

CLOSING AGREEMENT ON FINAL DETERMINATION
COVERING SPECIFIC MATTERS

Under section 7121 of the Internal Revenue Code of 1986, as amended (the "Code"), Madison County Office of Board of Supervisors, EIN 64-6000648, (the "Taxpayer") and the Commissioner of Internal Revenue Service (the "Commissioner" or the "IRS") make this closing agreement (the "Agreement").

WHEREAS, this Agreement is in settlement of issues raised in an examination of the Taxpayer.

WHEREAS, the IRS has determined the following facts and made the following legal conclusions as the result of conducting an employment tax ("Employment Tax") examination of the Taxpayer with regard to the Taxpayer's obligations under sections 3101, 3111, 3402 and 3509 for calendar year/years 2010:

- A. The Taxpayer has entered into an agreement with the Social Security Administration pursuant to section 218 of the Social Security Act ("218 Agreement").
- B. The Taxpayer paid compensation to certain workers (the "Workers") in the following position descriptions: Public Defenders and Constables
- C. The Workers' positions are covered positions under the Taxpayer's 218 Agreement. The Social Security Administration concurs with this determination. Thus, the Workers are employees within the meaning of section 3121(d)(4) of the Code
- D. The Taxpayer did not treat the Workers' positions as covered positions under the 218 Agreement, did not treat the Workers as employees under sections 3121(d)(4) and 3401(c) of the Code, and did not treat the payments made to the Workers as wages within the meaning of sections 3121(a) and 3401(a) of the Code.
- E. The Taxpayer timely filed Forms 1099 with the IRS with respect to payments made to the Workers for services performed in the calendar year 2010.
- F. The total compensation paid to the Workers for services provided in calendar year 2010 was Public Defenders: \$385,440.00; Constables: \$206,396.00.
- G. The Taxpayer agrees that the Workers' positions are covered positions under the 218 Agreement, that the Workers were employees within the meaning of

CLOSING AGREEMENT between Madison County Office of Board of Supervisors
EIN: 64-6000648, and the Internal Revenue Service.

sections 3121(d)(4) and 3401(c), and that payments to the Workers constituted wages subject to FICA tax under the provisions of 3121, 3101 and 3111 of the Code and income tax withholding under the provisions of Section 3402 of the Code.

WHEREAS, the Taxpayer and the IRS have determined that resolution of the matters discussed in paragraphs A through G above is in their respective best interests.

WHEREAS, the terms of this Agreement were arrived at pursuant to negotiations between the Taxpayer and the IRS and may differ from the terms of settlement of similar issues examined or to be examined by the IRS.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND AGREED PURSUANT TO THIS AGREEMENT EXECUTED BY THE PARTIES HERETO UNDER SECTION 7121 OF THE CODE FOR FEDERAL TAX PURPOSES THAT:

1. Simultaneously with the execution and delivery of this Agreement, the Taxpayer will pay \$63,208.12 (the "Closing Amount) to resolve this issue. The Closing Amount shall be made by certified check payable to the U.S. Treasury and delivered to a duly authorized representative of the IRS.
2. This Agreement is executed solely with regard to the resolution of matters discussed in paragraphs A through G above and not of any other issues raised, or to be raised, during the examination of the Taxpayer for calendar year 2010.
3. Effective October 1, 2014, and for all periods thereafter, the Taxpayer will treat the Workers' positions (and positions similar to those of the Workers) as covered positions under the 218 Agreement. In addition, the Taxpayer will treat all payments made to the Workers (and individuals in positions similar to those of the Workers), as wages subject to all Employment Taxes. Beginning October 1, 2014, and all subsequent periods, the Taxpayer will report compensation paid to the Workers on Forms W-2.
4. The IRS will not disturb the Taxpayer's classification of the Workers for federal employment tax purposes for any period from January 1, 2010 through September 30, 2014.
5. Notwithstanding anything to the contrary contained herein, the IRS may take any appropriate action against the Taxpayer with respect to matters other than those set forth herein.
6. The IRS will not assess penalties or interest under Section 6721 of the Code or any other penalty or interest provisions with respect to any tax liability covered under this Agreement.

CLOSING AGREEMENT between Madison County Office of Board of Supervisors
EIN: 64-6000648, and the Internal Revenue Service.

7. This Agreement constitutes a full and complete resolution under the Code of the specific matters discussed herein. No inference shall be made with respect to whether this resolution satisfies other Federal or State law.

8. This Agreement may not be cited or relied upon by any person or entity whatsoever as precedent in the disposition of any other case.

