

**MADISON COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

**AUDITED FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2016

**MADISON COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

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INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

Members of the Board
Madison County Economic Development Authority
Canton, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activity and the major fund of the Madison County Economic Development Authority (the Authority), as of and for the year ended September 30, 2016, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the 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. 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 circumstance, 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.

Opinions

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

Other Matters

Prior Period Adjustment

As described in Note 10, during the year ended September 30, 2016, management discovered that grant revenue for the year ended September 30, 2015 was overstated by one million dollars. As a result the Organization has restated the accompanying financial statements as of and for the year ended September 30, 2015 to reflect the correct grant revenue for that year. Our opinion was not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statement, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statement 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Summers, Green, & LeRoux, LLP

Summers, Green, & LeRoux, LLP
March 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the financial performance of Madison County Economic Development Authority (MCEDA) for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented in conjunction with MCEDA's Independent Audit Report, basic financial statements, accompanying notes and supplementary information which are attached.

FINANCIAL HIGHLIGHTS

1. The assets of MCEDA were \$10,122,350 at the close of 2016 fiscal year.
2. The Fund Balance at September 30, 2016, was \$1,054,150 representing an increase of \$249,893 from the 2015 fiscal year.
3. MCEDA's cash balance at September 30, 2016, was \$1,040,852 which represents an increase of \$300,208 from 2015.
4. The revenues for fiscal year 2016 were \$1,866,320.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with the Governmental Accounting Standards Board Statement 34 (GASB 34), there are three components to the basic financial statements: (1) the government-wide financial statements, (2) the fund financial statements, and (3) the notes supporting the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of MCEDA finances, in a manner similar to private-sector business.

The statement of net position presents information on all MCEDA assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of MCEDA is improving or deteriorating.

The Statement of activities presents information showing how net position changed during the most recent fiscal year.

Fund Financial Statements

The financial statements of MCEDA include balance sheets and statements of revenues, expenditures, and changes in fund balance. The balance sheet summarizes and describes the assets, liabilities and financial condition of MCEDA. The statement of revenues, expenditures and changes in fund balance summarize the revenue, expenditures and other financing sources. MCEDA has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

MCEDA maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund. The general and capital projects funds are considered to be major funds.

MCEDA adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OVERALL FINANCIAL ANALYSIS

MCEDA's operating budget is funded by a millage appropriated by Madison County Board of Supervisors. The 2016 millage rate of 0.45 mill equated to \$673,075. Millage rates are determined annually by the Board of Supervisors. Tax collections are subject to fluctuation in value based on property values. In addition, MCEDA receives funds from other governmental entities for reimbursement of capital projects undertaken by MDECA. MCEDA leases facilities to businesses and receives revenue from these leases. MCEDA also purchases property and receives funds from the sale of land.

The funds are used by MCEDA to undertake capital projects as well as to promote economic development. Examples include the purchase and development of land for industrial parks and constructing or renovating facilities and infrastructure including roads, sewer, water and rail facilities, and industrial and commercial building structures. MCEDA also has the authority to build and lease facilities for businesses to aid in recruiting and maintaining high paying jobs. in Madison County.

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. For MCEDA, assets exceeded liabilities at the close of the most recent fiscal year.

OVERALL FINANCIAL ANALYSIS (Continued)

MCEDA's net position reflects its investment in capital assets less any related debt used to acquire those assets. Key elements of the net position are as follows:

	September 30, 2016	Restated September 30, 2015
Current and other assets	\$ 1,112,060	\$ 1,082,554
Capital assets, net of depreciation	9,010,290	9,202,712
Total assets	<u>10,122,350</u>	<u>10,285,266</u>
Current liabilities	182,726	375,752
Long-term liabilities	1,959,636	2,090,608
Total liabilities	<u>2,142,362</u>	<u>2,466,360</u>
Net position		
Net investment in capital assets	4,925,837	5,901,957
Unrestricted	1,054,150	(83,051)
Temporarily Restricted	1,000,000	1,000,000
Total net position	<u>\$ 6,979,987</u>	<u>\$ 6,818,906</u>

MCEDA's net position increased during the most recent fiscal year. The majority of the increase is due to the completion of the new MCEDA office building as well as build-out for the Mississippi Bio-Medical Business Collaboratory which was partially funded by ACE grants administered by the Mississippi Development Authority as well as partially with MCEDA's own funds.

