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MISSISSIPPI DEVELOPMENT AUTHORITY

**Independent Auditors' Report
on Program-Specific Audit Under
OMB Circular A-133**

Year Ended June 30, 2011

**Mississippi Development Authority
(A Department of the State of Mississippi)**

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June 30, 2011**

Community Development Block Grant - CFDA #14.228

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**Community Development Block Grant
(CFDA #14.228)**



Carr Riggs & Ingram, LLC
282 Commerce Park Drive
Ridgeland, Mississippi 39157

Mailing Address:
P.O. Box 2418
Ridgeland, Mississippi 39158-2418

(601) 853-7050
(601) 853-9331 (fax)
www.cricpa.com

**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT OF A FEDERAL
PROGRAM IN ACCORDANCE WITH THE PROGRAM-
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

Mississippi Development Authority
Jackson, Mississippi

We have audited the accompanying schedule of expenditures of federal awards of disaster recovery funds expended through Fund 341W from the Community Development Block Grant Program (CFDA #14.228) of the Mississippi Development Authority ("MDA") for the year ended June 30, 2011. This financial schedule is the responsibility of the MDA's management. Our responsibility is to express an opinion on the financial schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the disaster recovery funds expended through Fund 341W from the Community Development Block Grant Program (CFDA #14.228) of the Mississippi Development Authority in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Carr, Riggs & Ingram, LLC

Ridgeland, Mississippi
January 24, 2012

Mississippi Development Authority

Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

<u>Federal Grantor / Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development: Community Development Block Grant	14.228	\$ 483,848,701
Total Program Expenditures		\$ 483,848,701

See notes to Schedule of Expenditures of Federal Awards.

Mississippi Development Authority

Notes to Schedule of Expenditures of Federal Awards for Year Ended June 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule only includes the disaster recovery funds expended through Fund 341W from the Community Development Block Grant (CFDA #14.228) of the Mississippi Development Authority. The federal program included in the accompanying schedule is accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

NOTE 2 – SUBRECIPIENTS

The Mississippi Development Authority ("MDA") provided federal awards to subrecipients from the disaster recovery funds received through the Community Development Block Grant (CFDA #14.228) for fiscal year ended June 30, 2011 in the amount of \$429,132,412. Of this amount \$168,582,308 was provided to the Mississippi Department of Environmental Quality ("MDEQ") with regard to the Gulf Coast Regional Infrastructure Program and the remainder was provided to various local governmental and non-profit entities.

**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**

Mississippi Development Authority
Jackson, Mississippi

We have audited the Schedule of Expenditures of Federal Awards for the selected major program of the Mississippi Development Authority ("MDA") as of and for the year ended June 30, 2011, and have issued our report thereon dated January 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of MDA is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the MDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the MDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MDA's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the MDA's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MDA's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, members of the Legislature and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Carroll, Ruppel & Ingram, LLC

Ridgeland, Mississippi

January 24, 2012

**INDEPENDENT AUDITORS' ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC
AUDIT OPTION UNDER OMB CIRCULAR A-133**

Mississippi Development Authority
Jackson, Mississippi

Compliance

We have audited the compliance of the Mississippi Development Authority ("MDA") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the disaster recovery funds expended through Fund 341W from the Community Development Block Grant Program (CFDA #14.228) of the Mississippi Development Authority ("the Program") for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Department's management. Our responsibility is to express an opinion on the MDA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the MDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the MDA's compliance with those requirements.

In our opinion, the MDA complied, in all material respects, with the requirements referred to above that could have a direct and material effect to the Program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the MDA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal program. In planning and performing our audit, we considered the MDA's internal control over compliance with requirements that could have a direct and material effect on the Program in order to determine our auditing procedures for the purpose of expressing our

opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the MDA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Car, Riggs & Ingram, LLC

Ridgeland, Mississippi
January 24, 2012

Mississippi Development Authority

Schedule of Findings and Questioned Costs

For the year ended June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Type of auditors' report issued on compliance
for programs audited: Unqualified

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133 (section .510 (a))? No

Identification of program(s) audited through Fund 341W:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster Number</i>
14.228	Community Development Block Grant

Section II – Federal Award Findings and Questioned Costs

There were no current year Federal award findings or questioned costs.

Section III – Prior Year Findings and Questioned Costs

No items were reported.