



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, 2016

Fortenberry & Ballard, PC
Certified Public Accountants

Madison County Location in Mississippi



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

Madison County, Mississippi
TABLE OF CONTENTS

	<u>PAGE #</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	5
FINANCIAL STATEMENTS	
Statement of Net Position.....	9
Statement of Activities	10
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Assets and Liabilities.....	15
Notes to the Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund.....	46
Schedule of the County's Proportionate Share of the Net Pension Liability	47
Schedule of the County's Contributions.....	48
Notes to the Required Supplementary Information.....	49
SUPPLEMENTARY INFORMATION	
Reconciliation of Operating Costs of Solid Waste	52
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials.....	54
SPECIAL REPORTS	
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>	59
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)).....	61
Limited Internal Control and Compliance Review Management Report	66
Schedule of Findings and Responses.....	68

FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Madison County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate presented remaining fund information of Madison County, Mississippi (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Madison County, Mississippi, as of September 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Madison County's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste and the Schedule of Surety Bonds for County Officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017, on our consideration of the Madison County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
October 23, 2017

Certified Public Accountants

FINANCIAL STATEMENTS

MADISON COUNTY, MISSISSIPPIExhibit 1

Statement of Net Position

September 30, 2016

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 39,706,645
Property Tax Receivable	37,611,330
Fines Receivable (net of allowance for uncollectible of \$1,091,217)	598,279
Intergovernmental Receivables	1,903,094
Other Receivables	384,328
Capital Assets:	
Land and construction in progress	7,981,189
Other capital assets, net	116,994,823
Total Assets	<u>205,179,688</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	9,517,185
Deferred amount on refunding	4,067,356
Total Deferred Outflows of Resources	<u>13,584,541</u>
LIABILITIES	
Claims Payable	1,712,501
Intergovernmental Payables	4,396,525
Accrued Interest Payable	1,641,346
Other payables	3,473,295
Claims and judgments payable	93,717
Long-Term Liabilities	
Due within one year:	
Capital debt	8,433,212
Non-capital debt	130,416
Due in more than one year:	
Capital debt	82,080,022
Non-capital debt	8,256,172
Net Pension Liability	45,831,595
Total Liabilities	<u>156,048,801</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax for future reporting period	37,611,330
Total deferred inflows of resources	<u>37,611,330</u>
NET POSITION	
Net Investment in Capital Assets	38,530,134
Restricted:	
Expendable:	
General Government	603,776
Public Safety	2,440,700
Public Works	9,368,240
Culture and recreation	63,326
Economic development and assistance	24,089
Debt Service	895,978
Unrestricted	(26,822,145)
Total Net Position	<u>\$ 25,104,098</u>

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

MADISON COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 18,377,861	7,974,529	807,170		(9,596,162)
Public Safety	13,992,742	3,750,656	516,017		(9,726,069)
Public Works	14,294,948		53,301	265,572	(13,976,075)
Health and Welfare	1,179,351		130,549		(1,048,802)
Culture and Recreation	1,608,459				(1,608,459)
Conservation of Natural Resources	331,668				(331,668)
Economic Development and Assistance	2,418,243				(2,418,243)
Interest on Long-term Debt	3,055,594				(3,055,594)
Pension Expense	6,832,612				(6,832,612)
Total Governmental Activities	\$ 62,091,478	11,725,185	1,507,037	265,572	(48,593,684)
General Revenues:					
Property Taxes				\$	44,742,794
Road & Bridge Privilege Taxes					1,458,761
In Lieu Tax					682,429
Grants and Contributions not restricted to specific programs					3,118,128
Unrestricted Interest Income					79,748
Miscellaneous					2,536,109
Total General Revenues					52,617,969
Change in Net Position					4,024,285
Net Position - Beginning of year, as previously reported					20,732,284
Prior period adjustments					347,529
Net Position - Beginning of year, as restated					21,079,813
Net Position - End of year				\$	25,104,098

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

MADISON COUNTY, MISSISSIPPI

Exhibit 3

Balance Sheet - Governmental Funds
September 30, 2016

	Major Funds			Total Governmental Funds
	General Fund	General County I & S Fund	Other Governmental Funds	
ASSETS				
Assets				
Cash	\$ 24,541,547	1,467,142	13,697,956	39,706,645
Property tax receivable	19,412,973	8,047,965	10,150,392	37,611,330
Fines receivable (net of allowance for uncollectible, \$1,091,217)	598,279			598,279
Intergovernmental receivables	1,716,082		187,012	1,903,094
Other receivables	166,086		218,242	384,328
Due from other funds		324,563	515,181	839,744
Advances to other funds	181,696		80,316	262,012
Total Assets	<u>46,616,663</u>	<u>9,839,670</u>	<u>24,849,099</u>	<u>81,305,432</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	336,178		1,376,323	1,712,501
Intergovernmental payables	4,393,020		3,505	4,396,525
Due to other funds	835,522		4,222	839,744
Advances from other funds			262,012	262,012
Other Payables	3,473,295			3,473,295
Claims and judgments payable	93,717			93,717
Total Liabilities	<u>9,131,732</u>	<u>-</u>	<u>1,646,062</u>	<u>10,777,794</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	19,412,973	8,047,965	10,150,392	37,611,330
Unavailable revenue - fines	598,279			598,279
Total deferred inflows of resources	<u>20,011,252</u>	<u>8,047,965</u>	<u>10,150,392</u>	<u>38,209,609</u>
Fund Balances:				
Nonspendable:				
Advances	181,696			181,696
Restricted for:				
General government			603,776	603,776
Public safety			2,440,700	2,440,700
Public works			9,368,240	9,368,240
Culture and recreation			63,326	63,326
Economic development and assistance			24,089	24,089
Debt service		1,791,705	745,619	2,537,324
Unassigned	17,291,983		(193,105)	17,098,878
Total Fund Balances	<u>17,473,679</u>	<u>1,791,705</u>	<u>13,052,645</u>	<u>32,318,029</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>46,616,663</u>	<u>9,839,670</u>	<u>24,849,099</u>	<u>81,305,432</u>