Key elements of the change in net position are reflected in the following table:

	September 30, 2016	Restated September 30, 2015
Revenues:		
Program Revenues		
Charges for services	\$ 516,343	\$ 292,141
Operating grants and contributions	758,780	788,841
Capital grants and contributions	37,216	156,090
Other General revenues	430,931	
Total revenues	<u>1,743,270</u>	<u>1,237,072</u>
Expenses:		
Economic Development	809,843	1,255,300
Land and Building Rental	694,300	366,577
Interest expense on long-term debt	78,046	56,526
Total expenses	<u>1,582,189</u>	<u>1,678,403</u>
Change in net position	161,081	(441,331)
Net Position - Beginning	6,818,906	7,260,237
Net Position - Ending	<u>\$ 6,979,987</u>	<u>\$ 6,818,906</u>

As noted above and in the Statement of Activities, the cost of all governmental activities during the fiscal year ended September 30, 2016 was \$1,582,189.

CAPITAL ASSETS

MCEDA's investment in capital assets for the governmental activities as of September 30, 2016, was \$13,708,651. This includes land, infrastructure, buildings, furniture and equipment.

Total accumulated depreciation as of September 30, 2016, was \$4,698,361. The balance in total net capital assets was \$9,010,290. More detailed information about MCEDA's capital assets is presented in the notes to the financial statements.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT MCEDA

The mission of MCEDA is to stimulate economic growth in Madison County by attracting new jobs and investments and by enhancing the overall business climate that allows for the maximization of economic development in Madison County. MCEDA has legislative authority to borrow up to \$12.0 million. At the close of 2016 fiscal year, MCEDA's outstanding long-term debt was approximately \$2,084,452 which is reported in the government wide financial statement of Madison County. Beginning October 1, 2005, Madison County Board of Supervisors voted unanimously to fund MCEDA operations account on a quarterly basis and to allow oversight of the expenditures to become MCEDA's sole responsibility. MCEDA has contracted with Harper, Raines, Knight, & Company to facilitate the accounting activities and tracking of the accountability for these funds.

CONTACTING MCEDA'S FINANCIAL MANAGEMENT

MCEDA's financial statements are designed to provide users with a general overview of its finances and to demonstrate its accountability for the financial resources it manages. If you have any questions about the report or need additional information, contact the Director, Madison County Economic Development Authority, 135 Mississippi Parkway, Canton, Mississippi, 39046.

BASIC GOVERNMENT FINANCIAL STATEMENTS

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities
ASSETS	
Cash	\$ 1,040,852
Millage Receivable	36,930
Rent Receivable	34,278
Capital Assets:	
Non-Depreciable:	
Land	705,935
Depreciable:	
Furniture & Equipment	367,337
Infrastructure	789,305
Building	11,846,074
	13,708,651
Less Accumulated Depreciation	(4,698,361)
Total Capital Assets, Net	9,010,290
Total Assets	10,122,350
 LIABILITIES	
Due within one year:	
Claims Payable	57,911
ACE Grant Payable	1,000,000
Loans payable - current	124,816
Due in more than one year:	
Loans payable -long term	1,959,636
Total Liabilities	3,142,363
 NET POSITION	
Net investment in capital assets	4,925,837
Temporarily restricted net assets	1,000,000
Restricted for economic development	1,054,150
Total Net Position	\$ 6,979,987

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

**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	
Expenses				Governmental Activities
\$ 809,843	\$ -	\$ 758,780	\$ 37,216	\$ (13,847)
694,300	516,343			\$ (177,957)
78,046				\$ (78,046)
<u>\$ 1,582,189</u>	<u>\$ 516,343</u>	<u>\$ 758,780</u>	<u>\$ 37,216</u>	<u>\$ (269,850)</u>

FUNCTIONS / PROGRAMS
Government activities:
Economic Development
Land and Building Rental
Interest on long-term debt
Total governmental activities

