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**FINANCIAL STATEMENTS OF THE GENERAL FUND OF
STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022



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**MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of Mississippi Development Authority (MDA), a Department of the State of Mississippi, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise MDA's basic financial statements as listed in the table of contents. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MDA as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of MDA are intended to present the financial position and changes in financial position attributable to the transactions of MDA. They do not present fairly, the financial position of the State of Mississippi as of June 30, 2022, 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 the respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MDA' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

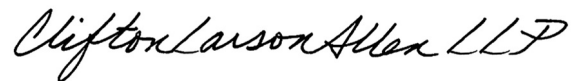
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2023 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.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
March 15, 2023

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2022**

ASSETS

Equity in State Treasury Funds	\$ 542,538,819
Loan Receivables, Net	121,877,880
Due from Federal Government	13,752,096
Loans Due from State Government, Net	137,850,951
Due from Other State Funds	837,707
Other Receivables	775,638
Gulf Coast Restoration Receivable	<u>330,000,000</u>
 Total Assets	 <u><u>\$ 1,147,633,091</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 8,694,398
Warrants Payable	2,248,978
Due to Other Governments	6,079,370
Due to Other State Funds	2,811,935
Due to Component Units	100,000
Unearned Revenue	775,925
Loans to be Disbursed	<u>6,654,174</u>
Total Liabilities	27,364,780

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue	<u>330,000,000</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>357,364,780</u>

FUND BALANCE

Unspendable - Loans	259,728,831
Restricted for Recreation and Resource Development	785,518,940
Restricted for Debt Service	15,562,475
Committed for Recreation and Resource Development	5,533,417
Unassigned for Recreation	<u>(276,075,352)</u>
Total Fund Balance	<u>790,268,311</u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,147,633,091</u></u>
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See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2022

REVENUES

Federal Grant	\$ 31,391,485
Loan Repayments	21,164,560
Interest Income	6,765,984
Taxes	23,853,374
Fees and Permits	1,391,374
Other income	3,145,439
Total Revenues	<u>87,712,216</u>

EXPENDITURES

Subsidies	121,524,790
Salaries and Benefits	14,670,579
Travel	503,449
Contractual Services	25,826,365
Commodities	592,589
Capital Outlay	382,485
Total Expenditures	<u>163,500,257</u>

DEFICIENCY OF REVENUES

UNDER EXPENDITURES	(75,788,041)
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OTHER FINANCING SOURCES (USES)

Gulf Coast Restoration Settlement	30,000,000
Homeowner's Assistance Settlement	14,799,095
Proceeds from Bond Issuance	29,500,000
Indirect Cost Transfer In	670,257
Indirect Cost Transfer (Out)	(670,257)
Transfers In	11,450,000
Transfers (Out)	(26,846,928)
Other various settlements	161,703
Total Financing Sources	<u>59,063,870</u>

NET CHANGE IN FUND BALANCES

(16,724,171)

Fund Balances - Beginning of Year

806,992,482

FUND BALANCES - END OF YEAR

\$ 790,268,311

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 of Mississippi (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 general fund of the State of Mississippi's Annual Comprehensive Financial Report.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted 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.

The financial statements of MDA are intended to present the financial position and changes in financial position of MDA that is attributable to the transactions of MDA. They do not present fairly, the financial position of the State of Mississippi as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principle generally accepted in the United States of America.

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 General Funds – 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).

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purpose of the General Fund (continued)

- | | |
|-----------|---|
| 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 |

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.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 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.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 LOAN RECEIVABLES

Loan receivables are reported net of an allowance for uncollectible accounts, where applicable. As of June 30, 2022, total loans receivable:

Loan Sub-Fund	Loan Receivables	Loans Due from State Governments
6341500000	\$ 782,534	\$ -
3341118000	1,194,621	-
3341118100	217,751	-
3341118200	2,022,104	-
3341118300	20,000	-
3341118400	138,353	-
3341R00000	61,402,225	-
334CR00000	1,234,156	-
334FB00000	5,616,923	-
6341D00000	989,162	-
634AA00000	761,586	-
634AE00000	179,876,503	-
634NB00000	354,058	-
634TD00000	12,098,555	-
3341N00000	-	-
3341Y00000	-	6,603,993
334AV00000	-	1,436,846
334CR00000	-	722,194
334KW00000	-	57,173,270
5341W00000	-	1,812,733
6342217100	-	6,429
634AE00000	-	2,655,053
634AX00000	-	521,905
634BN00000	-	15,979,478
634KE00000	-	42,261,326
634MP00000	-	3,725,000
634MT00000	-	21,911,278
634RZ00000	-	8,347,470
6343221100	-	3,002,600
Subtotal	266,708,531	166,159,575
Less: Allowance for Uncollectibility	(144,830,651)	(28,308,624)
Total Accounts Receivable, Net	\$ 121,877,880	\$ 137,850,951

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 LOAN RECEIVABLES (CONTINUED)

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.