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

MADISON COUNTY, MISSISSIPPI

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 32,318,029
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$107,886,210.	124,976,012
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	598,279
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(98,899,822)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(1,641,346)
Deferred amount on refunding	4,067,356
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	
Net pension liability	(45,831,595)
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	9,517,185
Total Net Position - Governmental Activities	\$ <u><u>25,104,098</u></u>

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

MADISON COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in fund Balances - Governmental Funds
For the Year Ended September 30, 2016

	Major Funds			Total Governmental Funds
	General Fund	General County I & S Fund	Other Governmental Funds	
REVENUES				
Property Taxes	\$ 23,832,405	\$ 9,547,618	\$ 11,362,771	\$ 44,742,794
Road and bridge privilege taxes			1,458,761	1,458,761
Licenses, commissions and other revenue	3,454,454	1,123	47,718	3,503,295
Fines and forfeitures	999,919		72,334	1,072,253
Intergovernmental revenues	2,632,234	9,850	2,248,653	4,890,737
Charges for services	5,762,974		1,282,214	7,045,188
Interest income	39,211	5,868	34,669	79,748
Miscellaneous revenues	1,191,921	6,552	1,274,956	2,473,429
In Lieu Tax			682,429	682,429
Total Revenues	37,913,118	9,571,011	18,464,505	65,948,634
EXPENDITURES				
Current:				
General government	18,363,067		824,999	19,188,066
Public safety	11,614,052		3,066,611	14,680,663
Public works	786,429	202,096	13,295,896	14,284,421
Health and welfare	1,116,690			1,116,690
Culture and recreation	25,046		1,562,662	1,587,708
Conservation of natural resources	340,257			340,257
Economic development and assistance	1,095,778	428,099	658,791	2,182,668
Debt Service:				
Principal	414,390	7,200,000	1,281,020	8,895,410
Interest	85,355	3,094,468	257,675	3,437,498
Total Expenditures	33,841,064	10,924,663	20,947,654	65,713,381
 Excess of Revenues over (under) Expenditures	 4,072,054	 (1,353,652)	 (2,483,149)	 235,253
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	73,535		1,129,959	1,203,494
Refunding bonds issued		6,895,000		6,895,000
Payment to bond refunding escrow agent		(7,469,548)		(7,469,548)
Premiums on bonds issued		776,644		776,644
Transfers in	118,022		213,900	331,922
Transfers out	(173,028)	(24,052)	(134,842)	(331,922)
Total Other Financing Sources and Uses	18,529	178,044	1,209,017	1,405,590
 Net Changes in Fund Balances	 4,090,583	 (1,175,608)	 (1,274,132)	 1,640,843
Fund Bal - Beg of year, as previously reported	13,386,236	2,967,313	14,388,907	30,742,456
Fund Reclassifications	13,583		(13,583)	-
Prior Period Adjustments	(16,723)		(48,547)	(65,270)
Fund Balance Beginning of year, as restated	13,383,096	2,967,313	14,326,777	30,677,186
 Fund Balances - End of year	 \$ 17,473,679	 \$ 1,791,705	 \$ 13,052,645	 \$ 32,318,029

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

MADISON COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,640,843
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$4,580,408 exceeded capital outlays of \$3,231,412 in the current period.	(1,348,996)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in the fund balances by the amount of the gain of \$62,680, the loss of \$77,073 and the proceeds from the sale of \$1,203,494 in the current period.	(1,217,887)
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.	104,449
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$8,895,410 exceeded debt proceeds of \$6,895,000.	2,000,410
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:	
Decrease in compensated absences	26,350
Decrease in accrued interest payable	416,662
Payment to bond refunding agent	7,469,548
Premiums on bonds	(776,644)
The Amortization of:	
Premiums on bonds	410,500
Discount on bonds	(4,028)
Deferred amount on refunding bonds	(441,230)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for current year	(6,832,612)
Recognition of contributions made during year	<u>2,576,920</u>
Change in Net Position of Governmental Activities	<u>\$ 4,024,285</u>

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

MADISON COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 570,309
Total Assets	<u>570,309</u>
LIABILITIES	
Amounts held in custody for others	191,597
Intergovernmental payables	<u>378,712</u>
Total Liabilities	<u>\$ 570,309</u>

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

Madison County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2016

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

B. Individual Component Unit Disclosures

Blended Component Unit

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

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

C Basis of Presentation

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

Government-wide Financial Statements:

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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 inflows of resources, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting

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

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

The County reports the following major Governmental Funds:

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

not accounted for and reported in another fund.

