



MADISON COUNTY CITIZENS SERVICES AGENCY

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March 23, 2017

Mr. Shelton Vance, County Administrator
For: Mr. Trey Baxter, President
Madison County Board of Supervisor
District 2
P.O. Box 608
Canton, MS 39046

Dear Mr. Baxter:

Please find attached a copy of the Madison County Citizen Services Agency's 2015-2016 Audit Report.

Thank you for your attention.

Sincerely yours,

Dr. Mary Sims-Johnson, MSW, LCSW
Executive Director
MCCSA

Enclosure

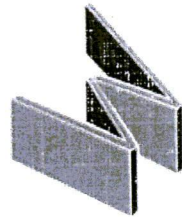
Board of Directors

Timmy Pickett - Chairman Neal Riley - Vice Chairman
Will Sligh - Secretary/Treasurer
Jennifer Clanton Dr. Nelson Cauthen
Dr. Mary Sims-Johnson, Executive Director

MADISON COUNTY CITIZENS SERVICES AGENCY

AUDIT REPORT

For The Years Ended September 30, 2016 and 2015



WILLIAMS CPA FIRM, PLLC
Accountants & Consultants

MADISON COUNTY CITIZENS SERVICES AGENCY

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WILLIAMS CPA FIRM, PLLC
Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Madison County Citizens Services Agency
Canton, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Madison County Citizens Service Agency (a component unit of the State of Mississippi), as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements which comprises Madison County Citizens Service Agency as listed in the table of content.

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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madison County Citizens Service Agency as of September 30, 2016 and 2015 and respective changes in net position and cash flows thereof for the years 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 management's discussion and analysis information on pages 3 to 5 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial information, is required by the Governmental Accounting Standards Board, who considers it to be essential part of the 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 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 statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Madison County Citizens Agency financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Statements of General Fund, Grant and Program Activities and the Schedules for Section 5311 Rural Transportation are not required parts of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2017, on our consideration of Madison County Citizens Service Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County Citizens Service Agency's internal control over financial reporting and compliance.

Ridgeland, MS
January 6, 2017

Williams CPA Firm, PLLC

MADISON COUNTY CITIZENS SERVICES AGENCY

Management Discussion and Analysis
September 30, 2016

Our discussion and analysis of the Madison County Citizens Service Agency financial performance provides an overview of the Agency's financial activities for the fiscal year ended September 30, 2016.

FINANCIAL ANALYSIS

This is the ninth year of operation of the Madison County Citizens Service Agency and is the seventh full year of operations. The agency is designed to assist the poor and elderly in Madison County with the payment of utility bills, transportation assistance and provide meal programs daily at two locations in Madison County.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position s and Statement of Revenues and Expenses (see pages 6 and 8) provide information about the activities of the agency as whole and present a longer term view of the Agency's finances. The detail financial statements included in this report are details of expenses, grants and other non-operating or non-budgeted revenues and expenses. The Statement of Cash Flows presents the cash that is generated from the operations of the agency and the use of said cash. The main non-cash items are depreciation on capital assets and the receipt of in kind contributions of rental space and other support expenses from Madison County and the in-kind contributions of prepared meals through a grant program.

MADISON COUNTY CITIZENS SERVICES AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2016

	<u>2016</u>	<u>2015</u>
Current Assets	228,840	185,765
Non-Current Assets	<u>10,726</u>	<u>30,972</u>
Total Assets	<u>239,566</u>	<u>216,737</u>
Deferred Outflows of Resources	765,980	361,895
Total Assets & Deferred Outflows of Resources		
Current Liabilities	3,000	<u>7,805</u>
Noncurrent Liabilities	2,112,591	1,287,088
Total Liabilities	2,115,591	1,294,893
Deferred inflows of Resources	<u>6,132</u>	<u>33,661</u>
Total Liabilities & Deferred Intflows of Resources	<u>2,121,723</u>	<u>1,328,554</u>
Net Position	<u><u>-1,116,177</u></u>	<u><u>-749,922</u></u>

ANALYSIS OF THE AGENCY'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Total Assets and Deferred Outflows of Resources increased \$426 thousand due to GASB 68 (pension)

Total Liabilities and Deferred Outflows of Resources increased \$793, thousand due to GASB 68 (pension)

See accompanying notes to the Financial Statements

MADISON COUNTY CITIZENS SERVICES AGENCY

Management Discussion and Analysis
September 30, 2016

FUTURE OPERATIONS

The operation of the Agency will require new income and expenses as it continues to grow. This should mainly be funded by future grants.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, contributors, and other interested parties with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Mary Simms Johnson at the Madison County Citizens Service Agency, 1005 West Peace Street, Canton, Mississippi 39046.

