



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
STATE AUDITOR

June 17, 2022

Honorable Ronny Lott
Madison County Chancery Clerk
Post Office Box 404
Canton, MS 39046

Dear Honorable Lott:

This letter confirms that I have received the 2020 fiscal year Madison County audit report prepared by Fortenberry & Ballard, PC Certified Public Accountants. Therefore, upon submission of the firm's final invoice for professional services rendered, our office is pleased to inform you that payment for those services may be made in accordance with the contract. As of the date of this letter, the audit report, as accepted, may be released publicly and uploaded to the Federal Audit Clearinghouse, as applicable.

If you have questions concerning this matter, call me at 601-576-2674.

Sincerely,

A handwritten signature in black ink that reads "Joe E. McKnight". The signature is fluid and cursive, written in a professional style.

Joe E. McKnight, CPA
Director, County Audit Section

JEM/cpf

cc: Fortenberry & Ballard, PC

Madison County, Mississippi
Audited Financial Statements
And Special Reports
For the Year Ended
September 30, 2020

Fortenberry & Ballard, PC
Certified Public Accountants

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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

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, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and corresponding notes, the Schedule of Changes in the County's Total OPEB Liability and Related Ratios, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions 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, Mississippi'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 Regulation 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 June 17, 2022 on our consideration of Madison County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC
June 17, 2022

Certified Public Accountants

FINANCIAL STATEMENTS

MADISON COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2020

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 64,394,161
Investments	855,668
Property tax receivable	43,406,118
Fines receivable (net of allowance for uncollectibles of \$1,652,843)	440,709
Intergovernmental receivables	2,368,639
Other receivables	821,913
Internal balances	
Capital assets:	
Land and construction in progress	15,941,549
Other capital assets, net	117,603,303
Total Assets	<u>245,832,060</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	5,451,470
Deferred amount on refunding	2,207,984
Deferred outflows related to other postemployment benefits	905
Total Deferred Outflows of Resources	<u>7,660,359</u>
LIABILITIES	
Claims payable	1,186,560
Intergovernmental payables	3,085,675
Accrued interest payable	2,631,668
Amounts held in custody for others	1,149,514
Claims and judgments payable	210,195
Long-term liabilities	
Due within one year:	
Capital debt	10,132,290
Non-capital debt	1,031,633
Due in more than one year:	
Capital debt	72,151,201
Non-capital debt	7,743,690
Net pension liability	53,534,543
Total OPEB liability	18,544
Total Liabilities	<u>152,875,513</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues - property taxes	43,406,118
Total Deferred Inflows of Resources	<u>43,406,118</u>
NET POSITION	
Net investment in capital assets	53,469,345
Restricted for:	
Expendable:	
General government	818,636
Public safety	3,652,503
Public works	22,528,846
Culture and recreation	43,495
Economic development and assistance	14,034
Debt service	2,834,837
Unrestricted	(26,150,908)
Total Net Position	<u>\$ 57,210,788</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, 2020

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	\$ 22,409,901	9,021,416	1,241,985		(12,146,500)
Public safety	17,391,942	5,442,001	1,077,537		(10,872,404)
Public works	21,357,437	317,975	321,952	1,042,193	(19,675,317)
Health and welfare	1,074,269		131,720		(942,549)
Culture and recreation	1,924,966				(1,924,966)
Conservation of natural resources	242,458				(242,458)
Economic development and assistance	1,926,174		367,525		(1,558,649)
Interest on long-term debt	3,125,747				(3,125,747)
Pension expense	5,820,899				(5,820,899)
Other postemployment benefit expense	1,531				(1,531)
Total Governmental Activities	<u>75,275,324</u>	<u>14,781,392</u>	<u>3,140,719</u>	<u>1,042,193</u>	<u>(56,311,020)</u>
General revenues:					
Property taxes				\$ 52,323,738	
Road & bridge privilege taxes				1,582,797	
In lieu tax				762,866	
Grants and contributions not restricted to specific programs				3,150,192	
Unrestricted interest income				2,670,875	
Miscellaneous				2,306,758	
Total General Revenues				<u>62,797,226</u>	
Changes in Net Position					<u>6,486,206</u>
Net Position - Beginning, as previously reported					50,657,421
Prior period adjustments					67,161
Net Position - Beginning, as restated					<u>50,724,582</u>
Net Position - Ending					<u>\$ 57,210,788</u>

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

MADISON COUNTY, MISSISSIPPI
 Balance Sheet - Governmental Funds
 September 30, 2020

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	General County I & S		
ASSETS				
Cash	\$ 31,389,087	5,195,993	27,809,081	64,394,161
Investments	855,668			855,668
Property tax receivable	18,930,044	11,814,155	12,961,919	43,706,118
Fines receivable (net of allowance for uncollectibles of \$1,652,843)	440,709			440,709
Intergovernmental receivables	2,181,255		187,384	2,368,639
Other receivables	681,047		140,131	821,178
Due from other funds	160,334	185,904	333,671	679,909
Advances to other funds	209,831		84,538	294,369
Total Assets	\$ 54,847,975	17,196,052	41,516,724	113,560,751
LIABILITIES				
Liabilities:				
Claims payable	\$ 334,344		852,216	1,186,560
Intergovernmental payables	2,432,459		653,216	3,085,675
Due to other funds	519,575		159,599	679,174
Advances from other funds			294,369	294,369
Amounts held in custody for others	1,149,514			1,149,514
Claims and judgments payable	210,195			210,195
Total Liabilities	\$ 4,646,087	0	1,959,400	6,605,487
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	18,930,044	11,814,155	12,961,919	43,706,118
Unavailable revenue - fines	440,709			440,709
Total Deferred Inflows of Resources	\$ 19,370,753	11,814,155	12,961,919	44,146,827
Fund balances:				
Nonspendable:				
Advances	209,831			209,831
Restricted for:				
General government			818,636	818,636
Public safety			3,652,503	3,652,503
Public works			22,528,846	22,528,846
Culture and recreation			43,495	43,495
Economic development and assistance			14,034	14,034
Debt service		5,381,897	84,608	5,466,505
Unassigned	30,621,304		(546,717)	30,074,587
Total Fund Balances	\$ 30,831,135	5,381,897	26,595,405	62,808,437
Total Liabilities, Deferred Inflows and Fund Balances	\$ 54,847,975	17,196,052	41,516,724	113,560,751