9. No party hereto shall endeavor by litigation or other means to attack the validity of this Agreement.

10. The Closing Amount is not refundable, or subject to credit or offset under any circumstance.

11. This Agreement is final and conclusive except that -

(a). The matter it relates to may be reopened in the event of fraud, malfeasance, or misrepresentation of a material fact.

(b). It is subject to the sections of the Code that expressly provide that effect be given to their provisions (including any stated exceptions for section 7122 of the Code), notwithstanding any other law or rule of law; and

(c). If it relates to a tax period ending after the date of this Agreement, it is subject to any law, enacted after such date that applies to that tax period.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement on the dates indicated below. By signing this Agreement, the parties certify that they have read and agree to the terms set forth herein.

TAXPAYER Madison County Office of
Board of Supervisors

COMMISSIONER OF INTERNAL
REVENUE

EIN: 64-6000648

By: _____

By: _____
Paul A. Marmolejo

Title: _____

Title: Director, Federal, State and Local
Governments

Date: _____

Date: _____

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Form 2504-WC (March 2011)	Department of the Treasury-Internal Revenue Service Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment in Worker Classification Cases (Excise or Employment Tax)	Date Received by Internal Revenue Service
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Name, SSN or EIN, and address of taxpayers (Number, street, city or town, State, ZIP code)
TIN: 64-6000658

Madison County Office of Board of Supervisors
P. O. Box 608
Canton, MS 39046-0608

Adjustment to Tax, Credits and Penalties					
Tax Period Ended	Return Form number	Kind of Tax and Internal Revenue Code Section	Amount of Tax	Credit Increase (Decrease)	Penalty
2010	941	IRC 3101, 3111, 3402	\$ 73,707.36	\$ -	\$ -
Total			73,707.36	0.00	0.00

I consent to the immediate assessment (*Increase in tax and penalties and/or decrease in credits*) and the collection of any such amounts. In addition, I accept any overassessment (*decrease in tax and penalties and/or increase in credits*) shown above. I am waiving the restrictions on assessment provided in sections 7436(d) and 6213(a) of the Internal Revenue Code of 1986.

Sign Here	Date:
Sign Here	Date:
Sign Here By:	Title: Date:

Note: If you consent to the assessment of the amounts shown in this agreement, your signature will expedite our adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are entitled to a refund. It will not prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

For a corporation, enter the officer or officers of the corporation followed by the signature and title of the officer(s) authorized to sign.

 An agent or attorney acting under a Power of Attorney authorization must attach the authorization to this form unless it is already filed with us.

Who Must Sign

If you are making this agreement for a partnership, all partners must sign. However, one partner may sign with appropriate evidence of authorization to act for the partnership.

Memo: Abatement amount under IRC 3402(d) - See explanation on Form 4666

Tax Period Ended	Return Form Number	Abatement amount	Tax Period Ended	Return Form Number	Abatement amount

Form 4666 <small>(Rev. March 2011)</small>	Department of the Treasury - Internal Revenue Service Summary of Employment Tax Examination		
Name and Address of Employer Madison County Office of Board of Supervisors P. O. Box 608 Canton, MS 39046-0608	Employer Identification Number 64-6000658	Date of Report 4/3/2014	
	Type of Report		
	<input type="checkbox"/> Delinquent Tax <small>(Return not filed)</small>	<input checked="" type="checkbox"/> Increase (Decrease) in Tax <small>(Return filed)</small>	
<input checked="" type="checkbox"/> Agreed <small>(This report is subject to review and you will be notified by the Director when it is accepted)</small>			
<input type="checkbox"/> Unagreed			

Following is a summary of the results of my examination of your returns as shown on the attached pages of this report.

Tax, Credits and Penalties							
a Calendar Year	b Return Form Number	c Delinquent Tax Increase (Decrease) in Tax	d Increase (Decrease) in Allowed Credits	e Penalty		f Total Adjustment and Penalties (c+d+e)	g Page number of Report
				Code Section	Amount		
2010	941	73,707.36	-			73,707.36	
Total		73,707.36				73,707.36	

Other Information

The examination of your employment tax returns as reflected on this Agreement included an examination for employment tax purposes of whether Constables, Bailiffs, Election Commissioners, Public Defenders, Law Librarians should be treated as employees of the taxpayer. Section 530 of the Revenue Act of 1978 as amended by Section 1122 of the Small Business Job Protection Act of 1996 provides that taxpayers may rely on a prior audit commenced after December 31, 1996, when the audit included an examination for employment tax purposes of whether the individual involved (or any individual holding a position substantially similar to the position held by the individual involved) should be treated as an employee of the taxpayer. Based upon this examination, you may not rely on any classes of workers for purposes of the prior audit safe haven for satisfying the reasonable basis requirement of Section 530, because all workers audited were reclassified as employees.