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF NET POSITION
September, 30 2016

	2016	2015
ASSETS		
<u>CURRENT ASSETS</u>		
Cash	\$ 56,770	\$ 121,964
Grant Receivable	172,070	63,801
Total current assets	\$ 228,840	\$ 185,765
<u>NON CURRENT ASSETS</u>		
Capital assets - net	10,726	30,972
Total Noncurrent Assets	\$ 10,726	\$ 30,972
Total Assets	\$ 239,566	\$ 216,737
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Difference between expected and actual experience	\$ 64,367	\$ 29,117
Changes in proportionate share	523,281	18,745
Contributions subsequent to the measurement date	178,332	314,033
Total Deferred Outflows of Resources	\$ 765,980	\$ 361,895
Total Assets and Deferred Outflows of Resources	\$ 1,005,546	\$ 578,632
Liabilities		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	3,000	7,805
Total Current liabilities	\$ 3,000	\$ 7,805
<u>NON CURRENT LIABILITIES</u>		
Vacation Pay Liability	45,373	33,803
Net Pension Liability	2,067,218	1,253,285
Total Noncurrent liabilities	\$ 2,112,591	\$ 1,287,088
Total Liabilities	\$ 2,115,591	\$ 1,294,893
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Difference between projected and actual earnings of pension plan	6,132	33,661
Total liabilities and deferred inflows of resources	2,121,723	1,328,554

See accompanying notes to the Financial Statements

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF CHANGES IN NET POSITION
September 30, 2016

	2015	2015
Net Position , beginning of year, as adjusted	\$ (749,922)	\$ (429,438)
Invested in Capital Assets	10,726	30,972
Unrestricted	<u>(376,981)</u>	<u>(351,456)</u>
Net Position, end year	<u>\$ (1,116,177)</u>	<u>\$ (749,922)</u>

See accompanying notes to the Financial Statements

MADISON COUNTY CITIZENS SERVICE AGENCY

STATEMENT OF REVENUES AND EXPENSES
September 30, 2016

	<u>2016</u>	<u>2015</u>
<u>OPERATING REVENUE</u>		
Program Income	9,055	8,769
Other Income	35,867	25,214
County Revenue	<u>427,000</u>	<u>327,000</u>
 TOTAL OPERATING REVENUE	 <u><u>471,922</u></u>	 <u><u>360,983</u></u>
<u>GRANT INCOME</u>		
Grant Income Received	992,041	1,020,445
Non Cash Intergovernmental Transfers	232,659	213,614
Program Income	<u>37,518</u>	<u>32,364</u>
 TOTAL GRANT FUNDS RECEIVED	 <u><u>1,262,218</u></u>	 <u><u>1,266,423</u></u>
 TOTAL REVENUE	 <u><u>1,734,140</u></u>	 <u><u>1,627,406</u></u>
 <u>OPERATING EXPENDITURES</u>		
Total Operating Expenditures	<u>833,433</u>	<u>413,117</u>
<u>PROGRAM EXPENDITURES</u>		
Total Program Expenditures	<u>1,277,688</u>	<u>1,306,916</u>
 TOTAL EXPENDITURES	 <u><u>2,111,121</u></u>	 <u><u>1,720,032</u></u>
 OPERATING (LOSS)/INCOME	 <u><u>(376,981)</u></u>	 <u><u>(92,626)</u></u>

See accompanying notes to the Financial Statements

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF CASH FLOWS
September 30, 2016

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Excess expenses over revenues	(376,981)	(92,627)
Depreciation	20,247	40,493
(Increase) decrease in grant receivable	(108,269)	(4,308)
Increase (decrease) in accounts payable	(4,805)	5,745
Increase (decrease) in unearned revenue	(145,955)	(99,613)
Increase (decrease) in pension liability	538,999	
Increase (decrease) in vacation liability	11,570	8,741
	<u> </u>	<u> </u>
CASH FLOWS FROM (USED) ACTIVITIES	<u>\$ (65,194)</u>	<u>\$ (141,569)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>0</u>	<u>0</u>
CASH USED IN INVESTING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	(65,194)	(141,569)
CASH AT BEGINNING OF YEAR	<u>\$ 121,964</u>	<u>\$ 263,533</u>
CASH AT END OF YEAR	<u><u>\$ 56,770</u></u>	<u><u>\$ 121,964</u></u>

See accompanying notes to the Financial Statements

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Madison County Citizen's Service Agency is an agency, created by the Madison County Board of Supervisors on November 6, 2006. The Agency was created under sections 17-51-1 through 11 of the Mississippi Code for the purpose of operating under local government control and is responsible for the administration of programs heretofore conducted by community action agencies, limited purpose agencies, and related programs authorized by federal law.