General Revenues:	
Investment Earnings	1,060
Gain on Land Sales	429,871
<u>Total General Revenues</u>	<u>430,931</u>
Change in Net Position	161,081
Net Position - Beginning	7,818,906
Prior Period Adjustment (Note 10)	(1,000,000)
<u>Net Position - Ending</u>	<u>\$ 6,979,987</u>

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

**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
BALANCE SHEETS - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 94,041	\$ 946,811	\$ 1,040,852
Millage Receivable	36,930	-	36,930
Rent Receivable		34,278	34,278
 Total Assets	 <u>130,971</u>	 <u>981,089</u>	 <u>1,112,060</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims Payable	4,574	53,336	57,910
 Total Liabilities	 <u>4,574</u>	 <u>53,336</u>	 <u>57,910</u>
Fund Balances:			
Unreserved, Reported in:			
General Fund	126,397	-	126,397
Capital Projects Fund	-	927,753	927,753
 Total Fund Balances	 <u>126,397</u>	 <u>927,753</u>	 <u>1,054,150</u>
 Total Liabilities and Fund Balances	 <u>\$ 130,971</u>	 <u>\$ 981,089</u>	 <u>\$ 1,112,060</u>

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

**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Total Fund Balance - Governmental funds		\$ 1,054,150
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	13,708,651	
Less accumulated depreciation	<u>(4,698,361)</u>	9,010,290
ACE Grant Payable		(1,000,000)
<p>Long-term liabilities of governmental funds are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
		<u>(2,084,453)</u>
Total net position - Governmental activities		<u>\$ 6,979,987</u>

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

**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Millage	673,075		\$ 673,075
Contributions		83,333	83,333
Land and Building Rental	-	516,343	516,343
Grant Revenue	-	37,216	37,216
Interest Income	682	378	1,060
Land Sales		572,921	572,921
Miscellaneous	-	2,372	2,372
Total Revenues	<u>673,757</u>	<u>1,212,563</u>	<u>1,886,320</u>
EXPENDITURES			
Officials	141,165		141,165
Office/Clerical Employees	105,813		105,813
State Retirement	31,707		31,707
Social Security Matching	13,518		13,518
Group Insurance Matching	18,967		18,967
Unemployment Service Fees	105		105
Travel	4,806		4,806
Postage and Box Rent	1,543		1,543
Phone Service	11,591		11,591
Utilities	5,732		5,732
Web Site	2,750		2,750
Advertising/Contractual Print	4,753		4,753
Office Machine Rental	4,745		4,745
Consulting Services	75,051		75,051
Legal Fees	37,438		37,438
Accounting and Auditing Fees	14,645		14,645
Engineering Fees	30,049		30,049
Insurance and Fidelity Bonds	1,000		1,000
Dues and Subscriptions	5,198		5,198
Other Contractual Services	237		237
Food for Persons	3,639		3,639
Office Supplies	11,986		11,986
PR Events	3,225		3,225

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

**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	Capital Projects Fund	Total Governmental Funds
EXPENDITURES (Continued)			
Economic Development - Other		561,766	561,766
Capital Projects - Capital Outlay	-	363,605	363,605
Capital Projects - Other	-	-	-
Transfers to the county	-	-	-
Debt Service:			
Bond Principal payments	103,347	-	103,347
Bond Interest & fees payments	78,046	-	78,046
Total Expenditures	<u>711,056</u>	<u>925,371</u>	<u>1,636,427</u>
Excess of Revenues/Expenditures	(37,299)	287,192	249,893
Other financing sources (uses) :			
Proceeds of long-term capital related debt		-	-
Operating transfers in	-	70,803	70,803
Operating transfers out	(70,803)	-	(70,803)
Total other financing sources (uses)	<u>(70,803)</u>	<u>70,803</u>	<u>-</u>
Excess of revenues and other sources/ expenditures and other uses	<u>(108,102)</u>	<u>357,995</u>	<u>249,893</u>
Fund Balance - Beginning	<u>234,499</u>	<u>569,758</u>	<u>804,257</u>
Fund Balance - Ending	<u>\$ 126,397</u>	<u>\$ 927,753</u>	<u>\$ 1,054,150</u>

