

**MADISON COUNTY ECONOMIC
DEVELOPMENT AUTHORITY
AUDITED FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2018**

**MADISON COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

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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 activities and the major fund of the Madison County Economic Development Authority (the Authority), as of and for the year ended September 30, 2018, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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.

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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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Madison County Economic Development Authority, as of September 30, 2018, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9, the Schedule of the Authority's Contributions and budgetary comparison information on pages 32-33 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2019, on our consideration of the Madison County Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madison County Economic Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madison County Economic Development Authority's internal control over financial reporting and compliance.

August 1, 2019

Mathews, Cutler & Lindberg, P.A.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) SEPTEMBER 30, 2018

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, 2018. 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 \$14,990,404 at the close of 2018 fiscal year.
2. The Fund Balance at September 30, 2018, was \$10,869,902 representing an increase of \$2,640,304 from the 2017 fiscal year.
3. MCEDA's cash balance at September 30, 2018, was \$5,685,553 which represents an increase of \$4,217,865 from 2017.
4. The revenues for fiscal year 2018 were \$4,838,380.

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 2018 millage rate of 0.45 mill equated to \$722,048 in millage income and \$597,122 in general income for a total of \$1,319,170. 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

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| Current and other assets | \$ 5,685,553 | \$ 1,467,688 |
| Capital assets, net of depreciation | <u>9,299,666</u> | <u>10,706,748</u> |
| | 14,985,219 | 12,174,436 |
| Deferred outflows of resources | <u>5,185</u> | <u>10,292</u> |
| Total assets and deferred outflows of resources | <u>\$ 14,990,404</u> | <u>\$ 12,184,728</u> |
| Current liabilities | \$ 1,249,459 | \$ 1,100,191 |
| Long-term liabilities | <u>2,845,352</u> | <u>2,848,796</u> |
| | 4,094,811 | 3,948,987 |
| Deferred inflows of resources | <u>25,691</u> | <u>6,143</u> |
| Total liabilities and deferred inflows of resources | <u>\$ 4,120,502</u> | <u>\$ 3,955,130</u> |
| Net position | | |
| Net investment in capital assets | \$ 6,526,526 | \$ 6,751,167 |
| Restricted for economic development | <u>4,343,376</u> | <u>1,478,431</u> |
| Total net position | <u>\$ 10,869,902</u> | <u>\$ 8,229,598</u> |

MCEDA's net position increased during the most recent fiscal year. Assets increased mainly due to sale of land. Overall liabilities increased due to pension liability. These factors contributed to the overall increase in net position.

OVERALL FINANCIAL ANALYSIS (Continued)

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|----------------------|---------------------|
| Revenues: | | |
| Program Revenues | | |
| Charges for services | \$ 408,031 | \$ 488,795 |
| Operating grants and contributions | 1,429,170 | 836,193 |
| Other general revenue | <u>3,001,179</u> | <u>216,352</u> |
| Total revenues | <u>\$ 4,838,380</u> | <u>\$ 1,541,340</u> |
| Expenses: | | |
| Economic development | \$ 1,674,374 | \$ 972,490 |
| Land and building rental | 451,870 | 453,211 |
| Interest expense on long-term debt | <u>71,832</u> | <u>63,516</u> |
| Total expenses | <u>\$ 2,198,076</u> | <u>\$ 1,489,217</u> |
| Change in net position | \$ 2,640,304 | \$ 52,123 |
| Net position - beginning | <u>8,229,598</u> | <u>8,177,475</u> |
| Net position - ending | <u>\$ 10,869,902</u> | <u>\$ 8,229,598</u> |

As noted above and in the Statement of Activities, the cost of all governmental activities during the fiscal year ended September 30, 2018 was \$2,198,076.

CAPITAL ASSETS

MCEDA's investment in capital assets for the governmental activities as of September 30, 2018, was \$14,783,977. This includes land, infrastructure, buildings, furniture and equipment.

Total accumulated depreciation as of September 30, 2018, was \$5,484,311. The balance in total net capital assets was \$9,299,666. 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. At the close of 2018 fiscal year, MCEDA's outstanding long-term debt was approximately \$1,802,964 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.

