

Madison County, Mississippi

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

Fortenberry & Ballard, PC
Certified Public Accountants

Madison County Location in Mississippi



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

Madison County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Madison County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Madison County, Mississippi, as of September 30, 2017, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2017, 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, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Contributions and corresponding notes, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Madison County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018, on our consideration of the Madison County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 12, 2018

Certified Public Accountants

FINANCIAL STATEMENTS

MADISON COUNTY, MISSISSIPPIExhibit 1

Statement of Net Position

September 30, 2017

	<u>Primary Government</u>
	Governmental
	<u>Activities</u>
ASSETS	
Cash	\$ 50,955,613
Investments	794,180
Property Tax Receivable	39,064,193
Fines Receivable (net of allowance for uncollectible of \$1,201,499)	659,233
Intergovernmental Receivables	2,724,654
Other Receivables	339,377
Capital Assets:	
Land and construction in progress	8,593,157
Other capital assets, net	114,859,405
Total Assets	<u>217,989,812</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,884,603
Deferred amount on refunding	3,602,513
Total Deferred Outflows of Resources	<u>6,487,116</u>
LIABILITIES	
Claims Payable	2,289,737
Intergovernmental Payables	4,145,567
Accrued Interest Payable	1,742,082
Amounts held in custody for others	3,653,496
Claims and judgments payable	219,446
Long-Term Liabilities	
Due within one year:	
Capital debt	8,631,944
Non-capital debt	173,899
Due in more than one year:	
Capital debt	81,124,463
Non-capital debt	8,143,985
Net Pension Liability	42,844,471
Total Liabilities	<u>152,969,090</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax for future reporting period	39,064,193
Deferred inflows related to pensions	312,624
Total deferred inflows of resources	<u>39,376,817</u>
NET POSITION	
Net Investment in Capital Assets	37,298,668
Restricted:	
Expendable:	
General Government	462,728
Public Safety	2,810,553
Public Works	14,534,988
Culture and recreation	213,631
Economic development and assistance	44,107
Debt Service	1,171,871
Unrestricted	(24,405,525)
Total Net Position	<u>\$ 32,131,021</u>

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

MADISON COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 18,339,853	7,658,797	687,039		(9,994,017)
Public Safety	14,237,332	4,581,596	2,419,492		(7,236,244)
Public Works	17,622,805		407,491	232,242	(16,983,072)
Health and Welfare	933,916		99,754		(834,162)
Culture and Recreation	1,627,585				(1,627,585)
Conservation of Natural Resources	330,627				(330,627)
Economic Development and Assistance	1,705,772				(1,705,772)
Interest on Long-term Debt	3,030,293				(3,030,293)
Pension Expense	6,526,794				(6,526,794)
Total Governmental Activities	\$ <u>64,354,977</u>	<u>12,240,393</u>	<u>3,613,776</u>	<u>232,242</u>	<u>(48,268,566)</u>
General Revenues:					
Property Taxes				\$	47,194,151
Road & Bridge Privilege Taxes					1,476,660
In Lieu Tax					752,493
Grants and Contributions not restricted to specific programs					3,840,845
Unrestricted Interest Income					89,892
Miscellaneous					2,700,254
Total General Revenues					<u>56,054,295</u>
Change in Net Position					<u>7,785,729</u>
Net Position - Beginning of year, as previously reported					25,104,098
Prior period adjustments					<u>(758,806)</u>
Net Position - Beginning of year, as restated					<u>24,345,292</u>
Net Position - End of year				\$	<u><u>32,131,021</u></u>

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

MADISON COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	General County I & S Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 29,844,345	2,521,242	18,590,026	50,955,613
Investments	794,180			794,180
Property tax receivable	20,091,387	8,307,613	10,665,193	39,064,193
Fines receivable (net of allowance for uncollectible of \$1,201,499)	659,233			659,233
Intergovernmental receivables	1,860,204		864,450	2,724,654
Other receivables	231,064		108,313	339,377
Due from other funds	5,000	317,549	519,190	841,739
Advances to other funds	181,696		84,538	266,234
Total Assets	53,667,109	11,146,404	30,831,710	95,645,223
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	420,160		1,869,577	2,289,737
Intergovernmental payables	4,141,688		3,879	4,145,567
Due to other funds	836,739		5,000	841,739
Advances from other funds			266,234	266,234
Amounts held in custody for others	3,636,679		16,817	3,653,496
Claims and judgments payable	219,446			219,446
Total Liabilities	9,254,712	-	2,161,507	11,416,219
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	20,091,387	8,307,613	10,665,193	39,064,193
Unavailable revenue - fines	659,233			659,233
Total deferred inflows of resources	20,750,620	8,307,613	10,665,193	39,723,426
Fund Balances:				
Nonspendable:				
Advances	181,696			181,696
Restricted for:				
General government			462,728	462,728
Public safety			2,810,553	2,810,553
Public works			14,534,988	14,534,988
Culture and recreation			213,631	213,631
Economic development and assistance			44,107	44,107
Debt service		2,838,791	75,162	2,913,953
Unassigned	23,480,081		(136,159)	23,343,922
Total Fund Balances	23,661,777	2,838,791	18,005,010	44,505,578
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 53,667,109	11,146,404	30,831,710	95,645,223

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

MADISON COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 44,505,578
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$112,211,279.	123,452,562
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	659,233
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(98,074,291)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(1,742,082)
Deferred amount on refunding	3,602,513
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	
Net pension liability	(42,844,471)
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	2,884,603
Deferred inflows of resources related to pension obligations	(312,624)
Total Net Position - Governmental Activities	\$ <u><u>32,131,021</u></u>