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

**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net Changes in Fund Balance - Total Governmental Funds		\$ 249,893
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:</p>		
Sale of Assets	(572,921)	
Gain on Sale of Assets	429,871	
Expenditures for capital assets	363,866	
Less current year depreciation expense	<u>(412,975)</u>	(192,159)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
		<u>103,347</u>
Change in Net Position of Governmental Activities		<u>\$ 161,081</u>

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

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF THE ORGANIZATION AND REPORTING ENTITY

The Madison County Economic Development Authority ("the Authority") (formerly Industrial Development Authority of Madison County) was established by the Madison County Board of Supervisors as authorized by Senate Bill No. 3040 enacted by the Mississippi Legislature of 1979 and amended by the Senate Bill no. 3133 enacted by the Mississippi Legislature of 1993. This act authorized the issuance of bonds for the purpose of acquiring and improving land for industrial parks, and the levying of special taxes to repay the bonds. The accounting for its debt service funds is included in the accounting for all Madison County funds under the control of the Madison County Board of Supervisors.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Authority Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the Authority are such that, if excluded, the financial statements of the Authority would be considered incomplete or misleading. There are no entities considered to be components of the Authority; therefore, the financial statements include only the operations of the Madison County Economic Development Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements:

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information for the Authority as a whole excluding fiduciary activities. The effect of interfund activity, within the governmental activities, has been removed from these statements. The primary government is presented separately within the financial statements with the focus on the primary government.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Fund Accounting:

The accounts of the Authority are organized within a General Fund and a Capital Projects Fund which are considered major funds. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The General Fund is used to account for operations. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus:

The government-wide financial statements are reporting using the *economic resources management focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are to be recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority, in general, considers revenue to be available if collected within 30 days of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are generally recognized when the related fund liability is incurred.

The Authority reports the following major governmental funds:

General Fund

The general fund is used to account for all activities of the Authority for which a separate fund has not been established.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources which are committed to capital outlays, including the acquisition or construction of capital facilities and other capital assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, demand deposits, all certificates of deposits and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized in the amount equal to 105% of the uninsured deposit.

Deferred Revenue:

Governmental funds report deferred revenues in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received as of year-end, but are not yet earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulated rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

NOTE 3 - MADISON COUNTY BOND AND INTEREST FUND

In accordance with State law and contractual agreements, the Authority is required to transfer a portion of income received from the sale or lease of certain industrial park real estate or facilities to the Madison County Bond and Interest Fund and the City of Canton. These funds are to be used to repay the principal and interest on outstanding industrial development bonds and notes.

NOTE 4 – DEPOSITS

The carrying amount of the Authority's total deposits with financial institutions at September 30, 2016, was \$1,040,852 and the bank balance was \$1,084,836. The collateral for public entities' deposits in financial institutions are 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 must be pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

NOTE 5 - LEASES

The Authority leases land and facilities in industrial parks under both direct financing leases and operating leases. The direct financing leases are for industrial facilities financed by County bond issues or debt and leased to businesses. Lease payments for facilities acquired with County bond proceeds are deposited directly to or transferred to the County bond and interest retirement fund.

Lease agreements as of September 30, 2016 are:

Operating Leases

ACS Xerox

Lease payable \$3,740 per month through January 31, 2018

Advertising Billboards – Lamar Companies

Month to Month Basis, Payable \$1,000 monthly.

Buy from a Christian (BFAC)

Two-year Lease, Payable \$2,062.50 for the first twelve months and \$2,625 for the second twelve months (4/1/16 – 3/31/18)

CCVB\Movie Studio

Lease renegotiated 9/1/2014 with Rick Moore (9/1/14-8/1/20). \$68,000 per year in 2016; \$106,000 per year in 2017; \$120,000 per year in 2018; \$110,000 per year in 2019

CMPDD

Yearly lease, \$8,400 per month

Global Training

5 year 8 month lease, \$8,507.42 per month

Hope Home

Two-year Lease, Payable \$1,096.50 for the first twelve months and \$2,026 for the second twelve months (12/1/15-11/31/17)

Madison County Business League (MCBL)

Yearly lease, \$1,060 per month

MDES Workforce Training Business

Three-Year Lease, Payable \$3,166.67 monthly

MHB Tower Rentals

Tenant to remit 20% of any rental income to MCEDA

Mississippi Association of Nurse Practitioners (MANP)

Thirty-six month lease (12/1/15 – 11/30/18) for \$600/month

NOTE 5 – LEASES (CONTINUED)

Murphy Farms

One-Year Lease with option to renew for 2017, Payable \$2,177 annually.