The Agency is a component unit of Madison County, Mississippi because its board is appointed by the Madison County Board of Supervisors.

Its main functions are the operation of a utility assistance program, a meal program, and a transportation program. These activities are designed to assist the poor and elderly in Madison County, Mississippi.

The actual operations of the agency commenced April 2007.

Revenues and expenditures are accounted for using the modified accrual basis of accounting.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

MCCSA participates in a several federally assisted programs, which are audited in accordance with the Single Audit Act Amendment of 1996. Audits have not resulted in any disallowed cost. Based on past experience, the Agency believes that further examinations would not result in any material disallowed cost.

Statement of Cash Flows

For purposes of the statement of cash flows, the Agency considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE 2 – ECONOMIC DEPENDENCY

The Agency receives 100% of its support from federal, state, and county governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Agency's programs and activities.

NOTE 3 – NON CASH REVENUES AND EXPENDITURES

The Agency receives substantial non cash items of support and operating revenues. The operating revenues received from the Madison County Board of Supervisors are rental space and various support activities including accounting, payroll and the like. These are shown as revenue received and a subsequent transfer back to the County.

The Agency also receives in kind food through grant program. This is shown as income received and the expenditures are shown as non cash grant expenditure for meals provided.

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Plan Description: Madison County Citizens Service Agency contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS. See Note 9 for more information regarding the impact of implementation of GASB 68 on these financial statements

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 – CASH AND INVESTMENTS

At September 30, 2016, all of the Agency's funds had been placed in the State of Mississippi Treasurer's Pool for deposits. Therefore, all deposits are covered with either FDIC insurance or the State Treasurer's Pool.

NOTE 6 – CAPITAL ASSETS

The Madison County Citizens Service Agency has adopted the provisions of Governmental Accounting Standards Board Statement 34, which requires the capitalization of infrastructure and other fixed asset costs as assets of the fund, at their estimated depreciable values. All assets are estimated to have a 5 year or longer useful life and straight line depreciation over those periods have been assumed. All property and equipment acquired by MCCSA are considered to be owned by MCCSA while used in the program for which they were purchased or in future authorized programs. However, the federal government and State of Mississippi have a reversionary interest in the property purchased or acquired with federal and state funds; its disposition, as well as the ownership of any proceeds therefrom, is subject to the regulations of the funding source.

Capital Asset	Beginning Balance	Addition	Deletions	Ending Balance
Building & Improvement	119,450	0	0	\$119,450
Office Furniture & Equip.	36,330	0	0	\$36,330
Vehicles	145,708	0	0	\$145,708
Accumulated depreciation	(270,516)	(20,246)		(\$290,762)
Net Book Value	\$30,972	0	0	\$10,726

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE 7 – SUBSEQUENT EVENTS

The agency has evaluated the subsequent events through the dates of this report. No events requiring disclosure were noted

NOTE 8 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expense during the reporting period. Actual results could differ from those estimates. An example of an estimate is depreciation of assets.

NOTE 9 Pension Plan

The Madison County Citizens Services Agency adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended September 30, 2016. The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result, costs related to the pension plan previously expensed were adjusted through an adjustment to net position as of September 30, 2016.

The implementation of this standard resulted in a net pension liability and the effect of adoption is a reduction of beginning net position.

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

Note 9: Pension Plan Continued

(a) ***Plan Description***

The Madison County Citizens Service Agency contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issued a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

(b) ***Vesting Period***

In 2007, the Mississippi Legislature amended the PERS Plan to change the vesting period from four to eight years for members who entered the Agency System after July 1, 2007. A member who entered the Madison County Citizens Service Agency prior to July 1, 2007 is still subject to the four year vesting period provided that the member does not subsequently refund their account balance.

(c) ***Funding Policy***

PERS members are required to contribute 9.0% of their annual salary and the institution is required to contribute at an actuarially determined rate. The actuarially determined rate was 15.75% of annual covered payroll at September 30, 2016 and 2015. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Madison County Citizens Service Agency's contributions to PERS for the years ended June 30, 2016, 2015, and 2014, were \$130,168, \$79,777, and 75,996, respectively. Such contributions equaled the required contributions for each respective year.