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

MADISON COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	General County I & S Fund	Other Governmental Funds	
REVENUES				
Property Taxes	\$ 24,748,960	\$ 9,849,923	\$ 12,595,268	47,194,151
Road and bridge privilege taxes			1,476,660	1,476,660
Licenses, commissions and other revenue	3,707,027	1,060	27,618	3,735,705
Fines and forfeitures	930,398		40,282	970,680
Intergovernmental revenues	3,332,490		4,354,373	7,686,863
Charges for services	6,147,546		1,325,508	7,473,054
Interest income	59,619	5,387	24,886	89,892
Miscellaneous revenues	1,752,195	5	910,727	2,662,927
In Lieu Tax			752,493	752,493
Total Revenues	40,678,235	9,856,375	21,507,815	72,042,425
EXPENDITURES				
Current:				
General government	18,504,748		767,996	19,272,744
Public safety	12,467,557		4,312,407	16,779,964
Public works	844,793		15,275,166	16,119,959
Health and welfare	888,792			888,792
Culture and recreation			1,606,834	1,606,834
Conservation of natural resources	340,314			340,314
Economic development and assistance	576,154	214,053	679,990	1,470,197
Debt Service:				
Principal	411,910	7,425,000	771,472	8,608,382
Interest	77,433	2,583,514	257,932	2,918,879
Bond issue cost			175,000	175,000
Total Expenditures	34,111,701	10,222,567	23,846,797	68,181,065
 Excess of Revenues over (under) Expenditures	 6,566,534	 (366,192)	 (2,338,982)	 3,861,360
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	20,318		135,481	155,799
Proceeds from long-term debt			8,000,000	8,000,000
Premiums on bonds issued			170,390	170,390
Transfers in	150,744	1,436,552	1,929,657	3,516,953
Transfers out	(549,498)	(23,274)	(2,944,181)	(3,516,953)
Total Other Financing Sources and Uses	(378,436)	1,413,278	7,291,347	8,326,189
 Net Changes in Fund Balances	 6,188,098	 1,047,086	 4,952,365	 12,187,549
 Fund Balance, Beginning of year	 17,473,679	 1,791,705	 13,052,645	 32,318,029
 Fund Balance, End of year	 \$ 23,661,777	 2,838,791	 18,005,010	 44,505,578

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

MADISON COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 12,187,549
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 depreciation of \$4,675,890 exceeded capital outlays of \$4,071,270 in the current period.	(604,620)
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 the fund balances by the amount of the gain of \$37,327, the loss of \$41,552 and the proceeds from the sale of \$155,799 in the current period.	(160,024)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	60,954
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$8,608,382 exceeded debt proceeds of \$8,000,000.	608,382
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 financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(66,626)
Increase in accrued interest payable	(100,736)
Premiums on bonds	(170,390)
The Amortization of:	
Premiums on bonds	458,193
Discount on bonds	(4,028)
Deferred amount on refunding bonds	(464,843)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for current year	(6,526,794)
Recognition of contributions made during year	<u>2,568,712</u>
Change in Net Position of Governmental Activities	<u>\$ 7,785,729</u>

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

MADISON COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 6,966,155
Total Assets	<u>6,966,155</u>
LIABILITIES	
Amounts held in custody for others	6,750,402
Intergovernmental payables	<u>215,753</u>
Total Liabilities	<u>\$ 6,966,155</u>

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

Madison County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2017

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

B. Individual Component Unit Disclosures

Blended Component Unit

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

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

C. Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting

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

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

The County reports the following major Governmental Funds:

General Fund- This fund is used to account for and report all financial resources

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

not accounted for and reported in another fund.

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications

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

F. Deposits

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.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

G. Receivables

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

H. Interfund Transactions and Balances

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

I. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

J. Deferred Outflows/Inflows of Resources

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

K. Pensions

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

L. Long-term Liabilities

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

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

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

M. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

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

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

O. Intergovernmental Revenues in Governmental Funds

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

P. Compensated absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

Q. Change in accounting standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

(2) Prior Period Adjustments

A summary of significant net position adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets.	\$ <u><u>(758,806)</u></u>

(3) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$57,921,768, and the bank balance was \$59,201,123. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County's policy to manage custodial credit risk utilizes a multiple financial institution. Deposits are limited to FDIC coverage and placed in multiple financial institutions by the financial institution of the County. The financial institution of the County monitors these accounts to insure that deposits and subsequent interest do not exceed FDIC coverage. In the event any funds exceed the FDIC coverage limitation, the Mississippi State Treasurer manages that risk on behalf of the County.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Investments:

Investments balances at September 30, 2017, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Full Faith and Credit Bonds	9 years 5 months	\$ 198,931	AA+
Full Faith and Credit Bonds	10 years	100,186	AA+
Government Agency Bonds	2 years 8 months	99,677	AA+
Government Agency Bonds	4 years 2 months	150,087	AA+
Taxable Municipal Bonds	8 years 9 months	49,867	AA
Taxable Municipal Bonds	11 years 1 month	50,018	AA
Mortgage Backed Securities	9 years 7 months	145,414	AA+
Total		\$ <u>794,180</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 a formal policy for custodial credit risk. Of the County's investments, all of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

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

The County has the following recurring fair value measurements as of September 30, 2017:

Level 1 type of investments of \$648,766 are valued using quoted market prices (Level 1 inputs)

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Level 2 type of investments of \$145,414 are valued using a matrix pricing model (Level 2 inputs)

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 5,000
Other Governmental Funds	General Fund	519,190
General County I & S Fund	General Fund	317,549
Total		<u>\$ 841,739</u>

The receivables primarily represent the tax revenue collected in September 2017, but not settled until October 2017. All interfund balances are expected to be repaid within one year from the date of the financial settlements.

