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**FINANCIAL STATEMENTS OF THE GENERAL FUND OF
STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



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**MISSISSIPPI DEVELOPMENT AUTHORITY
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the general fund of the Mississippi Development Authority (MDA), a Department of the State of Mississippi, as of and for the year ended June 30, 2021, and the related notes to the financial statements. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general MDA as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter


As discussed in Note 1, the financial statements present only the general fund of the Mississippi Development Authority and do not purport to, and do not, present fairly the financial position of the Mississippi Development Authority, as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Management has omitted the Management Discussion and Analysis and budgetary comparison information 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 opinion on the financial statements is 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 February 8, 2022 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

Baltimore, Maryland
February 8, 2022

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2021

ASSETS

Equity in State Treasury Funds	\$ 550,024,006
Investments	499,961
Loan Receivables, Net	148,418,789
Due from Federal Government	12,533,586
Loans Due from State Government, net	141,861,791
Due from Other State Funds	787,762
Other Receivables	1,775,399
Gulf Coast Restoration Receivable	<u>360,000,000</u>
 Total Assets	 <u><u>\$ 1,215,901,294</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 33,581,022
Warrants Payable	1,687,361
Due to Other Governments	4,612,806
Due to Other State Funds	1,693,060
Due to Component Units	95,174
Unearned Revenue	585,215
Funds Held for Others	<u>6,654,174</u>
Total Liabilities	48,908,812
 Deferred Inflow of Resources- Unavailable	 <u>360,000,000</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>408,908,812</u>

FUND BALANCE

Unspendable - Loans	290,280,580
Restricted for Recreation & Resource Development	350,904,019
Restricted for Debt Service	158,660,000
Committed for Recreation & Resource Development	6,891,433
Assigned for Recreation & Resource Development	<u>256,450</u>
Total Fund Balance	<u>806,992,482</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 1,215,901,294</u></u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021

REVENUES

Federal grant	\$ 51,458,651
Loan Repayments	19,998,143
Interest income	8,061,084
Taxes	18,720,615
Fees and permits	239,220
Rental Income	90,307
Other income	<u>8,777,064</u>
Total Revenues	<u>107,345,084</u>

EXPENDITURES

Subsidies	330,680,038
Salaries and Benefits	15,505,217
Travel	118,840
Contractual Services	14,622,120
Commodities	392,427
Capital Outlay	<u>312,278</u>
Total Expenditures	<u>361,630,920</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES**

(254,285,836)

OTHER FINANCING SOURCES (USES)

Gulf Coast Restoration Settlement	30,000,000
Proceeds from Bond Issuance	158,660,000
Indirect Cost Transfer in	985,298
Indirect Cost Transfer (out)	(985,298)
Transfers in	306,970,696
Transfers (out)	<u>(171,305,365)</u>
Total Financing Sources (Uses)	<u>324,325,331</u>

NET CHANGE IN FUND BALANCES

70,039,495

Fund Balances - Beginning of Year

736,952,987

FUND BALANCES - END OF YEAR

\$ 806,992,482

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

Basis of Presentation

The accompanying 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). These financial statements do not constitute a complete presentation because they do not present the government-wide financial statements, reconciliations to the government-wide financial statements, management's discussion and analysis, or budgetary information.

Purpose of the General Fund

The general fund is used to account for the ongoing activities of MDA that are financed with general government revenues in the form of taxes, license fees, grants, and entitlements and other financing sources including bond proceeds.

MDA utilizes sub-funds to account for the transactions of the general fund. A description of the various sub-funds purposes is as follows:

- | | |
|-----------|---|
| 22XXXXXXX | <u>General Funds</u> – The general fund accounts for transactions related to resources obtained and used for services traditionally provided by a state government. These services include general government, public safety, health and social services, social assistance, recreation and resources, transportation, and education (other than institutions of higher education). |
| 33XXXXXXX | <u>Special Funds</u> – Special revenue funds account for transactions related to resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. |
| 53XXXXXXX | <u>Grant Funds</u> – Financial award given by the federal or state fund to support a specific purpose |
| 63XXXXXXX | <u>Bond Funds</u> – Debt service funds account for transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations |

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 general fund consist of individual sub-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

The 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.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Grant revenue is recognized when the related and allowable liability is paid. Other revenues 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.

Deferred Inflow of Resources

A deferred inflow of resources is the acquisition of net assets by the government that applies to a future reporting period.

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 financial statements are based on the following methodology:

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.