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
AT SEPTEMBER 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

| | | |
|---------------------------|---------------|--------------|
| Cash and cash equivalents | \$ 5,615,871 | |
| Accounts receivable | 32,140 | |
| Millage receivable | 24,885 | |
| Rent receivable | <u>12,657</u> | |
| | | \$ 5,685,553 |

NONCURRENT ASSETS

| | | |
|---|------------------|-----------|
| Capital assets not being depreciated: | | |
| Land | 1,827,396 | |
| Capital assets, net of accumulated depreciation | | |
| Furniture and equipment | 109,743 | |
| Infrastructure | 332,166 | |
| Building | <u>7,030,361</u> | |
| | | 9,299,666 |

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|--|--|----------------------|
| Deferred outflows of resources related to pensions | | <u>5,185</u> |
| | | <u>\$ 14,990,404</u> |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION - CONTINUED
AT SEPTEMBER 30, 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES

| | | |
|------------------------|---------------|--------------|
| Claims payable | \$ 279,283 | |
| ACE grant payable | 890,000 | |
| Loans payable, current | <u>80,176</u> | |
| | | \$ 1,249,459 |

LONG-TERM LIABILITIES

| | | |
|---------------------------------------|------------------|-----------|
| Net pension liability | 1,042,388 | |
| Loans payable, net of current portion | <u>1,802,964</u> | |
| | | 2,845,352 |

DEFERRED INFLOWS OF RESOURCES

| | | |
|---|--|--------|
| Deferred inflows of resources related to pensions | | 25,691 |
|---|--|--------|

NET POSITION

| | | |
|-------------------------------------|------------------|----------------------|
| Net investment in capital assets | 6,526,526 | |
| Restricted for economic development | <u>4,343,376</u> | |
| | | <u>10,869,902</u> |
| | | <u>\$ 14,990,404</u> |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| FUNCTIONS / PROGRAMS | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|----------------------------|---------------------|----------------------------|---|--|
| | | Charges for Services | Operating Grant and Contributions | Governmental Activities |
| Government activities: | | | | |
| Economic development | \$ 1,674,374 | \$ - | \$ 1,429,170 | \$ (245,204) |
| Land and building rental | 451,870 | 408,031 | - | (43,839) |
| Interest on long-term debt | <u>71,832</u> | <u>-</u> | <u>-</u> | <u>(71,832)</u> |
| | <u>\$ 2,198,076</u> | <u>\$ 408,031</u> | <u>\$ 1,429,170</u> | <u>\$ (360,875)</u> |
| General revenues: | | | | |
| | | | | 2,653 |
| | | | | <u>2,998,526</u> |
| | | | | <u>\$ 3,001,179</u> |
| | | | | 2,640,304 |
| | | | | 6,466,986 |
| | | | | <u>1,762,612</u> |
| | | | | <u>\$ 10,869,902</u> |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS
AT SEPTEMBER 30, 2018

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|--------------------------------------|-------------------|-----------------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 416,906 | \$ 5,198,965 | \$ 5,615,871 |
| Accounts receivable | - | 32,140 | 32,140 |
| Millage receivable | 24,885 | - | 24,885 |
| Rent receivable | - | 12,657 | 12,657 |
| | <u>\$ 441,791</u> | <u>\$ 5,243,762</u> | <u>\$ 5,685,553</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Current Liabilities | | | |
| Claims payable | <u>\$ 141,712</u> | <u>\$ 137,571</u> | <u>\$ 279,283</u> |
| Fund Balances: | | | |
| Unreserved, reported in: | | | |
| General fund | 300,079 | - | 300,079 |
| Capital projects fund | <u>-</u> | <u>5,106,191</u> | <u>5,106,191</u> |
| | <u>300,079</u> | <u>5,106,191</u> | <u>5,406,270</u> |
| | <u>\$ 441,791</u> | <u>\$ 5,243,762</u> | <u>\$ 5,685,553</u> |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AT SEPTEMBER 30, 2018

Total fund balance - governmental funds \$ 5,406,270

Amounts reported for governmental activities in the
Statement of Net Assets are difference 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 | \$ 14,783,977 | |
| Less accumulated depreciation | <u>(5,484,311)</u> | |
| | | 9,299,666 |

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 | 5,185 |
| Deferred inflows of resources related to pensions | (25,691) |

Long-term liabilities are not due and payable in the current
period and, therefore they are not reported in the funds. (1,883,140)

| | | |
|-----------------------|------------------|--------------------|
| Net pension liability | (1,042,388) | |
| Grants payable | <u>(890,000)</u> | |
| | | <u>(1,932,388)</u> |

