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**FINANCIAL STATEMENTS OF SELECTED FUNDS
STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**MISSISSIPPI DEVELOPMENT AUTHORITY
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Mississippi Development Authority
(A Department of the State of Mississippi)
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the selected funds 334AF00000, 3341R00000, 5341W00000, 634AE00000, 2241100000, 634RZ00000, 634KE00000, 6340900000, and 6345216100 of the Mississippi Development Authority (MDA), as of and for the year ended June 30, 2020, and the related notes to the financial statements. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report (CAFR).

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of funds 334AF00000, 3341R00000, 5341W00000, 634AE00000, 2241100000, 634RZ00000, 634KE00000, 6340900000, and 6345216100 of MDA as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of MDA'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 MDA'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 MDA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
January 15, 2021

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
BALANCE SHEET
JUNE 30, 2020**

	Fund 334AF00000	Fund 3341R00000	Fund 5341W00000	Fund 634AE00000	Fund 2241100000	Fund 6345216100	Fund 634RZ00000	Fund 634KE00000	Fund 6340900000	Total
ASSETS										
Equity in State Treasury Funds	\$ 2,840,476	\$ 7,755,085	\$ 338,790	\$ 46,547,722	\$ 2,885,559	\$ -	\$ 2,877,599	\$ 25,983,820	\$ -	\$ 89,229,051
Loan Receivables, Net	-	68,371,336	1,654,170	49,358,807	-	-	8,429,624	42,649,160	-	170,463,097
Due from Federal Government	-	-	2,169,816	-	-	-	-	-	-	2,169,816
Due from State Government	-	-	-	3,273,391	-	-	-	-	-	3,273,391
Due from Other State Funds	-	1,449	-	8,730	-	-	-	4,873	-	15,052
Other Receivables	-	9,782	19,924	447,447	-	-	512	10,181	-	487,846
Total Assets	<u>\$ 2,840,476</u>	<u>\$ 76,137,652</u>	<u>\$ 4,182,700</u>	<u>\$ 99,636,097</u>	<u>\$ 2,885,559</u>	<u>\$ -</u>	<u>\$ 11,307,735</u>	<u>\$ 68,648,034</u>	<u>\$ -</u>	<u>\$ 265,638,253</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Due to Equity in State Treasury Funds	\$ -	\$ -	\$ -	\$ -	\$ 126,160	\$ -	\$ -	\$ -	\$ -	126,160
Accounts Payable	2,179,897	-	244,170	-	1,614,652	-	-	632,847	-	4,671,566
Warrants Payable	-	3,651,202	2,749	-	446,990	-	-	-	-	4,100,941
Due to Other Governments	-	-	459,972	-	9,626	-	-	-	-	469,598
Due to Other State Funds	-	-	1,256,806	339,067	-	-	-	-	-	1,595,873
Unearned Revenue	-	-	491,694	-	-	-	-	-	-	491,694
Total Liabilities	<u>2,179,897</u>	<u>3,651,202</u>	<u>2,455,391</u>	<u>339,067</u>	<u>2,197,428</u>	<u>-</u>	<u>-</u>	<u>632,847</u>	<u>-</u>	<u>11,455,832</u>
FUND BALANCES										
Committed for Recreation & Resource Development	-	-	-	-	688,131	-	-	-	-	688,131
Restricted for Recreation & Resource Development	660,579	72,486,450	1,727,309	99,297,030	-	-	11,307,735	68,015,187	-	253,494,290
Total Liabilities and Fund Balance	<u>\$ 2,840,476</u>	<u>\$ 76,137,652</u>	<u>\$ 4,182,700</u>	<u>\$ 99,636,097</u>	<u>\$ 2,885,559</u>	<u>\$ -</u>	<u>\$ 11,307,735</u>	<u>\$ 68,648,034</u>	<u>\$ -</u>	<u>\$ 265,638,253</u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUNDS BALANCE
YEAR ENDED JUNE 30, 2020**

