



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND**

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE	5
NOTES TO FINANCIAL STATEMENTS	6



INDEPENDENT AUDITORS' REPORT

Commission on Environmental Quality
Mississippi Department of Environmental Quality
Jackson, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Mississippi Department of Environmental Quality Clean Water State Revolving Loan Fund (the Fund), an activity reported within the general fund of the State of Mississippi, as of and for the year ended June 30, 2023, and the related notes to the 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 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.

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 the Fund 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 2, the financial statements present only the financial position and changes in financial position of the Clean Water State Revolving Loan Fund of the Mississippi Department of Environmental Quality, a department of the State of Mississippi. They do not purport to, and do not, present fairly the financial position of the Mississippi Department of Environmental Quality, the State of Mississippi, or the general fund of the State of Mississippi as of June 30, 2023, or the changes in their 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.

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 the Fund's 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 Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the 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 April 11, 2024, on our consideration of the Fund'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 the Fund'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 the Fund's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Andover, Massachusetts
April 11, 2024

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
BALANCE SHEET
JUNE 30, 2023**

ASSETS

Equity in Internal Investment Pool	\$ 238,029,065
Receivables:	
Due from Other Funds	354,169
Due from Other Governments	394,587,929
Due from Federal Government	<u>1,320,000</u>
Total Assets	<u><u>\$ 634,291,163</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Governments	<u>14,861,212</u>
--------------------------	-------------------

FUND BALANCE

Restricted for Recreation and Resources Development	<u>619,429,951</u>
Total Liabilities and Fund Balance	<u><u>\$ 634,291,163</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2023**

REVENUES

Interest on Loans	\$ 5,839,540
Interest on Investments	4,241,986
Federal Programs	<u>10,439,225</u>
Total Revenue	<u>20,520,751</u>

EXPENDITURES

Subsidies	<u>1,495,693</u>
Total Expenditures	<u>1,495,693</u>

EXCESS OF REVENUES OVER EXPENDITURES	19,025,058
---	------------

OTHER FINANCING SOURCES (USES)

Transfers In	4,490,000
Transfers Out	<u>(2,828,068)</u>
Total Other Financing Sources (Uses)	<u>1,661,932</u>

NET CHANGE IN FUND BALANCE	20,686,990
-----------------------------------	------------

Fund Balance - Beginning of Year	<u>598,742,961</u>
----------------------------------	--------------------

FUND BALANCE - END OF YEAR	<u><u>\$ 619,429,951</u></u>
-----------------------------------	------------------------------

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS OF THE FUND

A. Authorizing Legislation

The Clean Water State Revolving Fund (the Fund) of the Mississippi Department of Environmental Quality (MDEQ) was established pursuant to Title VI of the Federal Quality Act of 1987 (the Act). The Act established the State Revolving Fund (SRF) Program to replace the construction grants program and to provide loans at reduced interest rates to finance the construction of publicly owned water pollution control facilities, non-point source pollution control projects, and estuary management projects. Instead of making grants to political subdivisions that pay for a portion of building wastewater treatment facilities, the Fund provides for low interest rate loans to finance the entire cost of qualified projects. The Fund provides a flexible financing source that can be used for a variety of pollution control projects, including non-point source pollution control projects, and developing estuary conservation and management projects. All loan repayments, including interest and principal, must remain in the Fund.

The Fund was funded by the U.S. Environmental Protection Agency (EPA) by a series of grants starting in 1980. In order to receive a grant, states are required to provide an additional 20 percent of the federal capitalization grant as matching funds; with the exception of the 2023 grants under the Infrastructure Investment and Jobs Act which required states provide an additional 10 percent of those grants as matching funds. As of June 30, 2023, Congress authorized the EPA to award \$441,210,986 in capitalization grants to the State of Mississippi (the State). The State is required to contribute \$86,638,697 in matching funds. In prior years the state was awarded hardship grants totaling \$1,045,000, which required matching contributions of \$52,250. Hardship grants are maintained in the same fund with capitalization grants, with subsidiary records to account for grant balances and transactions separately. Because all hardship grants have been obligated and paid out to grant recipients, there were no hardship grant payments made for the year ended June 30, 2023.

