

**MADISON COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

**AUDITED FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2017

**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, 2017, 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 and the standards applicable to financial audits contained in *Governmental 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 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, 2017, 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 discussed in Note 10 of the financials, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 68*, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of September 30, 2016, has been restated. Our opinion is not modified with respect to this matter.

Contingent Liabilities

As discussed in Note 9 of the financials, the Authority is subject to two contingent liabilities. The accompanying financial statements do not include any adjustments for these contingent liabilities.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, the Schedule of the Authority's Contributions and budgetary comparison information on pages 25-29 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

April 26, 2018

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, 2017. 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 \$9,972,145 at the close of 2017 fiscal year.
2. The Fund Balance at September 30, 2017, was \$1,426,097 representing an increase of \$371,947 from the 2017 fiscal year.
3. MCEDA's cash balance at September 30, 2017, was \$1,388,458 which represents an increase of \$347,606 from 2016.
4. The revenues for fiscal year 2017 were \$1,541,340.

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 2017 millage rate of 0.45 mill equated to \$836,193. 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:

CONDENSED STATEMENT OF NET POSITION

	September 30, 2017	September 30, 2016
Current and other assets	\$ 1,435,548	\$ 1,112,060
Capital assets, net of depreciation	8,536,597	9,010,290
Total assets	9,972,145	10,122,350
Deferred outflows of resources	88,921	143,873
Total assets and deferred outflows of resources	10,061,066	10,266,223
Current liabilities	1,087,081	1,182,727
Long-term liabilities	2,160,549	2,638,411
Total liabilities	3,247,630	3,821,138
Deferred inflows of resources	346,451	43,332
Total liabilities and deferred inflows of resources	3,594,081	3,864,470
Net position		
Net investment in capital assets	4,581,016	4,925,837
Restricted for economic development	885,969	475,916
Temporarily Restricted	1,000,000	1,000,000
Total net position	\$ 6,466,985	\$ 6,401,753

MCEDA's net position increased during the most recent fiscal year. Assets decreased mainly due to depreciation expense. Overall liabilities decreased due to a reduction in pension liability. These factors contributed to the overall increase in net position.

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

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES NET POSITION

	September 30, 2017	September 30, 2016
Revenues:		
Program Revenues		
Charges for services	\$ 488,795	\$ 516,343
Operating grants and contributions	836,193	758,780
Capital grants and contributions	-	37,216
Other General revenues	216,352	430,931
Total revenues	<u>1,541,340</u>	<u>1,743,270</u>
Expenses:		
Economic Development	959,380	809,843
Land and Building Rental	453,212	694,300
Interest expense on long-term debt	63,516	78,046
Total expenses	<u>1,476,108</u>	<u>1,582,189</u>
Change in net position	65,232	161,081
Net Position - Beginning	6,401,753	6,240,672
Net Position - Ending	<u>\$ 6,466,985</u>	<u>\$ 6,401,753</u>

As noted above and in the Statement of Activities, the cost of all governmental activities during the fiscal year ended September 30, 2017 was \$1,476,108.

CAPITAL ASSETS

MCEDA's investment in capital assets for the governmental activities as of September 30, 2017, was \$13,649,191. This includes land, infrastructure, buildings, furniture and equipment.

Total accumulated depreciation as of September 30, 2017, was \$5,112,594. The balance in total net capital assets was \$8,536,597. 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 2017 fiscal year, MCEDA's outstanding long-term debt was approximately \$2,877,951 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

BASIC GOVERNMENT FINANCIAL STATEMENTS

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities
ASSETS	
Cash	\$ 1,388,458
Millage Receivable	16,277
Rent Receivable	30,813
Capital Assets:	
Non-Depreciable:	
Land	646,475
Depreciable:	
Furniture & Equipment	367,337
Infrastructure	789,305
Building	11,846,074
	13,649,191
Less Accumulated Depreciation	(5,112,594)
Total Capital Assets, Net	8,536,597
	<hr/>
Total Assets	9,972,145
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	88,921
	<hr/>
Total deferred outflows of resources	88,921
	<hr/>
LIABILITIES	
Due within one year:	
Claims Payable	9,451
ACE Grant Payable	1,000,000
Loans payable - current	77,630
Due in more than one year:	
Net pension liability	282,598
Loans payable -long term	1,877,951
	<hr/>
Total Liabilities	3,247,630
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	346,451
	<hr/>
Net investment in capital assets	4,581,016
Temporarily restricted net assets	1,000,000
Restricted for economic development	885,969
	<hr/>
Total Net Position	\$ 6,466,985
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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, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Governmental Activities	
	Expenses				
\$	959,380	\$ 836,193	\$ -	\$ (123,187)	
	453,212			\$ 35,583	
	63,516			\$ (63,516)	
\$	1,476,108	\$ 836,193	\$ -	\$ (151,120)	