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications

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

F. Deposits

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables

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

H. Interfund Transactions and Balances

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

I. Capital Assets

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

Capitalization thresholds (dollar value above which asset acquisitions are added

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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

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

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

J. Deferred Outflows/Inflows of Resources

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

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

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

K. Pensions

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

L. Long-term Liabilities

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

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

M. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

Nonspendable fund balance includes items that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

properties are restricted, committed, or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes 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.

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

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

O. Intergovernmental Revenues in Governmental Funds

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

P. Compensated absences

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

(2) Fund Reclassifications

The Parkway South fund beginning fund balance of \$304,225 was reclassified from Special Revenue Fund to General Fund. The MS Election Support fund beginning fund balance of \$45,158 was reclassified from General Fund to Special Revenue Fund and the Tax Collector Interface fund beginning fund balance of \$245,484 was reclassified from General Fund to Special Revenue Fund.

(3) Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

Exhibit 2 - Statement of Activities

<u>Explanation</u>		<u>Amount</u>
1. Correction of prior year errors in cash.	\$	(65,270)
2. Correction of prior year errors in accrued interest.		(295,454)
3. Correction of prior year errors in compensated absences.		141,981
4. Correction of prior year errors in capital assets.		566,272
Total Governmental Activities	\$	<u>347,529</u>

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

<u>Explanation</u>		<u>Amount</u>
1. Correction of prior year errors in interfund loans - General Fund	\$	(16,723)
2. Correction of prior year errors in cash - Other Governmental Funds		(65,270)
3. Correction of prior year errors in interfund loans - Other Governmental Funds		16,723
Total	\$	<u>(65,270)</u>

(4) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$40,276,954, and the bank balance was \$41,688,659. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

Corporation. Deposits above the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(5) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 510,959
Other Governmental Funds	Other Governmental Funds	4,222
General County I & S	General Fund	324,563
Total		<u>\$ 839,744</u>

The receivables represent tax revenue collected but not settled until October 2016 and to fund construction projects. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 181,696
Other Governmental Funds	Other Governmental Funds	80,316
Total		<u>\$ 262,012</u>

The balances represent monies advanced to various funds to alleviate funding shortages until grant monies are received and error corrections. All interfund balances are expected to be repaid beyond one year from the date of the financial statements.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 118,022
Other Governmental Funds	General Fund	173,028
Other Governmental Funds	General County I & S	24,052
Other Governmental Funds	Other Governmental Funds	16,820
Total		<u>\$ 331,922</u>

The principal purpose of the interfund transfers was to provide funds to cover operating expenditures, for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(6) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2016 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ 1,149,045
Housing prisoners	350,214
Federal grants	186,285
State grants and shared revenues	217,550
Total	<u>\$ 1,903,094</u>

(7) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2016:

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Completed Construction	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:						
Land	\$ 2,909,237					2,909,237
Construction in progress	8,649,510	1,753,920		(5,331,478)		5,071,952
Total non-depreciable capital assets	<u>11,558,747</u>	<u>1,753,920</u>	<u>0</u>	<u>(5,331,478)</u>	<u>0</u>	<u>7,981,189</u>
Depreciable capital assets:						
Infrastructure	153,283,342			5,331,478	566,272	159,181,092
Buildings	43,264,847					43,264,847
Improvements other than buildings	5,271,450	40,920				5,312,370
Mobile equipment	10,273,172	1,147,184	1,105,119		133,980	10,449,217
Furniture and equipment	3,368,064	289,388	22,951			3,634,501
Leased property under capital leases	3,936,445		763,459		(133,980)	3,039,006
Total depreciable capital assets	<u>219,397,320</u>	<u>1,477,492</u>	<u>1,891,529</u>	<u>5,331,478</u>	<u>566,272</u>	<u>224,881,033</u>
Less accumulated depreciation for:						
Infrastructure	79,891,252	1,935,848				81,827,100
Buildings	14,639,385	971,051				15,610,436
Improvements other than buildings	367,928	237,851				605,779
Mobile equipment	6,349,075	858,802	524,750		41,470	6,724,597
Furniture and equipment	2,326,126	254,886	21,264			2,559,748
Leased property under capital leases	405,678	321,970	127,628		(41,470)	558,550
Total accumulated depreciation	<u>103,979,444</u>	<u>4,580,408</u>	<u>673,642</u>	<u>0</u>	<u>0</u>	<u>107,886,210</u>
Total depreciable capital assets, net	<u>115,417,876</u>	<u>(3,102,916)</u>	<u>1,217,887</u>	<u>5,331,478</u>	<u>566,272</u>	<u>116,994,823</u>
Governmental activities capital assets, net	<u>\$ 126,976,623</u>	<u>(1,348,996)</u>	<u>1,217,887</u>	<u>0</u>	<u>566,272</u>	<u>124,976,012</u>

