



AUDIT DETERMINATION FORM

FEIN: 64-6000658

Entity Name: Madison County Board of Supervisors

Fiscal Year Ending: 2022 DUNS/UEI: GDB7JUWP3SB3

[Note: The most recent fiscal year's audit report or financial information is required, and should be submitted to MDOT no later than nine months after the end of the entity's fiscal year.]

Address: 125 W. North Street

City: Canton State: MS Zip: 39046

Representative: Gerald Steen Title: Board President

Phone Number: 601-790-2525 Email: tim.bryan@madison-co.com

Purpose: 2 CFR Section 200.205 requires federal awarding agencies such as MDOT to “design and execute a merit review process for applications, with the objective of selecting recipients most likely to be successful in delivering results based on the program objectives...” In order for MDOT to conduct the required review process, entities that are exempt from the Single Audit reporting requirement in 2 CFR 200 Subpart F must complete this audit verification, indicating the type of reporting they qualify for and their ability to properly administer federal funds.

Directions: Entities (including not-for-profits) must verify which of the following applies. Please select from the following, and then complete the Affirmation of Entity below:

1. [] Our entity has expended \$750,000 or more in Federal funding and qualifies for a Single Audit for the fiscal year indicated above.
2. [^{GS}] Our entity has total revenues or expenditures (whichever is greater) equal to or greater than \$10,000,000, and we have a full scope GAAP audit (in accordance to GASB No. 34) for the fiscal year indicated above.
3. [] Our entity has total revenues or expenditures (whichever is greater) equal to or greater than \$1,000,000 but less than \$10,000,000, and we have a full scope audit of our Combined Statement of Cash Receipts and Disbursements (in accordance to GASB No. 34) for the fiscal year indicated above.
4. [] Our entity has total revenues or expenditures less than \$1,000,000 (whichever is greater) and we have a Compilation Report in lieu of a full scope GAAP audit (in accordance to GASB No. 34 and specific agreed upon procedures) for the fiscal year indicated above.
5. [] Our entity has total revenues or expenditures (whichever is greater) less than \$100,000 for the fiscal year indicated above. Municipalities must attach proof of OSA exemption.
6. [] *OPTIONAL:* Our entity has total revenues or expenditures as indicated in number 2, 3, or 4 above, but rather than the documents indicated above, we have a full scope GAAP audit (in accordance to GASB No. 34) for the fiscal year indicated above.

Affirmation of Entity

By signing below on behalf of this entity, I declare that I am this entity's representative, duly authorized to sign to make this certification and bind this entity's compliance. I certify that we are in compliance with State and Federal laws and regulations and we agree to comply with all state and federal laws, regulations, and requirements, and to follow applicable federal guidance.

This entity affirms the truthfulness and accuracy of the certification(s) it has selected and the statements submitted with this document and any other submission made to MDOT. This entity affirms that it has the ability to properly administer federal funds, and acknowledges that the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. § 3801 et seq., and implementing U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR Part 31, apply to any certification, assurance or submission made to MDOT. The criminal provisions of 18 U.S.C. §1001 apply to any certification, assurance, or submission made in connection with any Federal public transportation program or any other Federal statute.

By my signature, I declare under penalties of perjury that the foregoing verification and any other statements made by me on behalf of the entity are true and accurate.

Representative
Signature: _____ Date: 7/15/24

Printed Name: Gerald Steen Title: Board President



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

MADISON COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



**MADISON COUNTY
TABLE OF CONTENTS**

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT.....	2
FINANCIAL STATEMENTS.....	6
Statement of Net Position.....	7
Statement of Activities.....	8
Balance Sheet – Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position.....	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	44
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund	45
General County I & S Fund.....	46
American Rescue Fund	47
Schedule of the County's and Component Unit's Proportionate Share of Net Pension Liability	48
Schedule of County and Component Units Contributions	49
Schedule of Changes in the County's Total OPEB Liability and Related Ratios	50
Notes to Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	56
Schedule of Expenditures of Federal Awards.....	57
Notes to the Schedule of Expenditures of Federal Awards.....	58
OTHER INFORMATION	59
Schedule of Surety Bonds for County Officials	60
SPECIAL REPORTS	61
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	64
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)).....	67
Limited Internal Control and Compliance Review Management Report.....	71
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	81
Schedule of Findings and Questioned Costs.....	82
Auditee's Corrective Action Plan	86
Summary Schedule of Prior Audit Findings	88

MADISON COUNTY

FINANCIAL SECTION

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Madison County, Mississippi

Report on the Audit of the Financial Statements

Adverse, Qualified, and Unmodified Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying 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, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Governmental Activities and General Fund Information

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of Madison County, Mississippi, as of September 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Major Funds and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General County I & S Fund, the American Rescue Fund and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2022, 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.

Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units and Qualified Opinion on the Governmental Activities and General Fund

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 effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

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

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Omission of Required Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2024, on our consideration of Madison County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
April 19, 2024

MADISON COUNTY

FINANCIAL STATEMENTS

MADISON COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	Primary Government
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 102,701,261
Investments	265,128
Property Tax Receivable	57,879,420
Fines Receivable (net of allowance for uncollectible of \$1,763,367)	466,541
Intergovernmental Receivables	3,554,178
Other Receivables	265,868
Capital Assets:	
Land and construction in progress	21,322,979
Other capital assets, net	118,796,126
Total Assets	<u>305,251,501</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	9,079,729
Deferred amount on refunding	1,924,358
Deferred amount on other postemployment benefits	173,982
Total Deferred Outflows of Resources	<u>11,178,069</u>
LIABILITIES	
Claims Payable	1,574,573
Intergovernmental Payables	6,414,267
Accrued Interest Payable	3,485,184
Amount held in custody for others	1,184,150
Claims and judgments payable	50,012
Unearned revenue	20,349,444
Long-Term Liabilities	
Due within one year:	
Leases payable	50,496
Capital debt	12,698,027
Non-capital debt	621,768
Due in more than one year:	
Leases payable	95,461
Capital debt	57,717,017
Non-capital debt	15,856,489
Net Pension Liability	60,576,208
Other postemployment benefit obligation	134,956
Total Liabilities	<u>180,808,052</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues property taxes	57,879,420
Deferred inflows related to other postemployment benefits	19,788
Total deferred inflows of resources	<u>57,899,208</u>
NET POSITION	
Net Investment in Capital Assets	71,482,462
Restricted:	
Expendable:	
General Government	1,357,425
Public Safety	4,314,648
Public Works	32,909,792
Culture and recreation	73,665
Economic development and assistance	68,504
Debt Service	4,502,708
Unrestricted	(36,986,894)
Total Net Position	<u>\$ 77,722,310</u>

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

MADISON COUNTY
Statement of Activities
For the Year Ended September 30, 2022

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	<u>Primary Government</u> Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 24,873,069	8,720,335	2,645,169		(13,507,565)
Public Safety	17,240,724	6,386,738	473,438		(10,380,548)
Public Works	23,991,318	377,197	9,191,090	773,005	(13,650,026)
Health and Welfare	1,217,227		101,144		(1,116,083)
Culture and Recreation	1,960,394			120,000	(1,840,394)
Conservation of Natural Resources	258,638				(258,638)
Economic Development and Assistance	4,262,494		2,162,554		(2,099,940)
Interest on Long-term Debt	2,853,176				(2,853,176)
Pension Expense	6,826,616				(6,826,616)
Other postemployment benefit expense	31,800				(31,800)
Total Governmental Activities	\$ 83,515,456	15,484,270	14,573,395	893,005	(52,564,786)
General Revenues:					
Property Taxes				\$ 54,396,324	
Road & Bridge Privilege Taxes				1,653,191	
In Lieu Tax				711,105	
Grants and Contributions not restricted to specific programs				3,268,507	
Unrestricted Interest Income				171,752	
Miscellaneous				3,216,101	
Total General Revenues				63,416,980	
Changes in Net Position					10,852,194
Net Position - Beginning, as previously reported					67,114,762
Prior period adjustments					(244,646)
Net Position - Beginning, as restated					66,870,116
Net Position - End of year				\$	77,722,310

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

MADISON COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2022

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	General County I & S Fund	American Rescue Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 35,774,877	6,659,212	20,390,034	39,877,138	102,701,261
Investments	265,128				265,128
Property tax receivable	25,629,226	15,205,526		17,044,668	57,879,420
Fines receivable (net of allowance for uncollectible, \$1,763,367)	466,541				466,541
Intergovernmental receivables	2,917,493			636,685	3,554,178
Other receivables	50,838			215,030	265,868
Due from other funds	817,453	498,272		637,452	1,953,177
Advances to other funds	304,032			84,538	388,570
Total Assets	<u>66,225,588</u>	<u>22,363,010</u>	<u>20,390,034</u>	<u>58,495,511</u>	<u>167,474,143</u>
LIABILITIES					
Liabilities:					
Claims payable	520,411		15,083	1,039,079	1,574,573
Intergovernmental payables	6,398,565			15,702	6,414,267
Due to other funds	1,135,724			817,453	1,953,177
Advances from other funds				388,570	388,570
Amounts held incustody for others	1,184,150				1,184,150
Claims and judgments payable	50,012				50,012
Unearned revenue			20,349,444		20,349,444
Total Liabilities	<u>9,288,862</u>	<u>-</u>	<u>20,364,527</u>	<u>2,260,804</u>	<u>31,914,193</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	25,629,226	15,205,526		17,044,668	57,879,420
Unavailable revenue - fines	466,541				466,541
Total deferred inflows of resources	<u>26,095,767</u>	<u>15,205,526</u>	<u>-</u>	<u>17,044,668</u>	<u>58,345,961</u>
Fund Balances:					
Nonspendable:					
Advances	304,032				304,032
Restricted for:					
General government			25,507	1,331,918	1,357,425
Public safety				4,314,648	4,314,648
Public works				32,909,792	32,909,792
Culture and recreation				73,665	73,665
Economic development and assistance				68,504	68,504
Debt service		7,157,484		830,408	7,987,892
Unassigned	30,536,927			(338,896)	30,198,031
Total Fund Balances	<u>30,840,959</u>	<u>7,157,484</u>	<u>25,507</u>	<u>39,190,039</u>	<u>77,213,989</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>66,225,588</u>	<u>22,363,010</u>	<u>20,390,034</u>	<u>58,495,511</u>	<u>167,474,143</u>