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

MADISON COUNTY, MISSISSIPPI
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

Exhibit 3-1

Total Fund Balance - Governmental Fund	\$ 62,808,437
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$124,859,246.	133,544,852
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	440,709
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(91,058,814)
Other postemployment benefits are not due and payable in the current period and therefore, are not reported in the funds.	(18,544)
Net pension obligations are not due and payable in the current period and therefore, are not reported in the funds.	(53,534,543)
Accrued interest payable is not due and payable in the current period and therefore, is not reported in the funds	(2,631,668)
Deferred amount on refunding	2,207,984
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension:	5,451,470
Deferred outflows related to other postemployment benefit	<u>905</u>
Total Net Position - Governmental Activities	<u>\$ 57,210,788</u>

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

MADISON COUNTY, MISSISSIPPI

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

Exhibit 4

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	General County I & S		
REVENUES				
Property taxes	\$ 25,473,788	12,436,919	14,413,031	52,323,738
Road and bridge privilege taxes			1,582,797	1,582,797
Licenses, commissions and other revenue	4,250,940	802	111,290	4,363,032
Fines and forfeitures	728,268		72,377	800,645
In lieu tax			762,866	762,866
Intergovernmental revenue	3,419,076		3,914,028	7,333,104
Charges for services	8,386,584		1,331,871	9,718,455
Interest income	1,337,349	362,235	971,291	2,670,875
Miscellaneous revenues	1,908,444		322,548	2,230,992
Total Revenues	45,504,449	12,799,956	23,482,099	81,786,504
EXPENDITURES				
Current:				
General government	20,701,722		2,344,395	23,046,117
Public safety	14,337,625		4,331,839	18,669,464
Public works	2,040,161		21,946,626	23,986,787
Health and welfare	1,021,387			1,021,387
Culture and recreation			1,912,322	1,912,322
Conservation of natural resources	242,458			242,458
Economic development and assistance	11,279	611,965	1,130,225	1,753,469
Debt service:				
Principal	405,000	11,237,500	888,572	12,531,072
Interest	37,266	2,333,977	199,329	2,570,572
Bond issue costs			261,250	261,250
Total Expenditures	38,796,898	14,183,442	33,014,558	85,994,898
Excess of Revenues over (under) Expenditures	6,707,551	(1,383,486)	(9,532,459)	(4,208,394)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			15,255,317	15,255,317
Proceeds from sale of capital assets	165,465			165,465
Premiums on bonds issued			89,972	89,972
Transfers in	691,519	762,866	4,502,182	5,956,567
Transfers out	(4,190,235)	(32,177)	(1,734,155)	(5,956,567)
Total Other Financing Sources and Uses	(3,333,251)	730,689	18,113,316	15,510,754
Net Changes in Fund Balances	3,374,300	(652,797)	8,580,857	11,302,360
Fund Balances - Beginning, as previously reported	27,456,835	6,034,694	17,931,206	51,422,735
Prior period adjustments			83,342	83,342
Fund Balances - Beginning, as restated	27,456,835	6,034,694	18,014,548	51,506,077
Fund Balances - Ending	\$ 30,831,135	5,381,897	26,595,405	62,808,437

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

MADISON COUNTY, MISSISSIPPI

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020

Net Changes in Fund Balances - Governmental Funds \$ 11,302,360

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$6,900,153 exceeded depreciation of \$5,316,636 in the current period. 1,583,517

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$28,635 and the proceeds from the sale of \$165,465 in the current period. (136,830)

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. (100,740)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$15,255,317 exceeded debt repayments of \$12,531,072. (2,724,245)

Some items reported in the Statement of Activities relating to the implementation Of GASB 68 are not reported in the governmental funds. These activities include:
Recording of pension expense for the current period (5,820,899)
Recording of contributions made during the year 3,030,503

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Increase / (decrease) in deferred amounts on post employment benefits	905
(Increase) / decrease in other post employment benefits payable	(2,363)
(Increase) / decrease in accrued interest payable	(385,392)
(Increase) / decrease in compensated absences	(171,855)
Issuance of bond premium	(89,972)
The amortization of:	
Premium on bonds	470,088
Discount on bonds	(4,028)
Deferred amount on refunding bonds	(464,843)

Change in Net Position of Governmental Activities \$ 6,486,206

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

MADISON COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 385,388
Total Assets	<u>\$ 385,388</u>
LIABILITIES	
Amounts held in custody for others	\$ 56,070
Intergovernmental payables	328,583
Due to governmental funds	735
Total Liabilities	<u>\$ 385,388</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, 2020

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in 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
- Southwest Madison Fire District
- Kearney Park Fire District
- Camden Fire District
- South Madison Fire District
- Madison County Economic Development Authority
- Madison County Citizens Service Agency
- Valley View Fire District

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

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

B. Individual Component Unit Disclosures

Blended Component Units

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

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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

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 inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. 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 asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. 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:

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

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

General County I & S Fund - This fund is used to account for monies from specific economic resources 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 Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Inter-fund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of 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 that they are not available for appropriation and are not expendable available financial resources. However, this is not

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

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.

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

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

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

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 on 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 11 for additional details.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

Deferred outflows related to OPEB – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the OPEB plan in which the County participates. See Note 10 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 statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

K. Long-term Liabilities.

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

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

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

L. Pensions.

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

M. Other Postemployment Benefits.

Plan Description

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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

N. Compensated Absences.

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources 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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

P. Property Tax Revenues:

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. Changes in Accounting Standards.