FUNCTIONS / PROGRAMS

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

General Revenues:	
Investment Earnings	1,132
Gain on Land Sales	215,220
Total General Revenues	<u>216,352</u>
Change in Net Position	65,232
Net Position - Beginning	6,979,987
Prior Period -Adjustment(Note10)	(578,234)
Net Position - Ending	<u><u>\$ 6,466,985</u></u>

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 165,773	\$ 1,222,685	\$ 1,388,458
Millage Receivable	16,277	-	16,277
Rent Receivable		30,813	30,813
Total Assets	<u>182,050</u>	<u>1,253,498</u>	<u>1,435,548</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims Payable	4,532	4,919	9,451
Total Liabilities	<u>4,532</u>	<u>4,919</u>	<u>9,451</u>
Fund Balances:			
Unreserved, Reported in:			
General Fund	177,518	-	177,518
Capital Projects Fund	-	1,248,579	1,248,579
Total Fund Balances	<u>177,518</u>	<u>1,248,579</u>	<u>1,426,097</u>
Total Liabilities and Fund Balances	<u>\$ 182,050</u>	<u>\$ 1,253,498</u>	<u>\$ 1,435,548</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 SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total Fund Balance - Governmental funds	1,426,097
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in the operation of governmental
funds are not financial resources and, therefore,
are not reported in the funds.

Governmental capital assets	13,649,191	
Less accumulated depreciation	<u>(5,112,594)</u>	8,536,597

Deferred outflows and inflows of resources related to
pensions are applicable to future periods and, therefore
are not reported in the funds.

Deferred outflows of resources related to pensions	88,921
Deferred inflows of resources related to pensions	(346,451)

Long-term liabilities are not due and payable in the current
period and, therefore they are not reported in the
funds.

(1,955,581)

Net pension liability	(282,598)	
Grants Payable	(1,000,000)	<u>(1,282,598)</u>

Total net position - Governmental activities	<u><u>6,466,985</u></u>
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**MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Millage	836,193		\$ 836,193
Land and Building Rental	-	488,795	488,795
Interest Income	634	498	1,132
Land Sales		274,680	274,680
	<hr/>	<hr/>	<hr/>
Total Revenues	836,827	763,973	1,600,800
EXPENDITURES			
Office/Clerical Employees	117,581		117,581
State Retirement	18,514		18,514
Temp Labor	31,308		31,308
Social Security Matching	8,636		8,636
Group Insurance Matching	15,110		15,110
Unemployment Service Fees	70		70
Travel	22,289		22,289
Postage and Box Rent	1,998		1,998
Phone Service	10,143		10,143
Utilities	6,453		6,453
Web Site	6,439		6,439
Advertising/Contractual Print	6,989		6,989
Office Machine Rental	5,077		5,077
Maintenance	16,025		16,025
Consulting Services	333,197		333,197
Legal Fees	52,701		52,701
Accounting and Auditing Fees	23,555		23,555
Engineering Fees	26,179		26,179
Insurance and Fidelity Bonds	4,820		4,820
Dues and Subscriptions	53,342		53,342
Other Contractual Services	4,558		4,558
Food for Persons	5,788		5,788
Grants and Subsidies	4,000		4,000
Office Supplies	11,917		11,917
PR Events	9,362		9,362

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

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Capital Projects Fund	Total Governmental Funds
EXPENDITURES (Continued)			
Economic Development - Other		187,139	187,139
Capital Projects - Repairs	-	30,077	30,077
Capital Projects - Other	-	-	-
Transfers to the county	-	-	-
 Total Expenditures	<u>819,247</u>	<u>217,216</u>	<u>1,036,463</u>
 Excess of Revenues/Expenditures	17,581	546,756	564,337
 Other financing sources (uses) :			
Debt Service:			
Principal payments	(128,874)	-	(128,874)
Interest & fees payments	(63,516)	-	(63,516)
Operating transfers in	225,931	-	225,931
Operating transfers out	-	(225,931)	(225,931)
 Total other financing sources (uses)	<u>33,541</u>	<u>(225,931)</u>	<u>(192,390)</u>
 Excess of revenues and other sources/ expenditures and other uses	<u>51,122</u>	<u>320,825</u>	<u>371,947</u>
 Fund Balance - Beginning	<u>126,397</u>	<u>927,753</u>	<u>1,054,150</u>
 Fund Balance - Ending	<u>\$ 177,519</u>	<u>\$ 1,248,578</u>	<u>\$ 1,426,097</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, 2017