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

MADISON COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 77,213,989
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) 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 \$134,102,052.	140,119,105
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	466,541
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(87,039,258)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(3,485,184)
Deferred amount on refunding	1,924,358
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	
Net pension liability	(60,576,208)
Deferred inflows and outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	9,079,729
Other postemployment benefits:	
Deferred inflows and outflows related to other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to other postemployment benefits	173,982
Deferred inflows of resources related to other postemployment benefits	(19,788)
Net OPEB liability	<u>(134,956)</u>
Total Net Position - Governmental Activities	\$ <u><u>77,722,310</u></u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2022

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	General County I & S Fund	American Rescue Fund		
REVENUES					
Property Taxes	\$ 23,837,413	14,692,481		15,866,430	54,396,324
Road and bridge privilege taxes				1,653,191	1,653,191
Licenses, commissions and other revenue	2,917,851	1,598		171,258	3,090,707
Fines and forfeitures	654,807			107,257	762,064
Intergovernmental revenues	3,580,672		292,646	14,861,589	18,734,907
Charges for services	10,158,348			1,425,814	11,584,162
Interest income	77,844	12,208	20,120	61,580	171,752
Miscellaneous revenues	2,850,137			337,436	3,187,573
In Lieu Tax				711,105	711,105
Total Revenues	44,077,072	14,706,287	312,766	35,195,660	94,291,785
EXPENDITURES					
Current:					
General government	23,453,055		292,589	2,431,654	26,177,298
Public safety	16,376,413			4,704,065	21,080,478
Public works	724,400			22,404,886	23,129,286
Health and welfare	1,202,186				1,202,186
Culture and recreation				1,950,109	1,950,109
Conservation of natural resources	258,638				258,638
Economic development and assistance	475,006	280,403		3,271,250	4,026,659
Debt Service:					
Principal	311,890	12,178,788		571,593	13,062,271
Interest	11,768	2,137,443		104,967	2,254,178
Bond Issue Cost				89,500	89,500
Total Expenditures	42,813,356	14,596,634	292,589	35,528,024	93,230,603
Excess of Revenues over (under) Expenditures	1,263,716	109,653	20,177	(332,364)	1,061,182
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	285			39,400	39,685
Proceeds from long term debt				6,490,873	6,490,873
Leases issued	104,826				104,826
Transfers in	98,712	141		1,774,197	1,873,050
Transfers out	(1,694,282)	(32,311)		(146,457)	(1,873,050)
Total Other Financing Sources and Uses	(1,490,459)	(32,170)	-	8,158,013	6,635,384
Net Changes in Fund Balances	(226,743)	77,483	20,177	7,825,649	7,696,566
Fund Balances - Beginning of year	31,067,702	7,080,001	5,330	31,364,390	69,517,423
Fund Balances - End of year	\$ 30,840,959	7,157,484	25,507	39,190,039	77,213,989

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

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, 2022

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 7,696,566
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 \$5,857,228 exceeded depreciation of \$5,465,950 in the current period.	391,278
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 and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in the fund balances by the amount of the gain of \$28,528, the loss of \$16,021 and the proceeds from the sale of \$39,685 in the current period.	(27,178)
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.	47,337
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$13,062,271 exceeded debt proceeds of \$6,595,699.	6,466,572
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of current year pension expense	(6,826,616)
The amount of current year pension contributions	3,443,841
The amount of decrease in compensated absences	225,711
The amount of increase in accrued interest payable	(522,243)
The amount of increase in other post employment benefits payable	(113,420)
The increase in deferred outflows on other post employment benefits	166,889
The increase in deferred inflows on other post employment benefits	(19,788)
The amortization of:	
Premiums on bonds	482,264
Discount on bonds	(4,028)
Deferred amount on refunding bonds	(554,991)
Change in Net Position of Governmental Activities	<u>\$ 10,852,194</u>

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

MADISON COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 393,406
Total Assets	<u>393,406</u>
LIABILITIES	
Amounts held in custody for others	329,877
Intergovernmental payables	<u>63,529</u>
Total Liabilities	<u>393,406</u>
Net Position	\$ <u><u>-</u></u>

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

MADISON COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Collections on behalf of individuals	\$ 1,513,425
Assessments of fines for other governments	1,120,318
Tax collections for other governments	<u>4,006,142</u>
Total Additions	<u>6,639,885</u>
 DEDUCTIONS	
Payments of collections on behalf of individuals	1,513,425
Payments of assessments of fines to other governments	1,120,318
Payments of tax collections to other governments	<u>4,006,142</u>
Total Deductions	<u>6,639,885</u>
Net increase(decrease) in fiduciary net position	<u>-</u>
Net position - beginning	<u>-</u>
Net position - ending	\$ <u><u>-</u></u>

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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

The County reports the following major Governmental Funds:

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

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury,

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Capital Assets.

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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

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

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

J. Deferred Outflows/Inflows of Resources.

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

Deferred 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.

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.

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

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

Deferred inflows related to OPEB - This amount represents the County’s deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 10 for additional details.

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

K. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during the fiscal year 2022.

The County uses the 4% interest rate to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 8 for details.

L. Long-term Liabilities.

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

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

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

M. 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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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.

N. Other Postemployment Benefits.

Plan Description

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

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

O. 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.

P. 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."

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

Fund Balance Flow Assumption:

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Q. 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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

R. 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.

S. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(2) Prior Period Adjustments

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

Exhibit 2 Statement of Activities - Governmental Activities

Explanation	Amount
Adjustment to record implementation of GASB 87, Leases	\$ (28,738)
Capital asset error correction	(215,908)
Total prior period adjustment	<u>\$ (244,646)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$103,094,667, and the bank balance was \$106,158,115. 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, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

Investments balances at September 30, 2022, are as follows:

Investment Type	Maturity	Fair Value		
		Level	Fair Value	Rating
Full Faith & Credit Bonds	10+ years	1	\$ 35,655	AA+/Aaa
U S Treasury Note	1-5 years	1	47,984	AA+/Aaa
Taxable Municipal Bonds	1-5 years	1	47,408	AA insured (A underlying)
Full Faith & Credit Bonds	6-10 years	1	53,214	AA+/Aaa
Mortgage Backed Securities	6-10 years	1	24,475	AA+/Aaa
Full Faith & Credit Bonds	6-10 years	2	56,392	AA+/Aaa
Total			<u>\$ 265,128</u>	

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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.

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.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 817,453
General County I&S Fund	General Fund	498,272
Other Governmental Funds	General Fund	637,452
Total		<u>\$ 1,953,177</u>

The receivables represent the tax revenue collected but not settled until October, 2022, borrowings to alleviate funding shortage until grant monies are received and to cover negative cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 304,032
Other Governmental Funds	Other Governmental Funds	84,538
Total		<u>\$ 388,570</u>

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 98,712
General County I&S Fund	Other Governmental Funds	141
Other Governmental Funds	General Fund	1,694,282
Other Governmental Funds	General County I&S Fund	32,311
Other Governmental Funds	Other Governmental Funds	47,604
Total		<u>\$ 1,873,050</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 1,845,934
Housing prisoners	838,148
MS Development Authority Industry Incentive Finance Fund Program	303,408
Substance abuse and mental health services	43,022
Recreational trail program	120,000
Treatment Court Discretionary Grant Program	17,718
Emergency Management Performance Grant	77,670
Motor vehicle fuel tax	35,415
Motor vehicle license	82,875
Timber severance tax	1,211
Oil severance tax	585
City of Gluckstadt	3,727
Edward Byrne memorial justice assistance grant	18,131
Adult Drug Court	60,174
Juvenile Drug Court	24,607
Youth Court	79,596
Liquor privilege tax	675
Miscellaneous	1,282
Total Governmental Activities	<u>\$ 3,554,178</u>