Scott Penn

Annual Lease, \$3,200/year

TelehealthONE

Four-year Lease, Payable \$500/month for one year, then \$3,249.17 monthly for three years (3/1/2014-2/28/18)

Think Anew

Five-year lease, Payable \$1,977 per month (7/1/15 – 9/30/15), \$6,425 per month (10/1/15 – 3/31/16), \$8,402 per month paid through May 2016. They have moved out.

Five year minimum annual payments under operating leases with remaining lease terms greater than one year are as follows:

<u>Years</u>	<u>Amounts</u>
2017	\$ 420,316
2018	294,797
2019	213,289
2020	102,089
2021	<u>42,537</u>
Total Five Year Operating Lease Payments	<u>\$ 1,073,028</u>

NOTE 6 – CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the statement of net position. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The Authority sold three properties during the year ending September 30, 2016, totaling approximately \$573,000. In addition, a 5 acre parcel of land was purchased for approximately \$35,000. The majority of building and furniture and equipment additions relate to the Bio-Medical Business Collaboratory.

Property, plant, and equipment are depreciated using the straight line method. Capital asset activity for the fiscal year ended September 30, 2016 along with estimated useful lives were as follows:

Description	Estimated Useful Life	Beginning Balance	Additions	Disposals	Ending Balance
Land	non-depreciable	\$ 813,385	\$ 35,600	\$ 143,050	\$ 705,935
Construction in progress	non-depreciable	156,090		156,090	-
Furniture and Equipment	5	314,802	52,535		367,337
Infrastructure	20	789,305			789,305
Building	39	11,414,515	431,559		11,846,074
		<u>13,488,097</u>	<u>519,694</u>	<u>299,140</u>	<u>13,708,651</u>
Less: Accumulated Depreciation		(4,285,385)	(412,976)		(4,698,361)
Total Assets		<u>\$ 9,202,712</u>	<u>\$ 106,718</u>	<u>\$ 299,140</u>	<u>\$ 9,010,290</u>

NOTE 7 – LONG-TERM LIABILITIES

Debt service requirements at September 30, 2016 were as follows:

	<u>2016</u>
Note Payable to MDA, due in monthly installments of \$4,205.10 including interest at 3.00%, beginning January 1, 2009, with the remaining balance due on September 1, 2017	\$ 49,651
Less Current Maturities	<u>49,651</u>
Long-Term Portion	\$ -
Note Payable to MDA, due in monthly installments of \$6,023.40 including interest at 3.000%, beginning January 1, 2009, with the remaining balance due on December 1, 2028	\$ 740,201
Less Current Maturities	<u>50,769</u>
Long-Term Portion	\$ 689,432
Note Payable to PriorityOne Bank, due in monthly installments of \$5,997.06 including interest at 3.65%, beginning April 20, 2016 and maturing November 4, 2024	\$ 1,294,600
Less Current Maturities	<u>24,396</u>
Long-Term Portion	\$ 1,270,204

<u>Years</u>	<u>Amounts</u>
2017	\$ 124,816
2018	77,630
2019	80,175
2020	82,680
Thereafter	<u>1,719,151</u>
	<u>\$ 2,084,452</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description: Madison County, MS 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444 PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary, and the Authority is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Authority's contribution to PERS for the year ended September 30, 2016, was \$31,707 equal to the required contributions for the year.

NOTE 9 - CONTINGENT LIABILITY

Pursuant to a 1999 agreement with the United States Environmental Protection Agency ("EPA"), the Authority has agreed to remit the proceeds from the future sale of certain real property to the EPA. The property, acquired by the Authority in 1984, was subject to a Federal lien for clean up costs related to possible environmental contamination. The cost of the real property of \$77,747 is included as a fixed asset.

