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**FINANCIAL STATEMENTS OF THE FUND ACTIVITY OF  
STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY  
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**



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**MISSISSIPPI DEVELOPMENT AUTHORITY  
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)  
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YEAR ENDED JUNE 30, 2023**

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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 financial statements of the fund activity of the Mississippi Development Authority (MDA), a Department of the State of Mississippi, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise MDA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fund activity of MDA as of June 30, 2023, 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 fund activity transactions of MDA. They do not present fairly, the financial position of the State of Mississippi as of June 30, 2023, 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 14, 2024 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 cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
March 14, 2024

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY  
BALANCE SHEET  
JUNE 30, 2023**

**ASSETS**

Equity in State Treasury Funds	\$ 745,908,390
Loan Receivables, Net	116,370,914
Due from Federal Government	15,867,088
Loans Due from State Government, Net	135,802,072
Due from Other State Funds	1,627,530
Other Receivables	693,206
Gulf Coast Restoration Receivable	<u>300,000,000</u>
 Total Assets	 <u><u>\$ 1,316,269,200</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ 16,905,324
Warrants Payable	3,272,562
Due to Other Governments	7,335,905
Due to Other State Funds	913,802
Due to Component Units	241,852
Unearned Revenue	848,145
Funds Held for Others	<u>-</u>
Total Liabilities	<u>29,517,590</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenue	<u>300,000,000</u>
 Total Liabilities and Deferred Inflows of Resources	 <u><u>329,517,590</u></u>

**FUND BALANCE**

Nonspendable - Loans	252,172,986
Restricted for Recreation and Resource Development	771,984,959
Restricted for Debt Service	14,596,367
Committed for Recreation and Resource Development	3,299,139
Unassigned for Recreation	<u>(55,301,841)</u>
Total Fund Balance	<u><u>986,751,610</u></u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,316,269,200</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, 2023**

**REVENUES**

Federal Grant	\$ 69,514,842
Interest Income	14,416,091
Taxes	24,181,689
Fees and Permits	270,775
Other income	5,305,183
Total Revenues	<u>113,688,580</u>

**EXPENDITURES**

General Government:	
Subsidies	146,925,788
Salaries and Benefits	14,116,399
Travel	692,971
Contractual Services	29,424,030
Commodities	456,911
Capital Outlay	753,985
Total Expenditures	<u>192,370,084</u>

**DEFICIENCY OF REVENUES  
UNDER EXPENDITURES**

(78,681,504)

**OTHER FINANCING SOURCES (USES)**

Gulf Coast Restoration Settlement	30,000,000
Proceeds from Bond Issuance	39,100,000
Indirect Cost Transfer In	843,855
Indirect Cost Transfer (Out)	(831,937)
Transfers In	223,717,916
Transfers (Out)	(24,618,115)
Other various settlements	298,910
Total Other Financing Sources	<u>268,510,629</u>

**NET CHANGE IN FUND BALANCES**

189,829,125

Fund Balances - Beginning of Year

790,268,311

**FUND BALANCES - END OF YEAR**

\$ 980,097,436

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**  
**(A DEPARTMENT OF THE STATE OF MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 fund activity transactions of MDA. They do not present fairly, the financial position of the State of Mississippi as of June 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles 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**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 and collected within sixty days after fiscal year end. 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**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balances – Governmental Funds (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, 2023, total loans receivable:

<u>Loan Sub-Fund</u>	<u>Loan Receivables</u>	<u>Loans Due from State Governments</u>
6341500000	\$ 782,534	\$ -
3341118000	1,194,621	-
3341118100	215,862	-
3341118200	1,942,873	-
3341118300	13,710	-
3341118400	216,000	-
3341R00000	62,342,869	-
334CR00000	901,258	-
334FB00000	5,563,700	-
6341D00000	951,679	-
634AA00000	728,711	-
634AE00000	162,624,121	-
634TD00000	11,286,313	-
634TE00000	1	-
634WC00000	487,556	-
3341Y00000	-	6,603,199
3343023100	-	4,538,873
3343221100	-	3,002,600
334AV00000	-	1,960,466
334CR00000	-	595,316
334KW00000	-	54,947,810
5341W00000	-	1,624,568
6342217100	-	3,215
634AE00000	-	2,375,521
634AX00000	-	135,760
634BN00000	-	15,401,051
634KE00000	-	40,659,161
634MP00000	-	2,475,000
634MT00000	-	20,847,028
634RZ00000	-	7,876,878
6343221100	-	-
Subtotal	249,251,809	163,046,446
Less: Allowance for Uncollectibility	(132,880,895)	(27,244,374)
Total Accounts Receivable, Net	\$ 116,370,914	\$ 135,802,072

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023, Fund transfers consisted of:

**General Fund**

<b>Transfers In to MDA Sub</b>		
<b>Fund</b>	<b>From</b>	<b>Amount</b>
Fund 6614300000	Capital Expense Fund 2022 Senate Bill 2001 Sec 2 Triple Crown Appropriation	\$ 81,105,000
Fund 33420V0000	Mississippi Department of Transportation Senate Bill 3048 2022 Appropriation	800,000
Fund 644BR00000	Skills Foundation of Mississippi Senate Bill 3048 sect 21	400,000
Fund 6614110000	2022 ACE Fund	30,000,000
Fund 6614120000	2022 MS Economic Dev Hwy Fund	7,000,000
Fund 6614130000	2022 MS Business Investment Fund	10,000,000
Fund 6614140000	2022 MS Industry Incentive Financing Revolving Fund	10,000,000
Fund 6614150000	2022 MS Major Econ Impact Authority Fund BRAC	3,000,000
Fund 6614160000	2022 MS Main Street Invest Grant Fund	5,000,000
Fund 6614170000	2022 MS Site Dev Grant Fund	40,000,000
Fund 6614180000	2022 MS Land Water and timber Resources	2,500,000
Fund 6614190000	2022 MS Ports Improvement Fund	10,000,000
Fund 5341X00000	From other State Agencies	369,710
Fund 634TL00000	From other State Agencies	-
Fund 2241100000	2023-A2 Ante Up Department of Finance and Administration Appropriations	21,442,272
Fund 5341W00000	From other State Agencies-GAAP Adjustments	2,100,934
	<b>Total Transfers In</b>	<b>\$ 223,717,916</b>

**General Fund**

<b>Transfers Out of MDA Sub</b>		
<b>Fund</b>	<b>To</b>	<b>Amount</b>
Fund 6802719000	House Bill 603 2023 Gulf Coast Restoration Fund	\$ 15,400,000
Fund 334KX00000	IT Service Funding	48,809
Fund 634MP00000	Repayments to Treasury	1,250,000
Fund 634NB00000	Repayments to Treasury	354,058

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY  
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 INTERFUND TRANSFERS (CONTINUED)**