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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MDA considers restricted resources to have been spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, MDA considers committed, assigned, and unassigned amounts to have been spent in that order.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 LOAN RECEIVABLES

Loan receivables are reported net of an allowance for uncollectible accounts, where applicable. As of June 30, 2021, total loans receivable:

Loan Sub-Fund	Loan Receivables	Loans Due from State Governments
6341500000	\$ 782,534	\$ -
3341118000	794,621	-
3341118100	171,875	-
3341118200	1,917,980	-
3341118300	20,000	-
3341118400	138,353	-
3341R00000	62,207,805	-
334CR00000	1,558,070	-
334FB00000	5,669,618	-
6341D00000	1,057,518	-
634AA00000	761,946	-
634AE00000	204,647,837	-
634NB00000	1,756,903	-
634TD00000	10,372,450	-
3341N00000	-	38
3341Y00000	-	6,453,986
334AV00000	-	2,009,165
334CR00000	-	491,421
334KW00000	-	61,531,731
5341W00000	-	1,898,274
6342217100	-	6,429
634AE00000	-	2,925,979
634AX00000	-	1,374,888
634BN00000	-	17,108,700
634KE00000	-	40,585,209
634MP00000	-	4,920,000
634MT00000	-	21,911,278
634RZ00000	-	8,803,310
Subtotal	291,857,510	170,020,408
Less: Allowance for Uncollectibility	(143,438,721)	(28,158,617)
Total Accounts Receivable, Net	\$ 148,418,789	\$ 141,861,791

Allowance for uncollectible loan receivables: MDA's allowance for uncollectible is based on the type of loan. Majority of the loans are allowed for 1% of the outstanding loan balance, with loans in forfeiture status allowed for 100%. MDA does not allow for loans supported by federal funds or guaranteed by the bank.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 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 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, 2021, Fund transfers consisted of:

General Fund

Transfers to MDA Sub Fund	From	Amount
Fund 6850000000	Department of Finance Administration- Passthrough CARES Funds	\$ 239,783,184
Fund 3342000000	Mississippi Forest Commission- conference fee	2,000
Fund 33420V0000	Mississippi Department of Transportation - SB 2996 Appropriation	800,000
Fund 3820141100	Mississippi Institute of Higher Learning	1,800,000
Fund 5342919000	Mississippi Employment Security- Energy Academy	25,822
	Office of the State Treasurer	
Fund 644BR00000	SB 2977 Appropriation	400,000
Fund 6820141500	Independent Schools COVID-19 assistance	30,207,000
	CARES Healthcare Preparedness Assistance	10,000,000
Fund 6345218100	Interest	221,523
Fund 6820141400	CARES ACT Funds SB 3053, discretionary CARES	3,048,600
Fund 644BR00000	CEF Reappropriation	563,842
Fund 6820141500	CARES Rental Assistance Program	20,000,000
Fund 5341800000	Roll forward cash from prior year	87,115
	State Aid Road-	
Fund 634CN0000	BRAC grant and Old Augusta MS-135	19,000
Fund 3341200000	BRAC grant and Old Augusta MS-135	12,610
Total Transfers In		\$ 306,970,696

General Fund

Transfers out of MDA Sub fund	To	Amount
Fund 5341W00000	Mississippi State Port Authority- subgrant	\$ 538,231
Fund 5341X00000	City of Houston subgrant	2,500
Fund 634RT00000	Mississippi Department of Transportation	118
	Department of Finance Administration-	
Fund 6820141100	Disbursement of COVID-19 Funds	60,426,277
Fund 6820141200	Disbursement of COVID-19 Funds	15,425,154
Fund 682141300	Disbursement of COVID-19 Funds	645,519
Fund 6820141500	Disbursement of COVID-19 Funds	6,482,669
Fund 634NB00000	Repayment to Office of the Treasurer	1,381,998
Fund 634MP0000	Repayment to Office of the Treasurer	1,470,000
Fund 3341281910	Disbursement of Loans	50,000
Fund 2241100000	State General Fund	1,062
Fund 334BC00000	MDA Job training Grant- HB 109	18,547,372

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 INTERFUND TRANSFERS (CONTINUED)