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 181,696
Other Governmental Funds	Other Governmental Funds	84,538
Total		<u>\$ 266,234</u>

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 150,744
General County I & S Fund	Other Governmental Funds	1,436,552
Other Governmental Funds	General Fund	549,498
Other Governmental Funds	General County I & S Fund	23,274
Other Governmental Funds	Other Governmental Funds	1,356,885
Total		<u>\$ 3,516,953</u>

The principal purpose of the interfund transfers was to provide funds to cover operating expenditures, pay for capital outlay and match federal grant funds received per program requirements. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2017 consisted of the following:

Governmental Activities:

Description	Amount
Legislative tax credit	\$ 1,078,401
Housing prisoners	692,227
State aid road	705,754
Federal grants	109,234
State grants and shared revenues	139,038
Total	<u>\$ 2,724,654</u>

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2017:

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Completed Construction	Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:						
Land	\$ 2,909,237				200,000	3,109,237
Construction in progress	5,071,952	2,500,741		(1,129,967)	(958,806)	5,483,920
Total non-depreciable capital assets	<u>7,981,189</u>	<u>2,500,741</u>	<u>0</u>	<u>(1,129,967)</u>	<u>(758,806)</u>	<u>8,593,157</u>
Depreciable capital assets:						
Infrastructure	159,181,092			1,129,967		160,311,059
Buildings	43,264,847					43,264,847
Improvements other than buildings	5,312,370					5,312,370
Mobile equipment	10,449,217	1,027,562	276,334			11,200,445
Furniture and equipment	3,634,501	542,967	93,309			4,084,159
Leased property under capital leases	3,039,006		141,202			2,897,804
Total depreciable capital assets	<u>224,881,033</u>	<u>1,570,529</u>	<u>510,845</u>	<u>1,129,967</u>	<u>0</u>	<u>227,070,684</u>
Less accumulated depreciation for:						
Infrastructure	81,827,100	2,053,619				83,880,719
Buildings	15,610,436	971,051				16,581,487
Improvements other than buildings	605,779	238,670				844,449
Mobile equipment	6,724,597	836,300	229,499			7,331,398
Furniture and equipment	2,559,748	298,579	85,508			2,772,819
Leased property under capital leases	558,550	277,671	35,814			800,407
Total accumulated depreciation	<u>107,886,210</u>	<u>4,675,890</u>	<u>350,821</u>	<u>0</u>	<u>0</u>	<u>112,211,279</u>
Total depreciable capital assets, net	<u>116,994,823</u>	<u>(3,105,361)</u>	<u>160,024</u>	<u>1,129,967</u>	<u>0</u>	<u>114,859,405</u>
Governmental activities capital assets, net	<u>\$ 124,976,012</u>	<u>(604,620)</u>	<u>160,024</u>	<u>0</u>	<u>(758,806)</u>	<u>123,452,562</u>

Adjustments were made to remove maintenance project erroneously labeled as a construction project and land for construction of a firehouse not previously identified.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 543,367
Public safety	1,204,574
Public works	2,584,384
Health and welfare	87,239
Culture and recreation	20,751
Economic development	235,575
Total depreciation expense	<u>\$ 4,675,890</u>

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Sulphur Springs Park	\$ 1,876,340	9/2020
Bozeman Road	10,276,739	09/2021
Reunion Parkway III	8,900,803	09/2021
Stribling / Catlett	386,903	08/2018
Gluckstadt Fire Station #3	1,818,879	09/2018
Yandell Road Lane Addition	419,014	12/2017
Tisdale Road	961,907	06/2018
Robinson Springs Road	2,303,398	08/2018
Harvey Crossing	594,002	12/2018
Total	<u>\$ 27,537,985</u>	

All other unfinished construction in progress are substantially complete as of September 30, 2017.

(7) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers'

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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, 2017 to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

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

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

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2017, the amount of these liabilities was \$219,446. An analysis of claims activities is presented below:

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2015-2016	\$	84,601	3,277,368	3,268,252	93,717
2016-2017	\$	93,717	3,492,920	3,367,191	219,446

(8) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property		Amount
Mobile equipment	\$	2,691,124
Furniture and equipment		206,680
Total		2,897,804
Less: Accumulated depreciation		800,407
Leased property under capital leases	\$	<u>2,097,397</u>

The following is a schedule by years of the total payments due as of September 30, 2017:

Year Ending September 30,		Principal	Interest
2018	\$	440,574	18,462
2019		410,704	9,641
2020		182,702	1,202
Total	\$	<u>1,033,980</u>	<u>29,305</u>

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

(9) Long-Term Debt

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
Series 2007 Refunding Bonds	\$ 595,000	4.00 - 5.00%	05/2018
Series 2008 Refunding Bonds	1,555,000	3.50 - 5.00%	03/2018
Series 2009 Mississippi Development Bank Special Obligation Refunding Bonds	1,295,000	1.50 - 4.00%	05/2024
Series 2011 Refunding Bonds (Jail)	5,390,000	2.00 - 3.25%	06/2024
Series 2012 Road and Bridge Refunding Bonds	8,535,000	2.00 - 3.00%	05/2026
Series 2014 Road and Bridge Refunding Bonds	11,415,000	2.00 - 4.00%	05/2027
Series 2014 Road and Bridge Bonds	13,420,000	3.50 - 4.50%	11/2029
Series 2014 Refunding Bonds	13,685,000	0.78 - 3.34%	09/2026
Series 2015 Refunding Bonds	9,125,000	1.50 - 4.00%	09/2023
Series 2016 Refunding Bonds (Nissan)	6,895,000	3.00 - 4.00%	03/2028
Series 2017 Road and Bridge Bonds	8,000,000	2.12 - 3.00%	10/2037
	<u>\$ 79,910,000</u>		
B. Limited Obligation Bonds:			
Urban Renewal Revenue Bond (Sulphur Springs)	\$ 945,000	2.50%	03/2023
Urban Renewal Revenue Bond (Lost Rabbit)	5,235,000	7.88%	09/2039
Tax Increment Financing Taxable Limited Obligation Bonds			
Series 2015 Galleria Parkway Project	1,084,400	5.37%	04/2035
	<u>\$ 7,264,400</u>		
C. Capital Leases:			
Phone upgrade system	\$ 53,514	1.89%	12/2018
(8) Mack dump trucks	187,047	1.64%	05/2019
Heavy equipment (road)	793,419	1.97%	04/2020
	<u>\$ 1,033,980</u>		

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

D. Other Loans

South Madison Fire Station	\$	264,316	2.00%	05/2021
Farmhaven Fire Station		311,983	2.00%	02/2022
Industrial development capital improvement (CAP)		685,377	3.00%	12/2028
General obligation negotiable notes		1,396,318	1.00%	02/2018
South Madison Annex - limited obligation promissory note		1,118,892	3.69%	09/2023
Valley View Fire Station		604,067	2.00%	02/2034
		<hr/>		
Total Other Loans	\$	<u>4,380,953</u>		

Pledge of Future Revenues - The County has pledged future general county tax revenues to repay \$5,235,000 in limited obligation infrastructure acquisition revenue bonds issued on August 22, 2014. Proceeds from the bonds provided financing for the acquisition of land improvements within the Lost Rabbit Urban Renewal District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general county tax revenues collected from parcels of land located within the boundaries of the Lost Rabbit Urban Renewal District and income received from property fees assessed to land owners within the district. The total principal and accrued interest remaining to be paid on the bonds is \$11,179,344. Principal and interest paid for the current year and total net revenues at September 30, 2017 were \$125,641 and \$145,310, respectively.

