability

The County's total OPEB liability of \$21,536 was measured as of September 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

| | |
|--|---|
| Inflation | 2% |
| Salary increases | 2.65% - 17.90% average, including inflation |
| Discount rate | 2.17% |
| Healthcare cost trend rates | 7.00% for 2021, decreasing to an ultimate rate of 4.50% by 2030 |
| Retirees' share of benefit-related costs | 100% of projected health insurance premiums for retirees |

The discount rate was based upon the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published by the Board of Governors of the Federal Reserve System.

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates from ages 18 to 60 scaled up to 110% from ages 61 to 75 scaled down to 101% from ages 77 to 119.
- For females, 84% of the female rates from ages 18 to 72 scaled up to 100% for ages 76 to 119.

Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in this report were based on the results of the last actuarial experience study for the Mississippi Public Employees' Retirement System (PERS), dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan participation, rates of plan election, etc.) used in this report were based on a review of recent plan experience done concurrently with the September 30, 2021 valuation.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at 09/30/20 | \$ 18,544 |
| Changes for the year: | |
| Service cost | 919 |
| Interest | 347 |
| Differences between expected and actual experience | 5,375 |
| Changes in assumptions or other inputs | 2,238 |
| Benefit payments | (5,887) |
| Net changes | 2,992 |
| Balance at 09/30/21 | \$ 21,536 |

For the measurement period ended September 30, 2021, there were no benefit changes to be recognized.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.22% in 2020 to 2.17% in 2021.

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|----------------------|------------------------|----------------------------------|------------------------|
| Total OPEB Liability | \$ 23,992 | \$ 21,536 | \$ 19,416 |

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

| | <u>1% Decrease in Trend Assumption</u> | <u>Current in Trend Assumption</u> | <u>1% Increase in Trend Assumption</u> |
|----------------------|--|--|--|
| Total OPEB Liability | \$ 18,960 | \$ 21,536 | \$ 24,619 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the County recognized OPEB expense of \$2,691. At September 30, 2021, the County reported deferred outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> |
|--|---|
| Differences between expected and actual experience | \$ 4,494 |
| Changes of assumptions or other inputs | <u>2,599</u> |
| Total | <u><u>\$ 7,093</u></u> |

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

| | | |
|------------|----|-------|
| 2022 | \$ | 1,425 |
| 2023 | | 1,425 |
| 2024 | | 1,425 |
| 2025 | | 1,425 |
| 2026 | | 1,268 |
| Thereafter | | 125 |

(10) 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 Mississippi Code of 1972 Annotated Section 25-11-1 et seq. 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 fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Contributions. At September 30, 2021, 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, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$3,136,178, \$3,030,503 and \$2,597,219 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, 2021, the County reported a liability of \$42,719,896 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was .289030 percent, which was based on a measurement date of June 30, 2021. This was an increase of .012492 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$3,166,809. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 670,378 | |
| Net difference between projected and actual earnings on pension plan investments | | 12,978,713 |
| Changes of assumptions | 3,275,923 | |
| Changes in the proportion and differences between the County's contributions and proportionate share of contributions | 2,851,563 | |
| County contributions subsequent to the measurement date | <u>787,041</u> | |
| Total | \$ <u><u>7,584,905</u></u> | <u><u>12,978,713</u></u> |

\$787,041 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

| <u>Year ending September 30</u> | <u>Amount</u> |
|---------------------------------|-----------------------|
| 2022 | \$ (313,111) |
| 2023 | (576,005) |
| 2024 | (1,457,910) |
| 2025 | <u>(3,833,823)</u> |
| Total | \$ <u>(6,180,849)</u> |

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.40 percent |
| Salary increases | 2.65 – 17.90 percent, including inflation |
| Investment rate of return | 7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|------------------------------|---|
| Domestic Equity | 27.00 % | 4.60 % |
| International Equity | 22.00 | 4.50 |
| Global Equity | 12.00 | 4.80 |
| Fixed Income | 20.00 | (0.25) |
| Real Estate | 10.00 | 3.75 |
| Private Equity | 8.00 | 6.00 |
| Cash Equivalents | <u>1.00</u> | \$ (1.00) |
| Total | <u>100.00 %</u> | |

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

| | <u>1% Decrease (6.55%)</u> | <u>Current Discount Rate (7.55%)</u> | <u>1% Increase (8.55%)</u> |
|--|------------------------------------|--|------------------------------------|
| County's proportionate share of the net pension liability | \$ 60,501,390 | 42,719,896 | 28,066,533 |

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

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2021:

| <u>Fund</u> | <u>Deficit Amount</u> |
|--------------------------------|-----------------------|
| Adolescent Offense Program | \$ 16,508 |
| SAMHSA Grant | 15,523 |
| \$6M MDOT Project Fund | 72,452 |
| Mannsdale Turn Lane | 119,959 |
| MDA DIP Fastnal Grant | 83,291 |
| Sulphur Springs Walking Trails | 26,891 |

(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 Ann(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 provides 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 debt service payments, 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 redemption. Parkway South contractually agreed to reimburse the County no later than two years after the deficiency payment was made. The agreement indicates that the breach of the agreement by Parkway South relieves the County of additional liability for payment of the bonds.