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 9: Pension Plan Continued

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

At September 30, 2016, the Madison County Citizens Service Agency reported a liability of \$2 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability as of September 30, 2016 and 2015 was 0.012919 and 0.007896 and percent, respectively.

Deferred outflows of resources are reported related to contributions subsequent to the measurement date and will be recognized as an increase to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense:

For the year ended September 30, 2016, the Madison County Citizens Service Agency recognized pension expense of \$396,618 deferred outflows subsequent to the measurement date). At September 30, 2016, the Madison County Citizens Service Agency reported deferred outflows of resources and deferred inflows of resources related to pension expense:

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

Note 9: Pension Plan Continued

Differences between expected and actual <u>experience</u>	<u>Changes of assumptions</u>	Changes proportion differences between Employer contribution and proportionate share of contribution	Contributions subsequent to the measurement date	Total Deferred outflows of <u>resources</u>	Differences between expected and actual <u>experience</u>	Net difference between projected and actual investment earnings on pension plan <u>investments</u>	<u>Changes in assumptions</u>	Total deferred inflows of <u>resources</u>
\$64,367	\$ -	\$523,281	\$178,332	\$765,980	\$ -	\$ 6,132	\$ -	\$6,132

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

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

Note 9: Pension Plan Continued

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

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

Discount rate – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 9: Pension Plan Continued

Asset class	Target allocation	Long-term expected real rate of return
U.S. Broad	34.00%	5.20%
International equity	19.00%	5.00%
Emerging markets equity	8.00%	5.45%
Fixed income	20.00%	0.25%
Real assets	10.00%	4.00%
Private equity	8.00%	6.15%
Cash	1.00%	-0.50%
	<u>100.00%</u>	

MADISON COUNTY CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

Note 9: Pension Plan Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

The following presents the Agency's proportionate share of the net pension liability, calculated using the discount rate of 7.75%.

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
MCCSA			
Net pension liability	<u>2,958,942</u>	<u>2,307,664</u>	<u>1,767,314</u>

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 CITIZENS SERVICES AGENCY

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 9: Pension Plan Continued

Annual contribution deficiency (excess)	-
Covered-employee payroll	\$ 826,590
Actual contributions as a percentage of covered-employee payroll	15.75%

Notes to Schedule

Valuation Date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

MADISON COUNTY CITIZENS SERVICE AGENCY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 SEPTEMBER 30, 2016

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass through the Mississippi Department of Human Services			
Low-Income Home Energy Assistance 2015	93.568	683L151LL	\$ 167,046
Low-Income Home Energy Assistance 2016	93.568	683L161LL	347,440
			<u>\$ 514,486</u>
Pass through the Central Mississippi Planning and Development District			
Social Service Block Grant	93.667	1536.38	85,855
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	1056.38/1136.38	30,380
Special Programs for the Aging_ Title III, Part D_ Disease Prevention and Health Promotion Services	93.043	1236.38	12,600
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	1196.38	27,486
			<u>\$ 156,321</u>
Total U.S. Department of Human Services			\$ 670,807
<u>U.S. Department of Transportation</u>			
Pass through the State of Mississippi Department of Transportation			
Formula Grants for Rural Areas-Rural Area Program	20.509	502930	\$ 575,345
Total Federal Financial Assistance			<u>\$ 1,246,152</u>

NOTE TO SCHEDULE

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF GENERAL FUND ACTIVITIES
September 30, 2016

OPERATING REVENUES

Program Income	9,055
County Revenue	427,000
	436,055

OPERATING EXPENDITURES

Salaries and Related Expenses	170,565
Fringe Benefits	443,376
Travel	1,688
Professional Services	3,785
Training Conferences	665
Telephone	1,930
Advertising	376
Audit	6,225
Bank Charges	639
Dues & Subscriptions	1,159
Office Supplies	2,319
Vehicle Expense	2,438
Program Supplies	26
Program Cost	1,075
Workers compensation	177
Meals & Entertainment	61
Postage	36
Miscellaneous	0
Legal & Professional fees	1,575
Bookkeeping	210
LIHEAP-program as	498
Property Insurance	3,225
Transfer Expenses	189,329
Equipment repairs/software expenses	2,053

TOTAL OPERATING EXPENSES

833,433

OTHER INCOME

Other Income	35,867
--------------	--------

EXCESS (DEFICIT) OF OPERATING INCOME OVER EXPENSES

(361,510)