Total net position - governmental activities \$ 10,869,902

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|-------------------------------|------------------|-----------------------------|--------------------------------|
| REVENUE | | | |
| Milage | \$ 1,319,170 | \$ - | \$ 1,319,170 |
| Land and building rental | - | 408,031 | 408,031 |
| Interest income | 1,079 | 1,574 | 2,653 |
| Land sales | - | 3,987,756 | 3,987,756 |
| Total Revenue | <u>1,320,249</u> | <u>4,397,361</u> | <u>5,717,610</u> |
| EXPENDITURES | | | |
| Office/Clerical Employees | 541,905 | - | 541,905 |
| State Retirement | 78,492 | - | 78,492 |
| Temp Labor | 15,748 | - | 15,748 |
| Social Security Matching | 28,120 | - | 28,120 |
| Group Insurance Matching | 32,726 | - | 32,726 |
| Uemployment Service Fees | 231 | - | 231 |
| Travel | 29,915 | - | 29,915 |
| Postage and Box Rent | 3,295 | - | 3,295 |
| Phone Service | 11,840 | - | 11,840 |
| Utilities | 6,543 | - | 6,543 |
| Web Site | 27,271 | - | 27,271 |
| Advertising/Contractual Print | 13,908 | - | 13,908 |
| Office Machine Rental | 4,977 | - | 4,977 |
| Maintenance | 12,412 | - | 12,412 |
| Consulting Services | 12,105 | - | 12,105 |
| Legal Fees | 181,217 | - | 181,217 |
| Accounting and Auditing Fees | 13,680 | - | 13,680 |
| Engineering Fees | 128,322 | - | 128,322 |
| Insurance and Fidelity Bonds | 14,271 | - | 14,271 |
| Dues and Subscriptions | 51,909 | - | 51,909 |
| Other Contractual Services | 12,403 | - | 12,403 |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|--|-------------------|-----------------------------|--------------------------------|
| EXPENDITURES (Continued) | | | |
| Food for Persons | \$ 14,034 | \$ - | \$ 14,034 |
| Office Supplies | 28,075 | - | 28,075 |
| PR Events | 6,686 | - | 6,686 |
| Projects | 75,927 | - | 75,927 |
| Economic development - other | - | 232,165 | 232,165 |
| Capital projects - repairs | - | 34,018 | 34,018 |
| Total Expenditures | <u>1,346,012</u> | <u>266,183</u> | <u>1,612,195</u> |
| Excess (deficit) of revenue/expenditures | <u>(25,763)</u> | <u>4,131,178</u> | <u>4,105,415</u> |
| Other financing sources (uses) | | | |
| Debt service: | | | |
| Principal payments | (72,440) | - | (72,440) |
| Interest & fees payments | (71,832) | - | (71,832) |
| Operating transfers in | 305,690 | - | 305,690 |
| Operating transfers out | - | (305,690) | (305,690) |
| Total other financing sources (uses) | <u>161,418</u> | <u>(305,690)</u> | <u>(144,272)</u> |
| Excess of revenues and other sources/ expenditures and other uses | <u>135,655</u> | <u>3,825,488</u> | <u>3,961,143</u> |
| Fund balance - beginning | 177,534 | 1,280,703 | 1,458,237 |
| Prior period adjustment (Note 11) | <u>(13,110)</u> | <u>-</u> | <u>(13,110)</u> |
| Fund balance - beginning, restated | <u>164,424</u> | <u>1,280,703</u> | <u>1,445,127</u> |
| Fund balance - ending | <u>\$ 300,079</u> | <u>\$ 5,106,191</u> | <u>\$ 5,406,270</u> |

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, 2018

Net changes in fund balance - total governmental funds \$ 3,961,143

Amounts reported for governmental activities in the
Statement of Activities are difference 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 | (3,987,756) | |
| Gain on sale of assets | 2,998,526 | |
| Less current year depreciation expense | <u>(417,852)</u> | (1,407,082) |

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

| | | |
|--|-----------------|----------|
| Cost of benefits earned net of employee contributions (pension expense from pension schedule) | <u>(96,197)</u> | (96,197) |
|--|-----------------|----------|

Governmental funds do not include the revenue earned
on the ACE grant payable, but the income earned reduces
the current liability in the Statement of Net Position. 110,000

Repayment of long-term debt is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Position. 72,440

Changes in net position of governmental activities \$ 2,640,304

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 are 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.

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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting and Measurement Focus - Continued

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.

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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED SEPTEMBER 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting and Measurement Focus - Continued

Compensated Absences - Continued

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting 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.