The County has pledged future general county tax revenues to repay \$1,500,000 in limited obligation recreational facility construction revenue bonds issued March 21, 2013. Proceeds from the bonds provided financing for the construction of a recreational facility within the Sulphur Springs Lake Project Urban Renewal District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general county tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,017,438. Principal and interest paid for the current year and total net revenues at September 30, 2017 were \$145,000 and \$25,438, respectively.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 6,240,000	2,981,037	276,500	492,238	1,848,769	98,395
2019	6,710,000	2,413,988	288,200	479,316	472,297	70,583
2020	6,900,000	2,132,579	300,000	465,452	482,436	56,346
2021	7,115,000	1,940,874	316,900	450,972	473,894	41,731
2022	7,340,000	1,722,917	333,900	435,478	254,141	27,967
2023 - 2027	36,980,000	4,731,285	1,213,100	1,944,352	507,507	74,612
2028 - 2032	5,715,000	806,822	1,491,200	1,496,019	293,446	18,484
2033 - 2037	2,390,000	255,431	2,139,600	842,065	48,463	927
2038 - 2039	520,000	7,800	905,000	108,281		
Total	\$ 79,910,000	16,992,733	7,264,400	6,714,173	4,380,953	389,045

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, 2017, the amount of outstanding debt was equal to 5.02% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2017, \$65,320,000 of bonds outstanding were considered defeased.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 77,935,000	8,000,000	6,025,000	79,910,000	6,240,000
Limited obligation bonds	7,439,300		174,900	7,264,400	276,500
Capital leases	1,545,524		511,544	1,033,980	440,574
Other loans	6,277,891		1,896,938	4,380,953	1,848,769
Compensated absences	1,246,481	66,626		1,313,107	
Total	\$ 94,444,196	8,066,626	8,608,382	93,902,440	8,805,843

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017
Premiums	\$ 4,486,428	170,390	458,193	4,198,625
Discounts	(30,802)		(4,028)	(26,774)
	\$ 4,455,626	170,390	454,165	4,171,851

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

(10) Deficit Fund Balances of Individual Funds

The following funds reported a deficit in fund balance and net position at September 30, 2017:

Fund	Deficit Amount
Self Insurance Fund	\$ 125,637
Historic Courthouse Repair Fund	4,167
Fire Station Construction Fund	12,136
Mannsdale Turn Lane Fund	119,856

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

(11) Contingencies

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Madison County Nursing Home. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2017 is \$5,475,000.

On September 27, 2017, Madison County Nursing home deposited \$5,900,000 with the County to be held in custody until the defeasance of the Madison County Nursing Home's \$8,000,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2009.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Subsequently, the bond insurer, Assured Guaranty Corporation, formerly known as Radian Assets Assurance, Inc. filed suit against multiple parties challenging the County's interpretation of the contribution agreement. The Fifth Circuit Court of Appeals confirmed that the County was in compliance with the contribution agreement by refusing to make additional shortfall payments after two-years of non-reimbursement of prior payments. This case is still pending while parties negotiate less significant aspects of the case.

Parkway South Public Improvement District - The County has the same agreement with Parkway South Public Improvement District as it has with Parkway East Public Improvement District. In April 2017, the Board of Supervisors was notified that the District could not meet its obligation to pay the May 1, 2017 debt service. The County paid \$385,399 May 2017 toward this obligation. Subsequently that month, Parkway South Public Improvement District repaid the County \$421,275.

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

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

Madison County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated October 11, 2006 and amended May 8, 2013 allowing the County to provide proper funds necessary to the Commission (MDOT) for the construction of a Highway project. Funding was obtained from the \$145,000,000 Mississippi Development Bank Bonds, Series 2006 (Madison County, Mississippi Highway Construction Project), and the \$88,865,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Construction Project) dated May 8, 2013. Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the Series 2016 and Series 2013C Bonds. Nothing in the bonds themselves or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers. The principal amount of such debt outstanding at September 30, 2017 is as follows:

<u>Issue</u>	<u>Outstanding Amount</u>
Mississippi Development Bank Bonds, Series 2013C	\$ <u>88,865,000</u>

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

(13) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Madison County Board of Supervisors appoints two of the twenty-two members of the college board of trustees. Madison County appropriated \$3,439,734 for maintenance and support of the College in fiscal year 2017.

Region 8 Mental Health - Mental Retardation Commission operates in a district composed of the counties of Copiah, Madison, Rankin, and Simpson. The Madison County Board of Supervisors appoints one of the four board of commissioners. The County appropriated \$110,000 for maintenance and support of the center in fiscal year 2017.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Madison County Board of Supervisors appoints three of thirty-three members of the board of directors. Madison County appropriated \$11,279 for maintenance and support of the district in fiscal year 2017.

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 2017.

(14) Defined Benefit Pension Plan

General Information about the Pension Plan

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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.