Adjustments were made to transfer paid out leased property to mobile equipment and to correct prior period errors.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 518,353
Public safety	1,193,577
Public works	2,526,612
Health and welfare	85,540
Culture and recreation	20,751
Economic development	235,575
Total depreciation expense	<u>\$ 4,580,408</u>

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Yandell Road Intersection Improvements	\$ 650,000	12/2017
Childress Road Expansion	160,000	12/2017
Gluckstadt and Distribution Intersection	570,000	9/2017
Total	\$ <u>1,380,000</u>	

(8) 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, 2016 to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

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

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

County has uninsured risk retention for all participating entities, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2016, the amount of these liabilities was \$93,717. 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
2014-2015	\$	91,801	2,675,317	2,682,517	84,601
2015-2016	\$	84,601	3,277,368	3,268,252	93,717

(9) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

Classes of Property	Amount
Mobile equipment	\$ 2,832,326
Furniture and equipment	206,680
Total	3,039,006
Less: Accumulated depreciation	558,550
Leased property under capital leases	\$ 2,480,456

The following is a schedule by years of the total payments due as of September 30, 2016:

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Year Ending September 30,	Principal	Interest
2017	\$ 471,613	27,340
2018	480,506	18,462
2019	410,704	9,641
2020	182,701	1,202
Total	\$ <u>1,545,524</u>	<u>56,645</u>

(10) Long-Term Debt

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
Series 2006 Refunding Road and Bridge and Refunding	\$ 725,000	4.13 - 5.00%	05/2017
Series 2007 Refunding Bonds	1,165,000	4.00 - 5.00%	05/2027
Series 2008 Refunding Bonds	3,040,000	3.50 - 5.00%	03/2028
Series 2009 Mississippi Development Bank Special Obligation Refunding Bonds	1,455,000	1.50 - 4.00%	05/2024
Series 2011 Refunding Bonds (Jail)	6,070,000	2.00 - 3.25%	06/2024
Series 2012 Road and Bridge Refunding Bonds	8,620,000	2.00 - 3.00%	05/2026
Series 2014 Road and Bridge Refunding Bonds	11,515,000	2.00 - 4.00%	05/2027
Series 2014 Road and Bridge Bonds	14,225,000	3.50 - 4.50%	11/2029
Series 2014 Refunding Bonds	15,000,000	0.78 - 3.34%	09/2026
Series 2015 Refunding Bonds	9,225,000	1.50 - 4.00%	09/2023
Series 2016 Refunding Bonds (Nissan)	6,895,000	3.00 - 4.00%	03/2028
Total General Obligation Bonds	\$ <u>77,935,000</u>		

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

B. Limited Obligation Bonds:

Urban Renewal Revenue Bond (Sulphur Springs)	\$	1,090,000	2.50%	03/2023
Urban Renewal Revenue Bond (Lost Rabbit)		5,235,000	7.88%	09/2039
Tax Increment Financing Taxable Limited Obligation Bonds				
Series 2015 Galleria Parkway Project		1,114,300	5.37%	04/2035
		<u>1,114,300</u>		
Total Limited Obligation Bonds	\$	<u>7,439,300</u>		

C. Capital Leases:

Phone upgrade system	\$	95,424	1.89%	12/2018
(8) Mack dump trucks		360,221	1.64%	05/2019
Heavy equipment (road)		1,089,879	1.97%	04/2020
		<u>1,089,879</u>		
Total Capital Leases	\$	<u>1,545,524</u>		

D. Other Loans

Industrial development capital improvement (CAP)	\$	49,747	3.00%	09/2017
South Madison Fire Station		332,713	2.00%	05/2021
Farmhaven Fire Station		378,551	2.00%	02/2022
Industrial development capital improvement (CAP)		741,060	3.00%	12/2028
General obligation negotiable notes		2,796,318	1.00%	02/2018
South Madison Annex - limited obligation promissory note		1,343,892	3.69%	09/2023
Valley View Fire Station		635,610	2.00%	02/2034
		<u>635,610</u>		
Total Other Loans	\$	<u>6,277,891</u>		

Pledge of Future Revenues - The County has pledged future general county tax revenues to repay \$5,235,000 in limited obligation infrastructure acquisition revenue bonds issued on August 22, 2014. Proceeds from the bonds provided financing for the acquisition of land improvements within the Lost Rabbit Urban Renewal District. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from general county tax revenues collected from parcels of land located within the boundaries of the Lost Rabbit Urban Renewal District and income received from property fees assessed to land owners within the district. The total principal and accrued interest remaining to be paid on the bonds is \$11,591,600. Principal and interest paid for the current year and total net revenues at September 30, 2016 were \$412,256 and \$24,628, respectively.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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

Year Ending September 30,	General Obligation Bonds		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 6,025,000	3,191,925	174,900	497,531	1,892,115	126,528
2018	6,240,000	2,981,037	276,500	492,238	1,853,592	98,395
2019	6,410,000	2,128,480	288,200	479,316	472,297	70,583
2020	6,595,000	1,950,795	300,000	465,452	482,436	56,346
2021	6,800,000	1,765,677	316,900	450,972	473,894	41,731
2022 - 2026	40,220,000	5,337,724	1,306,500	2,022,015	654,730	93,074
2027 - 2031	5,645,000	494,137	1,391,100	1,598,527	357,914	26,296
2032 - 2036			2,075,200	994,210	90,913	2,620
2037 - 2041			1,310,000	211,443		
Total	\$ 77,935,000	17,849,775	7,439,300	7,211,704	6,277,891	515,573

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, 2016, the amount of outstanding debt was equal to 5.15% of the latest property assessments.