As of September 30, 2021, the County had advanced \$6,177,829 to Parkway South, under the Contribution Agreement. Parkway South had repaid \$4,494,429 to the County, leaving a balance due of \$1,683,400 with payments of \$103,000 and \$753,000, due November 1, 2021 and May 1, 2022, respectively and payments of \$88,700 and \$738,700 due October 20, 2022 and April 13, 2023, respectively.

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

No commitment debt is repaid only by the entities for whom 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 the event of default.

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 which among other things allowed the County to provide funds necessary to the Commission (MDOT) for the construction of a Highway Project. The funds come from 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 2013 Bonds. Nothing in the bonds 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 total amount outstanding as of September 30, 2021 is as follows:

| Description | Balance at Sept. 30, 2021 |
|--|------------------------------|
| Mississippi Development Bank Bonds, Series 2013C | \$ <u>58,535,000</u> |

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$34,232,707) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$787,041 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$6,797,864 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 3 years. The \$12,978,713 of deferred inflows of resources related to pensions at September 30, 2021, will be recognized as revenue and increase the unrestricted net position over the next 4 years.

The governmental activities' unrestricted net position amount of (\$34,232,707) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from other postemployment benefits (OPEB). The \$7,093 of deferred outflows of resources related to OPEB, at September 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The governmental activities' net investment in capital assets net position of \$65,526,065 includes the effect of deferring the recognition of expenses resulting from the advance refunding of County debt in the amount of \$2,479,349. The expense will be recognized over future years and will decrease the governmental activities' unrestricted net position.

(15) 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 22 members of the college board of trustees. The County appropriated \$3,795,460 for maintenance and support of the college in fiscal year 2021.

MADISON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 members of the board of commissioners. The County appropriated \$110,000 for maintenance and support of the center in fiscal year 2021.

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 the 33 members of the board of directors. The County appropriated \$11,279 for maintenance and support of the district in fiscal year 2021.

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 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 2021.

(16) Tax Abatements.

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

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. The County had tax abatement agreements with thirty-seven entities as of September 30, 2021.

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

Section 27-31-101 through 27-31-117, Miss. Code (Ann.)1972

All allowable property tax levies.

Payments in lieu of taxes

There are 37 companies that have abatements under these statutes.

| <u>Category</u> | <u>Amount of taxes Abated during the Fiscal Year</u> |
|--|--|
| Industrial new enterprise exemption | \$ 259,688 |
| Equipment used in connection with enhanced oil recovery projects | 65,564 |
| Industrial fee-in-lieu of taxes | 1,511,395 |
| Industrial expansion or addition to existing entity exemption | 406,716 |

Section 27-31-53

| | |
|------------------------------|--------------|
| Freeport Warehouse Exemption | \$ 1,687,623 |
|------------------------------|--------------|

MADISON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(17) 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 June 29, 2023 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the county issued the following debt obligations:

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Issue Amount</u> | <u>Type of Financing</u> | <u>Source of Financing</u> |
|-------------------|----------------------|---------------------|--------------------------|----------------------------|
| 10/26/2021 | 1.050% | \$6,000,000 | GO Note | Ad Valorem Taxes |
| 2/25/2022 | 1.98% | 490,873 | Capital Lease | Ad Valorem Taxes |
| 12/6/2022 | 3.82% | 5,250,000 | GO Note | Ad Valorem Taxes |

MADISON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 23,493,967 | 23,510,991 | 23,510,991 | |
| Licenses, commissions and other revenue | 3,201,800 | 3,319,795 | 3,319,795 | |
| Fines and forfeitures | 700,000 | 772,707 | 772,707 | |
| Intergovernmental revenues | 2,382,000 | 3,368,142 | 3,368,142 | |
| Charges for services | 7,370,000 | 9,219,745 | 9,219,745 | |
| Interest income | | 239,125 | 239,125 | |
| Miscellaneous revenues | 1,361,359 | 1,203,514 | 1,203,514 | |
| Total Revenues | <u>38,509,126</u> | <u>41,634,019</u> | <u>41,634,019</u> | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 26,088,467 | 22,743,788 | 22,743,788 | |
| Public safety | 16,128,936 | 15,280,273 | 15,280,273 | |
| Public works | 910,000 | | | |
| Health and welfare | 1,223,416 | 1,115,693 | 1,115,693 | |
| Conservation of natural resources | 242,641 | 226,906 | 226,906 | |
| Economic development and assistance | 11,279 | 11,279 | 11,279 | |
| Debt service expenditures | 1,955,324 | 1,839,407 | 1,839,407 | |
| Total Expenditures | <u>46,560,063</u> | <u>41,217,346</u> | <u>41,217,346</u> | |
| Excess of Revenues over (under) Expenditures | <u>(8,050,937)</u> | <u>416,673</u> | <u>416,673</u> | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | 8,055,385 | 5,439,113 | 4,998,280 | (440,833) |
| Other financing uses | | | (3,289,304) | (3,289,304) |
| Total Other Financing Sources and Uses | <u>8,055,385</u> | <u>5,439,113</u> | <u>1,708,976</u> | <u>(3,730,137)</u> |
| Net Change in Fund Balance | 4,448 | 5,855,786 | 2,125,649 | (3,730,137) |
| Fund Balances - Beginning | | <u>28,800,910</u> | <u>28,800,910</u> | |
| Fund Balances - Ending | <u>\$ 4,448</u> | <u>34,656,696</u> | <u>30,926,559</u> | <u>(3,730,137)</u> |