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non Depreciable Capital Assets</u>					
Land	\$ 3,107,918				3,107,918
Construction in progress	18,108,864	3,012,702		(2,906,505)	18,215,061
Total Non Depreciable Capital Assets	21,216,782	3,012,702	-	(2,906,505)	21,322,979
<u>Depreciable Capital Assets</u>					
Infrastructure	174,357,931			2,681,905	177,039,836
Buildings	45,435,473				45,435,473
Improvements other than buildings	5,312,370			8,692	5,321,062
Mobile equipment	15,604,405	2,547,830	181,820	1,426,106	19,396,521
Furniture and equipment	5,301,896	191,870	27,432		5,466,334
Leased property under capital leases	1,426,106			(1,426,106)	-
Intangible right to use assets					
Buildings		104,826		26,621	131,447
Equipment				107,505	107,505
Total depreciable capital assets	247,438,181	2,844,526	209,252	2,824,723	252,898,178
<u>Less accumulated depreciation for:</u>					
Infrastructure	93,422,375	2,526,783			95,949,158
Buildings	19,914,963	962,851			20,877,814
Improvements other than buildings	1,799,128	238,931			2,038,059
Mobile equipment	9,956,514	1,392,762	157,386	216,895	11,408,785
Furniture and equipment	3,419,405	303,766	24,688		3,698,483
Leased property under capital leases	216,895			(216,895)	-
Intangible right to use assets					
Buildings		19,356		17,747	37,103
Equipment		21,501		71,149	92,650
Total Accumulated Depreciation	128,729,280	5,465,950	182,074	88,896	134,102,052
Total Depreciable Capital Assets - Net	118,708,901	(2,621,424)	27,178	2,735,827	118,796,126
Gov. Activities Cap. Assets-Net	\$ 139,925,683	391,278	27,178	(170,678)	140,119,105
Total capital assets, net, excluding intangible right to use assets					\$ 140,009,906
Intangible right to use assets, net					109,199
Total capital assets, net, as reported in the statement of net position					<u>\$ 140,119,105</u>

*The adjustments above for leased assets and intangible right to use assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. Other adjustments are to move completed construction in progress projects to infrastructure and correct prior year errors.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Depreciation expense was charged to the following functions:

Governmental activities:	Amount
General government	\$ 540,206
Public safety	1,587,945
Public works	3,059,109
Health and welfare	34,038
Culture and recreation	8,817
Economic development	235,835
Total governmental activities depreciation expense	\$ 5,465,950

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Various Road and Bridge Construction Projects	\$18,215,061	Various Dates

(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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County finances its exposure to risk of loss relating to employee health and accident coverage. Beginning in 1997 and pursuant to Section 25-15-101, Miss. Code Ann.(1972), the County established a risk management fund to account for and finance its uninsured risk of loss. The Madison County Board of Supervisors has extended coverage to the employees of Madison County Economic Development Authority (MCEDA), Madison County Soil and Water Conservation District (MCSWD) and the Madison County Citizens Services Agency (MCCSA).

Under the plan, premiums payable to the risk management fund are based on historical cost estimates. Each participating entity pays a premium on a single coverage policy for respective employees. Employees pay an additional individual premium, and if electing dependent coverage, pay any additional premium through payroll deduction.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

The County has uninsured risk retention for all participating, to the extent that actual claims submitted exceed the predetermined premium. To minimize this potential risk, the County has purchased reinsurance which functions as stop-loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, there is an aggregate specific deductible of \$90,000, as well as an individual specific deductible of \$100,000. The County must meet an overall deductible of \$90,000 as well as meeting the individual deductible of \$100,000 in claims paid.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2022 the amount of these liabilities was \$50,012. An analysis of claims activities is presented below.

	Beginning of Fiscal Year Liability	Current year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020-2021	\$ 210,195	5,600,928	5,557,347	253,776
2021-2022	\$ 253,776	5,423,405	5,557,347	119,834

(8) Leases.

The County is a lessee for various non-cancellable leases of buildings and equipment. For lease that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized (depreciation and amortization expense, lease expense, etc.) on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses 4.00% as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which is a reasonably certain to not be exercised. Periods in which both the county and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

As Lessee:

Lease Assets	Balance			Balance
	Oct. 1, 2021	Additions	Amortization	Sept. 30, 2022
Buildings		131,447	37,103	94,344
Equipment		107,505	92,650	14,855
Total	-	238,952	129,753	109,199

Lease Liabilities	Balance		Principal	Balance
	Oct. 1, 2021	Additions	Payments	Sept. 30, 2022
Buildings		120,294	14,553	105,741
Equipment		58,500	18,284	40,216
Total	-	178,794	32,837	145,957

See Note 6 for further details regarding intangible right-to-use assets, which represents leased assets.

Madison County has entered into several lease agreements with lessors for the lease of the following listed items. The leases stipulate that that the lessee would pay various amounts, as shown in the following schedule per monthly lease payments commencing on various date terms.

Description	Discount		Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
	Rate	Term				
Buildings	4.00%	Various	Various	Various	2,244	\$ 105,741
Copiers	4.00%	Various	Various	Various	2,121	40,216

See Note 9 for further details regarding financed purchases.

The following is a schedule by years of the total payments due as of September 30, 2022:

Year ending September 30:	Governmental Activities	
	Principal	Interest
2023	\$ 50,496	1,879
2024	38,180	792
2025	21,348	396
2026	22,415	416
2027	13,518	181
Total	\$ 145,957	3,664

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(9) Long-term Debt.

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
G.O. Road & Bridge Refunding Bond Series 2015	\$ 1,935,000	2.50/4.00%	03/2023
MS Development Bank Special Obligation Refunding Bonds, Series 2009	405,000	1.50/4.00%	05/2024
G.O. Refunding, Series 2011 (Jail)	1,660,000	2.00/3.25%	06/2024
Road and Bridge Refunding, Series 2012	4,080,000	2.00/3.00%	05/2026
G.O. Road & Bridge Refunding Bond Series 2014	8,340,000	2.00/4.00%	05/2027
Road and Bridge Refunding, Series 2014	4,170,000	3.50/4.50%	11/2029
G.O. Refunding Bonds, Series 2014	6,580,000	.78-3.34%	06/2026
G.O. Nissan Refunding Bonds, Series 2006	6,895,000	3.00/4.00%	03/2028
G. O. Road and Bridge Refunding, Series 2017	6,420,000	2.12/3.00%	10/2037
G.O. Public Improvement Bond Series 2020	7,760,000	2.00/2.25%	01/2040
Taxable GO Refunding Bonds, Series 2021A	5,613,000	1.15%	11/2029
Taxable GO Bonds, Series 2020C	9,130,000	1.50/2.125%	09/2041
Total General Obligation Bonds:	<u>\$ 62,988,000</u>		
B. Limited Obligation Bonds:			
Urban Renewal Revenue Bond (Sulphur Springs)	\$ 165,000	2.50%	03/2023
Taxable Tax Increment Limited Obligation Bonds Series 2015(Galleria Parkway Project)	908,900	5.37%	04/2035
Urban Renewal Revenue Bond (Lost Rabbit)	4,525,000	7.88%	09/2039
Total Limited Obligation Bonds	<u>\$ 5,598,900</u>		
C. Financed Purchases:			
Caterpillar Motor Grader	\$ 112,917	2.86%	04/2024
Tractors, bushogs and mowers	701,442	1.19%	07/2025
2022 Excavator	490,873	1.98%	02/2027
Total Equipment Notes	<u>\$ 1,305,232</u>		
D. Other Loans:			
G. O. Note, Series 2018	\$ 660,000	2.41%	02/2023
G. O. Note, Series 2019	3,420,000	1.99%	06/2025
G. O. Note, Series 2020	3,000,000	1.10%	10/2025
G. O. Note, Series 2021	4,797,212	1.05%	10/2025
Industrial development capital improvement (CAP)	398,423	3.00%	12/2028
Valley View Fire Station	446,554	2.00%	02/2034
South Madison Fire Station	617,142	2.00%	08/2038
Total Other Loans	<u>\$ 13,339,331</u>		

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Pledge of Future Revenues – The County has pledged future general county tax revenues to repay \$5,235,000 in limited obligation infrastructure acquisition revenue bonds issued on August 22, 2014. Proceeds from the bonds provided financing for the acquisition of land improvements within the Lost Rabbit Urban Renewal District. The bonds are not a general obligation of the County and therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general fund tax revenues collected from parcels of land located within the boundaries of the Lost Rabbit Urban Renewal District and income received from property fees assessed to land owners within the district and payable through 2039. Annual principal and interest payments on the bonds are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,177,800. Principal and interest paid for the current year was \$87,231.

The County has pledged future general county tax revenues to repay \$1,500,000 in limited obligation recreational facility construction revenue bonds issued on March 21, 2013. Proceeds from the bonds provided financing for the construction of a recreational facility within the Sulphur Springs Lake Project Urban Renewal Plan. The bonds are not a general obligation of the County and therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from general county tax revenues. The total principal and interest remaining to be paid on the bonds is \$167,063. Principal and interest paid for the current year was \$171,188.

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 bond provided financing for the refunding of the 2011 Taxable Increment Financing Bonds. The bonds are payable solely from income derived from general county tax revenues collected from parcels of land located within the boundaries of the Galleria Project Tax Increment Financing District. The bonds are not a general obligation of the County and therefore, are not secured by the full faith and credit of the County. The total principal and interest remaining to be paid on the bonds is \$908,900. The principal and interest paid for the current year was \$89,778.