3. DEPOSITS

The carrying amount of the Authority's total deposits with financial institutions at September 30, 2018, was \$5,615,871 and the bank balance was \$5,640,888. 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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

4. LEASES

The Authority has lease agreements for land and facilities they own. During the year ended September 30, 2018, the Authority received \$408,031 in rental income. These leases are cancellable and considered operating leases. Lease agreements are as follows:

Operating Leases

ACS Xerox

Two-year lease payable \$3,740 per month (1/31/16 - 1/31/18)

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); extended for two months (4/1/18 - 5/31/18)

CMPDD

Lease payable \$8,400 per month (10/1/17 - 9/30/18); renewed for an additional year (10/1/18 - 9/30/19)

Gloval Training

Five-year and eight month lease payable \$8,507.42 per month (1/1/16 - 8/25/2020)

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)

Three-year lease payable \$1,060 per month (7/1/15 - 6/30/18); renegotiation a new lease payable \$250 per month (1/1/19 - 12/31/19)

MDES Workforce Training Business

Three-year lease payable \$3,166.67 (1/1/15 - 12/31/17); extended for nine months (1/1/18 - 9/30/18)

MHB Tower Rentals

Tenant to remit 20% of any rental income to MCEDA

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

4. LEASES - Continued

Operating Leases - Continued

Mississippi Association of Nurse Practitioners (MANP)

Three-year lease payable \$600 per month (12/1/15 - 11/30/18)

TelehealthONE

Four-year lease payable \$500 per month for the first twelve months and \$3,749.17 for the rest of the lease term (3/1/14 - 2/28/18); extended for three years (3/1/18 - 2/18/21)

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

September 30,

| | |
|------|-------------------|
| 2019 | \$ 251,329 |
| 2020 | 139,322 |
| 2021 | <u>18,746</u> |
| | <u>\$ 409,397</u> |

5. 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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

5. CAPITAL ASSETS - CONTINUED

Property, plant, and equipment are depreciated using the straight-line method over the useful life of the property, ranging from 5-39 years. Capital asset activity for the fiscal year ended September 30, 2018 were as follows:

| | Beginning Balance <u>10/01/17</u> | <u>Increases</u> | <u>Decreases</u> | Ending Balance <u>09/30/18</u> |
|----------------------------------|---|---------------------|---------------------|--------------------------------------|
| Land | \$ 2,816,626 | \$ - | \$ (989,230) | \$ 1,827,396 |
| Furniture and equipment | 367,337 | - | (46,135) | 321,202 |
| Infrastructure | 789,305 | - | - | 789,305 |
| Building | <u>11,846,074</u> | <u>-</u> | <u>-</u> | <u>11,846,074</u> |
| | <u>15,819,342</u> | <u>-</u> | <u>(1,035,365)</u> | <u>14,783,977</u> |
| Less accumulated depreciation | <u>(5,112,594)</u> | <u>(417,852)</u> | <u>46,135</u> | <u>(5,484,311)</u> |
| Total capital assets, net | <u>\$ 10,706,748</u> | <u>\$ (417,852)</u> | <u>\$ (989,230)</u> | <u>\$ 9,299,666</u> |

6. NOTES PAYABLE

Debt service requirements at September 30, 2018 were as follows:

| | |
|--|---------------------|
| Note payable to MDA, due in monthly installments of \$6,023.40 including interest at 3.000%, beginning January 1, 2009, with the remainin balance due on December 1, 2028. | \$ 637,119 |
| Note payable to PriorityOne Bank, due in monthly installments of \$5,997.06 including interest at 3.65%, beginning April 20, 2016 and maturing on November 4, 2024. | <u>1,246,021</u> |
| | 1,883,140 |
| Less current maturities | <u>(80,176)</u> |
| Long-term debt, less current maturities | <u>\$ 1,802,964</u> |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. NOTES PAYABLE - CONTINUED

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

| Year ended <u>September 30,</u> | |
|------------------------------------|---------------------|
| 2019 | \$ 80,176 |
| 2020 | 82,680 |
| 2021 | 85,517 |
| 2022 | 88,325 |
| 2023 | 91,225 |
| 2024-2028 | <u>1,455,217</u> |
| Total | <u>\$ 1,883,140</u> |

7. 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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. DEFINED BENEFIT PENSION PLAN - CONTINUED

General Information about the Pension Plan - Continued

Benefits provided: Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions: 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, 2018 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 30, 2018 was \$68,029, which equaled the required contributions for each year.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

At September 30, 2018, the authority reported a liability of \$1,042,388 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was .006267 percent which was based on a measurement date of June 30, 2018. This was a increase of .006097% from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2018, the Authority recognized pension expense of \$96,197. At June 30, 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 4,570 | \$ 4,394 |
| Net difference between projected and actual earnings on pension plan investments | - | 20,721 |
| Changes of assumptions | 615 | 576 |
| Total | <u>\$ 5,185</u> | <u>\$ 25,691</u> |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 3.00 percent |
| Salary increases | 3.25 – 18.50 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 male rates set forward one year.