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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in cash	\$ 83,342
To record beginning balance of OPEB liability	(16,181)
Total prior period adjustments	\$ 67,161

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To correct prior year errors in cash - other governmental funds	\$ 83,342

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$64,779,549, and the bank balance was \$67,940,114. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Investments:

Investments balances at September 30, 2020, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Full Faith and Credit Bonds	1-5 years	AA+	\$ 93,865
Full Faith and Credit Bonds	1-5 years	AA+	156,592
Full Faith and Credit Bonds	10+ years	AA+	70,085
Government Agency Bonds	1-5 years	AA+	153,382
Asset Backed Security	1-5 years	AA+	76,549
Taxable Municipal Bonds	6-10 years	AA Insured	56,000
Taxable Municipal Bonds	< 1 year	AA	50,172
CMO's	6-10 years	AA+	81,459
Mortgage Backed Securities	6-10 years	AA+	63,748
U.S. Treasury Note	1-5 years	AA+	<u>53,816</u>
Total			\$ <u>855,668</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investments, all 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, 2020:

- Level 1 type of investments of \$791,920 are valued using quoted market prices (Level 1 inputs)
- Level 2 type of investments of \$63,748 are valued using a matrix pricing model (Level 2 inputs)

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 159,599
General Fund	Agency Funds	735
General County I & S	General Fund	185,904
Other Governmental Funds	General Fund	333,671
Total		\$ 679,909

The receivables represent 1) the tax revenue collected in September 2020, but not settled until October, 2020, (2) alleviation of funding shortages until receipt of grant proceeds and (3) to cover negative cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 209,831
Other Governmental Funds	Other Governmental Funds	84,538
Total		\$ 294,369

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

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 691,519
General County I & S	Other Governmental Funds	762,866
Other Governmental Funds	General Fund	4,190,235
Other Governmental Funds	General County I & S	32,177
Other Governmental Funds	Other Governmental Funds	279,770
Total		\$ 5,956,567

The principal purpose of interfund transfers was to (1) provide funds to cover operating expenses, (2) to fund construction projects and (3) to cover debt service payments. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 1,034,120
Coronavirus CARES Act funds	747,911
MDOT housing prisoners	311,703
Home investment partnership program	42,300
Substance abuse and mental health services	23,469
Edward Byrne memorial justice assistance grant	22,232
National priority safety programs	3,579
Other monthly state revenues	<u>183,325</u>
 Total Governmental Activities	 \$ <u><u>2,368,639</u></u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 3,107,918				3,107,918
Construction in progress	13,506,516	4,351,446		(5,024,331)	12,833,631
Total non-depreciable capital assets	16,614,434	4,351,446	-	(5,024,331)	15,941,549
Depreciable capital assets:					
Infrastructure	167,196,422			5,024,331	172,220,753
Building	43,813,106				43,813,106
Improvements other than buildings	5,312,370				5,312,370
Mobile equipment	12,849,700	1,277,027	733,464	1,702,710	15,095,973
Furniture and equipment	4,521,508	116,363	43,630		4,594,241
Leased property under capital leases	1,973,499	1,155,317		(1,702,710)	1,426,106
Total depreciable capital assets	235,666,605	2,548,707	777,094	5,024,331	242,462,549
Less accumulated depreciated for:					
Infrastructure	88,316,198	2,627,585			90,943,783
Buildings	18,009,258	959,078			18,968,336
Improvements other than buildings	1,321,789	238,670			1,560,459
Mobile equipment	8,539,776	1,153,582	600,522	689,598	9,782,434
Furniture and equipment	3,294,070	261,360	39,742		3,515,688
Leased property under capital leases	701,783	76,361		(689,598)	88,546
Total accumulated depreciation	120,182,874	5,316,636	640,264	-	124,859,246
Total depreciable capital assets, net	115,483,731	(2,767,929)	136,830	5,024,331	117,603,303
Governmental activities capital assets, net	\$ 132,098,165	1,583,517	136,830	-	133,544,852

*Adjustments were made to transfer paid out leased property to mobile equipment and to transfer completed construction in progress to infrastructure.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 512,064
Public safety	1,347,408
Public works	3,146,233
Health and welfare	62,712
Culture and recreation	12,644
Economic development and assistance	235,575
Total governmental activities depreciation expense	\$ 5,316,636

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bozeman Road	\$ 16,400,000	06/2023
Reunion Parkway III	5,050,000	06/2021
Purvis Road Bridge	120,000	12/2020

All other unfinished construction in progress is substantially complete as of September 30, 2020.

(7) **Claims and Judgments.**

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. 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' Service 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 desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on a historical cost basis. The County has minimum uninsured risk retention for 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 individual-specific deductible of \$100,000. The County must meet an overall deductible of \$90,000 as well as meeting the individual deductible of \$100,000 in claims paid.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Claim 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, 2020, the amount of these liabilities was \$210,195. An analysis of claims activities is presented below:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	Balance at Fiscal Year End
2018 - 2019	\$ 131,054	4,051,378	4,043,712	138,720
2019 - 2020	\$ 138,720	4,351,710	4,280,235	210,195

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,426,106
Less: Accumulated depreciation	<u>(88,546)</u>
Leased Property Under Capital Leases	\$ <u>1,337,560</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 278,148	20,145
2022	282,452	15,841
2023	286,716	11,576
2024	291,058	7,235
2025	<u>236,585</u>	<u>7,235</u>
Total	\$ <u>1,374,959</u>	<u>62,032</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Series 2015 Refunding Bonds (Road and Bridge)	\$ 5,580,000	2.50/4.00%	03/2023
Series 2009 MDB Special Obligation Refunding Bonds	780,000	1.50/4.00%	05/2024
Series 2011 Refunding Bonds (Jail)	3,215,000	2.00/3.25%	06/2024
Series 2012 Refunding Bonds (Road and Bridge)	5,945,000	2.00/3.00%	05/2026
Series 2014 Refunding Bonds (Road and Bridge)	9,865,000	2.00/4.00%	05/2027
Series 2014 Road and Bridge Bonds	10,835,000	3.50/4.50%	11/2029
Series 2014 Refunding Bonds	9,550,000	0.78/3.34%	06/2026
Series 2016 Refunding Bonds (Nissan)	6,895,000	3.00/4.00%	03/2028
Series 2017 Road and Bridge Bonds	7,080,000	2.12/3.00%	10/2037
Series 2020 Public Improvement Bonds	<u>8,400,000</u>	2.00/2.25%	01/2040
Total General Obligation Bonds	\$ <u>68,145,000</u>		
B. Limited Obligation Bonds:			
Urban Renewal Revenue Bonds (Sulphur Springs)	\$ 490,000	2.50%	03/2023
Urban Renewal Revenue Bonds (Lost Rabbit)	4,785,000	7.88%	09/2039
Tax Increment Financing Series 2015 (Galleria Parkway)	<u>984,700</u>	5.37%	04/2035
Total Limited Obligation Bonds	\$ <u>6,259,700</u>		
C. Capital Leases:			
Tractors, Bushhogs and Mowers	\$ 1,155,317	1.19%	07/2025
Caterpillar Motor Grader	<u>219,642</u>	2.86%	04/2024
Total Capital Leases	\$ <u>1,374,959</u>		
D. Other Loans:			
South Madison Fire Station	\$ 50,686	2.00%	05/2021
Farmhaven Fire Station	104,092	2.00%	02/2022
Industrial Development Capital Improvement (CAP)	516,154	3.00%	12/2028
South Madison Annex - Limited Obligation Note	380,756	3.69%	09/2023
Valley View Fire Station	505,637	2.00%	02/2034
South Madison Fire Station	681,967	2.00%	08/2038
Series 2018 General Obligation Note	1,980,000	2.41%	02/2023
Series 2018B General Obligation Note	5,700,000	1.99%	06/2025
Series 2019 General Obligation Note	<u>817,500</u>	1.51%	07/2021
Total Other Loans	\$ <u>10,736,792</u>		