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

Governmental Activities:

Year Ended September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 8,463,000	1,655,144	346,000	419,027
2024	8,779,000	1,423,778	193,200	403,737
2025	7,996,000	1,146,910	210,500	389,605
2026	12,932,000	757,159	222,900	374,168
2027	3,305,000	471,468	240,500	357,815
2028-2032	10,228,000	1,668,130	1,491,200	1,496,019
2033-2037	7,395,000	847,222	2,139,600	842,065
2038-2042	3,890,000	147,768	755,000	108,281
Total	\$ 62,988,000	8,117,579	5,598,900	4,390,717

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Year Ended September 30	Financed Purchases		Other Loans	
	Principal	Interest	Principal	Interest
2023	\$ 381,079	21,295	4,129,716	174,805
2024	387,290	15,086	3,472,956	117,326
2025	334,722	8,761	3,476,281	67,716
2026	100,080	4,002	1,336,903	34,862
2027	102,061	2,021	143,191	18,762
2028-2032			472,192	53,485
2033-2037			270,810	15,386
2038-2042			37,282	346
Total	\$ 1,305,232	51,165	13,339,331	482,688

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, 2022, the amount of outstanding debt was equal to 3.95% 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, 2022, \$4,785,000 of the bonds were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments	Balance Sept.30, 2022	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 71,164,000		8,176,000		62,988,000	8,463,000
Less:						
Discounts	(10,662)		(4,028)		(6,634)	
Add:						
Premiums	2,634,802		482,264		2,152,538	
Limited obligation bonds	5,887,800		288,900		5,598,900	346,000
Financed purchases		490,873	282,452	1,096,811	1,305,232	381,079
Capital leases	1,096,811			(1,096,811)	-	
Other loans	11,621,413	6,000,000	4,282,082		13,339,331	4,129,716
Compensated absences	1,741,645		225,711		1,515,934	
Total	\$ 94,135,809	6,490,873	13,733,381	-	86,893,301	13,319,795

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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

Funding Policy

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

Per Section 25-15-103, Miss. Code Ann.(1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2022, retiree premiums range from \$724 to \$1,222 depending on dependent coverage and Medicare eligibility.

Employees covered by benefit terms

At September 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>374</u>
Total	<u><u>377</u></u>

Total OPEB Liability

The County's total OPEB liability of \$134,956 was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Inflation	2%
Salary increases	2.65% - 17.90% average, including inflation
Discount rate	4.02%
Healthcare cost trend rates	6.75% for 2022, decreasing to an ultimate rate of 4.50% by 2032
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

The discount rate used to measure the TOL is a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond index published at the last Thursday of September by the Bond Buyer.

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments:
For males, 95% of male rates from ages 18 to 60 scaled up to 110% from ages 61 to 75 scaled down to 101% from ages 77 to 119.
For females, 84% of the female rates from ages 18 to 72 scaled up to 100% for ages 76 to 119. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan participation, rates of plan election, etc.) used in this report were based on a review of recent plan experience done concurrently with the September 30, 2022 valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/21	\$ 21,536
Changes for the year:	
Service cost	1,027
Interest	(239)
Changes of benefit terms	-
Differences between expected and actuarial experience	201,843
Changes in assumptions or other inputs	(23,730)
Benefit payments	(65,481)
Net changes	<u>113,420</u>
Balance at 9/30/22	<u>\$ 134,956</u>

For the measurement period ended September 30, 2022, there were no benefit changes to be recognized.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.17% in 2021 to 4.02% in 2022.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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	\$ 122,244	\$ 134,956	\$ 149,453

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 (3.02%)	Current Trend Rate (4.02%)	1% Increase (5.02%)
Total OPEB Liability	\$ 149,507	\$ 134,956	\$ 122,089

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

For the year ended September 30, 2022, the County recognized OPEB expense of \$31,800. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 171,927	-
Changes of assumptions or other inputs	2,055	19,788
Total	\$ 173,982	19,788

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

Year ended September 30:	Amount
2023	\$ 31,012
2024	31,012
2025	31,012
2026	30,855
2027	29,712
Thereafter	591
	\$ 154,194

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(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 Mississippi Code of 1972 Annotated Section 25-11-1 et seq. and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. At September 30, 2022, 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, 2022 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, 2022, 2021, and 2020 were \$3,443,841, \$3,136,178, and \$3,030,503 respectively, equal to the required contributions for each year.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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

At September 30, 2022, the County reported a liability of \$60,576,208 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was .294293 percent, which was based on a measurement date of June 30, 2022. This was an increase of .005263 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$6,826,616. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 845,910	
Net difference between projected and actual earnings on pension plan investments	3,276,482	
Changes of assumptions	2,057,628	
Changes in the proportion and differences between actual contributions and proportionate share of contributions	1,923,566	
Contributions subsequent to the measurement date	976,143	
	\$ 9,079,729	-

\$976,143 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, 2023. 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
2023	\$ 3,012,561
2024	2,130,662
2025	(326,668)
2026	3,287,031
Total	\$ 8,103,586

Actuarial Assumptions. The total pension liability as of June 30, 2022, was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash	1.00	(0.10)
	<u>100.00 %</u>	

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

Sensitivity to the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using

the discount rate of 7.55 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1- percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Discount Rate (7.55%)	1% Increase (8.55%)
Proportionate share of the net pension liability	\$ 79,058,139	60,576,208	45,338,797

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 at September 30, 2022:

Fund	Deficit Amount
FYE210JJPD-Jur Drug Trmt Crt.	\$ 42
Family Drug Intervention Court	14,507
Juvenile Drug Court	570
SAMHSA Grant	20,932
\$6M MDOT Project Fund	72,452
Mannsdale Turn Lane	119,959
Sulpher Springs NH Grant	27,173
MDA DIP Fastnal Grant	83,291

(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 Ann(1972), as amended. The purpose of the agreement was to construct a parkway financed by a bond issue to be repaid by special assessments to landowners along the parkway.

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

The agreement provides that, in the event Parkway South fails, for any reason, to levy and/or collect a sufficient amount of special assessments from the owners of land within Parkway South to satisfy debt service payments, the County shall pay the outstanding amount required to satisfy the deficient debt service payment. In the event of a sale of a parcel of land for taxes upon which a special assessment was levied but not collected, the County's reimbursement, plus interest, would come from the tax redemption. Parkway South contractually agreed to reimburse the County no later than two years after the deficiency payment was made. The agreement indicates that the breach of the agreement by Parkway South relieves the County of additional liability for payment of the bonds.

As of September 30, 2022, the County had advanced \$6,902,229 to Parkway South, under the Contribution Agreement. Parkway South has repaid \$5,350,429 to the County, leaving a balance due of \$1,551 with payments of \$88,700 and \$738,000, due November 1, 2022 and May 1, 2023, respectively and payments of \$724,000 due May 1, 2024.

(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 total amount outstanding as of September 30, 2022 is as follows:

Issue	Balance at September 30, 2022
Mississippi Development Bank Bonds, Series 2013C	\$ 49,955,000

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$36,986,894) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$976,143 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, 2023. The \$8,103,586 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years. Deferred inflows of resources related to pensions at September 30, 2022 was \$0.

The governmental activities' unrestricted net position amount of (\$36,986,894) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from other postemployment benefits (OPEB). The \$154,194 net of deferred inflows and outflows of resources related to OPEB, at September 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

the next 6 years.

The governmental activities' net investment in capital assets net position of \$71,482,462 includes the effect of deferring the recognition of expenses resulting from the advance refunding of County debt in the amount of \$1,924,358. The expense will be recognized over future years and will decrease the governmental activities' unrestricted net position.

(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 22 members of the college board of trustees. The County appropriated \$3,902,153 for maintenance and support of the college in fiscal year 2022.

Region 8 Mental Health – Mental Retardation Commission operates in a district composed of the counties of Copiah, Madison, Rankin and Simpson. The Madison County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$110,000 for maintenance and support of the center in fiscal year 2022.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Madison County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$11,279 for maintenance and support of the district in fiscal year 2022.

The Madison County Wastewater Authority was organized under House Bill Number 1640 Local and Private Laws of the State of Mississippi, 2001, for the acquisition, construction and operation of user-funded wastewater systems, in order to prevent and control the pollution of the waters of the county. The Madison County Board of Supervisors appoints one of the nine members of the Board of Directors. The County made no appropriation to the Authority in fiscal year 2022.

(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 promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

The Madison County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with thirty-eight entities as of September 30, 2022.

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

MADISON COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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

All allowable property tax levies.

Payments in lieu of taxes

There are 38 companies that have abatements under these statutes.

Category		Amount of taxes Abated during the Fiscal Year
Section 27-31-101 through Section 27-31-117, Miss. Code (Ann) 1972		
Industrial new enterprise exemption	\$	256,917
Equipment used in connection with enhanced oil recovery projects		49,750
Industrial fee-in-lieu of taxes		1,830,950
Industrial expansion or addition to existing entity exemption		471,618
Section 27-31-53		
Freeport Warehouse Exemption	\$	1,836,589

(18) 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 April 19, 2024 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Debt Issuance:

<u>Issue Date</u>	<u>Interest rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
8/15/2023	4.16%	\$ 5,300,000	Financed Purchase General Obligation	Ad valorem Tax
12/21/2023	5.00%	\$ 5,100,000	Note Series 2023	Ad valorem Tax

Matters requiring disclosure and recognition in the financial Statements:

Madison County has employed a forensic auditor to address settlement errors of commissions in the Madison County Tax Collector Office. Over settlement of commissions paid to Madison County resulted in a shortage of monies in the Tax Collector Office. This shortage was corrected in the September 30, 2022 fiscal year by adjusting monthly settlements to the Madison County General Fund.