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

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General County I & S Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 14,085,002 | 14,156,005 | 14,156,005 | |
| Licenses, commissions and other revenue | | 1,593 | 1,593 | |
| Interest income | | 32,335 | 32,335 | |
| Total Revenues | <u>14,085,002</u> | <u>14,189,933</u> | <u>14,189,933</u> | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Debt service expenditures | <u>15,715,369</u> | <u>13,683,783</u> | <u>13,683,783</u> | |
| Total Expenditures | <u>15,715,369</u> | <u>13,683,783</u> | <u>13,683,783</u> | |
| Excess of Revenues over (under) Expenditures | <u>(1,630,367)</u> | <u>506,150</u> | <u>506,150</u> | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | | 933,149 | 933,149 | |
| Total Other Financing Sources and Uses | | <u>933,149</u> | <u>933,149</u> | |
| Net Change in Fund Balance | (1,630,367) | 1,439,299 | 1,439,299 | |
| Fund Balances - Beginning | <u>1,630,367</u> | <u>6,635,292</u> | <u>6,635,292</u> | |
| Fund Balances - Ending | <u>\$</u> | <u>8,074,591</u> | <u>8,074,591</u> | |

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

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|--------------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ | 10,321,045 | 10,321,045 | |
| Interest income | | 5,388 | 5,388 | |
| Total Revenues | | 10,326,433 | 10,326,433 | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Total Expenditures | | | | |
| Excess of Revenues over (under) Expenditures | | 10,326,433 | 10,326,433 | |
| Net Change in Fund Balance | | 10,326,433 | 10,326,433 | |
| Fund Balances - Beginning | | | | |
| Fund Balances - Ending | \$ | 10,326,433 | 10,326,433 | |

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

MADISON COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|
| County's proportion of the net pension liability (asset) | 0.289030% | 0.276538% | 0.264769% | 0.260019% | 0.257736% | 0.256580% | 0.259477% | 0.248339% |
| County's proportionate share of the net pension liability (asset) | \$ 42,719,896 | 53,534,543 | 46,578,090 | 43,248,885 | 42,844,471 | 45,831,595 | 40,110,027 | 30,143,808 |
| Covered payroll | \$ 19,201,805 | 18,589,667 | 17,526,431 | 16,604,692 | 16,533,930 | 16,414,032 | 16,083,898 | 15,168,006 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 222.48% | 287.98% | 265.76% | 260.46% | 259.13% | 279.22% | 249.38% | 198.73% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.44% | 58.97% | 61.59% | 62.54% | 61.49% | 57.47% | 61.70% | 67.21% |

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

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

MADISON COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 3,136,178 | 3,030,503 | 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 | <u>3,136,178</u> | <u>3,030,503</u> | <u>2,597,219</u> | <u>2,633,456</u> | <u>2,568,712</u> | <u>2,576,920</u> | <u>2,533,214</u> | <u>2,388,961</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Covered payroll | \$ 18,024,011 | 17,416,684 | 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 | 17.40% | 17.40% | 16.19% | 15.75% | 15.75% | 15.75% | 15.75% | 15.75% |

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

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

MADISON COUNTY
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

| | <u>2021</u> | <u>2020</u> |
|--|-------------------------|----------------------|
| Total other post employment liability (OPEB) | | |
| Service Cost | 919 | 826 |
| Interest | 347 | 455 |
| Changes of benefit terms | | |
| Differences between expected and actual experience | 5,375 | |
| Changes of assumptions or other inputs | 2,238 | 1,082 |
| Benefit payments | <u>(5,887)</u> | |
| Net Change in Total Other Post Employment Liability | 2,992 | 2,363 |
| Total OPEB liability - beginning | \$ <u>18,544</u> | <u>16,181</u> |
| Total OPEB liability - ending | \$ <u><u>21,536</u></u> | <u><u>18,544</u></u> |
| Covered-employee payroll | \$ 18,677,085 | 17,778,122 |
| Total OPEB liability as a percentage of covered-employee payroll | 0.12% | 0.10% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, 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

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

| | <u>Governmental Fund Types</u> | | |
|--|--------------------------------|--|-------------------------------------|
| | <u>General Fund</u> | <u>General County I & S Fund</u> | <u>American Rescue Fund</u> |
| Budget (Cash Basis) | \$ 2,125,649 | 1,439,299 | 10,326,433 |
| Increase (Decrease) | | | |
| Net adjustments for revenue accruals | (2,790,399) | 6,007,805 | (10,321,045) |
| Net adjustments for expenditure accruals | <u>901,317</u> | <u>(5,749,000)</u> | <u>(58)</u> |
| GAAP Basis | <u>\$ 236,567</u> | <u>1,698,104</u> | <u>5,330</u> |

MADISON COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

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%.

2017

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

The wage inflation assumptions 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 6.00% to 7.00%.