This does not constitute an income tax examination.

Form 2504-WC IRC section 7436 issues

Examining Officer's Signature John E. Givens	Examining Officer's ID # 72-19527	Area Gulf Coast
Catalog Number 41874S		Form 4666 (Rev. 03-2011)

www.irs.gov

Form 4668 (Rev. March 2011)	Department of the Treasury - Internal Revenue Service Employment Tax Examination Changes Report	Return Form number 941		
Name and Address of Employer Madison County Office of Board of Supervisors P. O. Box 608 Canton, MS 39046-0608	Employer identification number 64-6000658	Calendar year 2010		
	Total tax plus penalty, or (decrease) in tax \$ 73,707.36	Last quarter of this examination December		
	Total increase or (decrease) in credits \$ -			
Examination discussed with (Name and title) Shelton Vance, Comptroller	<input checked="" type="checkbox"/> Agreed (Subject to acceptance of the Director) <input type="checkbox"/> Unagreed			
	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
1. Total Social security and Medicare tax adjustment (from Schedule of Adjustments, Line 7)	15,838.80	15,838.80	15,838.80	15,838.80
2. Social security and Medicare wage adjustment under IRC 3121(q) (from Schedule of Adjustments, Line 8)	-	-	-	-
3. Increase (decrease) in tax exemption on exempt wages/tips (From Schedule of Adjustments, Line 10)	-	-	-	-
4. Total Income tax withholding (from Schedule of Adjustments, Line 17)	2,588.04	2,588.04	2,588.04	2,588.04
5. Delinquent tax or increase (decrease) in tax (Lines 1.2 and 4 minus/plus Line 3)	18,426.84	18,426.84	18,426.84	18,426.84
6. Net increase (decrease) in credits (from Schedule of Adjustments, Line 23)	-	-	-	-
7. Penalty code section 6651(a)(1)				
8. Penalty code section 6651(a)(2)				
9. Penalty code section 6656				
10. Penalty code section				
11. Total penalty (sum Lines 7, 8, 9 and 10)	\$ -	\$ -	\$ -	\$ -
12. Maximum tax available for abatement under IRC 3402(d)	\$ -	\$ -	\$ -	\$ -

Under IRC sections 6051 and 6071 and the regulations under those sections, you are required to furnish W-2c (Statement of Corrected Income Tax Amounts) on or before the last day of January 2015 to each of the 28 employees whose wages are adjusted by this report. Also, you are required to file the original of these statements with Form W-3c (Transmittal of Corrected Income and Tax Statements) by the last day of February 2015. IRC 6721 and 6722 provide penalties for failure to file and failure to furnish these statements by the required dates. Please file these statements with:

INTERNAL REVENUE SERVICE
 300 East 8th Street
 MS 4097 AUS
 Austin, Texas 78701

Form 2504-WC IRC section 7436 Issues

Examiner's signature	Examiner's ID #	Group Number	Area	Date
John E. Givens	72-19527	7252	Gulf Coast	April 3, 2014

Catalog Number 23275Z

www.irs.gov

Form 4668 (Rev. 03-2011)