Further review of records also disclosed an error in the settlement of commissions to the City of Canton. An intergovernmental payable in the amount of \$88,863 was recorded in the September 30, 2022 financial statements for the amount due to the City of Canton as of September 30, 2022. Madison County remitted these funds to the City of Canton in November of 2023.

MADISON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 24,739,750	24,264,648	24,264,648	-
Licenses, commissions and other revenue	3,202,211	3,428,709	3,428,709	-
Fines and forfeitures	700,000	720,387	720,387	-
Intergovernmental revenues	1,899,948	3,441,760	3,441,760	-
Charges for services	3,700,000	4,912,413	4,912,413	-
Interest income	10,408	56,757	56,757	-
Miscellaneous revenues	1,211,886	2,336,886	2,401,534	(64,648)
Total Revenues	<u>35,464,203</u>	<u>39,161,560</u>	<u>39,226,208</u>	<u>(64,648)</u>
EXPENDITURES				
Current:				
General government	21,225,631	21,330,125	20,559,467	770,658
Public Safety	17,037,835	16,948,087	16,948,087	-
Health and welfare	-	1,202,306	1,202,306	-
Conservation of natural resources	242,001	257,232	257,232	-
Economic development and assistance	-	34,310	34,310	-
Debt service expenditures	850,604	1,538,722	1,538,722	-
Total Expenditures	<u>39,356,071</u>	<u>41,310,782</u>	<u>40,540,124</u>	<u>770,658</u>
Excess of Revenues over (under) Expenditures	<u>(3,891,868)</u>	<u>(2,149,222)</u>	<u>(1,313,916)</u>	<u>(835,306)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	1,860,445	3,533,961	1,797,761	1,736,200
Other financing uses	-	-	-	-
Total Other Financing Sources and Uses	<u>1,860,445</u>	<u>3,533,961</u>	<u>1,797,761</u>	<u>1,736,200</u>
Net Change in Fund Balance	(2,031,423)	1,384,739	483,845	(900,894)
Fund Balances - Beginning	<u>4,448</u>	<u>34,656,696</u>	<u>30,926,559</u>	<u>(3,730,137)</u>
Fund Balances - Ending	<u>\$ (2,026,975)</u>	<u>36,041,435</u>	<u>31,410,404</u>	<u>(4,631,031)</u>

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

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General County I&S Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 14,501,759	14,638,918	14,638,918	-
Licenses, commissions and other revenue	-	1,598	1,598	-
Interest income	-	12,208	12,208	-
Total Revenues	<u>14,501,759</u>	<u>14,652,724</u>	<u>14,652,724</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service expenditures	<u>15,364,862</u>	<u>14,628,945</u>	<u>14,628,945</u>	<u>-</u>
Total Expenditures	<u>15,364,862</u>	<u>14,628,945</u>	<u>14,628,945</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(863,103)</u>	<u>23,779</u>	<u>23,779</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	<u>863,103</u>	<u>141</u>	<u>141</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>863,103</u>	<u>141</u>	<u>141</u>	<u>-</u>
Net Change in Fund Balance	-	23,920	23,920	-
Fund Balances - Beginning	<u>-</u>	<u>8,074,591</u>	<u>8,074,591</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>8,098,511</u>	<u>8,098,511</u>	<u>-</u>

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

MADISON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 10,300,000	10,321,045	10,321,045	-
Interest income		20,120	20,120	-
Total Revenues	<u>10,300,000</u>	<u>10,341,165</u>	<u>10,341,165</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	<u>10,300,000</u>	<u>277,564</u>	<u>277,564</u>	<u>-</u>
Total Expenditures	<u>10,300,000</u>	<u>277,564</u>	<u>277,564</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>10,063,601</u>	<u>10,063,601</u>	<u>-</u>
Net Change in Fund Balance	-	10,063,601	10,063,601	-
Fund Balances - Beginning	<u>-</u>	<u>10,326,433</u>	<u>10,326,433</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>20,390,034</u>	<u>20,390,034</u>	<u>-</u>

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

Madison County
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2022
 UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	\$ 60,576,208	42,719,896	53,534,543	46,578,090	43,248,885	42,844,471	45,831,595	40,110,027	30,143,808
County's proportionate share of the new pension liability (asset)	0.294293 %	0.289030 %	0.276538 %	0.264769 %	0.260019 %	0.257736 %	0.256580 %	0.259477 %	0.248339 %
County's covered payroll	\$ 21,346,856	19,201,805	18,589,667	17,526,341	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	283.77 %	222.48 %	287.98 %	265.76 %	260.46 %	259.13 %	279.22 %	249.38 %	198.73 %
Plan fiduciary net position as a percentage of the total pension liability	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %	67.21 %

The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9-30-15, and until a full full 10-year trend is compiled the entity has only presented information for the years in which information was available.

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

Madison County
 Schedule of the County's Contributions
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2022
 UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,443,841	3,136,178	3,030,503	2,597,219	2,633,456	2,568,712	2,576,920	2,533,214	2,388,961
Contributions in relation to the contractually required contribution	\$ <u>3,443,841</u>	<u>3,136,178</u>	<u>3,030,503</u>	<u>2,597,219</u>	<u>2,633,456</u>	<u>2,568,712</u>	<u>2,576,920</u>	<u>2,533,214</u>	<u>2,388,961</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County covered payroll	19,792,190	18,024,011	17,416,684	16,042,119	16,720,356	16,309,283	16,361,397	16,083,898	15,168,006
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented FYE 9-30-15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which the information is available.

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

MADISON COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total other post employment liability (OPEB)			
Service Cost	\$ 1,027	919	826
Interest	(239)	347	455
Changes of benefit terms	-	-	-
Differences between expected and actual experience	201,843	5,375	-
Changes of assumptions or other inputs	(23,730)	2,238	1,082
Benefit payments	<u>(65,481)</u>	<u>(5,887)</u>	<u>-</u>
Net Change in Total Other Post Employment Liability	113,420	2,992	2,363
Total OPEB liability - beginning	<u>21,536</u>	<u>18,544</u>	<u>16,181</u>
Total OPEB liability - ending	<u>\$ 134,956</u>	<u>21,536</u>	<u>18,544</u>
Covered-employee payroll	17,965,090	18,677,085	17,778,122
Total OPEB liability as a percentage of covered-employee payroll	\$ 0.75%	0.12%	0.10%

* This schedule is implemented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year September 30, 2018 and until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Major Fund General County I & S Fund	Major Fund American Rescue Funds
Budget (Cash Basis)	\$ 483,845	\$ 23,920	\$ 10,063,601
Increase (Decrease)			
Net adjustments for revenue accruals	3,256,926	53,563	(10,028,399)
Net adjustments for expenditure accruals	(3,967,514)	-	(15,025)
GAAP Basis	<u>\$ (226,743)</u>	<u>\$ 77,483</u>	<u>\$ 20,177</u>

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

2019

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

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

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

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

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

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

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

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

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

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

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely. The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

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

B. Changes in benefit provisions.

2016

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

C. 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, 2020 valuation for the June 30, 2022 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

A. Changes of Assumptions.

2020

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

2021

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

2022

MADISON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

The discount rate was changed from 2.17% for the prior Measurement Date to 4.02% for the current Measurement date.

B. Changes in benefit provisions.

2020

None.

2021

None.

2022

None.

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

MADISON COUNTY

SUPPLEMENTARY INFORMATION

MADISON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Federal/Agency Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Agriculture			
Direct Programs:			
Payments in Lieu of taxes	15.226	N/A	\$ <u>9,181</u>
Total U. S. Department of Agriculture			<u>9,181</u>
U.S. Department of Justice			
Direct Programs:			
Treatment Court Discretionary Grant Program	16.585	15PJDP21GG02826DGCT	<u>17,718</u>
Passed through the Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20DC1451	100,863
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21DC1452	<u>18,130</u>
Total Passed through the Mississippi Department of Public Safety			<u>118,993</u>
Total U. S. Department of Justice			<u>136,711</u>
U.S. Department of Transportation			
Passed through the Mississippi Department of Wildlife and Fishery			
Recreational Trails Program	* 20.219	N/A	<u>120,000</u>
Total Passed through the Mississippi Department of Wildlife and Fishery			<u>120,000</u>
Passed-through the Mississippi Department of Public Safety			
National Priority Safety Programs	20.616	M5X-2021-MD-14-51	<u>29,847</u>
Total Passed-through the Mississippi Department of Public Safety			<u>29,847</u>
Total U. S. Department of Transportation			<u>149,847</u>
U.S. Department of Treasury			
Direct Programs:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	* 21.027	N/A	<u>292,647</u>
Total U.S. Department of Treasury			<u>292,647</u>
U.S. Department of Health and Human Service			
Direct Programs:			
Substance abuse and Mental Health Services	93.243	N/A	<u>286,660</u>
Total U.S. Department of Health and Human Service			<u>286,660</u>
U.S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMA-2020	<u>155,684</u>
Total Passed-through the Mississippi Emergency Management Agency			<u>155,684</u>
Total U.S. Department of Homeland Security			<u>155,684</u>
Total Expenditures of Federal Awards			<u>\$ 1,030,730</u>