The Authority received an ACE grant for \$1,000,000 from the Mississippi Development Authority for economic development at the Bio-Medical Collaboratory building. The Authority committed that the project would create at least 100 new direct jobs. Should the Authority fail to meet this requirement, they will repay the Mississippi Development Authority a per job amount for each job by which the number of jobs falls short of the required number. The per job amount shall be equal to that amount arrived at by dividing the amount of the Grant by the job creation requirement.

NOTE 10 – PRIOR PERIOD ADJUSTMENT:

Grant Revenue Adjustment – During the year ended September 30, 2016, management discovered that grant revenue for the year ended September 30, 2015 was overstated by \$1,000,000. As a result the Organization has restated the accompanying financial statements as of and for the year ended September 30, 2015 to reflect the correct grant revenue for that year.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in Net Assets for the Year Ended September 30, 2015 Before Adjustment	558,669			558,669
Less: Overstatement of Grant Revenue	(1,000,000)			(1,000,000)
Change in Net Assets for the Year Ended September 30, 2015 as Restated	(441,331)	1,000,000		558,669
Net Assets - September 30, 2014	7,260,237			7,260,237
Net Assets - September 30, 2015 As Restated	<u>\$ 6,818,906</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 7,818,906</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

Four Authority board members serve on the Madison County Business League.

The Madison County Business League paid \$12,720 rent to the Authority.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 30, 2017, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MADISON COUNTY ECONOMIC DEVELOPMENT ASSOCIATION

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

A. Budgetary Information

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-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 for 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 supplemental 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 ECONOMIC DEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Original & Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Millage Received	\$ 1,300,000	\$ 673,075	\$ (626,925)
Interest		1,060	
Total Revenues	1,300,000	674,135	(626,925)
EXPENDITURES			
Officials	150,000	141,165	8,835
Office/Clerical Employees	150,000	105,813	44,187
State Retirement	48,000	31,707	16,293
Temp Labor	2,500	6,144	(3,644)
Social Security Matching	20,220	13,518	6,702
Group Insurance Matching	29,000	18,967	10,033
Unemployment Service Fees	140	105	35
Travel Reimbursement	30,000	4,808	25,192
Postage and Box Rent	3,500	1,543	1,957
Phone Service	10,000	11,591	(1,591)
Utilities	15,000	5,732	9,268
Interactive	5,000	2,750	2,250
Advertising/Contractual Print	5,000	4,753	247
Legal Advertising	250	-	250
Office Machine Rental	5,000	4,745	255
Building and Ground Repairs	489,000	52,145	436,855
Maintenance contract	17,000	10,018	6,982
Legal Fees	40,000	37,438	2,562
Accounting and Auditing Fees	14,000	14,645	(645)
Engineering Fees	75,000	30,049	44,951
Insurance and Fidelity Bonds	16,000	1,000	15,000
Dues and Subscriptions	36,000	32,818	3,182
Other Contractual Services	8,500	237	8,263
Office Supplies	14,000	11,986	2,014
Food for Persons	6,000	3,639	2,361
Grants and Subsidies	40,000		40,000
Consulting Services	20,000	75,051	(55,051)
PR Events	5,000	3,225	1,775
Projects	164,416	-	164,416
CAP Loans	122,742	97,455	25,287
Rents	71,000		71,000
Total Expenditures	1,612,268	723,047	889,221
Excess of Revenues over (under) expenditures	(312,268)	(48,912)	

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**



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RIDGELAND, MS 39157
TELEPHONE: (601) 856-3664

**INDEPENDENT AUDITORS'
REPORT ON COMPLIANCE WITH STATE LAWS
AND REGULATIONS**

Members of the Board
Madison County Economic Development Authority
Canton, Mississippi

We have audited the general purpose financial statements of the Madison County Economic Development Authority, as of and for the year ended September 30, 2016, and have issued our report dated March 30, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

In connection with our audit, nothing came to our attention that caused us to believe that the Madison County Economic Development Authority had not complied with the requirements of the Office of the State Auditor, as set forth in the Municipal Compliance Questionnaire.

This report is intended solely for the information of the Members of the Board and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Summers, Green, & LeRoux, LLP

Summers, Green, & LeRoux, LLP
March 30, 2017