The actuarial assumptions used in the June 30, 2018 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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|-------------------------|------------------------------|---|
| U.S. Broad | 27% | 4.60% |
| International Equity | 18% | 4.50% |
| Emerging Markets Equity | 4% | 4.75% |
| Global | 12% | 4.75% |
| Fixed Income | 18% | 0.75% |
| Real Assets | 10% | 3.50% |
| Private Equity | 8% | 5.10% |
| Emerging Debt | 2% | 2.25% |
| Cash | 1% | 0.00% |
| Total | <u>100%</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.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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:

| | Authority's Proportionate Share of Net <u>Pension Liability</u> |
|-------------------------------|--|
| 1% Decrease (6.75%) | \$ 1,372,526 |
| Current discount rate (7.75%) | \$ 1,042,388 |
| 1% Increase (8.75%) | \$ 768,000 |

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

8. 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.

Parkway East Public Improvement District has made a claim for past due assessments in the amount of approximately \$750,000. 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 PIO assessments. Litigation has been threatened against the Authority to collect these assessments.

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

9. 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.

10. PRIOR PERIOD ADJUSTMENT

During the audit, it was determined that previously stated receivables were understated by \$32,140 and land was understated by \$2,170,151, which caused the previously reported net position to be understated. It was also determined that previously stated accrued expenses were understated by \$13,110. This resulted in an understated liability causing the previously reported net position to be overstated.

The Authority implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions in the previous years, the Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflow of resources and expenses. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result, an adjustment was made to decrease net position by \$426,569 to correct cost from prior periods.

As a result of the adjustments mention above, the amount reported for net position for the year ended September 30, 2018, has been increased in these financials by a net amount of \$1,762,612.

11. 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 August 1, 2019, (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 SCEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Original & Final Budget | Actual amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|-------------------------------|-------------------------------|---|---|
| REVENUE | | | |
| Millage | \$ 1,257,999 | \$ 1,319,170 | \$ 61,171 |
| Interest income | - | 1,079 | 1,079 |
| Total Revenue | <u>1,257,999</u> | <u>1,320,249</u> | <u>62,250</u> |
| EXPENDITURES | | | |
| Office/Clerical Employees | 553,992 | 541,905 | (12,087) |
| State Retirement | 87,254 | 78,492 | (8,762) |
| Temp Labor | 12,308 | 15,748 | 3,440 |
| Social Security Matching | 34,625 | 28,120 | (6,505) |
| Group Insurance Matching | 15,110 | 32,726 | 17,616 |
| Uemployment Service Fees | - | 231 | 231 |
| Travel | 47,578 | 29,915 | (17,663) |
| Postage and Box Rent | 2,163 | 3,295 | 1,132 |
| Phone Service | 10,431 | 11,840 | 1,409 |
| Utilities | 6,453 | 6,543 | 90 |
| Web Site | 25,453 | 27,271 | 1,818 |
| Advertising/Contractual Print | 6,739 | 13,908 | 7,169 |
| Office Machine Rental | 5,077 | 4,977 | (100) |
| Maintenance | 16,025 | 12,412 | (3,613) |
| Consulting Services | 35,568 | 12,105 | (23,463) |
| Legal Fees | 105,402 | 181,217 | 75,815 |
| Accounting and Auditing Fees | 35,333 | 13,680 | (21,653) |
| Engineering Fees | 78,537 | 128,322 | 49,785 |
| Insurance and Fidelity Bonds | 5,061 | 14,271 | 9,210 |
| Dues and Subscriptions | 25,842 | 51,909 | 26,067 |
| Other Contractual Services | 4,558 | 12,403 | 7,845 |

MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY

BUDGETARY COMPARISON SCEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)
 GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Original & Final Budget | Actual amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|-------------------------------|---|---|
| EXPENDITURES (Continued) | | | |
| Food for Persons | \$ 10,000 | \$ 14,034 | \$ 4,034 |
| Grants and Subsidies | 4,000 | - | (4,000) |
| Office Supplies | 15,020 | 28,075 | 13,055 |
| PR Events | 13,741 | 6,686 | (7,055) |
| Projects | <u>101,745</u> | <u>75,927</u> | <u>(25,818)</u> |
| Total Expenditures | <u>1,258,015</u> | <u>1,346,012</u> | <u>87,997</u> |
| Deficiency of budgeted revenues over budgeted expenditures | <u>\$ (16)</u> | <u>\$ (25,763)</u> | <u>\$ (25,747)</u> |

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Madison County Economic Development Authority, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Madison County Economic Development Authority's basic financial statements, and have issued our report thereon dated August 1, 2019.

Internal Control over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

August 1, 2019

Mathews, Carter & Lindberg, P.A.