* Denotes Major Program

MADISON COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

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, 2022. 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 the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

B. Summary of Significant Accounting Policies

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

C. Indirect Cost Rate

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

MADISON COUNTY

OTHER INFORMATION

MADISON COUNTY
Schedule of Surety Bonds for County Officials
for the Year Ended September 30, 2022
UNAUDITED

Name	Position	Bond Amount	Company	Name	Position	Bond Amount	Company
Shelia Jones	Supervisor District 1	\$ 100,000	Liberty Mutual Surety	Stephanie Rae Burton	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety
Trey Herron Baxter	Supervisor District 2	\$ 100,000	Liberty Mutual Surety	Tony R. Alexander	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety
Gerald D. Steen	Supervisor District 3	\$ 100,000	Liberty Mutual Surety	William L. Weisenberger Jr.	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety
Karl M Banks	Supervisor District 4	\$ 100,000	Liberty Mutual Surety	Brian Loveall	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety
Paul Griffin	Supervisor District 5	\$ 100,000	Liberty Mutual Surety	John Garcia	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety
Ronald W. Lott	Chancery Clerk	\$ 100,000	Liberty Mutual Surety	Shane Pickett	Deputy Tax Assessor	\$ 50,000	Liberty Mutual Surety
Anita Wray	Circuit Clerk	\$ 100,000	Liberty Mutual Surety	Anna Carole Evans	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Shelton Vance	County Administrator	\$ 100,000	Liberty Mutual Surety	Ashleigh Marie Owens	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Greg Higginbotham	County Administrator	\$ 100,000	Liberty Mutual Surety	Brenda McKenzie	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Kesha Jackson-Buckner	Purchase Clerk	\$ 100,000	Liberty Mutual Surety	Jennifer Shante Harris	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Randall Tucker	Sheriff	\$ 100,000	Liberty Mutual Surety	Katherine C Grantham	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Kay S. Pace	Tax Collector	\$ 100,000	Liberty Mutual Surety	Katherine Squires	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Jay Hilliard	Inventory Control Clerk	\$ 75,000	Liberty Mutual Surety	Kathryn Goza Irving	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Myrtis Sims	Receiving Clerk	\$ 75,000	Liberty Mutual Surety	Kelsey Olvera Rodriguez	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Cornelius Bacon	Road Manager	\$ 75,000	Liberty Mutual Surety	Laura Dianne Sullivan	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Marta McKnight	Administrative Assistant	\$ 50,000	Liberty Mutual Surety	Lillie Sims Jobe	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Lori Deanna Germany	Adult Drug Court	\$ 50,000	Liberty Mutual Surety	Lisa k Duvall	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Cynthia Parker	Assistant Purchase Clerk	\$ 50,000	Liberty Mutual Surety	Lori A Butler	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
LeeAnn Sanders	Assistant Receiving Clerk	\$ 50,000	Liberty Mutual Surety	Lori Rose Duvall	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Clara Latiker	Assistant Receiving Clerk	\$ 50,000	Liberty Mutual Surety	Myrtle Rayburn	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Yahatta Johnson	Assistant Receiving Clerk	\$ 50,000	Liberty Mutual Surety	Shelia Woodard	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Ricky Kammerdeiner	Chancery Court Clerk	\$ 50,000	Liberty Mutual Surety	Abigail Gaughf	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Cynthia Parker	Chief Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Abigail Gaughf	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Brad D Harbour	Constable	\$ 50,000	Liberty Mutual Surety	Felita Dyess	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Johnny Melvin Sims	Constable	\$ 50,000	Liberty Mutual Surety	Patricia Randle	Deputy Tax Collector	\$ 50,000	Liberty Mutual Surety
Michael Brown	Constable	\$ 50,000	Liberty Mutual Surety	Cheryl Johnson Horn	Justice Court Clerk	\$ 50,000	Liberty Mutual Surety
William L Weisenberger Jr.	Constable	\$ 50,000	Liberty Mutual Surety	Llyod G Spivey III	Justice Court Judge	\$ 50,000	Liberty Mutual Surety
Cheryl Houston	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Marsha Weems Stacey	Justice Court Judge	\$ 50,000	Liberty Mutual Surety
Holli Mccarra	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Martina B Griffin	Justice Court Judge	\$ 50,000	Liberty Mutual Surety
Ivy Brock Stephens	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	William Bruce Mckinley	Justice Court Judge	\$ 50,000	Liberty Mutual Surety
Jeff Lucket	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Norman Cannady Jr	Tax Assessor	\$ 50,000	Liberty Mutual Surety
Kim Arnold	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Adriane Diane Barber	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Kimberly Sievers	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Amy Root	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Na'Son S White	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Angelina Brown	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Rhonda Kammerdeiner	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Brent Smith	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Stacey Toten	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Carolyn Janeice Shute Bryant	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Gena Permenter	Deputy Chancery Clerk	\$ 50,000	Liberty Mutual Surety	Christina Maria Hewitt	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Monica Henderson	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	Christopher John Garavelli	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Priscilla Deny Blankenship	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	David Wayne Smith	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Teresa Carol Speaks	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	Donald L Jorgenson	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Tina Ann Blount	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	Jeff Hodgins	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Wanda Jefferson	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	Joanna Triplett	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Lisa Mcleod Switzer	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	John Fox	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Lisa McLeod Switzer	Deputy Circuit Clerk	\$ 50,000	Liberty Mutual Surety	Joshua Jordan	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Bernard Newsome	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	John Brenton Smith	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Brittany Nicole Hollins	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Kathleen Ketchum	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
James L. Cannon III	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Kimberly Pugh Kennedy	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
James Milton Ransburg	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Lesly Ann Bishop	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Kevin Moffett	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Lisa Coursey	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Lauren Elizabeth Canoy	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Magdalena Slusarczyk	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Lisa Simmons Lee	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Margaret Emily Anderson	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Mary L Hart	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Mitchell Martin Doom	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Mary Lee Luckett	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Randi Young-Jerome	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Noel Alexandria Collier	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Sommer Jackson	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Sarah Steele	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Steven T. Meador	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety
Shelia Taylor	Deputy Justice Court Clerk	\$ 50,000	Liberty Mutual Surety	Tara Nicole Mann	Deputy Tax Assessor	\$ 25,000	Liberty Mutual Surety

MADISON COUNTY

SPECIAL REPORTS

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 19, 2024. Our report includes a qualified opinion on the governmental activities and the General Fund due to inadequate record keeping in the Tax Collector's office. Our report also includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2022-003 to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Madison County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated April 19, 2024, included within this document.

Madison County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Madison County, Mississippi's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Madison County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
April 19, 2024

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITORS' 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 Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Madison County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Madison County, Mississippi's major federal programs for the year ended September 30, 2022. Madison County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Madison County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Madison County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Madison County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Madison County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Madison County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Madison County, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Madison County, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Madison County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Madison County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
April 19, 2024

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors
Madison County, Mississippi

We have examined Madison County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, *Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. The Board of Supervisors of Madison County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Madison County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
April 19, 2024

MADISON COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2022

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

Our examination did not identify any emergency purchases.

MADISON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2022

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

DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Madison County, Mississippi

In planning and performing our audit of the financial statements of Madison County, Mississippi for the year ended September 30, 2022, we considered Madison County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Madison County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 19, 2024, on the financial statements of Madison County, Mississippi.

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

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

Board of Supervisors

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

Repeat Finding Yes, 2021-Finding 1

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

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

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

2. Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

Repeat Finding	Yes, 2021-Finding 4
Criteria	<i>Section 25-1-15, Mississippi Code Annotated (1972), states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”</i>
Condition	In the prior year’s audit, instances of noncompliance were noted, and during the course of this audit we noted the following instances of noncompliance: <ul style="list-style-type: none"> • One (1) deputy tax assessor was not bonded for the entire period; • A bond was unable to be located for one (1) deputy tax collector; • One (1) deputy tax collector was not bonded for the entire period; • Three (3) deputy circuit clerks were not bonded for the entire period; • One (1) deputy justice court clerk was not bonded for the entire period; • The Assistant Purchase Clerk was not bonded for the entire period; and • One (1) assistant receiving clerk was not bonded for the entire period.
Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend that the Board of Supervisors implement procedures to ensure that County officials’ and employees’ bonds meet the requirements of State Law.
Response	The board has decided to include bond applications in the onboarding process to reduce the number of employees not bonded.