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Pledge of Future Revenues - The County has pledged future general county tax revenues to repay \$5,235,000 in limited obligation infrastructure acquisition revenue bonds issued on August 22, 2014. Proceeds from the bonds provided financing for the acquisition of land improvements within the Lost Rabbit Urban Renewal District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general fund tax revenues collected from parcels of land located within the boundaries of the Lost Rabbit Urban Renewal District and income received from property fees assessed to land owners within the district and payable through 2039. Annual principal and interest payments on the bonds are expected to require 100% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,441,179. Principal and interest paid for the current year was \$358,413.

The County has pledged future general county tax revenues to repay \$1,500,000 in limited obligation recreation facility construction revenue bonds issued on March 21, 2013. Proceeds from the bonds provided financing for the construction of a recreational facility within the Sulphur Springs Lake Project Urban Renewal Plan. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general fund tax revenues. The total principal and interest remaining to be paid on the bonds is \$508,500. Principal and interest paid for the current year was \$169,188.

The County has pledged 50% of the future incremental tax revenues from various funds to repay \$1,135,000 in taxable tax increment limited obligation refunding bonds issued on February 25, 2015. Proceeds from the bonds provided financing for the refunding of the 2011 Taxable Increment Financing Bonds. The bonds are payable solely from income derived from general county tax revenues collected from parcels of land located within the boundaries of the Galleria Project Tax Increment Financing District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The total principal and interest remaining to be paid on the bonds is \$1,512,160. Principal and interest paid for the current year was \$89,758.

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 7,445,000	2,104,943	316,900	2,376,344
2022	7,670,000	1,880,373	333,900	435,478
2023	7,945,000	1,630,803	346,000	419,027
2024	8,250,000	1,409,211	193,200	403,737
2025	7,455,000	1,142,347	210,500	389,605
2026 - 2030	21,215,000	2,170,825	1,296,800	1,693,966
2031 - 2035	4,560,000	722,451	2,017,400	1,140,245
2036 - 2040	3,605,000	179,020	1,545,000	344,137
Total	\$ 68,145,000	11,239,973	6,259,700	7,202,539

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 3,123,875	209,272
2022	2,079,198	143,933
2023	1,929,716	96,905
2024	1,272,956	63,026
2025	1,276,281	37,016
2026 - 2030	593,163	78,600
2031 - 2035	336,781	27,952
2036 - 2040	<u>124,822</u>	<u>3,689</u>
Total	\$ <u>10,736,792</u>	<u>660,393</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 4.26% 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, 2020, \$50,000,000 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	<u>Balance</u>			<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Sept. 30,</u>	<u>within one</u>
				<u>2020</u>	<u>year</u>
Governmental Activities:					
General obligation bonds	\$ 66,655,000	8,400,000	6,910,000	68,145,000	7,445,000
Limited obligation bonds	6,804,700		545,000	6,259,700	316,900
Capital leases	453,491	1,155,317	233,849	1,374,959	278,148
Other loans	9,879,015	5,700,000	4,842,223	10,736,792	3,123,875
Compensated absences	<u>1,500,114</u>	<u>171,855</u>	<u>-</u>	<u>1,671,969</u>	<u>-</u>
Total	\$ <u>85,292,320</u>	<u>15,427,172</u>	<u>12,531,072</u>	<u>88,188,420</u>	<u>11,163,923</u>
Premiums	3,265,200	89,972	470,088	2,885,084	
Discounts	<u>(18,718)</u>		<u>(4,028)</u>	<u>(14,690)</u>	
Total	\$ <u>3,246,482</u>	<u>89,972</u>	<u>466,060</u>	<u>2,870,394</u>	

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

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

(10) Other Postemployment Benefits.

Plan Description

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

Funding Policy

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

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2020, retiree premiums range from \$1,098 to \$1,135 depending on dependent coverage and Medicare eligibility.

Employees covered by benefit terms. At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>423</u>
Total	<u>425</u>

Total OPEB Liability

The County's total OPEB liability of \$18,544 was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00 - 18.25%, average, including inflation
Discount rate	2.22%
Healthcare cost trend rates	6.50% for 2020, decreasing to an ultimate rate of 4.50% by year 2026
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

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

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

- For males, 112% of male rates from age 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of female rates from age 18 to 75 scaled down to 102% for ages 75 to 119.

Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions were based on the results of the last actuarial experience study for the Mississippi Public Employee's Retirement System (PERS), dated April 2, 2019.

The remaining actuarial assumptions (i.e. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in this report were based on a review of recent plan experience done concurrently with the September 30, 2020 valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 09/30/19	\$ <u>16,181</u>
Changes for the year:	
Service cost	826
Interest	455
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,082
Benefit payments	-
Net changes	<u>2,363</u>
Balance at 09/30/20	\$ <u>18,544</u>

For the measurement period ended September 30, 2020, there were no benefit changes to be recognized.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Changes of assumptions and other inputs reflect a change in the discount rate from 2.81 percent in 2019 to 2.22 percent in 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 15,564	\$ 18,544	\$ 20,873

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 20,612	\$ 18,544	\$ 17,764

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$1,531. At September 30, 2020, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	905
Total	\$ 905

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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Year ended September 30:		
2021	\$	177
2022		177
2023		177
2024		177
2025		177
Therafter		20
	\$	905

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$3,030,503, \$2,597,219 and \$2,633,456, respectively, equal to the required contributions for each year.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

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

At September 30, 2020, the County reported a liability of \$53,534,543 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2020 net pension liability was .276538 percent, which was based on a measurement date of June 30, 2020. This was an increase of .011769 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$5,820,899. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 463,871
Net difference between projected and actual earnings on pension plan investments	2,255,723
Changes of assumptions	286,727
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,655,364
County contributions subsequent to the measurement date	789,785
Total	\$ 5,451,470

\$789,785 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. 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	Amount
2021	\$ 963,946
2022	1,626,022
2023	1,363,129
2024	708,588
Total	\$ 4,661,685

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	100.00 %	

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 contribution rate (17.40%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 69,293,888	53,534,543	40,526,752

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

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances and net position at September 30, 2020:

Fund	Deficit Amount
State Aid Road	\$ 113,825
AOC - Juvenile Drug Court	134
SAMHSA Grant	5,484
\$6M MDOT Project	72,452
Mannsdales Turn Lane	119,959
1.6 Million Short Term	234,863

(13) Contingencies.