Net Changes in Fund Balance - Total Governmental Funds	\$	371,947
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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 depreciated
over their estimated useful lives:

Sale of Assets	(274,680)	
Gain on Sale of Assets	215,220	
Expenditures for capital assets		
Less current year depreciation expense	(414,233)	(473,693)

Governmental funds report pension contributions as expenditures.
However, the Statement of Activities reports pension expense and
other activity related to net pension liability:

Contributions made after measurement date	4,626	
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	33,478	38,104

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.

	128,874
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Change in Net Position of Governmental Activities	\$	65,232
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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.

Unearned Revenue

Governmental funds report unearned 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, 2017, was \$1,388,458 and the bank balance was \$1,433,604. 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.

NOTE 5 – LEASES (CONTINUED)

Lease agreements as of September 30, 2017 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)

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

Murphy Farms

Annual Lease, \$2,177/year

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)

NOTE 5 – LEASES (CONTINUED)

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>
2018	\$ 174,797
2019	103,289
2020	102,089
2021	42,537
2022	-
Total Five Year Operating Lease Payments	<u>\$ 422,712</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 one property during the year ending September 30, 2017 totaling approximately \$274,680.

Property, plant, and equipment are depreciated using the straight line method. Capital asset activity for the fiscal year ended September 30, 2017 along with estimated useful lives were as follows:

Description	Estimated Useful Life	Beginning Balance	Additions	Disposals	Ending Balance
Land		\$ 705,935		\$ 59,460	\$ 646,475
Furniture and Equipment	5	367,337			367,337
Infrastructure	20	789,305			789,305
Building	39	11,846,074			11,846,074
		<u>\$ 13,708,651</u>	<u>-</u>	<u>\$ 59,460</u>	<u>\$ 13,649,191</u>
Less: Accumulated Depreciation		(4,698,361)	(414,233)		(5,112,594)
Total Assets		<u>\$ 9,010,290</u>	<u>\$ (414,233)</u>	<u>\$ 59,460</u>	<u>\$ 8,536,597</u>

NOTE 7 – LONG-TERM LIABILITIES

Debt service requirements at September 30, 2017 were as follows:

2017

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	\$ 685,377
Less Current Maturities	52,313
Long-Term Portion	<u>\$ 633,064</u>
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	\$ 1,270,203
Less Current Maturities	25,316
Long-Term Portion	<u>\$ 1,244,887</u>

The following is a schedule by years of the total payments due on this debt:

Year ended December 31	Principal	Interest
2018	\$ 77,630	\$ 66,616
2019	80,175	64,070
2020	82,680	61,565
2021	85,518	58,728
2022	88,325	55,921
2023-2028	1,541,253	122,272
Total	<u>\$ 1,955,581</u>	<u>\$ 429,173</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 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.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions: 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 employer's rate as of September 30, 2017 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The authority contributions to PERS for the fiscal years ending September, 2017, 2016 and 2015 were \$18,514, \$31,707 and \$41,398, respectively, which equaled the required contributions for each year.

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

At September 30, 2017, the authority reported a liability of \$282,598 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Authority's proportionate share used to calculate the June 30, 2017 net pension liability was .00017 percent, which was based on a measurement date of June 30, 2017. This was a decrease of .00213% from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2017, the Authority recognized pension expense of \$18,514. At June 30, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,947	\$ 2,144
Net difference between projected and actual earnings on pension plan investments	59,386	21,835
Changes of assumptions	14,960	1,180
Changes in proportion and differences between Authority contributions and proportionate share of contributions		321,292
Authority contributions subsequent to the measurement date	4,628	-
Total	<u>\$ 88,921</u>	<u>\$ 346,451</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

The \$4,628 reported as deferred outflows of resources related to pensions resulting from the authority contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:

2018	\$ 97,726
2019	92,808
2020	66,164
2021	5,459
	<u>\$ 262,157</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 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 2017, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18,

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:

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00%</u>	

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 Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Authority'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:

	<u>Authority's Proportionate Share of Net Pension liability</u>
1% Decrease (6.75%)	370,646
Current discount rate (7.75%)	282,598
1% Increase (8.75)	209,499

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 9 - CONTINGENT LIABILITIES

The Authority has received notice from the United States EPA of a potential claim for reimbursement of certain environmental cleanup costs in connection with a piece of property that the Authority owns in the Canton Industrial Park. The claim is unliquidated at this point and no litigation has been instituted concerning this matter. 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.