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

3.	<u>Public Officials Should Ensure Compliance With State Law Over Depositories</u>
Repeat Finding	Yes, 2021-Finding 5
Criteria	<i>Section 27-105-371, Mississippi Code Annotated (1972), states, "All county officials who receive funds under the authority of their office shall deposit such funds into a county depository...."</i>
Condition	<p>As reported in the prior year's audit, during the course of our audit, we noted that the Board of Supervisors approved Trustmark National Bank as the depository effective February 2, 2021, but we also noted that the following accounts were held at banks other than the approved county depository as of September 30, 2022:</p> <ul style="list-style-type: none">• Renasant Bank<ul style="list-style-type: none">○ Madison County Mineral Stamps Account○ Madison County Tax Sale Redemption Account○ Detention Center Inmate Trust Account• BankPlus<ul style="list-style-type: none">○ Madison County Ronny Lott Tax Redemption○ Madison County Board of Supervisors Persimmon Burnt-Corn WMD Account○ Madison County Ronny Lott Mineral Stamps Account○ Madison County Ronny Lott Court Clearing Account○ Madison County Ronny Lott Land Records Clearing Account○ Madison County Ronny Lott Fee Clearing Account○ Madison County Ronny Lott Chancery Clerk 2nd Term Tax Redemption Account○ Madison County Tax Collector NSF Account○ Madison County Tax Collector Internet Account○ Madison County Tax Collector Account○ Madison County Detention Center Trust Account
Cause	Public officials are maintaining public depositor accounts at institutions other than the one approved by the Board as the county depository.
Effect	Maintaining bank accounts at financial institutions other than the depository approved by the Board of Supervisors could result in the loss of public funds.
Recommendation	We recommend that either the Board of Supervisors approves multiple institutions as the county's depositories or that public officials maintain all accounts at the depository approved by the Board.
Response	Madison County concurs with the finding.

Board of Supervisors and County Administrator

4.	<u>No Bank Reconciliation of the Planning & Zoning Account is Being Performed.</u>
Repeat Finding	Yes, 2021-Finding 6
Criteria	An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	As reported in the prior year’s audit, during the course of our test work we found that a separate bank reconciliation had not been prepared for the Planning & Zoning Account.
Cause	The system of internal control did not include a separate bank reconciliation of the account.
Effect	Failure to complete an accurate and timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.
Recommendation	The County should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately for all bank accounts.
Response	Because the entire amount in the Planning & Zoning account is transferred to the general fund monthly, the county believes that reconciling an account with a zero balance is unnecessary.

County Administrator

5.	<u>Controls Over Classifications Should Be Strengthened.</u>
Repeat Finding	Yes, 2021-Finding 7
Criteria	Disbursements should be recorded in the proper accounts.
Condition	As reported in the prior year’s audit, during the course of our testing of statutory fees, we noted multiple instances where the general ledger accounts that correspond to the various categories of statutory fees for the chancery and circuit clerks appeared to indicate that the clerks had been paid in excess of statutorily allowed amounts. Upon further inquiry, we learned that the amounts recorded and paid from the monthly invoices submitted by the chancery and circuit clerks were being reclassified and recoded in the general ledger and that the invoiced amounts do not correctly correspond to the amounts recorded.
Cause	Controls over the coding of expenditures are improper.
Effect	Expenditures were miscoded.
Recommendation	We recommend controls over the coding of expenditures be strengthened to ensure proper coding and classification.
Response	Madison County concurs with the finding.

Justice Court Clerk

6.	<u>The Justice Court Clerk Should Ensure Compliance With State Law Regarding the Timely Deposit of Funds.</u>
Repeat Finding	Yes, 2021-Finding 8

Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972), states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."</i>
Condition	In the prior year's audit we noted instances of noncompliance, during the course of our test work, we noted that nineteen (19) of the thirty (30) deposits tested were not made in a timely manner.
Cause	These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Justice Court Clerk's Office.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts, and settlement of funds to the County.
Recommendation	The Justice Court Clerk should ensure that the deposits are being made in a timely manner as prescribed by statute.
Response	Madison County concurs with the finding.

Chancery Clerk

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

Repeat Finding Yes, 2021-Finding 9

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

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

Section 9-1-45(3), Mississippi Code Annotated (1972), states, "If the Chancery or Circuit Clerk fails to provide the reports required in this section, then the State Auditor shall give by United States certified mail, return receipt requested, written notification to the Chancery or Circuit Clerk of noncompliance. If within thirty (30) days after receipt of the notice, the Chancery or Circuit Clerk, in the opinion of the State Auditor, remains in noncompliance, the State Auditor may institute civil proceedings in a court of the county in which the Clerk serves. The court, upon a hearing, shall decide the issue and if it determines that the Clerk is not in substantial compliance, shall order the Clerk to immediately and thereafter comply. Violations of any order of the court shall be

punishable as for contempt. In addition, the court in its discretion may impose a civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000) upon the Clerk, for which he shall be liable in his individual capacity, for any such noncompliance that the court determines as intentional or willful.”

Condition	As reported in the prior year’s audit, the Chancery Clerk did not deposit excess funds into the general fund by the statutory deadline. During the course of this audit, we noted that excess funds were not deposited until July 24, 2023.
Cause	The Chancery Clerk did not timely file the Annual Financial Report and deposit excess funds into the general fund until after the statutory deadline.
Effect	Failure to file an Annual Financial Report could result in a civil court proceeding and possible civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000). Additionally, failure to deposit any amount in excess of the salary limitation into the county general fund could result in misappropriation and/or loss of public funds.
Recommendation	The Chancery Clerk should ensure that any excess funds are deposited into the county general fund by the statutory deadline.
Response	The Madison County Chancery Clerk concurs with the finding and is taking steps to rectify the situation.

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

Repeat Finding	Yes; 2021-Finding 10, 2020-Finding 4
Criteria	An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	As reported in the prior two years’ audits, during the course of our cash count, we noted that the bank reconciliation for the land redemption accounts had not been prepared in a timely manner. We were unable to obtain current bank reconciliations in order to properly complete the testing.
Cause	The system of internal control failed to ensure that a timely bank reconciliation was performed for the land redemption accounts.
Effect	Failure to complete an accurate and timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.
Recommendation	The Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately for all bank accounts.
Response	The Madison County Chancery Clerk concurs with the finding and will upgrade its internal control system to prepare all bank reconciliations in a timely manner.

9. The Chancery Clerk Should Ensure Compliance with State Law over Maintaining a Fee Journal.

Repeat Finding	No
-----------------------	----

Criteria	<p><i>Section 9-1-43(1), Mississippi Code Annotated (1972), further states, “(1) After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees’ Retirement System under Sections 25-11-106.1 and 25-11-123(f)(4), employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk’s or circuit clerk’s services in excess of Ninety-seven Thousand Dollars (\$97,000.00).”</i></p> <p><i>Section 9-1-43(3), Mississippi Code Annotated (1972), states, “The chancery clerk and the circuit clerk shall be liable on their official bond for the proper deposit and accounting of all monies received by his office. The State Auditor shall promulgate uniform accounting methods for the accounting of all sources of income by the offices of the chancery and circuit Clerk.”</i></p>
Condition	<p>The Clerk did not properly maintain the fee journal to account for all monies received and expended during the year. We were unable to tie out certain amounts of revenues and expenses reported on the Annual Financial Report.</p> <p>The Clerk did not maintain proper supporting documentation to support all expenses claimed.</p>
Cause	<p>The Clerk did not properly maintain a fee journal during the year, and all receipts and expenses were not properly recorded to match the balances reported on the Annual Financial Report.</p> <p>Further, the Clerk did not maintain the necessary supporting documentation to support that all expenses claimed were Schedule C deductions.</p>
Effect	<p>Failure to maintain an accurate fee journal and all necessary documentation could result in the loss or misappropriation of public funds.</p>
Recommendation	<p>The Clerk should maintain an accurate and complete accounting system that encompasses all revenue and expenses and ensures the proper documentation is maintained.</p>
Response	<p>The Madison County Chancery Clerk will maintain an accurate and complete accounting system and ensure that the proper documentation is maintained.</p>
10.	<p><u>Public officials should ensure that land redemption settlements are made timely.</u></p>
Repeat Finding	<p>No</p>
Criteria	<p><i>Section 27-45-1, Mississippi Code Annotated (1972), states that “the clerk shall make redemption settlements within twenty (20) days after the end of each month and shall make a complete report thereof to the board of supervisors. For a failure so to report or to pay over the sums to the parties entitled thereto as herein required, he shall be liable on his official bond to a penalty of one percent (1%) per month on the amount withheld. The chancery clerk shall also note each redemption on the public record of delinquent tax lands, on the day payment of taxes is made, with the date, name and the amount of redemption money paid.”</i></p>
Condition	<p>During the course of our audit, we noted that the land redemption settlements were made after the 20th of the following month for two (2) of the ten (10) settlements chosen for testing.</p>

Cause	The Chancery Clerk did not make redemption settlements by the 20 th of the following month.
Effect	Failure to properly settle redemptions could result in the misappropriation of public funds and a violation of State Law.
Recommendation	The Chancery Clerk should ensure that redemption settlements are made by the 20 th of the month following collection.
Response	The Madison County Chancery Clerk concurs with the findings and will rectify the late settlements.

Tax Collector

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

Repeat Finding	Yes, 2021-Finding 12
Criteria	<i>Section 27-29-11, Mississippi Code Annotated (1972)</i> , requires that the tax collector make report of and turn over any and all taxes collected during the preceding month on or before the twentieth (20 th) day of the month.
Condition	In the prior year's audit, we noted instances of noncompliance. During the course of our test work on this audit, we noted six (6) instances out of twelve (12) tested where the Tax Collector settled the prior month's collected taxes after the 20 th of the month.
Cause	The Tax Collector has not established a system of internal control to ensure settlements are made timely.
Effect	Inadequate controls surrounding the settlement of revenue collections could result in improper revenue recognition.
Recommendation	The Tax Collector should implement an effective internal control system to ensure the timeliness of settlements.
Response	We concur with this finding. Since FY 2022, a new tax collector has taken office and we are taking steps to strengthen internal controls.