2019

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

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

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

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

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

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

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

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

MADISON COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

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% to 9%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

B. Changes in benefit provisions.

2016

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

MADISON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2021
UNAUDITED

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 28.8 years |
| Asset valuation method | 5-year smoothed market |
| Price Inflation | 2.75 percent |
| Salary increase | 3.00 percent to 18.25 percent, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

OPEB Schedules

A. Changes of Assumptions.

2020

The discount rate was changed from 2.81% for the prior measurement date to 2.22% for the current measurement date.

2021

The discount rate was changed from 2.22% for the prior measurement date to 2.17% for the current measurement date.

B. Changes in benefit provisions.

2020

None.

2021

None.

C. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB 75.

MADISON COUNTY

OTHER INFORMATION

MADISON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

| NAME | POSITION | AMOUNT OF BOND | COMPANY |
|----------------------------|-----------------------|-------------------|-----------------------|
| Sheila Jones | Supervisor District 1 | \$ 100,000 | Liberty Mutual Surety |
| Trey Herron Baxter | Supervisor District 2 | \$ 100,000 | Liberty Mutual Surety |
| Gerald D. Steen | Supervisor District 3 | \$ 100,000 | Liberty Mutual Surety |
| Karl Banks | Supervisor District 4 | \$ 100,000 | Liberty Mutual Surety |
| Paul Griffin | Supervisor District 5 | \$ 100,000 | Liberty Mutual Surety |
| Ronald W. Lott | Chancery Clerk | \$ 100,000 | Liberty Mutual Surety |
| Shelton Vance | County Administrator | \$ 100,000 | Liberty Mutual Surety |
| Norman A. Cannady, Jr. | Tax Assessor | \$ 100,000 | Liberty Mutual Surety |
| Christina Marie Hewitt | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Jeff Hodgins | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Margaret Emily Anderson | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Kathleen Ketchum | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| John Fox | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Mitchell Martin Doom | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Steven T. Meador | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Christopher John Garavelli | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| John Brenton Smith | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Angelina Brown | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Adriane Diane Barber | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Joanna Triplett | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Randi Young-Jerome | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| David Wayne Smith | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Carolyn Bryant | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Lesly Ann Bishop | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Amy Root | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Donald L. Jorgenson | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Tara Nicole Mann | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Sommer Jackson | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Kimberly Pugh Kennedy | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Lisa Coursey | Deputy Tax Assessor | \$ 10,000 | Liberty Mutual Surety |
| Joshua Jordan | Deputy Tax Assessor | \$ 25,000 | Liberty Mutual Surety |
| Magdalena Slusarczyk | Deputy Tax Assessor | \$ 25,000 | Liberty Mutual Surety |
| Kay Pace | Tax Collector | \$ 100,000 | Liberty Mutual Surety |
| Lisa K. Duvall | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Lori R. Duvall | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Anna C. Evans | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Debra Nason | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Katherine Grantham | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Jennifer Harris | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Lillie Jobe | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Wanda Lancaster | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Kathryn Irving | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Lori A. Butler | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Brenda McKenzie | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Ashleigh Owens | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Myrtle Rayburn | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Kelsey Rodriguez | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Fricka Blackmon Ruffin | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Katherine Squires | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Laura Sullivan | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |

MADISON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED
CONT'D

| | | | |
|------------------------------|----------------------------|------------|-----------------------|
| Sheila Woodard | Deputy Tax Collector | \$ 50,000 | Liberty Mutual Surety |
| Anita Wray | Circuit Clerk | \$ 100,000 | RLI Insurance Company |
| Wanda Jefferson | Deputy Circuit Clerk | \$ 50,000 | Liberty Mutual Surety |
| Priscilla Blankenship | Deputy Circuit Clerk | \$ 50,000 | Liberty Mutual Surety |
| Tina Ann Blount | Deputy Circuit Clerk | \$ 50,000 | Liberty Mutual Surety |
| Monica Henderson | Deputy Circuit Clerk | \$ 50,000 | Liberty Mutual Surety |
| Teresa Speaks | Deputy Circuit Clerk | \$ 50,000 | Liberty Mutual Surety |
| Randall C. Tucker | Sheriff | \$ 100,000 | Liberty Mutual Surety |
| Kesha Jackson-Buckner | Purchase Clerk | \$ 100,000 | Liberty Mutual Surety |
| Cynthia Parker | Assistant Purchase Clerk | \$ 50,000 | Liberty Mutual Surety |
| Myrtis Sims | Receiving Clerk | \$ 75,000 | Liberty Mutual Surety |
| Clara Griffin | Assistant Receiving Clerk | \$ 50,000 | Liberty Mutual Surety |
| LeeAnn Sanders | Assistant Receiving Clerk | \$ 50,000 | Liberty Mutual Surety |
| Amy Miller | Assistant Receiving Clerk | \$ 50,000 | Liberty Mutual Surety |
| Yahatta Johnson | Assistant Receiving Clerk | \$ 50,000 | Liberty Mutual Surety |
| Jay Hilliard | Inventory Control Clerk | \$ 75,000 | Liberty Mutual Surety |
| Cornelius Bacon | Road Manager | \$ 75,000 | Liberty Mutual Surety |
| William L. Weisenberger, Jr. | Constable | \$ 50,000 | Liberty Mutual Surety |
| Johnny Melvin Sims | Constable | \$ 50,000 | Liberty Mutual Surety |
| Brad D. Harbour | Constable | \$ 50,000 | Liberty Mutual Surety |
| Michael Brown | Constable | \$ 50,000 | Liberty Mutual Surety |
| Martina Bridges Griffin | Justice Court Judge | \$ 50,000 | Liberty Mutual Surety |
| Marsha Weems Stacey | Justice Court Judge | \$ 50,000 | Liberty Mutual Surety |
| Lloyd Spivey, III | Justice Court Judge | \$ 50,000 | Liberty Mutual Surety |
| William Bruce McKinley | Justice Court Judge | \$ 50,000 | Liberty Mutual Surety |
| Cheryl Johnson Horn | Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Lisa Lee | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Noel Collier | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Mary Hart | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Mary Lockett | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Stephanie Burton | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Shelia Taylor | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| James Ransburg | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |
| Sarah Steele | Deputy Justice Court Clerk | \$ 50,000 | Liberty Mutual Surety |