Advance Refunding: On April 9, 2016, the County issued \$6,895,000 in general obligation refunding bonds with an average interest rate of 3.00 to 4.00% to advance refund \$7,085,000 of the following outstanding bond issue:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
General Obligation Road and Bridge Bonds, Series 2008	3.50 - 5.00%	\$ <u>7,085,000</u>

The General Obligation Road and Bridge Bonds, Series 2008 had an outstanding balance of \$10,125,000 at the time of refunding, but only \$7,085,000 of the bonds were refunded, leaving a remaining principal balance of \$3,040,000. The net proceeds of \$7,469,548 (including a premium of \$776,644 and after payment of \$202,096 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

The County advance refunded the above bonds to reduce its total debt service payments over the next ten (10) years by almost \$647,530 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$337,397.

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, 2016, \$61,040,000 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
<u>Governmental Activities:</u>						
General obligation bonds	\$ 83,925,000	6,895,000	5,800,000	(7,085,000)	77,935,000	6,025,000
Limited obligation bonds	7,600,000		160,700		7,439,300	174,900
Capital leases	2,603,780		1,058,256		1,545,524	471,613
Other loans	8,154,345		1,876,454		6,277,891	1,892,115
Compensated absences	1,414,812	63,940	90,290	(141,981)	1,246,481	
Total	\$ <u>103,697,937</u>	<u>6,958,940</u>	<u>8,985,700</u>	<u>(7,226,981)</u>	<u>94,444,196</u>	<u>8,563,628</u>

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016
Premiums	\$ 4,120,284	776,644	410,500	4,486,428
Discounts	(34,830)		(4,028)	(30,802)
	\$ <u>4,085,454</u>	<u>776,644</u>	<u>406,472</u>	<u>4,455,626</u>

Adjustments were made to correctly present compensated absences at year end and to show the refunding of general obligation bonds during the year.

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

(11) Deficit Fund Balances of Individual Funds

The following funds reported a deficit in fund balance and net position at September 30, 2016:

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

Fund	Deficit Amount
Historic Courthouse Repair Fund	\$ 10,943
\$6 Million MDOT Project Fund	62,306
Mannsdale Turn Lane Fund	119,856

(12) Contingencies

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

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

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Madison County Nursing Home. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2016 is \$5,825,000.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

of the agreement by Parkway East relieves the County of additional liability for payment of the bonds. After receiving no reimbursement within two years for the shortfall payments, the County notified the trustee that no additional shortfall payments would be made. Subsequently, the bond insurer, Radian, filed suit against multiple parties challenging the County's interpretation of the contribution agreement. This case is currently pending in federal court.

Parkway South Public Improvement District - The County has the same agreement with Parkway South Public Improvement District as it has with Parkway East Public Improvement District. In October 2015, the Board was notified that the District could not meet its obligation to pay the November 1, 2015 debt service and the County was again notified in April 2016 that the District could not meet its obligation to pay the May 1, 2016 debt service. The County paid \$152,264 in October 2015 and \$634,164 in April 2016. In October 2015, Parkway South Public Improvement District repaid the County \$177,550, and in May 2016, repaid \$339,661, per the agreement.

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

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

Madison County and the Mississippi Transportation Commission (Mississippi Department of Transportation) entered into an Interlocal Cooperative Agreement, dated October 11, 2006 and amended May 8, 2013 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 following:

- \$145,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (Madison County, Mississippi Highway Construction Project)
- \$88,865,000 Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Refunding 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 bonds listed. 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. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

<u>Issue</u>	<u>Outstanding Amount</u>
Mississippi Development Bank, Series 2006	\$ 7,030,000
Mississippi Development Bank, Series 2013C	<u>88,865,000</u>
Total No Commitment Debt	<u>\$ 95,895,000</u>

(14) Jointly Governed Organizations

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Madison County Board of Supervisors appoints two of the twenty-two members of the college board of trustees. Madison County appropriated \$3,262,419 for maintenance and support of the College in fiscal year 2016.

Region 8 Mental Health - Mental Retardation Commission operates in a district composed of the counties of Copiah, Madison, Rankin, and Simpson. The Madison County Board of Supervisors appoints one of the four board of commissioners. The County appropriated \$110,000 for maintenance and support of the center in fiscal year 2016.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Madison County Board of Supervisors appoints three of thirty-three members of the board of directors. Madison County appropriated \$11,279 for maintenance and support of the district in fiscal year 2016.

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 2016.