<u>General Fund</u>			
Transfers out of MDA	To		Amount
Sub fund			
	Office of the Treasurer		
Fund 334FB00000	To other State Agencies	\$	47,723
Fund 3820141100	To other State Agencies		454
Fund 5341800000	To other State Agencies		32,556
Fund 6200031723	To other State Agencies		148
Fund 5341X00000	To other State Agencies		54,411
Fund 6340100000	To other State Agencies		2,513
Fund 6340120000	To other State Agencies		559
Fund 6340121100	To other State Agencies		16,768
Fund 6340130000	To other State Agencies		2,259
Fund 6340202000	To other State Agencies		7,153
Fund 6340500000	To other State Agencies		8
Fund 6340518100	To other State Agencies		11,112
Fund 6340519100	To other State Agencies		35,404
Fund 6340521100	To other State Agencies		3,448
Fund 6340616200	To other State Agencies		1,717
Fund 6340617100	To other State Agencies		2,146
Fund 6340618100	To other State Agencies		1,507
Fund 6340619100	To other State Agencies		39,543
Fund 6340621100	To other State Agencies		7,330
Fund 6340621200	To other State Agencies		9,653
Fund 6340700000	To other State Agencies		105
Fund 6340919100	To other State Agencies		102,644
Fund 6341119100	To other State Agencies		5,657
Fund 6341316100	To other State Agencies		348,087
Fund 6341319100	To other State Agencies		57,224
Fund 6341500000	To other State Agencies		62
Fund 6341C00000	To other State Agencies		1,628
Fund 6341K00000	To other State Agencies		20,035
Fund 6342116100	To other State Agencies		5,007
Fund 6342121100	To other State Agencies		1,379
Fund 6342617100	To other State Agencies		2,391
Fund 6342618100	To other State Agencies		13,412
Fund 6342619100	To other State Agencies		21,459
Fund 6342621100	To other State Agencies		2,069
Fund 6343221100	To other State Agencies		2,413
Fund 634AA00000	To other State Agencies		19,277
Fund 634AG00000	To other State Agencies		490
Fund 634AK00000	To other State Agencies		3,557
Fund 634AN00000	To other State Agencies		34,716
Fund 634AX00000	To other State Agencies		783,019
Fund 634AZ00000	To other State Agencies		3,576
Fund 634BH10000	To other State Agencies		219
Fund 634BL00000	To other State Agencies		1,066
Fund 634BL10000	To other State Agencies		3,770
Fund 634BN00000	To other State Agencies		557,532
Fund 634EG00000	To other State Agencies		757
Fund 634GH00000	To other State Agencies		730
Fund 634NA00000	To other State Agencies		55
Fund 634NB00000	To other State Agencies		101
Fund 634RT00000	To other State Agencies		3,805
Fund 634TD00000	To other State Agencies		2,437,980
Fund 634TH00000	To other State Agencies		20,693
Fund 634TL00000	To other State Agencies		34,692
Fund 634TM00000	To other State Agencies		11,745
Fund 634TM10000	To other State Agencies		6,921
Fund 634TZ10000	To other State Agencies		6
Fund 634WE00000	To other State Agencies		5,100
Fund 644BR00000	To other State Agencies		563,842
Fund 6820141100	To other State Agencies		60,980,832
Total Transfer Out		\$	171,305,365

Note: MDA is a department in the State of Mississippi, transfers in and out will net to zero at the State reporting level, not the department level.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 DUE FROM OTHER GOVERNMENTS

The details of amounts due from as of June 30, 2021 consisted of:

Due From Federal Government

U.S Department of Housing and Urban Development	\$ 11,209,173
Appalachian Regional Development	796,853
U.S. Department of Energy	110,470
Small Business Administration	377,090
U.S. Department of Agriculture	40,000
Total	<u>\$ 12,533,586</u>

All amounts due to MDA are expected to be collected in fiscal year 2022.

NOTE 5 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 6 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 17.40% 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, 2021, MDA contributed \$2,001,134 to PERS for the funds included in these financial statements.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

MDA participates in the Public Employees' Retirement System of Mississippi (PERS) Other Postemployment Benefits Plan (OPEB). The State and School Employees' Health Insurance Management Board administers the state's self-insured medical plan and life insurance program established by Miss. Code Ann. § 25-15-3 (1972, as amended), which may be amended only by the state Legislature. State law mandates that all state, public education, library, junior and community college, and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (Plan).

Benefits Provided

The Plan provides other postemployment benefits (OPEB) as a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing healthcare benefits to retirees under age 65 and the average cost of providing healthcare benefits to all participants when premiums paid by retirees are not age-adjusted.

The Plan offers a base option and a select option for health benefits for non-Medicare participants. The Plan includes a separate level for Medicare eligible retirees, Medicare eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. Pursuant to the authority granted by Mississippi statute, the Plan's Management Board has the authority to establish and change premium rates for the participants, employers, and the other contributing parties. If it is determined actuarially that premiums paid by participating retirees adversely affect the overall cost of the Plan to the State, a premium surcharge may be imposed on participating retired employees under the age of Medicare eligibility. For those initially employed on or after January 1, 2006, a premium surcharge may be imposed in an amount determined actuarially to cover the full cost of insurance, while the surcharge for those employed before that date may not exceed 15%.

NOTE 8 GULF COAST SETTLEMENT

The State was awarded for the damages as a result of damages caused by the BP oil spill. On September 1, 2018 the State Legislative created the Gulf Coast Restoration Fund (GCRF) via Senate Bill 2022 and State BP Settlement Fund, MDA was selected as the administrator of the GCRF. The settlement is to be allocated 25% State BP Settlement Fund and 75% GCRF. As of June 30, 2021, the State appropriated \$390,000,000 to the GCRF, of which \$30,000,000 was received and recognized as revenue, \$360,000,000 was reported as an accounts receivable and deferred inflows of resources. No program expenditures were charged to the GCRF during the fiscal year.