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, 2022, Fund transfers consisted of:

General Fund

Transfers In to MDA		
Sub Fund	From	Amount
Fund 33420V0000	Mississippi Department of Transportation - SB 2951 Appropriation	800,000
Fund 644BR00000	Office of the State Treasurer SB 2951 Appropriation	10,450,000
Fund 6820141400	CARES ACT Funds SB 3053, discretionary CARES	200,000
	Total Transfers In	\$ 11,450,000

General Fund

Transfers Out of MDA		
Sub Fund	To	Amount
Fund 5341W00000	Mississippi State Port Authority- Subgrantee	\$ 11,429,966
Fund 5341X00000	Sunflower City - Subgrantee	39,067
Fund 634RT00000	Mississippi Department of Transportation	196,730
Fund 6820141100	Department of Finance Administration- Disbursement of COVID-19 Funds	53,200
Fund 6820141200	Disbursement of COVID-19 Funds	3,800

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 INTERFUND TRANSFERS (CONTINUED)

<u>General Fund</u>	<u>Transfers Out of MDA</u>	<u>To</u>	<u>Amount</u>
	<u>Sub Fund</u>		
		Office of the Treasurer	
Fund 3343221100		To other State Agencies	10,015
Fund 334FB00000		To other State Agencies	30,598
Fund 3820141100		To other State Agencies	0
Fund 6340100000		To other State Agencies	1,470
Fund 6340120000		To other State Agencies	327
Fund 6340121100		To other State Agencies	68,115
Fund 6340130000		To other State Agencies	2,150
Fund 6340200000		To other State Agencies	4,184
Fund 6340500000		To other State Agencies	10
Fund 6340519100		To other State Agencies	11,740
Fund 6340521100		To other State Agencies	20,921
Fund 6340616200		To other State Agencies	1,004
Fund 6340617100		To other State Agencies	1,255
Fund 6340618100		To other State Agencies	879
Fund 6340619100		To other State Agencies	1,883
Fund 6340621100		To other State Agencies	19,832
Fund 6340621200		To other State Agencies	58,578
Fund 6340622100		To other State Agencies	28,037
Fund 6340919100		To other State Agencies	32,992
Fund 6341116100		To other State Agencies	1
Fund 6341119100		To other State Agencies	1,592
Fund 6341316100		To other State Agencies	47,425
Fund 6341319100		To other State Agencies	33,472
Fund 6341500000		To other State Agencies	36
Fund 6341C00000		To other State Agencies	952
Fund 6341K00000		To other State Agencies	12,249
Fund 6342116100		To other State Agencies	2,860
Fund 6342121100		To other State Agencies	8,368
Fund 6342617100		To other State Agencies	251
Fund 6342618100		To other State Agencies	2,355
Fund 6342619100		To other State Agencies	12,552
Fund 6342621100		To other State Agencies	12,552
Fund 6342622100		To other State Agencies	5,607
Fund 6343221100		To other State Agencies	8,941
Fund 6343222100		To other State Agencies	6,542
Fund 6343322100		To other State Agencies	1,869
Fund 6345316100		To other State Agencies	6,000,000
Fund 634AA00000		To other State Agencies	366
Fund 634AG00000		To other State Agencies	287
Fund 634AK00000		To other State Agencies	2,081
Fund 634AN00000		To other State Agencies	20,307
Fund 634AX00000		To other State Agencies	711,508
Fund 634AZ00000		To other State Agencies	2,092
Fund 634BH10000		To other State Agencies	60
Fund 634BL00000		To other State Agencies	624
Fund 634BL10000		To other State Agencies	2,240
Fund 634BN00000		To other State Agencies	839,412
Fund 634EG00000		To other State Agencies	418
Fund 634GH00000		To other State Agencies	485
Fund 634NA00000		To other State Agencies	32
Fund 634NB00000		To other State Agencies	59
Fund 634RT00000		To other State Agencies	1,287
Fund 634TD00000		To other State Agencies	984,625
Fund 634TH00000		To other State Agencies	12,105
Fund 634TL00000		To other State Agencies	20,292
Fund 634TM00000		To other State Agencies	6,378
Fund 634TM10000		To other State Agencies	4,049
Fund 634TZ10000		To other State Agencies	61
Fund 634WE00000		To other State Agencies	137
Fund 6820141100		To other State Agencies	639
Fund 6820141200		To other State Agencies	10
Fund 6820141400		To other State Agencies	665
Fund 6820141500		To other State Agencies	37
Total Transfer Out			\$ 26,846,928

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
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 DUE FROM OTHER GOVERNMENTS

The details of amounts due from as of June 30, 2022 consisted of:

Due From Federal Government

U.S Department of Housing and Urban Development	\$ 12,586,826
Appalachian Regional Development	854,176
U.S. Department of Energy	3,843
Small Business Administration	222,251
U.S. Department of Agriculture	85,000
Total	<u>\$ 13,752,096</u>

All amounts due to MDA are expected to be collected in fiscal year 2023.

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, 2022, MDA contributed \$2,001,134 to PERS for the funds included in these financial statements.

STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

MDA participates in 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 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 as follows, 25% State BP Settlement Fund and 75% GCRF. The State appropriated \$390,000,000 to the GCRF. As of June 30, 2022, \$60,000,000 was received and recognized as revenue, \$330,000,000 was reported as an accounts receivable and deferred inflows of resources. No program expenditures were charged to the GCRF during the fiscal year.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 HOMEOWNER'S ASSISTANCE PROGRAM SETTLEMENT

The State was awarded \$14,799,095 in damages as a result of the Homeowner's Assistance Program (HAP) lawsuit against State Farm Fire and Casualty Co., USAA Casualty insurance Company, Allstate Insurance Company, and Nationwide Mutual Insurance Company. The funds are designated for a specific purpose in accordance with requirements established by the U.S Department of Urban Housing (HUD). As of June 30, 2022, none of the funds were spent.