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

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

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

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

As of September 30, 2020, the County has advanced \$5,350,429 to Parkway South, under the Contribution Agreement. Parkway South has repaid \$3,743,069 to the County, leaving a balance due of \$1,607,360 payments of \$116,200 and \$635,160 due November 1, 2020 and May 1, 2021, respectively and payments of \$103,000 and \$753,000 due November 1, 2020 and May 1, 2021, respectively.

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

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

Madison County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated October 11, 2006 and amended May 8, 2013 which among other things allowed the County to provide funds necessary to the Commission (MDOT) for the construction of a Highway Project. The funds come from the \$88,865,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Construction Project) dated May 8, 2013. Under the Cooperative Agreement, the Commission (MDOT) agrees to pay to the Trustee amounts sufficient to pay the principal and interest on the Series 2013 Bonds. Nothing in the bonds or any other document executed by the County will obligate the County financially in any way or be a charge against its general credit or taxing powers. The principal amount of such debt outstanding as of September 30, 2020 is as follows:

Description	Balance at Sept. 30, 2020
Mississippi Development Bank Bonds, Series 2013C	\$ <u>66,695,000</u>

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$26,150,908) 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 \$789,785 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$4,661,685 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of (\$26,150,908) includes the effect of deferred outflows of resources related to OPEB. The \$905 balance of the deferred outflow of resources related to OPEB at September 30, 2020, will be recognized as an expense over the next six years.

The governmental activities' net investment in capital assets net position of \$53,469,345 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$2,207,984 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets net position over the next few years.

(16) 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 \$3,739,103 for maintenance and support of the College in fiscal year 2020.

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2020

Region 8 Mental Health – Mental Retardation Commission operates in a district composed of the counties of Copiah, Madison, Rankin and Simpson. The Madison County Board of Supervisors appoints one of the four members of the board of commissioners. Madison County appropriated \$110,000 for maintenance and support of the center in fiscal year 2020.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Madison County Board of Supervisors appoints three of the thirty-three members of the board of directors. Madison County appropriated \$11,279 for maintenance and support of the district in fiscal year 2020.

The Madison County Wastewater Authority was organized under House Bill 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. Madison County made no appropriation to the Authority in fiscal year 2020.

(17) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity 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 ten years and are for economic development purposes. Madison County had abated the following taxes:

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

	Year of Expiration	Tax Abated
<u>Section 27-31-101, Miss. Code Ann. (1972)</u>		
<u>Industrial new enterprise exemption</u>		
AMERICAN HOWA KENTUCKY INC-EX	2024	11,825
AXIALL LLC (EXEMPT 2016-2025)	2025	2,022
EASTGROUP PROPERTIES LP	2022	14,236
FASTENAL COMPANY	2029	97,125
FASTENAL COMPANY	2029	28,213
MADISON TIN, LLC (EXEMPT 2019-2028)	2028	2,058
MMC MATERIALS INC	2029	35,567
MMC MATERIALS LLC	2029	1,531
MONSANTO (EXEMPT 2011-2020)	2020	510
SOUTHEAST INDUSTRIAL PROPERTIES I	2020	10,999
SOUTHEAST INDUSTRIAL PROPERTIES I L	2020	76
STEEL TECHNOLOGY, LLC (EXEMPT 2014-2023)	2023	16,108
SUN-PINE CORP (EXEMPT 2013-2020)	2020	296
SUN-PINE CORP (EXEMPT 2013-2021)	2021	410
SUN-PINE CORP (EXEMPT 2013-2022)	2022	761
UNIPRES SOUTHEAST USA, INC.	2028	37,984
<u>Section 27-31-102, Miss. Code Ann. (1972)</u>		
<u>Equipment used in connection with enhanced oil recovery projects</u>		
DENBURY GULF COAST (2012 M&E)	2022	3,996
DENBURY ONSHORE LLC (2010 M&E)	2020	8,033
DENBURY ONSHORE LLC (2011 M&E)	2021	16,339
DENBURY ONSHORE LLC (2011 M&E)	2021	409
DENBURY ONSHORE LLC (2012 M&E)	2022	8,709
DENBURY ONSHORE LLC (2014 M&E)	2024	207
DENBURY ONSHORE LLC (2013 M&E)	2023	8,163
<u>Section 27-31-104, Miss. Code Ann. (1972)</u>		
<u>Industrial fee-in-lieu of taxes</u>		
MISSISSIPPI MAJOR ECONOMIC IMPACT	2026	4,035
MISSISSIPPI MAJOR ECONOMIC IMPACT	2027	5,767
MISSISSIPPI MAJOR ECONOMIC IMPACT	2024	640,198
NISSAN NORTH AMERICA	2028	3,256,618
<u>Section 27-31-105, Miss. Code Ann. (1972)</u>		
<u>Industrial expansion or addition to existing entity exemption</u>		
MISSISSIPPI MAJOR ECONOMIC IMPACT	2026	4,035
MISSISSIPPI MAJOR ECONOMIC IMPACT	2027	5,767
MISSISSIPPI MAJOR ECONOMIC IMPACT	2024	640,198
NISSAN NORTH AMERICA	2028	3,256,618

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

Year of Expiration	Tax Abated
2027	25,505
2027	368
2028	1,710
2029	2,787
2021	3,472
2027	32,291
2021	843
2024	2,328
2028	7,479
2024	2,730
2023	4,967
2023	30,174
2026	510
2027	975
2027	2,020
2026	25,580
2022	48,031
2023	3,014
2024	26,600
2027	5,402
2028	37,006
2029	20,499
2028	3,320
2028	20,472
2028	8,081
2024	12,870
2029	6,322
2029	620
2023	26,592
2024	20,639
2020	15,037
2022	8,237
2024	2,285
2025	39,038
2026	11,704
2027	17,562
2029	25,679
2024	411
2026	7,089