	Fund 334AF00000	Fund 3341R00000	Fund 5341W00000	Fund 634AE00000	Fund 2241100000	Fund 6345216100	Fund 634RZ00000	Fund 634KE00000	Fund 6340900000	Total
REVENUES										
Federal grant	\$ -	\$ -	\$ 14,206,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,206,291
Interest income	54,696	96,934	-	3,908,260	-	-	61,152	1,343,649	-	5,464,691
Other income	7,677,228	-	535,536	-	-	-	-	3,200	-	8,215,964
Total Revenues	7,731,924	96,934	14,741,827	3,908,260	-	-	61,152	1,346,849	-	27,886,946
EXPENDITURES										
Subsidies	10,680,458	-	13,083,530	10,285,856	1,206,839	-	-	587,702	-	35,844,385
Salaries and Benefits	-	-	1,070,255	-	12,032,862	-	-	-	-	13,103,117
Travel	-	-	13,616	-	377,710	-	-	-	-	391,326
Contractual Services	-	-	1,107,097	-	6,872,918	-	-	3,200	-	7,983,215
Commodities	-	-	1,347	-	439,828	-	-	-	-	441,175
Capital Outlay	-	-	-	-	110,654	-	-	-	-	110,654
Total Expenditures	10,680,458	-	15,275,845	10,285,856	21,040,811	-	-	590,902	-	57,873,872
GAIN ON SALE OF ASSETS										
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,948,534)	96,934	(534,018)	(6,377,596)	(21,040,811)	-	61,152	755,947	-	(29,986,926)
OTHER FINANCING SOURCES (USES)										
Indirect Cost	-	-	(517,442)	-	(28,550)	-	-	-	-	(545,992)
Transfers in	-	-	72,952	163,353	21,273,000	-	220,547	-	-	21,729,852
Transfers (out)	-	-	(199,762)	(163,353)	(300)	-	-	-	-	(363,415)
Total Financing Sources (Uses)	-	-	(644,252)	-	21,244,150	-	220,547	-	-	20,820,445
Total Expenditures and Financing Sources (Uses)	(2,948,534)	96,934	(1,178,270)	(6,377,596)	203,339	-	281,699	755,947	-	(9,166,481)
NET CHANGE IN FUND BALANCES	(2,948,534)	96,934	(1,178,270)	(6,377,596)	203,339	-	281,699	755,947	-	(9,166,481)
Fund Balances - Beginning of Year	3,609,113	72,389,516	2,905,579	105,674,626	484,792	-	11,026,036	67,259,240	-	263,348,902
FUND BALANCES - END OF YEAR	<u>\$ 660,579</u>	<u>\$ 72,486,450</u>	<u>\$ 1,727,309</u>	<u>\$ 99,297,030</u>	<u>\$ 688,131</u>	<u>\$ -</u>	<u>\$ 11,307,735</u>	<u>\$ 68,015,187</u>	<u>\$ -</u>	<u>\$ 254,182,421</u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background Information

The Mississippi Development Authority (MDA) is a state economic and community development agency whose main function is to provide services to businesses, communities and workers throughout Mississippi. MDA works to recruit new business to the state and retain and expand existing Mississippi industry and business. MDA also provides technical assistance to the state's entrepreneurs and small businessmen and women and oversees programs that support Mississippi's minority and women-owned businesses.

In addition, MDA provides Mississippi's corporate citizens with export assistance, manages the state's energy programs and oversees programs that help its communities become more competitive. MDA works to promote tourism to the state and develop and support Mississippi's tourism industry. MDA is also responsible for managing federal disaster recovery funds, economic stimulus funds and other federal programs for the State of Mississippi.

Financial Reporting Entity

MDA is a state agency included in the State of Mississippi's Comprehensive Annual Financial Report. The selected governmental funds presented in these financial statements are part of the larger entity that in whole comprises the financial reporting entity of the Mississippi Development Authority.

Purpose of General Funds 334AF00000, 3341R00000, 5341W00000, 634AE00000, 2241100000, 634RZ00000, 634KE00000, 6340900000, and 6345216100

Fund 2241100000 – *MDA Supplementary General Fund* is the state appropriated general fund used to record MDA's administrative expenses, cost share match for federal grants, and miscellaneous grant payments.

Fund 634AE00000 – *Industry Incentive Financing Fund* is a revolving loan fund issuing loans and receiving repayments related to loans for economic development.

Fund 5341W00000 – *Disaster Recovery Fund* is a Community Development Block Grant (CDBG) for funds received from the United States Department of Housing and Urban Development for the Hurricane Katrina, 2008 Midwest Floods, and Hurricane Ike disasters.

Fund 3341R00000 – *Agribusiness Enterprise Loan Program*, is a loan program designed to encourage the extension of conventional financing and the issuance of letters of credit, by private institutions, to agribusiness enterprises in the State of Mississippi.

Fund 334AF00000 – *MS Tourism Rebate Program* provides a tax rebate to qualified applicants of new tourism-oriented projects in the state.

Fund 634RZ00000 – *Freight Rail Service* supports railroad projects that promote economic growth and job creation.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Fund 6340900000 – *Ingalls Shipyard* is a bond fund created to finance capital improvements at the Ingalls Shipyard in order to modernize and keep it competitive with other shipyards.

Fund 6345216100 – *Continental Tire Fund* is a bond fund created to contribute to financing and other costs of constructing the Continental Tire Plant in Clinton, MS.