Contributions. At September 30, 2017, 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, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2017, 2016 and 2015 were \$2,568,712, \$2,576,920, and \$2,533,214, 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, 2017, the County reported a liability of \$42,844,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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, 2017 net pension liability was .257736 percent, which was based on a measurement date of June 30, 2017. This was an increase of .001156 percent from its proportion share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$6,526,794. At September 30, 2017 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 614,602	\$ 312,624
Net difference between projected and actual earnings on pension plan investments	579,278	
Change of assumptions	885,727	
Changes in proportion and differences between County's contributions and proportionate share of contributions	178,616	
County contributions subsequent to the measurement date	626,380	
	<u> </u>	<u> </u>
Total	<u>\$ 2,884,603</u>	<u>\$ 312,624</u>

\$626,380 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2018	\$ 2,055,307
2019	661,844
2020	56,046
2021	(827,598)
	<u> </u>
Total	<u>\$ 1,945,599</u>

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.25 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

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Notes to the Financial Statements
For the Year Ended September 30, 2017

Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return
U.S. Broad	27%	4.60%
International Equity	18%	4.50%
Emerging Markets Equity	4%	4.75%
Global	12%	4.75%
Fixed Income	18%	0.75%
Real Assets	10%	3.50%
Private Equity	8%	5.10%
Emerging Debt	2%	2.25%
Cash	1%	0.00%
Total	<u>100%</u>	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 56,193,384	\$ 42,844,471	\$ 31,761,972

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

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

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$24,405,525) includes the effect of deferred inflows / outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$626,380 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. The \$2,258,223 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next four years. The \$312,624 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in revenue over the next three years.

The governmental activities' net investment in capital assets net position amount of \$37,298,668 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$3,602,513 of the \$6,487,116 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the net investment in capital assets net position.

(16) Tax Abatements

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

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

Name			Year of Expiration	Tax Abated
AMERICAN HOWA KENTUCKY INC-EX. 1-1-15	27-31-101	Industrial new enterprise exemption	2024	19,185
AXIALL LLC (EXEMPT 2016-2025)	27-31-101	Industrial new enterprise exemption	2025	2,869
BUSINESS COMMUNICATIONS-DATA CENTER	27-31-105	Industrial expansion or addition to existing entity exemption	2021	5,311
CAPITOL HARDWARE CO./CFL PROPERTIES INC.	27-31-101	Industrial new enterprise exemption	2018	146
CFL PROPERTIES LLC	27-31-101	Industrial new enterprise exemption	2018	4,209
COMCAST OF MISS CALL CENTER,LLC.	New	Industrial new enterprise exemption	2017	2,154

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

D.B.C. (EXEMPT 2015 - 2024)	27-31-105	Industrial expansion or addition to existing entity exemption	2024	3,169
D.B.C.(EXEMPT 2012 - 2021)	27-31-105	Industrial expansion or addition to existing entity exemption	2021	1,320
DENBURY GULF COAST (2007 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2017	69,237
DENBURY GULF COAST (2012 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2022	3,946
DENBURY GULF COAST (2013 M&E)	27-31-105	Equipment used in connection with enhanced oil recover projects	2023	4,875
DENBURY ONSHORE LLC (2010 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2020	11,831
DENBURY ONSHORE LLC (2011 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2021	23,393
DENBURY ONSHORE LLC(2008 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2018	15,296
DENBURY ONSHORE LLC(2008 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2018	9,355
DENBURY ONSHORE LLC(2009M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2019	45,232
DENBURY ONSHORE LLC(2010 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2020	7,303
DENBURY ONSHORE LLC(2011 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2021	354
DENBURY ONSHORE LLC(2012 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2022	3,184
DENBURY ONSHORE LLC(2013 M&E)	27-31-105	Equipment used in connection with enhanced oil recover projects	2023	32,862
DENBURY ONSHORE LLC(2014 M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2024	287
DENBURY ONSHORRE LLC 2013 (M&E)	27-31-102	Equipment used in connection with enhanced oil recover projects	2023	9,307
EASTGROUP PROPERTIES LP	27-31-101	Industrial new enterprise exemption	2022	15,647
EURO AMERICAN PLASTICS INC (2009-2018)	27-31-101	Industrial new enterprise exemption	2018	3,183
EURO-AMERICAN INVESTMENTS LLC	27-31-101	Industrial new enterprise exemption	2018	173
EURO-AMERICAN INVESTMENTS LLC	27-31-101	Industrial new enterprise exemption	2018	4,887
EURO-AMERICAN INVESTMENTS LLC	27-31-101	Industrial new enterprise exemption	2018	214
HEDERMAN BROTHERS,LLC(EX.2009-2018)	27-31-105	Industrial expansion or addition to existing entity exemption	2018	4,190
KASAI NORTH AMERICA INC (EX 2008-2017)	27-31-105	Industrial expansion or addition to existing entity exemption	2017	8,349
KASAI NORTH AMERICA INC (EX 2009-2018)	27-31-105	Industrial expansion or addition to existing entity exemption	2018	2,376
KASAI NORTH AMERICA INC (EX 2013-2022)	27-31-105	Industrial expansion or addition to existing entity exemption	2022	92,835
KASAI NORTH AMERICA INC (EX 2014-2023)	27-31-105	Industrial expansion or addition to existing entity exemption	2023	5,167
KASAI NORTH AMERICA INC (EX 2015-2024)	27-31-105	Industrial expansion or addition to existing entity exemption	2024	38,320
KASAI NORTH AMERICA INC (EX 2017-2026)	27-31-105	Industrial expansion or addition to existing entity exemption	2026	9,653
LEVI STRAUSS & CO (EXEMPT 2009-2018)	27-31-105	Industrial expansion or addition to existing entity exemption	2018	1,820
MCKESSON MEDICAL SURGICAL INC	FW	Freeport Warehouse Exemption	2099	20,610
MISSISSIPPI MAJOR ECONOMIC IMPACT	27-31-104	Industrial fee-in-lieu of taxes	2024	765,056
MONSANTO-(EXEMPT 1-11 TRU 12-20)	27-31-101	Industrial new enterprise exemption	2020	1,362
M-TEK MISSISSIPPI INC	27-31-105	Industrial expansion or addition to existing entity exemption		

