



MADISON COUNTY BOARD OF SUPERVISORS

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Management Representation Letter

November 17, 2014

Office of the State Auditor
501 North West St, Suite 801
Jackson, Mississippi 39201

This representation letter is provided in connection with your audit of the financial statements of Madison County, Mississippi, (the County) which comprises the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of September 30, 2013, and the respective changes in financial position, for the period then ended, and related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 17, 2014, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 28, 2014, including our responsibility for the preparation and fair presentation of the financial statements and for the preparation of the supplementary information and other information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government. However, component units required by GAAP to be included in the financial reporting entity are not included.

John Bell Crosby, *District One*
Ronny Lott, *District Two*

Gerald Steen, *District Three*
Karl M. Banks, Sr., *District Four*

Paul Griffin, *District Five*
Cynthia Parker, *Chancery Clerk*

3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements (or in the schedule of findings and responses).
8. There were no uncorrected financial statement misstatements noted during the audit.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the County is contingently liable have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters (and all audit or relevant monitoring reports, if any, received from funding sources).
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Madison County Board of Supervisors or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the County involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Counties financial statements received in communications from employees, former employees, regulators, or others.
16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

19. We have made available to you all financial records and related data (and all audit or relevant monitoring reports, if any, received from funding sources).
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provision for reporting specific activities in separate funds.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving and amending budgets.
30. The financial statements include and properly disclose all jointly governed organizations.

31. The financial statements properly classify all funds and activities.
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of Net Position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Capital assets, including infrastructure and intangible assets, if any, are properly capitalized, reported, and, if applicable, depreciated.
39. We have appropriately disclosed the County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines, except for Management's Discussion and Analysis (MD&A) which is omitted and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
41. With respect to the Reconciliation of Operating Costs of Solid Waste.
 - a. We acknowledge our responsibility for presenting the Reconciliation of Operating Costs of Solid Waste in accordance with accounting principles generally accepted in the United States of America, and we believe the Reconciliation of Operating Costs of Solid Waste, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Reconciliation of Operating Costs of Solid Waste have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the Reconciliation of Operating Costs of Solid Waste is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
42. We have had no dealings or other transactions with county officials or employees which would be in violation of Section 25-1-53, Miss. Code Ann. (1972) (Nepotism), or Article 4, Section 109 of the Mississippi Constitution (Conflict of Interest).
43. We have done no work for private concerns or individuals.
44. We are not aware of any events other than the events, if any, that are recorded in the official board of supervisor minutes of the county that have occurred subsequent to the balance sheet date that would require

adjustments to, or disclosure in, the financial statements.

45. A list of unresolved findings, if any, from prior federal compliance audits have been provided to representatives of the Office of the State Auditor.
46. We have evaluated the County's ability to continue as a going concern and have included appropriate disclosures as necessary, in the financial statements.
47. With respect to federal award programs:
 - a. We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards. However, federal expenditures were less than the threshold, so no single audit was required.
 - b. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. However, federal expenditures were less than the threshold, so no single audit was required.
 - c. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.
 - d. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
 - e. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
 - f. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - g. We have received no requests from a federal agency to audit one or more specific programs as a major program.
 - h. We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.

- i. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
 - k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
 - l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - m. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
 - q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - r. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - s. We have charged costs to federal awards in accordance with applicable cost principles.
48. With respect to purchasing and inventory control:
- a. We acknowledge our responsibility for the establishment and maintenance of a central purchasing system and an inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss Code Ann. (1972).
 - b. We are responsible for compliance with purchasing and bid requirements in accordance with Section 31-7-13, Miss. Code Ann. (1972).
 - c. We are responsible for the following purchase clerk schedules as required by Section 31-7-115,

Miss. Code Ann. (1972):

- i. Purchases Not Made From the Lowest Bidder
- ii. Emergency Purchases Made
- iii. Purchases Made Noncompetitively From a Sole Source

d. Except as made known to you, we have complied with all laws applicable to:

- i. Establishing and maintaining a central purchasing system for all funds of the county;
- ii. Establishing and maintaining an inventory control system; and
- iii. Bid requirements for purchases.

e. We have disclosed to you any communications from regulatory agencies concerning any possible noncompliance with the applicable legal requirements, including communications received from the end of the reporting period to the date of the auditor's report.

f. We have made available to you all records and data relevant to the county's central purchasing system, inventory control system, and bid procedures.

g. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

h. There are no known instances of noncompliance with applicable legal requirements that occurred subsequent to the period covered by the auditor's report.

49. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

President, Board of Supervisors

Chancery Clerk

County Administrator

Comptroller