Fund 634KE00000 – *Capital Improvement Revolving Loan Program* is a tax-exempt bond fund for the capital improvement revolving loan program that provides loans to municipalities and counties for the improvement of public facilities and infrastructure to assist with business locations and expansions with community-based projects.

Basis of Presentation

The accompanying fund financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

Cash and cash equivalents are defined as demand deposit accounts and equity in State Treasury Funds. Equity in State Treasury Funds consists of pooled cash held by the Treasurer of the State of Mississippi.

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MDAs' deposit policy for protection of custodial risk is handled under a statewide collateral program. The collateral for public entities' deposits in financial institutions is held by the depository bank in the name of the State Treasurer under a program established by the State of Mississippi Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entities' funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Loans Receivables

Loan receivables are reported net of an allowance for uncollectible accounts, where applicable. As of June 30, 2020, loan receivables reported for the funds selected for audit were \$170,463,097, net of an allowance for uncollectible of \$159,026,819.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Account Classifications

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

Fund Accounting

The financial activities of the funds audited are recorded in individual funds used to report financial position and changes in financial position. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Basis of Accounting/Measurement Focus

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are considered to be available when they are both measurable and available to finance expenditures of the current period. Management considers revenue to be available if collected within 60 days. Expenditures are recorded when a liability is incurred.

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires MDA to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and other changes in fund balances during the period. Actual results could differ from those estimates.

Revenue Recognition

Grant revenue is recognized when the related and allowable liability is paid. Other revenues in the funds are generally recognized when the revenue is received or appropriated by the State of Mississippi Legislature.

Unearned Revenue

Unearned revenue represents grant revenue received prior to all eligibility requirements being met. Unearned revenue is reported as a liability until the eligibility requirements are met.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

MDA is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The state of Mississippi has elected to finance most exposures to risk through the retention of risk. The state utilizes the internal service Risk Management Fund to account for these activities.

Fund Balances – Governmental Funds

MDA presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on the selected funds' fund balances. The classifications used in the selected governmental funds financial statements are based on the following methodology:

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amount had been restricted, committed or assigned.

Nonspendable – This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that may only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – This classification includes amounts that can be used only for the specific purposes determined by enabling legislations by the State legislature.

MDA considers restricted amounts to have been spent when the expenditure is incurred for purposes determined for which both restricted and unrestricted fund balances are available.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 INTERFUND TRANSFERS

Interfund transfers received from other funds are reported as Other Financing Sources rather than revenue, and interfund transfers sent to other funds are recorded as Other Financing Uses. In the selected governmental funds financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund.

As of June 30, 2020, Fund transfers consisted of:

Fund 5341W00000

Description:

Department Finance and Administration - Reclass

Transfers In

\$ 72,952

Transfers Out

\$ 199,762

Other State Governments - Subrecipients Disbursements

Fund 634AE000000

Description:

Department Finance and Administration - Reclass

Transfers In

\$ 163,353

Transfers Out

\$ 163,353

Other State Governments - Subrecipients Disbursements

Fund 2241100000

Description:

Department Finance and Administration - Annual appropriation

Transfers In

\$ 21,273,000

Transfers Out

\$ 300

Other State Governments - Sub Grantee Disbursements

Fund 634RZ00000

Description:

Other State Governments - Rail Loan Program

Transfers In

\$ 220,547

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DUE FROM AND DUE TO

Due from and due to balances are amounts due from and to the other departments and agencies within the State of Mississippi, including other MDA funds not selected for audit, and federal and state granting agencies.

The details of the due from and due to as of June 30, 2020 consisted of:

Fund 3341R00000	
Other State Funds - Pooled Loan Interest	Due From \$ 1,449
Fund 5341W00000	
Federal Government - Program Activity	Due From \$ 2,169,816
	Due To
Other State Governments - Loan Disbursements	\$ 459,972
Other Agency Funds, Net	1,256,806
Total	\$ 1,716,778
Fund 634AE00000	
Other State Funds	Due From \$ 8,730
Other State Governments	3,273,391
	\$ 3,282,121
	Due To
Other State Funds	\$ 339,067
Fund 2241100000	
Other State Governments	Due To \$ 9,626
Fund 634KE00000	
Other Agency Funds - Pooled Interest	Due From \$ 4,873

All amounts due to MDA are expected to be collected in fiscal year 2021.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 CONTINGENCIES AND COMMITMENTS

Litigation

MDA is party to various legal proceedings that arise in the normal course of governmental operations. If an unfavorable outcome of the litigation is determined to be likely and probable, MDA will record a liability to reflect the estimated outcome of the litigation.