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

		exemption	2017	42,487
NISSAN NORTH AMERICA, INC	27-31-104	Industrial fee-in-lieu of taxes		3,847,640
PRIMOS INC (EXEMPT 2008-2017)	27-31-105	Industrial expansion or addition to existing entity exemption	2017	241
PRIMOS INC (EXEMPT 2009-2018)	27-31-105	Industrial expansion or addition to existing entity exemption	2018	89
ROBOT COUPE USA INC/FW CITY ONLY	FW	Freeport Warehouse Exemption	2099	27,721
SKYHAWKE TECHNOLOGIES LLC--FW TAX DIFFER	FW	Freeport Warehouse Exemption	2099	18,841
SOUTHEAST INDUSTRIAL PROPERTIES I L	27-31-101	Industrial new enterprise exemption	2020	15,214
SOUTHEAST INDUSTRIAL PROPERTIES I L	27-31-101	Industrial new enterprise exemption	2020	84
STEEL TECHNOLOGY,LLC EX(2014-2023)	27-31-101	Industrial new enterprise exemption	2023	20,934
SUN-PINE CORP (EXEMPT 2013- 2020)	27-31-101	Industrial new enterprise exemption	2020	638
SUN-PINE CORP (EXEMPT 2013- 2021)	27-31-101	Industrial new enterprise exemption	2021	962
SUN-PINE CORP (EXEMPT 2013-2022)	27-31-101	Industrial new enterprise exemption	2022	1,409
SYSTEMS ELECTRO COATING LLC	27-31-105	Industrial expansion or addition to existing entity exemption	2024	12,261
TOPRE AMERICA CORP (2014-2023)	27-31-105	Industrial expansion or addition to existing entity exemption	2023	33,379
TOPRE AMERICA CORP (2015-2024)	27-31-105	Industrial expansion or addition to existing entity exemption	2024	27,917
TOWER AUTOMOTIVE (EXEMPT 2011-2020)	27-31-105	Industrial expansion or addition to existing entity exemption	2020	21,469
TOWER AUTOMOTIVE (EXEMPT 2013-2022)	27-31-105	Industrial expansion or addition to existing entity exemption	2022	9,919
TOWER AUTOMOTIVE (EXEMPT 2015-2024)	27-31-105	Industrial expansion or addition to existing entity exemption	2024	3,236
TOWER AUTOMOTIVE (EXEMPT 2016-2025)	27-31-105	Industrial expansion or addition to existing entity exemption	2025	54,229
TOWER AUTOMOTIVE (EXEMPT 2017-2026)	27-31-105	Industrial expansion or addition to existing entity exemption	2026	22,596
UNIPRES SOUTHEAST USA INC(EX.2009-2018)	27-31-105	Industrial expansion or addition to existing entity exemption	2018	116
UNIPRES SOUTHEAST USA INC(EX.2012-2021)	27-31-105	Industrial expansion or addition to existing entity exemption	2021	668
VARI-FORM US HOLDING CORP	27-31-105	Industrial expansion or addition to existing entity exemption	2024	3,416
City of Ridgeland (Lowe's TIF)				96,717
City of Ridgeland (Colony Park TIF)				804,912
City of Canton (Wal-Mart TIF)				49,354

(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 the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Subsequent to September 30, 2017, the County issued the following debt obligation:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
02/2018	2.41%	\$	3,300,000	General Obligation Bonds	ad valorem taxes

On October 12, 2017, the County, Mississippi Development Bank and Trustmark National Bank entered into an agreement to defease the Madison County Nursing Home's \$8,000,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2009. Defeasance of these bonds occurred October 16, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Madison County, Mississippi

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

PERS

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	\$ 42,844,471	\$ 45,831,595	\$ 40,110,027	\$ 30,143,808
County's proportionate share of the net pension liability (asset)	0.257736%	0.256580%	0.259477%	0.248339%
County's covered - employee payroll	\$ 16,533,930	\$ 16,414,032	\$ 16,210,616	\$ 15,181,708
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	259.13%	279.22%	247.43%	198.55%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

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

* The amounts presented for each fiscal year were determined as of the 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 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

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

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

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

Madison County, Mississippi

Notes to the Required Supplementary Information
For the year ended September 30, 2017

Budgetary Comparison Schedule

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, the Tax Assessor and 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).

Madison County, Mississippi

Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

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

	<u>Governmental Fund</u>
	<u>General Fund</u>
Budget (Cash Basis)	\$ 6,475,078
Increase (Decrease)	
Net adjustments for revenue accruals	(148,890)
Net adjustments for expenditure accruals	<u>(138,090)</u>
GAAP Basis	<u>\$ 6,188,098</u>

2) Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

Madison County, Mississippi

Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

2017

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

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

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

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

(2) Change in Benefit Provisions.

2016:

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

SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed-through the Mississippi Home Corporation			
Home Investment Partnership Program	14.239	1228-M16-SG-280-045	\$ 5,000
Total passed-through the Mississippi Home Corporation			<u>5,000</u>
Total U.S. Department of Housing and Urban Development			<u>5,000</u>
U.S. Department of Justice			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	2,013
Equitable Sharing Program	16.922	N/A	19,746
Passed-through the MS Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14DC1452	91,910
Total passed-through the MS Department of Public Safety			<u>91,910</u>
Total U.S. Department of Justice			<u>113,669</u>
U.S. Department of Transportation			
Passed-through the MS Department of Transportation			
Highway Planning and Construction*	20.205	STP-0045-000-0027	2,090,303
Highway Planning and Construction*	20.205	N/A	33,040
Total passed-through the MS Department of Transportation			<u>2,123,343</u>
Passed-through the MS Department of Public Safety			
National Priority Safety Programs	20.616	MSX-16-MD-14-51	93,582
National Priority Safety Programs	20.616	MSX-17-MD-14-51	52,862
Total passed-through the MS Department of Public Safety			<u>146,444</u>
Total U.S. Department of Transportation			<u>2,269,787</u>
U.S. Department of Health and Human Services			
Passed-through the MS Department of Human Services			
Temporary Assistance for Needy Families	93.558	TANF-16	38,134
Social Services Block Grant	93.667	SSBG-17	60,879
Total passed-through the MS Department of Human Services			<u>99,013</u>
Total U.S. Department of Health and Human Services			<u>99,013</u>
U.S. Department of Homeland Security			
Passed-through the MS Emergency Management Agency			
Emergency Management Performance Grants	97.042	16EMPL	843
Total passed-through the MS Emergency Management Agency			<u>843</u>
Total U.S. Department of Homeland Security			<u>843</u>
Total Expenditures of Federal Awards			\$ <u><u>2,488,312</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - Madison County did not elect to use the 10% de minimis cost rate.