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

Repeat Finding	Yes; 2021-Finding 13, 2020-Finding 8
Criteria	An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our cash count, we noted that the bank reconciliation for the Tax Collector's accounts has not been prepared in a timely manner. We were unable to obtain current bank reconciliations in order to properly complete the testing.
Cause	The system of internal control failed to ensure that a timely bank reconciliation was performed for the bank accounts.
Effect	Failure to complete a timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.
Recommendation	The Tax Collector should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely for all bank accounts.

Response	We concur with this finding. Since FY 2022, a new tax collector has taken office and we are taking steps to strengthen internal controls.
13.	<u>Public Officials should Strengthen Controls over the Safeguarding of Assets.</u>
Repeat Finding	No
Criteria	An effective system of internal control requires the safeguarding of assets, including cash.
Condition	During the course of our cash count, we noted that the following as it relates to the safeguarding of cash on hand and revenues collected: <ul style="list-style-type: none"> • Vaults containing change money are not secured and may be accessed by any personnel at any time • Change drawers were not locked and secured when a deputy was not present at the workstation
Cause	The system of internal control lacked the necessary provisions for the safeguarding of assets, including cash on hand and revenue collected.
Effect	Failure to implement and enforce a system of internal control, which includes the physical safeguarding of assets, results in a weakness in the system of internal control over cash. Further, this could lead to the loss or misappropriation of public funds.
Recommendation	The Tax Collector should establish and maintain an effective internal control system over cash that should include provisions and enforcement measures for the physical safeguarding of all assets, including cash on hand and revenues collected.
Response	We concur with this finding. Since FY 2022, a new tax collector has taken office and we are taking steps to strengthen internal controls.
<u>Circuit Clerk</u>	
14.	<u>The Circuit Clerk Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.</u>
Repeat Finding	No
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972), states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."</i>
Condition	During the course of our test work, we noted that eleven (11) of the twenty (20) receipts tested were not deposited in a timely manner.
Cause	These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Circuit Clerk's Office.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts and settlement of funds to the County.
Recommendation	The Circuit Clerk should ensure that the deposits are being made in a timely manner as prescribed by statute.
Response	Madison County concurs with the finding.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
April 19, 2024

MADISON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COST

MADISON COUNTY
 Schedule of Findings and Questioned Cost
 For the Year Ended September 30, 2022

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs | |
| Assistance Listing Number 21.027, COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFR) | |
| Assistance Listing Number 20.219, Recreational Trails Program | |
| 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 findings 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)? | Yes |

Section 2: Financial Statement Findings

Tax Collector

Material Weakness

2022-001.	<u>The Tax Collector’s Office is Not Performing Bank Reconciliations Accurately.</u>
Repeat Finding	Yes, Finding 2021-001
Criteria	An effective system of internal control in the Tax Collector’s Office consists of timely and accurate reconciliations of bank statements and ensuring reconciled cash is sufficient for settlement of outstanding collections to the proper entities for which collections were made.
Condition	As reported in the prior year’s audit, during the course of our test work, we noted the following: <ul style="list-style-type: none">• The Tax Collector did not reconcile bank statements in an accurate and timely manner.• The Tax Collector’s office uses a largely manual spreadsheet for the tracking of collections and disbursements in place of accounting software. As such, the operation of the manual spreadsheet increases the likelihood of errors in opening balances, journal entries, and reconciliations. There are also less safeguards over the accounting process.• During the course of the cash count, we were unable to tie the reported numbers from the tax collector to the source documents provided, which draws into question the accuracy of the amounts settled by the Tax Collector to the County and other external entities.
Cause	The Tax Collector has failed to properly implement an accounting system and internal control to track and reconcile all receipts, expenditures, and bank statements.
Effect	The failure to properly implement a system of accounting for all receipts and disbursements as well as the failure to accurately and timely reconcile bank statements could result in the loss or misappropriation of public funds and issues concerning settlements to the entities for which the Tax Collector collects. The Independent Auditor’s report includes a qualified opinion on the governmental activities and the General Fund due to the inadequate record keeping in the Tax Collector’s office.
Recommendation	The Tax Collector should implement the usage of an accounting system for the office to track and record all collections and expenditures so that an accurate reconciliation can be performed as a control over cash and settlements.
View of Responsible Official(s)	We concur with this finding. Since FY 2022, a new tax collector has taken office and we are taking steps to strengthen the reconciliation process.

Board of Supervisors

Material Weakness

2022-002.	<u>Component units Should Be Included in the financial statements.</u>
Repeat Finding	Yes, Finding 2021-002

Criteria	Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.
Condition	The financial statements do not include the financial data for the county's legally separate component units.
Cause	The County did not include the audited financial statements of the component units.
Effect	The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.
Recommendation	The Board of Supervisors should provide audited financial data for its discretely presented component units for inclusion in the County's financial statements.
View of Responsible Official(s)	The increase in cost and time necessary to include component units in the County's financial statements outweighs the usefulness of the data on component units.

Tax Collector

Significant Deficiency

2022-003. The Tax Collector is Not Making Accurate Deposits.

Repeat Finding Yes, Finding 2021-003

Criteria	An effective system of internal controls requires that bank deposits be made accurately and that any identified unexplained differences be resolved in a timely manner.
Condition	As reported in the prior year's audit, numerous exceptions were noted. During the course of this audit, we found that the collections per the computer system did not match the deposits made at the bank with fifteen (15) exceptions noted out of twenty (20) deposits tested.
Cause	The Tax Collector has not established a system of internal control to ensure deposits are made accurately and that any identified unexplained differences are resolved in a timely manner.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and the loss or misappropriation of public funds.
Recommendation	The Tax Collector should implement an effective internal control system to ensure the accuracy of deposits.
View of Responsible Official(s)	We concur with this finding. Since FY 2022, a new tax collector has taken office and we are taking steps to strengthen internal controls.

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.



MADISON COUNTY BOARD OF SUPERVISORS

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

March 12, 2024

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, Mississippi 39180

To Whom It May Concern:

Madison County respectfully submits the following corrective action plan for the year ended **September 30, 2022**.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section 1: Summary of Auditor's Results does not include findings and is not addressed.

2022-001.

Corrective Action Planned:

The Madison County Tax Collector has hired new accounting personnel and is currently exploring software upgrades which will make the reconciliation process easier and more efficient.

Anticipated Completion Date:

09/30/2024

Signature and Contact Person Responsible for Corrective Action:



CJ Garavelli
Tax Collector

MADISON COUNTY
Auditee's Corrective Action Plan
September 30, 2022

2022-002. Corrective Action Planned:

No corrective action is planned because of the increase in cost and time necessary to include component units.

Anticipated Completion Date:

N/A

Signature and Contact Person Responsible for Corrective Action:



Greg Higginbotham
County Administrator
601-855-5502

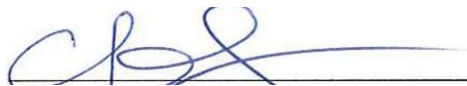
2022-003. Corrective Action Planned:

The Madison County Tax Collector has hired new accounting personnel and is currently exploring software upgrades which will ensure the accuracy of deposits.

Anticipated Completion Date:

09/30/2024

Signature and Contact Person Responsible for Corrective Action:



CJ Garavelli
Tax Collector
601-855-5604

MADISON COUNTY
 Summary Schedule of Prior Audit Findings
 For the Year Ended September 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001 Material Weakness	<ul style="list-style-type: none"> •The Tax Collector did not reconcile bank statements in an accurate and timely manner. •The Tax Collector’s office uses a largely manual spreadsheet for the tracking of collections and disbursements in place of accounting software. As such, the operation of the manual spreadsheet increases the likelihood of errors in opening balances, journal entries, and reconciliations. There are also less safeguards over the accounting process. •During the course of the cash count, we were unable to tie the reported numbers from the tax collector to the source documents provided, which draws into question the accuracy of the amounts settled by the Tax Collector to the County and other external entities. 	Not Corrected (See Finding 2022-001)	Manual bank reconciliations are done each month when the bank statements are mailed in and keyed into a spreadsheet that cross references cash journal entries with deposits made. Accounting is done using a spreadsheet dictated by the state auditor. Kay Pace will assure that the bank reconciliations are up to date and reconciled in a timely manner.
2021-002 Material Weakness	The financial statements do not include the financial data for the county’s legally separate component units.	Not Corrected (See Finding 2022-002)	The increase in cost and time necessary to include component units in the County’s financial statements outweighs the usefulness of the data on component units.
2021-003 Significant Deficiency	During the course of our test work, we found that the collections per the computer system did not match the deposits made at the bank with seven (7) exceptions noted out of the month tested.	Not Corrected (See Finding 2022-003)	Timely deposits will be made so that the deposits can be tied to the cash book. Kay Pace will assure that deposits are made in a timely manner.