**General Fund**

**Transfers Out of MDA**

<b>Sub Fund</b>	<b>To</b>	<b>Amount</b>
Fund 33420N0000	To other State Agencies	\$ 104,945
Fund 6340622100	To other State Agencies	34,834
Fund 6343023100	To other State Agencies	18,578
Fund 6343221100	To other State Agencies	24,997
Fund 5341W00000	To other State Agencies	2,242,156
Fund 3343221100	To other State Agencies	320,116
Fund 6340100000	To other State Agencies	4,270
Fund 6340120000	To other State Agencies	949
Fund 6340121100	To other State Agencies	82,054
Fund 6340130000	To other State Agencies	6,983
Fund 6340200000	To other State Agencies	12,155
Fund 6340500000	To other State Agencies	29
Fund 6340519100	To other State Agencies	570
Fund 6340521100	To other State Agencies	46,960
Fund 6340616200	To other State Agencies	2,917
Fund 6340617100	To other State Agencies	3,646
Fund 6340618100	To other State Agencies	2,552
Fund 6340619100	To other State Agencies	5,469
Fund 6340621100	To other State Agencies	4,019
Fund 6340621200	To other State Agencies	80,781
Fund 6340622100	To other State Agencies	181,651
Fund 6340919100	To other State Agencies	9,600
Fund 6341116100	To other State Agencies	-
Fund 6341119100	To other State Agencies	128
Fund 6341316100	To other State Agencies	29,333
Fund 6341319100	To other State Agencies	97,233
Fund 6341500000	To other State Agencies	105
Fund 6342116100	To other State Agencies	4,719
Fund 6342121100	To other State Agencies	24,267
Fund 6342617100	To other State Agencies	729
Fund 6342618100	To other State Agencies	806
Fund 6342619100	To other State Agencies	30,688
Fund 6342621100	To other State Agencies	36,462
Fund 6342622100	To other State Agencies	36,462
Fund 6343023100	To other State Agencies	109,825
Fund 6343221100	To other State Agencies	6,042
Fund 6343222100	To other State Agencies	42,543
Fund 6343322100	To other State Agencies	12,154
Fund 6820141200	To other State Agencies	408,130
Fund 6820141400	To other State Agencies	1
Fund 3341S00000	To other State Agencies	1,342
Fund 334FB00000	To other State Agencies	57,635
Fund 5341X00000	To other State Agencies	369,710
Fund 6341C00000	To other State Agencies	2,765
Fund 6341K00000	To other State Agencies	36,050
Fund 634AA00000	To other State Agencies	33,019
Fund 634AG00000	To other State Agencies	833
Fund 634AK00000	To other State Agencies	6,044
Fund 634AN00000	To other State Agencies	58,992
Fund 634AX00000	To other State Agencies	447,833
Fund 634AZ00000	To other State Agencies	6,077
Fund 634BH10000	To other State Agencies	131
Fund 634BL00000	To other State Agencies	1,875
Fund 634BL10000	To other State Agencies	6,443
Fund 634BN00000	To other State Agencies	844,547
Fund 634EG00000	To other State Agencies	45
Fund 634GH00000	To other State Agencies	1,411
Fund 634NA00000	To other State Agencies	93
Fund 634NB00000	To other State Agencies	171
Fund 634RT00000	To other State Agencies	2,821
Fund 634TD00000	To other State Agencies	1,533,421
Fund 634TH00000	To other State Agencies	35,163
Fund 634TL00000	To other State Agencies	58,950
Fund 634TM00000	To other State Agencies	17,528
Fund 634TM10000	To other State Agencies	11,761
Fund 634TZ10000	To other State Agencies	8
Fund 634WE00000	To other State Agencies	721
<b>Total Transfer Out</b>		<b>\$ 24,618,114</b>

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**  
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**JUNE 30, 2023**

**NOTE 4 DUE FROM OTHER GOVERNMENTS**

The details of amounts due from as of June 30, 2023 consisted of:

**Due From Federal Government**

U.S Department of Housing and Urban Development	\$ 14,339,084
Appalachian Regional Development	1,119,980
U.S. Department of Energy	49,007
Small Business Administration	<u>359,014</u>
Total	<u><u>\$ 15,867,085</u></u>

All amounts due to MDA are expected to be collected in fiscal year 2024.

**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.



**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 RETIREMENT PLAN**

MDA contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing multiple employers 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, 2023, MDA contributed \$1,904,677 to PERS for the funds included in these financial statements.

**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.

**STATE OF MISSISSIPPI DEVELOPMENT AUTHORITY**  
**(A DEPARTMENT OF THE STATE OF MISSISSIPPI)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**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, 2023, \$90,000,000 was received and recognized as revenue, \$300,000,000 was reported as an accounts receivable and deferred inflows of resources. No program expenditures were charged to the GCRF during the fiscal year.