* Denotes major federal award program

OTHER INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Shelia Jones	Supervisor District 1	Liberty Mutual Surety	\$100,000
Trey Herron Baxter	Supervisor District 2	Liberty Mutual Surety	\$100,000
Gerald D. Steen	Supervisor District 3	Liberty Mutual Surety	\$100,000
David Bishop	Supervisor District 4	Liberty Mutual Surety	\$100,000
Paul Griffin	Supervisor District 5	Liberty Mutual Surety	\$100,000
Tony Greer	County Administrator	Liberty Mutual Surety	\$100,000
Shelton Vance	County Administrator	Liberty Mutual Surety	\$100,000
Ronald W. Lott	Chancery Clerk	Liberty Mutual Surety	\$100,000
Shelton Vance	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Regina Ferguson	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Cynthia Parker	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Holli McCarra	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Jeff Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Stacey Toten	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Charles Laseter	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Marie Lockett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Harold Voelkel	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Kimberly Sievers	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Megan Mawhorter	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Kim Arnold	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Cheryl Houston	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Emily Anne Robertson	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Ivy Brock	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Rhonda Kammerdeiner	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Susan Edgar	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Hardy Crunk	Purchase Clerk	Liberty Mutual Surety	\$75,000
Cynthia Parker	Assistant Purchase Clerk	Liberty Mutual Surety	\$50,000
Myrtis Sims	Receiving Clerk	Liberty Mutual Surety	\$75,000
Laura Leathers	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Lynn Thornburg	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Leeann Sanders	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Yahatta Johnson	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Clara Latiker	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Rhine Chesteen	Inventory Control Clerk	Liberty Mutual Surety	\$75,000
Jay Hilliard	Inventory Control Clerk	Liberty Mutual Surety	\$75,000
Shelton Vance	Assistant Inventory Control Clerk	Liberty Mutual Surety	\$50,000
Dan Gaillet	Road Manager	Liberty Mutual Surety	\$50,000
William L. Weisenberger Jr.	Constable	Liberty Mutual Surety	\$50,000
Johnny Sims	Constable	Liberty Mutual Surety	\$50,000
Brad Harbour	Constable	Liberty Mutual Surety	\$50,000
Michael Brown	Constable	Liberty Mutual Surety	\$50,000
Anita Wray	Circuit Clerk	Liberty Mutual Surety	\$100,000
Sara B Albritton	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Priscilla D Blankenship	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Monica L Henderson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Wanda Jefferson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Margaret Jones	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Laurie A Prince	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Fannie M Sanders	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Lindsay Johnson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Maria Wray	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Randall Tucker	Sheriff	Liberty Mutual Surety	\$100,000
Albert Jones, Jr.	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Sam Howard	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kristopher J Stone	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James C Mangum	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Cannon	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tommy Squires	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joseph Butler	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Don Hicks	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Earl Taylor	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Elton Flax	Deputy Sheriff	Liberty Mutual Surety	\$50,000
George Elliot	Deputy Sheriff	Liberty Mutual Surety	\$50,000
George Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Harold Curtis	Deputy Sheriff	Liberty Mutual Surety	\$50,000

MADISON COUNTY, MISSISSIPPI
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2017
 UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
James Knight	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Thomas	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jason Barnes	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William H Hudson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William L. Weisenberger Jr	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William Lee Brock	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John M Chapman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Rylon Thompson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Barry Chandler	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Donovan Gerlach	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Terry Barfield	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Taylor Chastain	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Scott McDonald	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Russell Kirby	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robbin Welch	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robert S Graves	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard T Davis III	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Randall Grewe	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Radford G Shearrill	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Perry Christopher Ables	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Todd Wilson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Mark Sandridge	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kim W Henderson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joshua H Fish	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Newman Bernard Newsome	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Howard Young	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeremy Williams	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tyler Wesley Burnell	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Slade Moore	Deputy Sheriff	Liberty Mutual Surety	\$50,000
JP Pilgrim	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Hall	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joel Evans	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joseph Mangino	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kevin Moffett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard Ladner	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Guy Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Kip Luby	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kyrie Lucas	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Glen William Fox	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Seth Everett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Strait	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Watts Johnson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeffery M Waldrop	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brad Sullivan	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brian Loveall	Deputy Sheriff	Liberty Mutual Surety	\$50,000
David Redd	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeff Johns	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Andre Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Daniel Conner Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Eugene Lockett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Gregory Scott Phillips	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jamal Watkins	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John Chapman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Johnathan Lumbley	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Matthew Holcomb	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Paul Cox	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Wesley Schneider	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeremiah W. Thornton	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robert Parker	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John F. Garcia	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kyle M. Millican	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tony R. Alexander	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kathy Kehle	Sheriff's Bookkeeper	Liberty Mutual Surety	\$50,000
Albert Jones III	County Patrolman	Liberty Mutual Surety	\$50,000