Section 27-31-105, Miss. Code Ann. (1972)
Industrial expansion or addition to existing entity exemption

ARROWHEAD REAL ESTATE

AXIAL LLC (EXEMPT 2018-2027)

AXIAL LLC (EXEMPT 2019-2028)

AXIAL LLC (EXEMPT 2020-2029)

BUSINESS COMMUNICATIONS - DATA CENTER

CALSONIC KANSEI (EXEMPT 2018-2027)

D.B.C. CORPORATION (EXEMPT 2012-2021)

D.B.C. CORPORATION (EXEMPT 2015-2024)

D.B.C. CORPORATION (EXEMPT 2019-2028)

DBC CORPORATION

DENBURY GULF COAST (2013 M&E)

DENBURY ONSHORE LLC (2013 M&E)

EURO AMERICAN PLASTICS INC (EXEMPT 2018-2026)

EURO AMERICAN PLASTICS INC (EXEMPT 2018-2027)

HEDERMAN BROTHERS INC (EXEMPT 2018-2027)

HEDERMAN BROTHERS INC (EXEMPT 2017-2026)

KASAI NORTH AMERICA INC (EXEMPT 2013-2022)

KASAI NORTH AMERICA INC (EXEMPT 2014-2023)

KASAI NORTH AMERICA INC (EXEMPT 2015-2024)

KASAI NORTH AMERICA INC (EXEMPT 2018-2027)

KASAI NORTH AMERICA INC (EXEMPT 2019-2028)

KASAI NORTH AMERICA INC (EXEMPT 2020-2029)

MATHESON TRI-GAS INC

MATHESON TRI-GAS INC (EXEMPT 2019-2028)

MUSEE PROPERTIES LLC

SYSTEMS ELECTRO COATING LLC

SYSTEMS ELECTRO COATING LLC

SYSTEMS ELECTRO COATING LLC

TOPRE AMERICA CORP (EXEMPT 2014-2023)

TOPRE AMERICA CORP (EXEMPT 2015-2024)

TOWER AUTOMOTIVE (EXEMPT 2011-2020)

TOWER AUTOMOTIVE (EXEMPT 2013-2022)

TOWER AUTOMOTIVE (EXEMPT 2015-2024)

TOWER AUTOMOTIVE (EXEMPT 2016-2025)

TOWER AUTOMOTIVE (EXEMPT 2017-2026)

TOWER AUTOMOTIVE (EXEMPT 2018-2027)

TOWER AUTOMOTIVE (EXEMPT 2020-2029)

VARI-FORM US HOLDING CORP

KASAI NORTH AMERICA INC (EXEMPT 2017-2026)

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

	Year of Expiration	Tax Abated
<u>Freeport Warehouse Exemption</u>		
AXIALL LLC		31,352
CARDINAL HEALTH 110 INC		784,068
D.B.C. (FREEPORT WHSE AND FULL TAX)		4,016
VERTEX AEROSPACE LLC (FKA L-3 VERTEX)		155,513
LEVI STRAUSS & CO (FULL TAX & FW)		526,037
MCKESSON MEDICAL SURGICAL INC		13,538
NISSAN TRADING CORP		34,597
PARKER HANNIFIN CORP FLUIDEX		1,718
PRESTO MANUFACTURING CO (FREEPORT WHSE)		59,188
RANGER LABEL INC		437
ROBOT COUPE USE INC		120,629
SKYHAWKE TECHNOLOGIES LLC		15,361
SUN-PINE CORP (FULL TAX PARCEL)		1,392
MCKESSON MEDICAL SURGICAL INC	2099	13,538
PARKER HANNIFIN CORP FLUIDEX - CITY TAX	2099	1,718
RANGER LABEL INC	2099	437
ROBOT COUPE USE INC - FW CITY ONLY	2099	27,671
SKYHAWKE TECHNOLOGIES LLC - FW TAX DIFFER	2099	15,361

(18) Mississippi Office of the State Auditor

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

(19) Subsequent Events.

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

Subsequent to September 30, 2020, the County issued the following debt obligations:

MADISON COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2020

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/2020	1.10%	\$ 5,000,000	general obligation note	ad valorem taxes
11/2020	1.50/2.13%	9,500,000	general obligation bonds	ad valorem taxes
10/2021	1.05%	6,000,000	general obligation note	ad valorem taxes
01/2021	1.15%	5,749,000	general obligation bonds	ad valorem taxes
02/2022	1.98%	490,873	lease purchase	ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 24,485,179	25,394,013	25,394,013	0
Licenses, commissions and other revenue	3,016,800	4,052,480	4,052,480	0
Fines and forfeitures	700,000	719,141	719,141	0
Intergovernmental revenues	2,382,000	2,668,520	2,668,520	0
Charges for services	7,053,824	8,577,498	8,577,498	0
Interest income	523,637	1,291,819	1,291,819	0
Miscellaneous revenues	1,644,400	2,342,721	2,342,721	0
Total Revenues	39,805,840	45,046,192	45,046,192	0
EXPENDITURES				
Current:				
General government	28,171,824	26,156,214	26,156,214	0
Public safety	14,673,092	14,732,034	14,732,034	0
Public works	918,568	0	0	0
Health and welfare	1,100,065	1,022,399	1,022,399	0
Conservation of natural resources	244,412	244,728	244,728	0
Economic development and assistance	11,279	11,279	11,279	0
Debt service expenditures	2,235,291	1,678,367	1,678,367	0
Total Expenditures	47,354,531	43,845,021	43,845,021	0
Excess of Revenues over (under) Expenditures	(7,548,691)	1,201,171	1,201,171	0
OTHER FINANCING SOURCES (USES)				
Other financing sources	2,400,136	1,409,759	1,223,558	(186,201)
Total Other Financing Sources and Uses	2,400,136	1,409,759	1,223,558	(186,201)
Net Change in Fund Balance	(5,148,555)	2,610,930	2,424,729	(186,201)
Fund Balances - Beginning	4,099,740	16,313,593	26,752,289	10,438,696
Fund Balances - Ending	\$ (1,048,815)	18,924,523	29,177,018	10,252,495

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

MADISON COUNTY, MISSISSIPPI
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2020

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

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

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

MADISON COUNTY, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,030,503	2,597,219	2,633,456	2,568,712	2,576,920	2,533,214	2,388,961
Contributions in relation to the contractually required contribution	<u>3,030,503</u>	<u>2,597,219</u>	<u>2,633,456</u>	<u>2,568,712</u>	<u>2,576,920</u>	<u>2,533,214</u>	<u>2,388,961</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Covered payroll	\$ 17,416,684	16,042,119	16,720,356	16,309,283	16,361,397	16,083,898	15,168,006
Contributions as a percentage of covered payroll	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%	15.75%

The accompanying 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 No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full ten-year trend is compiled, the County has only presented information for the years in which information is available.