NOTE 9 - CONTINGENT LIABILITIES (CONTINUED)

Parkway East Public Improvement District has made a claim for past due assessments in the amount of approximately \$680,000. The Authority has sought and has received a Mississippi Attorney General's opinion that sets forth that the Authority does not owe and is not responsible for the payment of the PID assessments. Litigation has been threatened against the Authority to collect these assessments.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

A summary of significant Net Position/Fund Balance adjustments is as follows:

Statement of Revenues, Expenses and Changes in Net Position

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 and 71:	
Net pension liability (9-30-16)	\$(678,775)
Net Deferred outflows(inflows) - contributions made during fiscal year 2016	<u>100,541</u>
Total prior adjustment related to GASB 68 and 71:	<u><u>\$(578,234)</u></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

Events that occur after the balance sheet date but before the financial statements were 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 balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through April 26, 2018, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements.

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

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original & Final Budget	Actual amounts Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Millage Received	\$ 848,075	\$ 856,846	\$ 8,771
Transfer from Capital Projects Fund	163,825	33,542	\$ (130,283)
Refunded expenditures			\$ -
Interest		634	\$ 634
 Total Revenues	 1,011,900	 891,022	 (120,878)
EXPENDITURES			
Officials	75,000		75,000
Office/Clerical Employees	125,000	117,581	7,419
State Retirement	32,000	18,514	13,486
Temp Labor	25,000	31,308	(6,308)
Social Security Matching	14,000	8,636	5,364
Group Insurance Matching	20,000	15,110	4,890
Unemployment Service Fees	150	70	80
Travel Reimbursement	25,000	22,289	2,711
Postage and Box Rent	2,000	1,998	2
Phone Service	12,000	10,143	1,857
Utilities	8,000	6,453	1,547
Interactive	6,000	6,439	(439)
Advertising/Contractual Print	5,500	6,989	(1,489)
Legal Advertising	250		250
Office Machine Rental	6,000	5,077	923
Maintenance contract	17,000	16,025	975
Legal Fees	40,000	52,701	(12,701)
Accounting and Auditing Fees	18,000	23,555	(5,555)
Engineering Fees	75,000	26,179	48,821
Insurance and Fidelity Bonds	6,000	4,820	1,180
Dues and Subscriptions	25,000	53,342	(28,342)
Other Contractual Services	5,000	4,558	442
Office Supplies	12,000	11,917	83
Food for Persons	4,000	5,788	(1,788)
Grants and Subsidies	25,000	4,000	21,000
Consulting Services	275,000	333,197	(58,197)
PR Events	4,000	9,361	(5,361)
Projects	150,000	23,198	126,802
 Total Expenditures	 1,011,900	 819,248	 192,652
 Excess (deficiency) of revenues over expenditures	 -	 71,774	

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

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY*

Public Employees Retirement System of Mississippi
Last 10 Fiscal Years (Only 3 Years Shown)**

	2017	2016	2015
The Authority's proportion of the net pension liability (asset)	281,268	684,670	642,899
The Authority's proportionate share of the net pension liability (asset)	0.001692%	0.003833%	0.004159%
The Authority's covered-employee payroll	108,571	245,206	259,803
The Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.06%	279.22%	247.46%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

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

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

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

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF THE AUTHORITY CONTRIBUTIONS *
Public Employees Retirement System of Mississippi
Last 10 Fiscal Years (Only 3 Years Shown)**

	2017	2016	2015
Contractually required contribution	\$ 17,100	\$ 38,620	\$ 40,919
Contributions in relation to the contractually required contribution	<u>17,100</u>	<u>38,620</u>	<u>40,919</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	108,571	245,206	259,803
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

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

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

A. Budgetary Information

Statutory requirements dictate how and when the country'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).

	<u>General Fund</u>
Net change in fund balance –GAAP basis	\$ 51,121
Reconciling items:	
Receivables	<u>20,653</u>
Net change in fund balance – budgetary cash basis	<u>\$ 71,774</u>

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2017

D. Pension Schedules

(1) Changes in 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-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were 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. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(2) Changes in benefit provisions
2016

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

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



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SUITE 104
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, 2017, and have issued our report dated April 26, 2018. 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.

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
April 26, 2018