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF PROGRAM ACTIVITIES
September 30, 2016

REVENUES

Grant Income	\$	935,700
Local Match - In Kind		217,971
Program Income		37,518
Non-Cash Food		12,038
USDA Food Credit		2,650
Other		56,341
TOTAL REVENUES	\$	<u>1,262,218</u>

EXPENSES

Congregate Meal Expense	\$	14,688
LIHEAP ECIP		19,091
LIHEAP Program Assistance		347,884
Salaries and Related Expenses		429,185
Fringe Benefits		181,374
Workers Compensation		5,567
Travel		5,739
Professional Services		6,268
Training Conferences		15,566
Postage		1,745
Utilities		9,635
Advertising		3,589
In-Kind Expense		24,285
Bank Charges		172
Property Insurance		41,682
Rent Expense		3,825
Dues & Subscriptions		3,244
Office Supplies		10,442
Vehicle Expense		73,512
Program Supplies		632
Program Cost		1,072
Depreciation		20,247
Office Equipment Maintenance		1,419
Transfer Expenses		53,326
Stationary & Printing		500

TOTAL EXPENSES

\$ 1,277,688

OTHER INCOME

Other Income

EXCESS (DEFICIT) OF REVENUE OVER EXPENSES

\$ (15,470)

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF GRANT ACTIVITIES
For the Years Ended September 30, 2016

	<u>INFORMATION & REFERRAL.</u>	<u>TITLR IIIB OMBUDSMAN</u>	<u>OUTREACH IIID</u>	<u>TITLE XX TRANSPORTATION</u>
REVENUE				
Grant Income	12,205	14,148	11,200	61,789
Local Match -		1,742	1,400	
Program Income				2,066
Non-Cash Food				
USDA Food Credit				
Other	2,285			22,000
Grant Funds Received	14,490	15,890	12,600	85,855
EXPENDITURES				
DIRECT PROGRAM EXPENSES				
Congregate Meal Expense				
LIHEAP ECIP				
LIHEAP Program Assistance				
TOTAL DIRECT PROGRAM EXPENSES	-	-	-	-
OTHER EXPENSES				
Salaries and Related Expenses	8,301	12,304	8,301	8,549
Fringe Benefits	3,169	953	3,169	3,654
Workers compensation	42	45	42	60
Travel		2,587	1,088	
Professional Services				
Training Conferences				
Postage				
Telephone (Incl. cell)				
Advertising				
In-Kind Expense	2,285			22,000
Rent or Lease Expense				
Audit				
Bank Charges				
Bookkeeping Sevices				
Property Insurance				
Stationary & Printing				
Taxes & Licenses exp				
Dues & Subscriptions				
Office Supplies				3,523
Vehicle Expense				1,961
Program Supplies				
Program Cost				
Depreciation				
Office Equipment Maintenance				
Transfer Expenses	693			46,109
Office Equipment				
TOTAL OTHER EXPENSES	14,490	15,890	12,600	85,855
TOTAL EXPENDITURES	14,490	15,890	12,600	85,855
OTHER INCOME/EXPENSE				
REVENUES OVER/(UNDER) EXPENDITURES	0	-	-	(0)

MADISON COUNTY CITIZENS SERVICE AGENCY
STATEMENT OF GRANT ACTIVITIES
For the Years Ended September 30, 2016

TITLE 111C-1 CONG. MEALS	LIHEAP	Sec. 5311 TRANSPORTATION	Logisticare MTM	Developmental Disability	UNEMPLOYMENT FUND	TOTAL
7,064	514,486	288,301	16,716	9,792		935,700
2,297		212,532				217,971
3,437		32,015				37,518
12,038						12,038
2,650						2,650
		22,251	33	4,824	4,948	56,341
<u>27,486</u>	<u>514,486</u>	<u>555,098</u>	<u>16,749</u>	<u>14,616</u>	<u>4,948</u>	<u>1,262,218</u>
						-
14,688						14,688
	19,091					19,091
	347,884					347,884
<u>14,688</u>	<u>366,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,663</u>
						-
7,730	93,819	280,614	9,567			429,185
586	43,853	125,190	802			181,374
28	283	5,067				5,567
	584	1,093			386	5,739
2,750	3,518					6,268
	679	14,887				15,566
	765				980	1,745
	1,251	8,384				9,635
		3,589				3,589
						24,285
	2,047	1,778				3,825
		3,000				3,000
					172	172
						-
		39,676		2,006		41,682
		500				500
						-
		3,244				3,244
	413	4,640		1,865		10,442
		62,173		9,378		73,512
632						632
1,072						1,072
		20,247				20,247
	155	1,264				1,419
	144		6,380			53,326
						-
<u>12,798</u>	<u>147,511</u>	<u>575,345</u>	<u>16,749</u>	<u>14,616</u>	<u>172</u>	<u>896,026</u>
<u>27,486</u>	<u>514,486</u>	<u>575,345</u>	<u>16,749</u>	<u>14,616</u>	<u>172</u>	<u>1,277,688</u>
						-
						-
						-
<u>-</u>	<u>-</u>	<u>(20,247)</u>	<u>-</u>	<u>-</u>	<u>4,777</u>	<u>(15,470)</u>