MADISON COUNTY

SPECIAL REPORTS



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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 (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2023. Our report includes a qualified opinion on the governmental activities and the General Fund due to inadequate record keeping in the Tax Collector's office. Our report also 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 includes 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, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2021-001 and 2021-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2021-003 to be a significant deficiency.

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 financial statements. 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*.

We noted certain matters that we reported to the management of Madison County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 29, 2023, included within this document.

Madison County's Responses to Findings

Madison County's responses to the findings identified in our audit are described in the Schedule of Findings and Responses. Madison County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 29, 2023



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

Members of the Board of Supervisors
Madison County, Mississippi

We have examined Madison County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, *Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. The Board of Supervisors of Madison County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Madison County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 29, 2023

MADISON COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

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

MADISON COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

Our tests did not identify any emergency purchases.

MADISON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

Our tests did not identify any purchases made noncompetitively from a sole source.



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Madison County, Mississippi

In planning and performing our audit of the financial statements of Madison County, Mississippi for the year ended September 30, 2021, we considered Madison County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Madison County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 29, 2023, on the financial statements of Madison County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, *Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Board of Supervisors

1. All Supervisors Must Inspect the Roads and Bridges and Attest to the Clerk of the Board For Having Done So.

Repeat Finding No

Criteria *Section 65-7-117, Mississippi Code Annotated (1972)*, states that, "Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years."

| | |
|-----------------------|---|
| Condition | During the course of our testing we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits from the supervisors were filed to document that they had examined the roads and bridges annually. |
| Cause | Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done. |
| Effect | Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner. |
| Recommendation | The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and file an affidavit with the Clerk of the Board for inclusion in the minutes or certify having done so on the minutes. |
| Response | The Board concurs with the finding that no certifications were filed. As the finding notes, the Board inspected the roads in accordance with the statute. |

2. Public Officials Should Ensure Compliance With State Law Over the Publication of the Original Budget for the Fiscal Year.

| | |
|-----------------------|--|
| Repeat Finding | Yes; 2020-Finding 3 |
| Criteria | Section 19-11-7, Mississippi Code Annotated (1972), states “(1) The county administrator of each county of the State of Mississippi shall prepare and submit to the board of supervisors....The budget, including the sheriff’s budget, containing such statement of revenues and expenses shall be published at least one (1) time during August or September but not later than September 30 of the year in a newspaper published in the county, or if no newspaper is published therein, then in a newspaper having a general circulation therein.” |
| Condition | During the course of the audit, we noted that the original budget for the fiscal year was not published in the newspaper until December. |
| Cause | Public officials failed to ensure that proper publication was performed within the timeframe prescribed by law. |
| Effect | Failure to publish the County’s original budget for the fiscal year is not in compliance with State statutes and could diminish fiscal transparency for the County. |
| Recommendation | The Board of Supervisors should ensure that compliance with publication laws is achieved through proper publication of the original budget in accordance with the timelines established by State law. |
| Response | The Board concurs with the finding and will take steps to ensure the original budget for the fiscal year is published in a timely manner. |

3. Public Officials Should Ensure Compliance with the County Government Reorganization Act of 1988 by Delegating the Necessary Authorities to the County Administrator.

| | |
|-----------------------|---|
| Repeat Finding | No |
| Criteria | <i>Section 19-2-9(1), Mississippi Code Annotated (1972), states that the countywide personnel system is to be administered by the county administrator. The board of supervisors should spread on its minutes an order delegating the authority for handling personnel matters to the county administrator.</i> |
| Condition | During the course of our audit, we noted that a board order delegating authority to the county administrator over the administration of the countywide personnel system was unable to be located. |

| | |
|-----------------------|--|
| Cause | No board order has been spread to delegate the requisite authority to the county administrator to administer the countywide personnel system. |
| Effect | Failure to properly delegate the necessary authority to the county administrator could result in noncompliance with the County Government Reorganization Act of 1988. |
| Recommendation | The Board should spread an order on its minutes delegating the necessary authority over the administration of the countywide personnel system to the county administrator. |
| Response | The Board concurs with the finding. |