Employment Tax Examination Changes Report

Name of Employer	Employer Identification number		Calendar year			
Madison County Office of Board of Supervisors	64-6000658		2010			
	IRS Ref.	(a) Applicable Rate	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
1. Social security and Medicare wage adjustment subject to tax under IRC 3101 and 3111	004	12.4%	-	-	-	-
	073	2.90%	-	-	-	-
2. Social security and Medicare wage adjustment subject to tax under IRC 3509(a)	079	7.44%	172,536.00	172,536.00	172,536.00	172,536.00
		1.74%	172,536.00	172,536.00	172,536.00	172,536.00
3. Social security and Medicare wage adjustment subject to tax under IRC 3509(b)	079	8.68%	-	-	-	-
		2.03%	-	-	-	-
4. Social security and Medicare tip adjustment subject to tax under IRC 3101 and 3111	005	6.20%				
	073	1.45%				
5. Other adjustments to Social Security and Medicare wages						
6. Other adjustments to Social Security and Medicare wages						
7. Total social security and Medicare tax (lines 1, 2, 3, 4, 5 x rates) plus/minus Line 6	112		\$ 15,838.80	\$ 15,838.80	\$ 15,838.80	\$ 15,838.80
8. Social Security and Medicare tax adjustment under 3121(q)	114					
9. Increase (decrease) in exempt wages/tips paid to qualified employees under IRC 3111(d)	115					
10. Increase (decrease) in tax exemption on wages/tips on Line 9 (Line 9 x rate)	116					
11. Income withholding wage adjustment subject to tax under section 3402		25.00%	-	-	-	-
12. Income tax withholding wage adjustment subject to rates under IRC 3509(a)	079	1.50%	172,536.00	172,536.00	172,536.00	172,536.00
13. Income tax withholding wage adjustment subject to rates under IRC 3509(b)	079	3.00%	-	-	-	-
14. Other income tax withholding wage adjustment						
15. Actual income tax withheld but not previously reported						
16. Other adjustment to income withholding						
17. Total income tax (Lines 11, 12, 13, 14 x rates plus Line 15 plus/minus Line 16)	111		\$ 2,588.04	\$ 2,588.04	\$ 2,588.04	\$ 2,588.04
18. Increase (decrease) in COBRA premium assistance payments under IRC 5432	229					
19. Increase (decrease) in Advance Earned Income Credit under IRC 3507	114					
20. Increase (decrease) in exempt wages/tips paid to qualified employees March 19-31, 2010 under IRC 3111(d)(5)	117					
21. Increase (decrease) in credit for exempt wages/tips on Line 20 (Line 20 x rate)	296					
22. Increase (decrease) in other credits						
23. Net increase (decrease) in credits (sum of Lines 18, 19, 21, and 22)			\$ -	\$ -	\$ -	\$ -

Form 2504 (March 2011)	Department of the Treasury-Internal Revenue Service Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment (Excise or Employment Tax)	Date Received by Internal Revenue Service
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Name, SSN or EIN, and address of taxpayers (Number, street, city or town, State, ZIP code)
TIN: 64-6000658

Madison County Office of Board of supervisors
P. O. Box 608
Canton, MS 39046-0608

Adjustment to Tax, Credits and Penalties					
Tax Period Ended	Return Form number	Kind of Tax and Internal Revenue Code Section	Amount of Tax	Credit Increase (Decrease)	Penalty
2010	941	IRC 3101, 3111, 3402	\$ 20,328.16	\$ -	\$ -
Total			20,328.16	0.00	0.00

I consent to the immediate assessment (*Increase in tax and penalties and/or decrease in credits*) and the collection of any such amounts. In addition, I accept any overassessment (*decrease in tax and penalties and/or increase in credits*) shown above. I also agree to any interest provided by law

Sign Here	Date:
Sign Here	Date:
Sign Here By:	Title: Date:

Note: If you consent to the assessment of the amounts shown in this agreement, your signature will expedite our adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are entitled to a refund. It will not prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for either action.

For a corporation, enter the officer or officers of the corporation followed by the signature and title of the officer(s) authorized to sign.

An agent or attorney acting under a Power of Attorney authorization must attach the authorization to this form unless it is already filed with us.

Who Must Sign

If you are making this agreement for a partnership, all partners must sign. However, one partner may sign with appropriate evidence of authorization to act for the partnership.

Memo: Abatement amount under IRC 3402(d) - See explanation on Form 4666

Tax Period Ended	Return Form Number	Abatement amount	Tax Period Ended	Return Form Number	Abatement amount

Form 4668 (Rev. March 2011)	Department of the Treasury - Internal Revenue Service Employment Tax Examination Changes Report	Return Form number 941
Name and Address of Employer Madison County Office of Board of supervisors P. O. Box 608 Canton, MS 39046-0608	Employer identification number 64-6000658	Calendar year 2010
	Total tax plus penalty, or (decrease) in tax \$ 20,328.16	Last quarter of this examination December
	Total increase or (decrease) in credits \$ -	