MADISON COUNTY CITIZENS SERVICE AGENCY
Section 5311 Rural Transportation Program Schedule
September 30, 2016

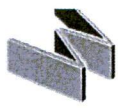
Computation of Section 5311 Funds Allowable for Grant Participation and Amount Due Grantee
502930

<u>Expenditure Category</u>	<u>Expenditures</u>	<u>Sec. 5311 Participation Percentage</u>	<u>Section 5311 Amount</u>	<u>Amount Per Grant</u>
Administration	136,876.66	80%	109,501.33	116,868.00
Capital Purchases	9,532.71	80%	7,626.17	18,240.00
Operations	342,046.83	50%	171,023.42	196,488.00
	<u>488,456.20</u>		<u>288,150.91</u>	<u>331,596.00</u>
Less: Excess Local			<u>288,150.91</u>	
Total Allowable Expenditures from Section 5311 Grant Funds				<u>288,150.91</u>
Less: Section 5311 Funds Received-				
Cash reimbursements received for expenditures through September 30,				246,660.37
Cash reimbursements received after September 30,				<u>27,225.63</u>
TOTAL SECTION 5311 FUNDS DUE TO (FROM) GRANTEE				<u>14,264.91</u>

MADISON COUNTY CITIZENS SERVICE AGENCY
Section 5311 Rural Transportation Program Schedule
September 30, 2016

Statement of Revenues and Expenditures
Contract No. 502930

	Section 5311 Grant	Local Matching Funds	Total
Revenues:			
Section 5311 Grant	288,150.92	-	288,151
Local Match Funds:			
Cash Contribution from County		122,026.44	122,026.44
Contract Services		0.00	0.00
Charter Services		78,278.84	78,278.84
Advertising		0.00	0.00
Grantee cash contribution		0.00	0.00
Total Revenues	288,150.92	200,305.28	488,456.20
Expenditures:			
Administration	109,501.33	27,375.33	136,876.66
Capital Purchases	7,626.17	1,906.54	9,532.71
Operations	171,023.42	171,023.41	342,046.83
Total Expenditures	288,150.92	200,305.28	488,456.20
Excess of Revenue Over (Under) Expenditures	0.00	0.00	0.00
Section 5311 funds applied to acquisition of vehicles and not included in cash receipts		0.00 0.00	



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

Board of Directors
Madison County Citizens Services Agency
Canton, 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 Madison County Citizens Service Agency (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams CPA Firm, PLLC

Ridgeland, Mississippi
January 6, 2017



WILLIAMS CPA FIRM, PLLC
Accountants & Consultants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Madison County Citizens Services Agency
Canton, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Madison County Citizens Services Agency's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madison County Citizens Services Agency's major federal programs for the year ended September 30, 2016. Madison County Citizens Services Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Madison County Citizens Services Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison County Citizens Services Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Madison County Citizens Services Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of Madison County Citizens Services Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madison County Citizens Services Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madison County Citizens Services Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Williams CPA Firm, PLLC

Ridgeland, Mississippi
January 6, 2017

MADISON COUNTY CITIZENS SERVICES AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal Control over financial reporting
 - a. Material weakness (es) identified? No.
 - b. Significant deficiency (ies) identified? None reported
3. Noncompliance material to financial statements?

Federal Awards

4. Internal control over major programs:
 - a. Material weakness (es) identified? No
 - b. Significant deficiency (ies) identified? None reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of OMB Circular A-133? No.
7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance
20.509	Formula Grants for Rural Areas

8. Dollar threshold used to distinguishing between Type A programs:
\$300,000.
9. Auditee qualified as low-risk auditee? Yes

MADISON COUNTY CITIZENS SERVICES AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

SECTION II: FINDING FINANCIAL STATEMENT FINDINGS

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

SECTION III: FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

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