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Marion Hammack, Jr.	County Patrolman	Liberty Mutual Surety	\$50,000
Michael Gober	County Patrolman	Liberty Mutual Surety	\$50,000
Martina Bridges Griffin	Justice Court Judge	Liberty Mutual Surety	\$50,000
Marsha Weems Stacey	Justice Court Judge	Liberty Mutual Surety	\$50,000
Lloyd Spivey, III	Justice Court Judge	Liberty Mutual Surety	\$50,000
William Bruce McKinley	Justice Court Judge	Liberty Mutual Surety	\$50,000
Susan McCarty	Justice Court Clerk	Liberty Mutual Surety	\$50,000
Cheryl Horn	Justice Court Clerk	Liberty Mutual Surety	\$50,000
Sarah Steele	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Lauren Canoy	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Evelyn J Jackson	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Stephanie Burton	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Cheryl Horn	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Renata Carr	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Brittany Hollins	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Brittany Horn	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Richard Davis	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
James Ransburg	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Shelia Taylor	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Seth Everett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Richard T Davis	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Mary Luckett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Mark Sandridge	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Matthew Taylor Chastain	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Michael Seth Everett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Michael Todd Wilson	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Russell Kirby	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Taylor Chastain	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Tommy Squires	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Angela Tramble	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Kay S. Pace	Tax Collector	Liberty Mutual Surety	\$100,000
Norman Cannady	Tax Assessor	Liberty Mutual Surety	\$50,000
Sally C Baldwin	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Lisa K Duvall	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Lori A Butler	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Myrtle Rayburn	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brenda Y Winn	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Margaret Hayman	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Paulette Cobb	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brenda McKenzie	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brad D Harbour	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Rosemarie Jones	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brooke Burchfield	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Wanda Lancaster	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Debra Nason	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Sheila Woodard	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Laura Sullivan	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
LaJuana Johnson	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
William Stewart	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Vent Mixon	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Tina Blount	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Jeff Hodgins	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Margaret E Anderson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Lionel K Hawkins	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Kathleen Ketchum	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
John F Fox	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
John Anderson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Jeff Peterson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Ira H Thorn	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Evelyn Mixon	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Steven Todd Meador	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Christopher J Garavelli	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Brad D Harbour	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000

MADISON COUNTY, MISSISSIPPI
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2017
 UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Angelina Brown	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Alice Simpson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Adriane D Odom	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Leslie Lacour	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Randi Jerome	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Brent Smith	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Carolyn Bryant	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Lesly Barthel	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Stacy Powell	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Don Jorgenson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Nicole Mann	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Sommer Jackson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Sue Anglin	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Annie B. Gillum	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Dan Gaillet	County Engineer	Liberty Mutual Surety	\$50,000
Richard Tolbert	County Surveyor	Liberty Mutual Surety	\$50,000
Shelton Vance	Comptroller	Liberty Mutual Surety	\$75,000
Harold Voelkel	Comptroller	Liberty Mutual Surety	\$75,000
Keith O'Keefe	Wastewater Authority	Liberty Mutual Surety	\$50,000
Suzanne Hidalgo	Drug Coordinator	Liberty Mutual Surety	\$50,000
Jaquisa Arrington	AOP Coordinator	Liberty Mutual Surety	\$82,500
Curtis Evans	Volunteer Fire Board	Liberty Mutual Surety	\$50,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Madison County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 12, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Finding and Questioned Costs as Finding 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Madison County's Response to the Finding

Madison County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. Madison County's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
October 12, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Madison County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Madison County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Madison County, Mississippi's major federal program for the year ended September 30, 2017. Madison County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Madison County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
October 12, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
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, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. 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, 2017.

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

This report is intended for use in evaluating 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
October 12, 2018

Certified Public Accountants

Madison County, Mississippi
 Schedule of Purchases Not Made From the Lowest Bidder
 For the Year Ended September 30, 2017

Schedule 1

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting other than the Lowest Bid
07-05-17	Rip Rap #300	\$ 17,875	LaFarge	*	Lower freight cost, which made LaFarge the "lowest and best" quote.

* - The actual low bid cost more to ship per ton (\$35.93 per ton vs \$37.56 per ton for "low bidder"). Therefore, LaFarge was the best bid.

Madison County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

Our tests did not identify any emergency purchases.

Madison County, Mississippi

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

Date	Item Purchased	Amount Paid	Vendor
07-10-17	Four tasers	\$6,178.88	Axom

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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, 2017, 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 October 12, 2018, on the financial statements of Madison County, Mississippi.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 12, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Madison County, Mississippi

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section I: Summary of Auditor's Results

Financial Statements:

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

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

2. Internal control over financial reporting:
 - a. Material weakness identified? Yes.
 - b. Significant deficiency identified? None reported.

3. Noncompliance material to financial statements noted? No.

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 programs: Unmodified

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

7. Identification of major programs:

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

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

9. Auditee qualified as low-risk auditee? No

Section II: Financial Statement Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported by *Government Auditing Standards*.

Finding 2017 - 001:

Board of Supervisors

Material Weakness

Criteria:

Generally accepted accounting principles require the financial data of component units to be reported with the financial data of the County's primary government unless the County issues financial statements for the financial reporting entity that include the financial data of its component units.

Condition:

As reported in the prior eight year's audit report, the County's financial statements do not include the financial data of the County's component units.

Cause:

The County did not provide audited financial statements for the required presentation of the aggregate discretely presented component units (not presented in this report).

Effect:

Failure to include the data required by generally accepted accounting principles resulted in an adverse opinion on the aggregate discretely presented component units.

Recommendation:

The Board of Supervisors should provide the financial data of all its component units in accordance with generally accepted accounting principles.

Response:

Madison County made a conscious decision to exclude the discrete presentation of the County's component units in its financial statements because the cost and effort of this reporting requirement outweighs the benefit to Madison County. Management intends to review this GAAP reporting requirement annually to determine if the benefit to Madison County gives rise to presenting component units in the financial statements.

Section III: Federal Awards Findings and Questioned Costs

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

CORRECTIVE ACTION PLAN



MADISON COUNTY BOARD OF SUPERVISORS

125 West North Street • Post Office Box 608
Canton, Mississippi 39046
601-855-5500 • Facsimile 601-855-5759
www.madison-co.com

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), Madison County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended September 30, 2017:

Finding

Corrective Action Plan Details

2017-001

a. Name of Contact Person Responsible for Corrective Action

Name: Shelton Vance, CPA
Phone Number: 601-855-5502

b. Corrective Action Planned:

Madison County made a conscious decision to exclude the discrete presentation of the County's component units in its financial statements because the cost and effort of this reporting requirement outweighs the benefit to Madison County. Management intends to review this GAAP reporting requirement annually to determine if the benefit to Madison County gives rise to presenting component units in the financial statements.

c. Anticipated Completion Date:

October 4, 2018



MADISON COUNTY BOARD OF SUPERVISORS

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SUMMARY OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), Madison County has prepared and hereby submits the following summary of prior year audit findings follow up as of September 30, 2017:

<u>Finding</u>	<u>Status</u>
2016-001	Not Corrected (See Finding 2017-001)