(15) 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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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, 2016, 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, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2016, 2015 and 2014 were \$2,576,920, \$2,533,214, and \$2,388,961, respectively, equal to the required contributions for each year.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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

At September 30, 2016, the County reported a liability of \$45,831,595 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016 net pension liability was .256580 percent, which was based on a measurement date of June 30, 2016. This was a decrease of .002897 from its proportion share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$6,832,612. At September 30, 2016 the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,373,347
Net difference between projected and actual earnings on pension plan investments	5,968,519
Change of assumptions	3,333,553
Changes in proportion and differences between county contributions and proportionate share of contributions	(1,819,996)
County contributions subsequent to the measurement date	<u>661,762</u>
Total	<u>\$ 9,517,185</u>

\$661,762 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Madison County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Year ending September 30:		
2017	\$	3,459,986
2018		2,941,744
2019		1,548,280
2020		905,413
Total	\$	<u>8,855,423</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 - 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
Real Assets	10%	4.00%
Private Equity	8%	6.15%
Cash	1%	-0.50%
Total	100%	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 58,766,380	\$ 45,831,595	\$ 35,099,916

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Report, publicly available at www.pers.ms.gov.

Madison County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

(16) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$26,822,145) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$661,762 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, 2017. The \$8,855,423 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

The governmental activities' net investment in capital assets net position amount of \$38,530,134 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$4,067,356 balance of the \$13,584,541 balance of deferred outflows of resources at September 30, 2016, will be recognized as an expense and will decrease the net investment in capital assets net position.

The governmental activities' unrestricted net position amount of (\$26,822,145) includes the effect of recognition of deferring the recognition of revenue resulting from property tax for future reporting period. The \$37,611,330 balance of deferred inflows of resources at September 30, 2016, will be recognized as a revenue over the next few years.

(17) Subsequent Events

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

July 17, 2017 - the removal of contingency for Hospital Revenue Bonds Nursing Home to prepay remaining \$5,475,000 essentially taking contingency off the County.

Also:

Date	Amount	Issue
09-28-17	\$ 8,000,000	General Obligation Road & Bridge Bonds

REQUIRED SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 22,996,603	23,366,423	23,366,423	0
Licenses, commissions and other revenue	2,919,900	2,822,913	2,822,913	0
Fines and forfeitures	850,000	983,848	983,848	0
Intergovernmental revenues	2,355,000	2,554,833	2,554,833	0
Charges for services	5,350,000	5,836,283	5,836,283	0
Interest income	29,900	38,585	38,585	0
Miscellaneous revenues	469,000	1,229,764	1,041,534	(188,230)
Total Revenues	<u>34,970,403</u>	<u>36,832,649</u>	<u>36,644,419</u>	<u>(188,230)</u>
EXPENDITURES				
Current:				
General government	21,645,620	18,551,435	18,551,435	0
Public Safety	12,371,496	11,863,782	11,863,782	0
Public Works		786,429	786,429	
Health and welfare	1,189,899	1,112,864	1,112,864	0
Culture and recreation	214,550	42,068	42,068	0
Conservation of natural resources	342,753	340,312	340,312	0
Economic development and assistance	11,279	11,279	11,279	0
Debt service expenditures	1,005,579	1,657,577	1,657,577	0
Total Expenditures	<u>36,781,176</u>	<u>34,365,746</u>	<u>34,365,746</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,810,773)</u>	<u>2,466,903</u>	<u>2,278,673</u>	<u>(188,230)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	2,948,992	160,172	160,172	
Other financing uses		(131,856)	(131,856)	0
Total Other Financing Sources and Uses	<u>2,948,992</u>	<u>28,316</u>	<u>28,316</u>	<u>0</u>
Net Change in Fund Balance	1,138,219	2,495,219	2,306,989	(188,230)
Fund Balances - Beginning			<u>13,051,720</u>	<u>13,051,720</u>
Fund Balances - Ending	<u>\$ 1,138,219</u>	<u>2,495,219</u>	<u>15,358,709</u>	<u>12,863,490</u>

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

Madison County, Mississippi

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

PERS

Last 10 Fiscal Years*

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

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

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

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

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

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

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

Madison County, Mississippi

Notes to the Required Supplementary Information
For the year ended September 30, 2016

Budgetary Comparison Schedules

A. Budgetary Information.

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

Madison County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2016

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

	<u>Governmental Fund</u>	
		<u>General Fund</u>
Budget (Cash Basis)	\$	<u>2,306,989</u>
Increase (Decrease)		
Net adjustments for revenue accruals		1,300,084
Net adjustments for expenditure accruals		<u>483,510</u>
GAAP Basis	\$	<u><u>4,090,583</u></u>

2) Pension Schedules

A. Change in benefit provisions.

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.

B. Changes of assumptions

In 2015 and later, 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. In 2015, the expectation of disabled mortality was changed to the RP-2015 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 and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

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

SUPPLEMENTARY INFORMATION

MADISON COUNTY, MISSISSIPPI
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2016

Operating Expenditures, Cash Basis

Salaries	\$	706,026
Contractual services		69,870
Contractual services-Garbage Collection		632,767
Landfill charges		322,694
Recycling		237,321
Consumable supplies		103,143
Capital outlay and other		<u>1,741</u>
Solid waste cash Basis Operating Expenditures		<u>2,073,562</u>
Full Cost Expenses:		
Indirect administrative costs		44,224
Depreciation on equipment		<u>69,492</u>
Solid waste Full Cost Operating Expenses	\$	<u><u>2,187,278</u></u>