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, general fund of the Mississippi Development Authority (MDA) as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report dated February 23, 2022 which contained an unmodified opinion with an Other Matter paragraph regarding the omission of management's discussion and analysis.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of MDA, we considered MDA's internal control over financial reporting (internal control) as a basis for designing 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 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.

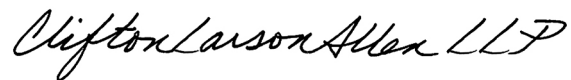
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
February 23, 2022

**REPORTS ON FEDERAL PROGRAMS OF THE
MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED BY THE
OFFICE OF THE STATE AUDITOR
YEAR ENDED JUNE 30, 2021**



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**FEDERAL PROGRAMS OF THE MISSISSIPPI DEVELOPMENT AUTHORITY
SELECTED BY THE OFFICE OF THE STATE AUDITOR
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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**

Mississippi Development Authority
(A Department of the State of Mississippi)
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, general fund of the Mississippi Development Authority (MDA) as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report dated February 8, 2022, which contained an unmodified opinion with an Other Matter paragraph regarding the omission of management's discussion and analysis. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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, 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 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 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
February 8, 2022



**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS FOR FEDERAL PROGRAMS
SELECTED BY THE OFFICE OF THE STATE AUDITOR**

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

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards for programs selected by the Office of the State Auditor for those programs of the Mississippi Development Authority (MDA), for the year ended June 30, 2021, and the notes (the financial statement).

Management's Responsibility for the Schedule of Expenditures of Federal Awards Programs Selected for Audit.

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

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

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 financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards for the programs selected by the Office of the State Auditor of MDA for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE
AUDITOR AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program
Selected by the Office of the State Auditor**

We have audited Mississippi Development Authority (MDA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs selected by the Office of the State Auditor for the year ended June 30, 2021. MDA's major federal programs, as selected by the Office of the State Auditor, are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of MDA's major federal programs selected by the Office of the State Auditor based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about MDA's major federal programs selected by the Office of the State Auditor 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 on compliance for the MDA's major federal programs selected by the Office of the State Auditor. However, our audit does not provide a legal determination of MDA's major federal programs selected by the Office of the State Auditor compliance.

Opinion on Each Major Federal Programs

In our opinion, MDA major federal programs selected by the Office of the State Auditor, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompany schedule of findings and questioned costs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of MDA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MDA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program selected by the Office of the State Auditor to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program selected by the Office of the State Auditor and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 in internal control over compliance* is a deficiency, or a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses and therefore, material weaknesses and significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2022

**MISSISSIPPI DEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE
OF THE STATE AUDITOR
YEAR ENDED JUNE 30, 2021**

Federal Grantor, Program, or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 42,877,742	\$ 40,576,349
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii- Loans	14.228	1,898,307	-
Total U.S. Department of Agriculture		<u>44,776,049</u>	<u>\$ 40,576,349</u>
Total Federal Expenditures		<u>\$ 44,776,049</u>	

**MISSISSIPPI DEVELOPMENT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR
JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards for Federal Programs Selected by the Office of the State Auditor includes the federal grant activity for federal programs reported in the schedule. These programs were selected for audit by the Office of the State Auditor and do not represent all of the federal expenditures of Mississippi Development Authority (MDA). The Schedule is presented on an accrual basis of accounting in accordance with *Generally Accepted Accounting Principles*.

The information in this Schedule is also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Expenditures of selected federal award grant funds are made for the purposes specified by the grantor and are subject to certain restrictions. Expenditures are also subject to audit by the relevant federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of MDA.

NOTE 2 LOANS

The outstanding loan balances as of June 30, 2020, and loan expenditures for the year ended June 30, 2021, are considered current-year federal expenditures. These amounts are reported on the Schedule of Expenditures of Federal Awards.

Hinds County

Hinds County, Mississippi obtained a housing loan from MDA. The outstanding loan balance as of June 30, 2021, is \$1,898,307.

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the SEFA.

NOTE 3 INDIRECT COSTS

MDA did not elect to use the 10% de minimis cost rate for indirect costs.

**MISSISSIPPI DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR
YEAR ENDED JUNE 30, 2021**

Financial Statement Section

	<u>Yes</u>	<u>None Reported</u>
Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?		X
Were significant deficiency(ies) identified not considered to be a material weakness(es)?		X
Noncompliance material to basic financial statements noted?		X

Federal Awards Section

	<u>Yes</u>	<u>None Reported</u>
Material weakness(es) identified?		X
Significant deficiency(ies) identified not considered to be material weaknesses?		X
Type of auditors' report on compliance for major programs:		Unmodified
	<u>Yes</u>	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 510 (a)		X

Identification of major programs:

<u>ALN(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

**MISSISSIPPI DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).