Board of Supervisors, Tax Assessor, Tax Collector, Circuit Clerk, Justice Court Clerk, and Receiving Clerk

4. Public Officials and Employees Should Ensure Compliance With State Law Over Surety Bonding Requirements.

| | |
|-----------------------|--|
| Repeat Finding | No |
| Criteria | <i>Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."</i> |
| Condition | <p>During the course of our testing we noted the following:</p> <ul style="list-style-type: none"> • One (1) deputy tax assessor was not bonded for the entire period; • A bond was unable to be located for one (1) deputy tax collector; • Eighteen (18) deputy tax collectors were not bonded for the entire period; • One (1) deputy circuit clerk was not bonded for the entire period; • Bonds were unable to be located for two (2) deputy circuit clerks; • The Justice Court Clerk was not bonded for the entire period; • One (1) deputy justice court clerk was not bonded for the entire period; • A bond was unable to be located for one (1) deputy justice court clerk; • The Receiving Clerk was not bonded for the entire period; and • Two (2) assistant receiving clerks were not bonded for the entire period. |
| Cause | Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees. |
| Effect | Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms. |
| Recommendation | We recommend that the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Law. |
| Response | The Board and elected officials listed herein concur with the finding and have taken steps to ensure all personnel is bonded appropriately. |

Board of Supervisors, Chancery Clerk, Justice Court Clerk, Sheriff, and Tax Collector

5. Public Officials Should Ensure Compliance With State Law Over Depositories.

Repeat Finding No

Criteria *Section 27-105-371, Mississippi Code Annotated (1972)*, states, "All county officials who receive funds under the authority of their office shall deposit such funds into a county depository...."

Condition During the course of our audit we noted that the Board of Supervisors approved Trustmark National Bank as the depository effective February 2, 2021, but we also noted that the following accounts were held at banks other than the approved county depository as of September 30, 2021:

- Renasant Bank
 - Madison County Justice Court Account
 - Madison County Mineral Stamps Account
 - Madison County Tax Sale Redemption Account
- BankPlus
 - Madison County Ronny Lott Tax Redemption
 - Madison County Board of Supervisors Persimmon Burnt-Corn WMD Account
 - Madison County Ronny Lott Mineral Stamps Account
 - Madison County Ronny Lott Court Clearing Account
 - Madison County Ronny Lott Land Records Clearing Account
 - Madison County Ronny Lott Fee Clearing Account
 - Madison County Ronny Lott Chancery Clerk 2nd Term Tax Redemption Account
 - Madison County Tax Collector NSF Account
 - Madison County Tax Collector Internet Account
 - Madison County Tax Collector Account
 - Madison County Detention Center Trust Account

Cause Public officials are maintaining public depositor accounts at institutions other than the one approved by the Board as the county depository.

Effect Maintaining bank accounts at financial institutions other than the depository approved by the Board of Supervisors could result in the loss of public funds.

Recommendation We recommend that either the Board of Supervisors approves multiple institutions as the county's depositories or that public officials maintain all accounts at the depository approved by the Board.

Response The Board and elected officials listed herein concur with the finding, and have taken steps to ensure compliance, including designating multiple banks as county depositories during the most recent depository award in 2023.

Board of Supervisors and County Administrator

6. No Bank Reconciliation of the Planning & Zoning Account is Being Performed.

| | |
|------------------------|--|
| Repeat Finding | No |
| Criteria | An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner. |
| Condition | During the course of our test work we found that a separate bank reconciliation had not been prepared for the Planning & Zoning Account. |
| Cause | The system of internal control did not include a separate bank reconciliation of the account. |
| Effect | Failure to complete an accurate and timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash. |
| Recommendation | The County should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately for all bank accounts. |
| Response | The Planning and Zoning bank account is zeroed out and included in the reconciliation of the County's operating account. A separate bank reconciliation of the Planning and Zoning account is unnecessary. |
| Auditor's Note: | All funds in bank should be accounted for through a reconciliation (regardless of whether it's zeroed out or not). Account for that on the reconciliation to show the process. |

County Administrator

7. Controls Over Classifications Should Be Strengthened.

| | |
|-----------------------|--|
| Repeat Finding | No. |
| Criteria | Disbursements should be recorded in the proper accounts. |
| Condition | <p>During the course of our testing of statutory fees, we noted multiple instances where the general ledger accounts that correspond to the various categories of statutory fees for the chancery and circuit clerks appeared to indicate that the clerks had been paid in excess of statutorily allowed amounts.</p> <p>Upon further inquiry, we learned that the amounts recorded and paid from the monthly invoices submitted by the chancery and circuit clerks were being reclassified and recoded in the general ledger and that the invoiced amounts do not correctly correspond to the amounts recorded.</p> |
| Cause | Controls over the coding of expenditures are improper. |
| Effect | Expenditures were misclassified. |
| Recommendation | We recommend controls over the coding of expenditures be strengthened to ensure proper classification. |
| Response | The administrator concurs with the finding, and has taken steps, along with the comptroller, to ensure payments to elected officials are recorded correctly. |