NOTE 5 RETIREMENT PLAN

MDA contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1- 800-444-PERS.

PERS members are required to contribute 9.00% of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. As of June 30, 2020, MDA contributed \$1,704,995 to PERS for the funds included in these financial statements.



INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHANGES IN LOANS RECEIVABLE

Mississippi Development Authority
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying schedule of changes in loans receivable (the Schedule) of the funds selected for audit of the Mississippi Development Authority (MDA), as of and for the year ended June 30, 2020, and the related notes to the Schedule. The Schedule is presented for the purpose of assisting the State of Mississippi in preparation of its annual financial report and is not a required part of the general fund financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Schedule 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 Schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

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

Opinion

In our opinion, the schedule of changes in loans receivable referred to above presents fairly, in all material respects, the balance of and the changes in the loans receivable of MDA funds selected for audit as of June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The schedule of changes in loans receivable referred to above is intended to present only the changes in loans receivable of the general funds related to the MDA funds selected for audit. MDA is an agency of the State of Mississippi. The Schedule is not intended to present the financial position and results of operations for the State of Mississippi or MDA.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of MDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of the effectiveness of MDA's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
January 15, 2021

**MISSISSIPPI DEVELOPMENT AUTHORITY
SCHEDULE OF CHANGES IN LOANS RECEIVABLE
YEAR ENDED JUNE 30, 2020**

	Fund 334AF00000	Fund 3341R00000	Fund 5341W00000	Fund 634AE00000	Fund 2241100000	Fund 63452160000	Fund 634RZ00000	Fund 634KE00000	Fund 6340900000	Total
Balance as of June 30, 2019	\$ -	\$ 69,146,452	\$ 3,502,869	\$ 211,817,235	\$ -	\$ -	\$ 8,973,734	\$ 43,730,070	\$ -	\$ 337,170,360
Additions	-	13,999,615		2,154,445	-	-	220,547	3,651,283	-	20,025,890
Payments	-	(14,774,731)	(1,848,699)	(5,586,054)	-	-	(764,657)	(4,732,193)	-	(27,706,334)
Balance as of June 30, 2020 before Allowance for Loss	-	68,371,336	1,654,170	208,385,626	-	-	8,429,624	42,649,160	-	329,489,916
Less: Allowance for Uncollectibility	-	-	-	(159,026,819)	-	-	-	-	-	(159,026,819)
Balance as of June 30, 2020 Net Allowance for Loss	<u>\$ -</u>	<u>\$ 68,371,336</u>	<u>\$ 1,654,170</u>	<u>\$ 49,358,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,429,624</u>	<u>\$ 42,649,160</u>	<u>\$ -</u>	<u>\$ 170,463,097</u>
Current Portion of Loans Receivable Net Allowance for Loss	<u>\$ -</u>	<u>\$ 9,737,079</u>	<u>\$ 185,061</u>	<u>\$ 7,496,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,615</u>	<u>\$ 4,340,729</u>	<u>\$ -</u>	<u>\$ 22,130,416</u>

**STATE OF MISSISSIPPI
MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO SCHEDULE OF CHANGES IN LOANS RECEIVABLE
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The presented schedule of changes in loans receivable is recorded on the full accrual basis. Governmental funds statements of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net assets. Accordingly, they are presented as a summary of sources and uses of "available spendable resources" during a period. In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and liabilities and receivables as well as long-term debt and obligations.

NOTE 2 ALLOWANCE FOR LOSS

The allowance for loss is based on prior years' experience and management's analysis of possible bad debts. Accounts and loan receivable determined to be uncollectible are charge against the allowance account in the year they determined uncollectible. The allowance for loan loss as of June 30, 2020 is \$159,026,819.



**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, 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 selected funds 334AF00000, 3341R00000, 5341W00000, 634AE00000, 2241100000, 634RZ00000, 634KE00000, 6340900000, and 6345216100 of the Mississippi Development Authority (MDA) as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report dated January 15, 2021 which contained an unmodified opinion with an Other Matter paragraph regarding the omission of management's discussion and analysis. We have also audited the Schedule of Changes in Loans Receivable (the Schedule) as of and for the year ended June 30, 2020, and the related notes to the Schedule and have issued our report thereon dated January 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the selected funds listed in the first paragraph and the Schedule, we considered MDA'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 of the selected funds and the Schedule, but not for the purpose of expressing an opinion on the effectiveness of MDA's internal control. Accordingly, we do not express an opinion on the effectiveness of MDA'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.

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 MDA's funds 334AF00000, 3341R00000, 5341W00000, 634AE00000, 2241100000, 634RZ00000, 634KE00000, 6340900000, and 6345216100 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 MDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
January 15, 2021