MADISON COUNTY, MISSISSIPPI

Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Last 10 Fiscal Years*

For the Year Ended September 30, 2020

	<u>2020</u>
Total other post employment liability (OPEB)	
Service cost	\$ 826
Interest	455
Changes of assumptions or other inputs	<u>1,082</u>
Net Change in Total Other Post Employment Liability	2,363
Total OPEB Liability - Beginning of Year	<u>16,181</u>
Total OPEB Liability - End of Year	<u>\$ 18,544</u>
Covered employee payroll	\$ 17,778,122
Total OPEB liability as a percentage of covered-employee payroll	0.10%

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

*This schedule is implemented to illustrate the requirement to show information for ten years. However, until a full ten-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, 2020

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types
	General Fund
Budget (Cash Basis)	\$ 2,424,729
Increase (Decrease)	
Net adjustments for revenue accruals	924,884
Net adjustments for expenditure accruals	24,687
GAAP Basis	\$ 3,374,300

MADISON COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

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

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

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

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

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

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

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

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

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

MADISON COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

A. Changes of assumptions.

2020

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

B. Changes in benefit provisions.

2020

None.

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

SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development / Passed-through the Mississippi Home Corporation Home Investment Partnership Program	14.239	1228-M16-SG-280-045	\$ <u>367,525</u>
U.S. Department of Interior / Direct Program Payment In Lieu of Taxes	15.226	N/A	<u>8,837</u>
U.S. Department of Justice / Passed-through the Mississippi Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DC1451	65,147
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19DC1451	<u>22,232</u>
Total U.S. Department of Justice			<u>87,379</u>
U.S. Department of Transportation / Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	STP-0045-000-0027	31,780
Mississippi Department of Public Safety National Priority Safety Programs	20.616	M5X-2020-MD-14-51	<u>25,388</u>
Total U.S. Department of Transportation			<u>57,168</u>
U.S. Department of the Treasury / Passed-through the Mississippi Emergency Management Agency Coronavirus Relief Fund*	21.019	FIPS089-99089-00	<u>747,911</u>
U.S. Department of Health and Human Services (Direct) Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	<u>302,000</u>
U.S. Department of Homeland Security (Direct) Emergency Management Performance Grants	97.042	N/A	<u>74,434</u>
Total Expenditures of Federal Awards			\$ <u><u>1,645,254</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Madison County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Madison County, it is not intended to and does not present the financial position, changes in net position or cash flows of Madison County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