Justice Court Clerk

8. The Justice Court Clerk Should Ensure Compliance With State Law Regarding the Timely Deposit of Funds.

| | |
|-----------------------|--|
| Repeat Finding | No |
| Criteria | <i>Section 25-1-72, Mississippi Code Annotated (1972)</i> , states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter." |

| | |
|-----------------------|---|
| Condition | During the course of our test work, we noted eleven (11) deposits were not made in a timely manner. |
| Cause | These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Justice Court Clerk's Office. |
| Effect | Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts, and settlement of funds to the County. |
| Recommendation | The Justice Court Clerk should ensure that the deposits are being made in a timely manner as prescribed by statute. |
| Response | The Justice Court Clerk concurs with the finding and has implemented procedures to ensure funds are deposited in a timely manner. |

Chancery Clerk

9. The Chancery Clerk Should Ensure Compliance With State Law Over Filing the Annual Financial Report and Depositing Excess Funds into the County General Fund.

Repeat Finding No

Criteria *Section 9-1-43(1), Mississippi Code Annotated (1972)*, states, "All such fees received by the office of Chancery or Circuit Clerks that are in excess of the salary limitation shall be deposited by such Clerk into the county general fund on or before April 15 for the preceding calendar year."

Section 9-1-45(1), Mississippi Code Annotated (1972), states, "Each Chancery and Circuit Clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each Clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a Clerk's spouse or children. Each Chancery and Circuit Clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations."

Section 9-1-45(3), Mississippi Code Annotated (1972), states, "If the Chancery or Circuit Clerk fails to provide the reports required in this section, then the State Auditor shall give by United States certified mail, return receipt requested, written notification to the Chancery or Circuit Clerk of noncompliance. If within thirty (30) days after receipt of the notice, the Chancery or Circuit Clerk, in the opinion of the State Auditor, remains in noncompliance, the State Auditor may institute civil proceedings in a court of the county in which the Clerk serves. The court, upon a hearing, shall decide the issue and if it determines that the Clerk is not in substantial compliance, shall order the Clerk to immediately and thereafter comply. Violations of any order of the court shall be punishable as for contempt. In addition, the court in its discretion may impose a civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000) upon the Clerk, for which he shall be liable in his individual capacity, for any such noncompliance that the court determines as intentional or willful."

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| Condition | The Chancery Clerk did not file the Annual Financial Report and deposit excess funds into the general fund until April 18, 2022. |
| Cause | The Chancery Clerk did not timely file the Annual Financial Report and deposit excess funds into the general fund until after the statutory deadline. |
| Effect | Failure to file an Annual Financial Report could result in a civil court proceeding and possible civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000). |

Additionally, failure to deposit any amount in excess of the salary limitation into the county general fund could result in misappropriation and/or loss of public funds.

Recommendation The Chancery Clerk should ensure that the Annual Financial Report is filed and excess funds deposited into the general fund by April 15th.

Response The Chancery Clerk concurs with the finding and will ensure the appropriate deadlines are met.

10. Public Officials Should Strengthen Controls Over Bank Reconciliations of the Land Redemption account.

Repeat Finding Yes; 2020-Finding 4

Criteria An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition During the course of our cash count, we noted that the bank reconciliation for the land redemption accounts has not been prepared in a timely manner. We were unable to obtain current bank reconciliations in order to properly complete the testing.

Cause The system of internal control failed to ensure that a timely bank reconciliation was performed for the land redemption accounts.

Effect Failure to complete an accurate and timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.

Recommendation The Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately for all bank accounts.

Response The Chancery Clerk concurs with the finding and has retained an outside CPA to further ensure compliance.

Sheriff

11. The Sheriff Should Strengthen Internal Control Over Settlements.

Repeat Finding No

Criteria An effective system of internal control includes the timely completion of monthly settlements to the County's general fund.

Condition During the course of our test work, we noted six (6) instances where the Sheriff's Office did not timely settle funds to the County's general fund by the twentieth (20th) of the subsequent month.

Cause The sheriff's office did not make settlements to the County's general fund by the twentieth (20th) of the subsequent month.

Effect Failure to make timely settlements could result in the misappropriation of public funds.

Recommendation The Sheriff should strengthen controls over the settling of funds to the County's general fund to ensure that the settlements are made on or before the twentieth (20th) of the subsequent month.

Response The Sheriff agrees with the finding and has taken steps to ensure settlements will be made prior to the 20th of the month.

Tax Collector

12. The Tax Collector Should Strengthen Internal Control Over Settlements.

Repeat Finding No

Criteria *Section 27-29-11, Mississippi Code Annotated (1972)*, requires that the tax collector make report of and turn over any and all taxes collected during the preceding month on or before the twentieth (20th) day of the month.

Condition During the course our test work, we noted two (2) instances where the Tax Collector settled the prior month's collected taxes after the 20th of the month.

Cause The Tax Collector has not established a system of internal control to ensure settlements are made timely.

Effect Inadequate controls surrounding the settlement of revenue collections could result in improper revenue recognition.

Recommendation The Tax Collector should implement an effective internal control system to ensure the timeliness of settlements.