OTHER INFORMATION

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
John Bell Crosby	Supervisor District 1	Brierfield Insurance Company	\$100,000
Shelia Jones	Supervisor District 1	Liberty Mutual Surety	\$100,000
John Howland	Supervisor District 2	Liberty Mutual Surety	\$100,000
Trey Herron Baxter	Supervisor District 2	Liberty Mutual Surety	\$100,000
Gerald D. Steen	Supervisor District 3	Liberty Mutual Surety	\$100,000
Karl M. Banks	Supervisor District 4	Brierfield Insurance Company	\$100,000
David Bishop	Supervisor District 4	Liberty Mutual Surety	\$100,000
Paul Griffin	Supervisor District 5	Liberty Mutual Surety	\$100,000
Mark Houston	County Administrator	Liberty Mutual Surety	\$100,000
Tony Greer	County Administrator	Liberty Mutual Surety	\$100,000
Ronald W. Lott	Chancery Clerk	Liberty Mutual Surety	\$100,000
Shelton Vance	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Loretta Phillips	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Regina Ferguson	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Cynthia Parker	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Holli Mccarra	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Jeff Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Sarah Sasnett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Stacey Toten	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Charles Laseter	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Marie Luckett	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Myrtis Sims	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Karen Tripp	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Kimberly Sievers	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Megan Mawhorter	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Kim Arnold	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Cheryl Houston	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Danny Perry	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Emily Anne Robinson	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Ivy Brock	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Rhonda Kammerdeiner	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Susan Edgar	Deputy Chancery Clerk	Liberty Mutual Surety	\$50,000
Hardy Crunk	Purchase Clerk	Liberty Mutual Surety	\$75,000
Cynthia Parker	Assistant Purchase Clerk	Liberty Mutual Surety	\$50,000
Myrtis Sims	Receiving Clerk	BancorpSouth Insurance Service	\$75,000
Jeremy Williams	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Wayne Wells	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Laura Leathers	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Lynn Thornburg	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Leeann Sanders	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Yahatta Johnson	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Clara Latiker	Assistant Receiving Clerk	Liberty Mutual Surety	\$50,000
Rhine Chesteen	Inventory Control Clerk	Liberty Mutual Surety	\$75,000
Jay Hilliard	Inventory Control Clerk	Liberty Mutual Surety	\$75,000
Shelton Vance	Assistant Inventory Control Clerk	Liberty Mutual Surety	\$50,000
Lawrence Morris	Road Manager	Liberty Mutual Surety	\$50,000
Dan Gaillet	Road Manager	Liberty Mutual Surety	\$50,000
William L. Weisenberger Jr.	Constable	Liberty Mutual Surety	\$50,000
Johnny Sims	Constable	Liberty Mutual Surety	\$50,000
Matt Shackelford	Constable	Brierfield Insurance Company	\$50,000
Brad Harbour	Constable	Liberty Mutual Surety	\$50,000
Michael Brown	Constable	Liberty Mutual Surety	\$50,000
Lee Westbrook	Circuit Clerk	Brierfield Insurance Company	\$100,000
Anita Wray	Circuit Clerk	Liberty Mutual Surety	\$100,000
Sara B Albritton	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Priscilla D Blankenship	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Natalie S Kirby	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Monica L Henderson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Wanda Jefferson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Margaret Jones	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Laurie A Prince	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Fannie M Sanders	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Lindsay Johnson	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Maria Wray	Deputy Circuit Clerk	Liberty Mutual Surety	\$50,000
Randall Tucker	Sheriff	Liberty Mutual Surety	\$100,000

MADISON COUNTY, MISSISSIPPI
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2016
 UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Albert Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Cline Wyman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Sam Howard	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kristopher J Stone	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James C Mangum	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Cannon	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tommy Squires	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joseph Butler	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Cynthia Esco	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Don Hicks	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Earl Taylor	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Elton Flax	Deputy Sheriff	Liberty Mutual Surety	\$50,000
George Elliot	Deputy Sheriff	Liberty Mutual Surety	\$50,000
George Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Harold Curtis	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Knight	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Thomas	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jason Barnes	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William H Hudson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William L Weisenberger Jr	Deputy Sheriff	Liberty Mutual Surety	\$50,000
William Lee Brock	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John M Chapman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Rylon Thompson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jacoby Cowan	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Barry Chandler	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Donovan Gerlach	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Terry Barfield	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Taylor Chastain	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Scott McDonald	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Russell Kirby	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robbin Welch	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Robert S Graves	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard T Davis III	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard Clark	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Randall Grewe	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Radford G Shearrill	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Perry Christopher Ables	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Nathaniel Johnson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Todd Wilson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Mark Sandridge	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kim W Henderson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joshua H Fish	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Newman Bernard Newsome	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Howard Young	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeremy Williams	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Taylor	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Tyler Wesley Burnell	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Slade Moore	Deputy Sheriff	Liberty Mutual Surety	\$50,000
JP Pilgrim	Deputy Sheriff	Liberty Mutual Surety	\$50,000
James Hall	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joel Evans	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Joseph Mangino	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kevin Moffett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Richard Ladner	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Guy Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Kip Luby	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Kyrie Lucas	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Glen William Fox	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Michael Seth Everett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Thomas Strait	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Watts Johnson	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jeffery M Waldrop	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brad Sullivan	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Brian Loveall	Deputy Sheriff	Liberty Mutual Surety	\$50,000
David Redd	Deputy Sheriff	Liberty Mutual Surety	\$50,000