* Denotes major federal award program

OTHER INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Shelia Jones	Supervisor District 1	Liberty Mutual Surety	\$ 100,000
Trey Herron Baxter	Supervisor District 2	Liberty Mutual Surety	\$ 100,000
Gerald D. Steen	Supervisor District 3	Liberty Mutual Surety	\$ 100,000
David Bishop	Supervisor District 4	Liberty Mutual Surety	\$ 100,000
Karl Banks	Supervisor District 4	Liberty Mutual Surety	\$ 100,000
Paul Griffin	Supervisor District 5	Liberty Mutual Surety	\$ 100,000
Shelton Vance	County Administrator	Liberty Mutual Surety	\$ 100,000
Ronald W. Lott	Chancery Clerk	Liberty Mutual Surety	\$ 100,000
Na'Son S White	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Cynthia Parker	Chief Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Holli McCarra	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Jeff Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Stacey Toten	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Charles Laseter	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Marie Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Kimberly Sievers	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Kim Arnold	Deputy Chancery Clerk	Liberty Mutual Surety	\$ 50,000
Cheryl Houston	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
Kesha Jackson-Buckner	Purchase Clerk	Liberty Mutual Surety	\$ 75,000
Cynthia Parker	Assistant Purchase Clerk	Liberty Mutual Surety	\$ 50,000
Myrtis Sims	Receiving Clerk	Liberty Mutual Surety	\$ 75,000
Leeanna Autum Dawn Massey	Assistant Receiving Clerk	Liberty Mutual Surety	\$ 50,000
Lynn Thornburg	Civil Process Clerk / Financial Clerk	Liberty Mutual Surety	\$ 50,000
Leeann Sanders	Assistant Receiving Clerk	Liberty Mutual Surety	\$ 50,000
Amy Miller	Assistant Receiving Clerk	Liberty Mutual Surety	\$ 50,000
Clara Latiker	Assistant Receiving Clerk	Liberty Mutual Surety	\$ 50,000
Jay Hilliard	Inventory Control Clerk	Liberty Mutual Surety	\$ 75,000
Comelius Bacon	Road Manager	Liberty Mutual Surety	\$ 100,000
William L. Weisenberger Jr.	Constable	Liberty Mutual Surety	\$ 50,000
Johnny Sims	Constable	Liberty Mutual Surety	\$ 50,000
Brad Harbour	Constable	Liberty Mutual Surety	\$ 50,000
Michael Brown	Constable	Liberty Mutual Surety	\$ 50,000
Anita Wray	Circuit Clerk	Liberty Mutual Surety	\$ 100,000
Priscilla D Blankenship	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Monica L Henderson	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Wanda Jefferson	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Margaret Ann Jones	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Laurie Ann Prince	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Fannie M Sanders	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Tina Ann Blount	Deputy Circuit Clerk	Liberty Mutual Surety	\$ 50,000
Randall Tucker	Sheriff	Liberty Mutual Surety	\$ 100,000
Albert Jones, Jr.	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jason Haven	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Kristopher Justin Stone	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
James Corey 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
Donald 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
Jeff Husted	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
George Smith	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jeffrey Wayne Singletary	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
James Knight	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Lee Brock	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jason Barnes	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
William 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 Chapman	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Rylon Thompson	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Donovan Gerlach	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Donovan Keith Gerlach	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Joshua Farrar	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Taylor Chastain	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Scott McDonald	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Russell Kirby	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Robbin Welch	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Robert Scott 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 Shearrill	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
John Wallace	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Michael Todd Wilson	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Mark Sandridge	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Kim Henderson	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Josh Fish	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Newman Bernard Newsome	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jordan Evans	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jeremy Williams	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Randy Grewe	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Charles Clark	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
James Hall	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Joel Evans	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jonathan Hugh Dearing	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
Tommy Jones	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Kip Luby	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Kaitlin Elizabeth Wagner	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Glen Fox	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Michael Seth Everett	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Tommy Strait	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Watts Johnson	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jeff Waldrop	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Bradley 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
Tamarrius Andre Jones	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Daniel Conner Smith	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Gregory Phillips	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jamal Robert Watkins	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
John Michael Chapman	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Matthew Holcomb	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Paul Cox	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Barry Chandler	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Brennan Alexander	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Kyle Millican	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Michael Rhinewalt	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Cline Wyman	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Skyla Tillis	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
William Andrew Edgar	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jeff Harrell	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Michael McGowan	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Skyler Smith	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Jeremiah Thornton	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
John Garcia	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Tony R. Alexander	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Christopher Blake Kimbrough	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Molly Ratcliff	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Perry Ables	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Ashley Winford Crosdale	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Chad Hathcock	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Charles Harris	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Colleen Marie Anderson	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Connor Smith	Deputy Sheriff	Liberty Mutual Surety	\$ 50,000
Kathy Kehle Willey	Sheriff's Bookkeeper	Liberty Mutual Surety	\$ 50,000
Albert Jones III	County Patrolman	Liberty Mutual Surety	\$ 50,000
Michael Seth Everett	County Patrolman	Liberty Mutual Surety	\$ 50,000
Martina Bridges Griffin	Justice Court Judge	Liberty Mutual Surety	\$ 50,000
Marsha Weems Stacey	Justice Court Judge	Liberty Mutual Surety	\$ 50,000
Lloyd Spivey, III	Justice Court Judge	Liberty Mutual Surety	\$ 50,000
William Bruce McKinley	Justice Court Judge	Liberty Mutual Surety	\$ 50,000
Cheryl Johnson Horn	Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Tony R. Alexander	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Sarah Steele	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Lauren Elizabeth Canoy	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Stephanie Rae Burton	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Bernard Newsome	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Brittany Nicole Hollins	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Brittany Sierra Wolfe	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Richard T. Davis	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
James Milton Ransburg	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Shelia Taylor	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Seth Everett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Donovan Gerlach	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Lisa Simmons Lee	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Mary Lee Luckett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Mark Sandridge	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Matthew Taylor Chastain	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Michael Todd Wilson	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Mary L Hart	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Russell Kirby	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Tommy Squires	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Trevell Remashean Dixon	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
William L. Weisenberger Jr.	Deputy Justice Court Clerk	Liberty Mutual Surety	\$ 50,000
Kay S. Pace	Tax Collector	Liberty Mutual Surety	\$ 100,000
Norman Cannady	Tax Assessor	Liberty Mutual Surety	\$ 50,000
Lisa K Duvall	Deputy Tax Collector	Liberty Mutual Surety	\$ 50,000
Lori A Butler	Deputy Tax Collector	Liberty Mutual Surety	\$ 50,000
Myrtle Rayburn	Deputy Tax Collector	Liberty Mutual Surety	\$ 50,000
Margaret Hayman	Deputy Tax Collector	Liberty Mutual Surety	\$ 50,000
Debra Nason	Deputy Tax Collector	Liberty Mutual Surety	\$ 50,000
Laura Sullivan	Deputy Tax Collector	Liberty Mutual Surety	\$ 50,000
Christina Marie Hewitt	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Jeff Hodgins	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Margaret Emily Anderson	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Kathleen Ketchum	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
John Fox	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Mitchell Martin Doom	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Steven T Meador	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Christopher John Garavelli	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
John Brenton Smith	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Angelina Brown	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Adriane Diane Barber	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Joanna Triplett	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Randi Young Jerome	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
David Wayne Smith	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Carolyn Bryant	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Lesly Ann Bishop	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Amy Root	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Don L Jorgenson	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Tara 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

MADISON COUNTY, MISSISSIPPI
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2020
 UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Selena J Sutterfield	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Kimberly Pugh Kennedy	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Lisa Coursey	Deputy Tax Assessor	Liberty Mutual Surety	\$ 10,000
Na'Son S White	Comptroller	Liberty Mutual Surety	\$ 75,000
Kesha Jackson-Buckner	Administrative Assistant	Liberty Mutual Surety	\$ 50,000
Virginia Kelley	Veterans' Office Assistant	Liberty Mutual Surety	\$ 50,000
Jessica Carr Culpepper	Adult Drug Coordinator	Liberty Mutual Surety	\$ 50,000
Lori Deanne Germany	Case Manager - Adult Drug Court	Liberty Mutual Surety	\$ 50,000
Ricky Kammerdeiner	Court Clerk	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 (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 17, 2022. 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, Mississippi'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison County, 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*.

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
June 17, 2022

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, 2020. 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 of 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, 2020.

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 the County's internal control over compliance.

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

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
June 17, 2022

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Madison County, Mississippi

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|----------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unmodified |
| | General County I & S Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | No. |
| | b. Significant deficiency identified? | None reported. |
| 3. | Noncompliance material to the financial statements noted? | No. |

Federal Awards:

- | | | | | | | |
|---------------------|---|---------------------|---|--------|-------------------------|--|
| 4. | Internal control over major federal programs: | | | | | |
| | a. Material weakness(es) identified? | No. | | | | |
| | b. Significant deficiency(ies) identified? | None reported. | | | | |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified | | | | |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No. | | | | |
| 7. | Identification of major federal program: | | | | | |
| | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">CFDA Number:</td> <td style="width: 70%;">Name of Federal Program or Cluster</td> </tr> <tr> <td>21.019</td> <td>Coronavirus Relief Fund</td> </tr> </table> | CFDA Number: | Name of Federal Program or Cluster | 21.019 | Coronavirus Relief Fund | |
| CFDA Number: | Name of Federal Program or Cluster | | | | | |
| 21.019 | Coronavirus Relief Fund | | | | | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 9. | Auditee qualified as low-risk auditee? | No. | | | | |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | No. | | | | |

Madison County, Mississippi

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020**

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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