Response The settlement is balanced by checking money received against a cash book printed daily by clerk. An entry is made to the cash book every time a tax receipt is printed. That entry notes the date, payment number, clerk and the branch based on the clerk's number and the PC being used. Clerks have no control over any of those parameters. The only way any of that information can be changed is by having the proper authority, which at this time, only includes Kay Pace, Lisa Duvall and Tom Lewis. Kay Pace will assure settlement is accomplished in a timely manner.

13. Public Officials Should Strengthen Controls Over the Timeliness of Bank Reconciliations.

Repeat Finding Yes; 2020-Finding 8

Criteria An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition During the course of our cash count, we noted that the bank reconciliation for the Tax Collector's accounts has not been prepared in a timely manner. We were unable to obtain current bank reconciliations in order to properly complete the testing.

Cause The system of internal control failed to ensure that a timely bank reconciliation was performed for the bank accounts.

Effect Failure to complete a timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.

Recommendation The Tax Collector should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely for all bank accounts.

Response Bank reconciliations are done on a monthly basis and deposits are crossed checked with the cash journal entries and then input onto a spreadsheet dictated by the state auditor's office. Kay Pace will assure bank reconciliations are done in a timely manner.

Circuit Clerk

14. Public Officials Should Strengthen Controls Over the Accuracy of Bank Reconciliations.

Repeat Finding Yes; 2020-Finding 10

Criteria An effective system of internal control requires bank reconciliations be prepared accurately and any identified unreconciled differences be resolved in a timely manner.

Condition During the course of our audit, we noted that the bank reconciliation for the criminal and civil accounts had an unreconciled difference that had not been resolved in a timely manner.

Cause The system of internal control failed to ensure that unreconciled differences were properly identified and resolved.

Effect Failure to identify and resolve unreconciled differences results in a weakness in the system of internal control over cash.

Recommendation The Clerk should establish and maintain an effective internal control system over cash and ensure that all unreconciled differences are resolved for all bank accounts.

Response The Circuit Clerk will work to ensure the recommendations of the auditor are implemented.

Madison County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
June 29, 2023

MADISON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MADISON COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental Activities | Qualified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Qualified |
| General I & S Fund | Unmodified |
| American Rescue Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Collector

Material Weakness

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| 2021-001. | <u>The Tax Collector's Office is Not Performing Bank Reconciliations Accurately.</u> |
| Repeat Finding | No |
| Criteria | An effective system of internal control in the Tax Collector's Office consists of timely and accurate reconciliations of bank statements and ensuring reconciled cash is sufficient for settlement of outstanding collections to the proper entities for which collections were made. |
| Condition | <p>During the course of our test work, we noted the following:</p> <ul style="list-style-type: none">• The Tax Collector did not reconcile bank statements in an accurate and timely manner.• The Tax Collector's office uses a largely manual spreadsheet for the tracking of collections and disbursements in place of accounting software. As such, the operation of the manual spreadsheet increases the likelihood of errors in opening balances, journal entries, and reconciliations. There are also less safeguards over the accounting process.• During the course of the cash count, we were unable to tie the reported numbers from the tax collector to the source documents provided, which draws into question the accuracy of the amounts settled by the Tax Collector to the County and other external entities. |
| Cause | The Tax Collector has failed to properly implement an accounting system and internal control to track and reconcile all receipts, expenditures, and bank statements. |
| Effect | The Independent Auditor's report includes a qualified opinion on the governmental activities and the General Fund due to the inadequate record keeping in the Tax Collector's office. |

Recommendation The Tax Collector should implement the usage of an accounting system for the office to track and record all collections and expenditures so that an accurate reconciliation can be performed as a control over cash and settlements.

View of Responsible Official(s) Manual bank reconciliations are done each month when the bank statements are mailed in and keyed into a spreadsheet that cross references cash journal entries with deposits made. Accounting is done using a spreadsheet dictated by the state auditor. Kay Pace will assure that the bank reconciliations are up to date and reconciled in a timely manner.

Board of Supervisors

Material Weakness

2021-002. Component units Should Be Included in the financial statements.

Repeat Finding No

Criteria Generally accepted accounting principles require the financial data for the County's 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.

Condition The financial statements do not include the financial data for the county's legally separate component units.

Cause The County did not include the audited financial statements of the component units.

Effect The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation The Board of Supervisors should provide audited financial data for its discretely presented component units for inclusion in the County's financial statements.

View of Responsible Official(s) The increase in cost and time necessary to include component units in the County's financial statements outweighs the usefulness of the data on component units.

Tax Collector

Significant Deficiency

2021-003. The Tax Collector is Not Making Accurate Deposits.

Repeat Finding No

Criteria An effective system of internal controls requires that bank deposits be made accurately and that any identified unexplained differences be resolved in a timely manner.

Condition During the course of our test work, we found that the collections per the computer system did not match the deposits made at the bank with seven (7) exceptions noted out of the month tested.

Cause The Tax Collector has not established a system of internal control to ensure deposits are made accurately and that any identified unexplained differences are resolved in a timely manner.

Effect Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and the loss or misappropriation of public funds.

Recommendation The Tax Collector should implement an effective internal control system to ensure the accuracy of deposits.

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| View of Responsible Official(s) | Timely deposits will be made so that the deposits can be tied to the cash book. Kay Pace will assure that deposits are made in a timely manner. |
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