MADISON COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Name	Position	Company	Bond
Jeff Johns	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Andre Jones	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Daniel Conner Smith	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Eugene Lockett	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Gregory Scott Phillips	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Jamal Watkins	Deputy Sheriff	Liberty Mutual Surety	\$50,000
John Chapman	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Johnathan Lumbley	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Matthew Holcomb	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Paul Cox	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Wesley Schneider	Deputy Sheriff	Liberty Mutual Surety	\$50,000
Mamie Chinn	Justice Court Judge	Brierfield Insurance Company	\$50,000
Martina Bridges Griffin	Justice Court Judge	Liberty Mutual Surety	\$50,000
Marsha Weems Stacey	Justice Court Judge	Liberty Mutual Surety	\$50,000
William Weisenburger	Justice Court Judge	Brierfield Insurance Company	\$50,000
Lloyd Spivey, III	Justice Court Judge	Liberty Mutual Surety	\$50,000
William Bruce McKinley	Justice Court Judge	Liberty Mutual Surety	\$50,000
Susan McCarty	Justice Court Clerk	Liberty Mutual Surety	\$50,000
Sarah Steele	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Lauren Canoy	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Evelyn J Jackson	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Earnestine Brown	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Stephanie Burton	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Cheryl Horn	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Renata Carr	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Brittany Horn	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
James Ransburg	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Shelia Taylor	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Seth Everett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Richard T Davis	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Mary Luckett	Deputy Justice Court Clerk	Liberty Mutual Surety	\$50,000
Kay S. Pace	Tax Collector	Liberty Mutual Surety	\$100,000
Gerald Barber	Tax Assessor	Brierfield Insurance Company	\$100,000
Norman Cannady	Tax Assessor	Liberty Mutual Surety	\$50,000
Sally C Baldwin	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Lisa K Duvall	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Lori A Butler	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Myrtle Rayburn	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brenda Y Winn	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Margaret Hayman	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Paulette Cobb	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Jo Ann Tootle	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brenda McKenzie	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brad D Harbour	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Rosemarie Jones	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Brooke Burchfield	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Wanda Lancaster	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Debra Nason	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Sheila Woodard	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Laura Sullivan	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
LaJuana Johnson	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
Leslie Brook Burchfield	Deputy Tax Collector	Liberty Mutual Surety	\$50,000
William Stewart	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Vent Mixon	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Tina Blount	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Norman Cannady	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Margaret E Anderson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Lionel K Hawkins	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Kathleen Ketchum	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
John F Fox	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
John Anderson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Jeff Peterson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
James I Ford	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000

MADISON COUNTY, MISSISSIPPI
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2016
 UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Ira H Thorn	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Evelyn Mixon	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Christopher J Garavelli	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Brad D Harbour	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Angelina Brown	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Alice Simpson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Adriane D Odom	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Leslie Lacour	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Randi Jerome	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Brent Smith	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Carolyn Bryant	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Lesly Barthel	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Stacy Powell	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Don Jorgenson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Nicole Mann	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Sommer Jackson	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Sue Anglin	Deputy Tax Assessor	Liberty Mutual Surety	\$10,000
Rudy Warnock	County Engineer	Liberty Mutual Surety	\$50,000
Dan Gaillet	County Engineer	Liberty Mutual Surety	\$50,000
Richard Tolbert	County Surveyor	Liberty Mutual Surety	\$50,000
Shelton Vance	Comptroller	Liberty Mutual Surety	\$75,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Madison County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 23, 2017. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Finding and Responses as Finding 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Madison County's Response to the Finding

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

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
October 23, 2017

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Madison County, Mississippi

We have examined Madison County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. 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, 2016.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 23, 2017

Certified Public Accountants

Madison County, Mississippi
 Schedule of Purchases Not Made From the Lowest Bidder
 For the Year Ended September 30, 2016

Schedule 1

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting other than the Lowest Bid
05-17-16	Two mini excavators	\$ 173,946	JWH		Did not meet specifications
05-17-16	Pot Hole Patching Truck	\$ 187,600	Covington Sales		Did not meet specifications

Madison County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Purchase
10-21-15	Bridge repair	\$ 120,763.50	A.J. Construction	Dangerous bridge on heavy traffic road

Madison County, Mississippi

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2016

Date	Item Purchased	Amount Paid	Vendor
11-02-15	Eight Tasers	\$8,142.92	Taser International, Inc.

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, we considered Madison County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Madison County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 23, 2017, on the financial statements of Madison County, Mississippi.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 23, 2017

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Madison County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2016

Section I: Summary of Auditor's Results

Financial Statements:

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

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

2. Internal control over financial reporting:

- a. Material weakness identified? Yes.
- b. Significant deficiency identified? None reported.

3. Noncompliance material to financial statements noted? No.

Section II: Financial Statement Findings

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

Finding 2016 - 001:

Board of Supervisors

Material Weakness

Criteria:

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

Condition:

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

Cause:

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

Effect:

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

Recommendation:

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

Response:

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