Examination discussed with (Name and title)
Shelton Vance, Comptroller

Agreed (Subject to acceptance of the Director)
 Unagreed

	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter
1. Total Social security and Medicare tax adjustment (from Schedule of Adjustments, Line 7)	1,929.41	1,929.41	1,929.41	1,929.41
2. Social security and Medicare wage adjustment under IRC 3121(q) (from Schedule of Adjustments, Line 8)	-	-	-	-
3. Increase (decrease) in tax exemption on exempt wages/tips (From Schedule of Adjustments, Line 10)	-	-	-	-
4. Total Income tax withholding (from Schedule of Adjustments, Line 17)	3,152.63	3,152.63	3,152.63	3,152.63
5. Delinquent tax or increase (decrease) in tax (Lines 1, 2 and 4 minus/plus Line 3)	5,082.04	5,082.04	5,082.04	5,082.04
6. Net increase (decrease) in credits (from Schedule of Adjustments, Line 23)	-	-	-	-
7. Penalty code section 6651(a)(1)				
8. Penalty code section 6651(a)(2)				
9. Penalty code section 6656				
10. Penalty code section				
11. Total penalty (sum Lines 7, 8, 9 and 10)	\$ -	\$ -	\$ -	\$ -
12. Maximum tax available for abatement under IRC 3402(d)	\$ 3,152.63	\$ 3,152.63	\$ 3,152.63	\$ 3,152.63

Under IRC sections 6051 and 6071 and the regulations under those sections, you are required to furnish W-2c (Statement of Corrected Income Tax Amounts) on or before the last day of January 2015 to each of the 41 employees whose wages are adjusted by this report. Also, you are required to file the original of these statements with Form W-3c (Transmittal of Corrected Income and Tax Statements) by the last day of February 2015. IRC 6721 and 6722 provide penalties for failure to file and failure to furnish these statements by the required dates. Please file these statements with:

INTERNAL REVENUE SERVICE
300 East 8th Street
MS 4097 AUS
Austin, Texas 78701

Form 2504 non-section 7436 issues

Examiner's signature John E. Givens	Examiner's ID # 72-19527	Group Number 7252	Area Gulf Coast	Date 4/3/2014
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Catalog Number 23275Z

www.irs.gov

Form 4668 (Rev. 03-2011)

Employment Tax Examination Changes Report

Name of Employer		Employer Identification number				Calendar year	
Madison County Office of Board of supervisors		64-6000658				2010	
	IRS Ref.	(a) Applicable Rate	(b) 1st Quarter	(c) 2nd Quarter	(d) 3rd Quarter	(e) 4th Quarter	
1. Social security and Medicare wage adjustment subject to tax under IRC 3101 and 3111	004	12.4%	12,610.50	12,610.50	12,610.50	12,610.50	
	073	2.90%	12,610.50	12,610.50	12,610.50	12,610.50	
2. Social security and Medicare wage adjustment subject to tax under IRC 3509(a)	079	7.44%	-	-	-	-	
		1.74%	-	-	-	-	
3. Social security and Medicare wage adjustment subject to tax under IRC 3509(b)	079	8.68%	-	-	-	-	
		2.03%	-	-	-	-	
4. Social security and Medicare tip adjustment subject to tax under IRC 3101 and 3111	005	6.20%					
	073	1.45%					
5. Other adjustments to Social Security and Medicare wages							
6. Other adjustments to Social Security and Medicare wages							
7. Total social security and Medicare tax (lines 1, 2, 3, 4, 5 x rates) plus/minus Line 6	112		\$ 1,929.41	\$ 1,929.41	\$ 1,929.41	\$ 1,929.41	
8. Social Security and Medicare tax adjustment under 3121(q)	114						
9. Increase (decrease) in exempt wages/tips paid to qualified employees under IRC 3111(d)	115						
10. Increase (decrease) in tax exemption on wages/tips on Line 9 (Line 9 x rate)	116						
11. Income withholding wage adjustment subject to tax under section 3402		25.00%	12,610.50	12,610.50	12,610.50	12,610.50	
12. Income tax withholding wage adjustment subject to rates under IRC 3509(a)	079		-	-	-	-	
13. Income tax withholding wage adjustment subject to rates under IRC 3509(b)	079		-	-	-	-	
14. Other income tax withholding wage adjustment							
15. Actual income tax withheld but not previously reported							
16. Other adjustment to income withholding							
17. Total income tax (Lines 11, 12, 13, 14 x rates plus Line 15 plus/minus Line 16)	111		\$ 3,152.63	\$ 3,152.63	\$ 3,152.63	\$ 3,152.63	
18. Increase (decrease) in COBRA premium assistance payments under IRC 6432	229						
19. Increase (decrease) in Advance Earned Income Credit under IRC 3507	114						
20. Increase (decrease) in exempt wages/tips paid to qualified employees March 19-31, 2010 under IRC 3111(d)(5)	117						
21. Increase (decrease) in credit for exempt wages/tips on Line 20 (Line 20 x rate)	296						
22. Increase (decrease) in other credits							
23. Net increase (decrease) in credits (sum of Lines 18, 19, 21, and 22)			\$ -	\$ -	\$ -	\$ -	