The Fund is administered by the Commission on Environmental Quality (the Commission) acting through the Construction Branch (the Branch) of the Surface Water Division of the Office of Pollution Control of MDEQ. MDEQ's primary activities include the making of loans for water pollution control activities and the management and coordination of the Fund. The Commission consists of seven members, all of which are appointed by the Governor.

The Fund does not have any full-time employees. The Fund is administered by employees of the Branch. All employee and related costs are recorded in MDEQ's Office of Pollution Control Operating Fund. Operating costs are reimbursed from the avails of a 5% administrative fee collected from each loan (See Note 6).

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DUE FROM OTHER GOVERNMENTS

The Fund makes loans to qualified political subdivisions for projects that met eligibility requirements of the Act. Loans are financed by capitalization grants, State match, loan repayments, and interest earnings. Interest rates on loans have varied since inception of the program between 0.8% and 4.5% and are generally repaid over 20 years (though 30-year terms are also available) starting within one year after the project is completed. Details of loans receivable as of June 30, 2023 are discussed below.

In the event of a default on a loan obligation by a public entity, MDEQ has certain legal remedies available that provide for ultimate collection of amounts due.

Loans by Category

Due from other governments at June 30, 2023 is as follows:

	<u>Loans Authorized</u>	<u>Authorized Amount Remaining</u>	<u>Cumulative Repayments</u>	<u>Balance</u>
Completed Projects	\$ 901,600,743	\$ -	\$ 553,265,444	\$ 348,335,299
Projects in Progress	167,156,044	120,903,414	-	46,252,630
Totals	<u>\$ 1,068,756,787</u>	<u>\$ 120,903,414</u>	<u>\$ 553,265,444</u>	<u>\$ 394,587,929</u>
Less: Amount due within one year on completed projects				(30,508,168)
Due from other governments, long-term				<u>\$ 364,079,761</u>

Loans mature at various intervals through June 30, 2042. The schedules principal payments on loans maturing in subsequent years are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2024	\$ 30,508,168
2025	30,466,759
2026	29,463,979
2027	27,884,076
2028	25,144,950
Thereafter	251,119,997
Total	<u>\$ 394,587,929</u>

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DUE FROM OTHER GOVERNMENTS (CONTINUED)

Loans to Political Subdivisions

As of June 30, 2023, the Fund had made loans to 27 local governments that, in the aggregate, exceed \$5,000,000 for each local government. The outstanding balances of these loans represent approximately 81% of the total due from other governments, as follows:

<u>Local Government</u>	Authorized Loan Amount	Loan Receivable Balance at June 30, 2023
City of Jackson	\$ 97,356,203	\$ 45,885,045
DeSoto County Regional WWA	93,539,225	35,196,231
City of Tupelo	69,502,526	23,479,638
City of Greenville	55,027,721	21,616,590
City of Greenwood	47,957,324	32,831,024
City of McComb	43,274,133	20,498,101
City of Corinth	38,122,057	17,825,072
Jackson County UA	30,827,131	14,225,431
West Rankin UA	29,439,126	19,075,421
City of Clinton	19,506,557	3,558,971
West Jackson County Utility	30,223,708	11,025,299
Hancock County WW	16,671,981	9,736,012
City of Laurel	15,512,145	6,107,282
City of Cleveland	23,777,297	6,243,190
Pearl River County UA	13,818,941	10,649,379
City of Southaven	12,227,822	7,690,278
City of West Point	9,996,954	4,070,484
City of Natchez	9,890,327	846,211
City of Biloxi	9,856,355	6,554,149
City of Meridian	9,044,496	6,939,857
City of Vicksburg	8,604,982	2,340,421
City of Pontotoc	6,408,591	992,202
City of Brandon	5,459,500	2,327,521
City of Gautier	5,454,626	1,151,116
City of Brookhaven	5,412,661	4,646,525
Madison County Economic Development	5,250,790	1,650,384
City of Clarksdale	5,003,052	4,286,666
Totals	<u>\$ 717,166,231</u>	<u>\$ 321,448,500</u>

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund is included in the State's basic financial statements as an activity reported within the General Fund of the State of Mississippi. The Fund's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Measurement Focus and Basis of Accounting

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Investment income is susceptible to accrual. Other receipts become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the criteria susceptible to accrual are met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

B. Equity in Internal Investment Pool

Monies of the Fund deposited with the State Treasurer's Office internal investment pool are considered cash and cash equivalents. According to State law, the Treasurer is responsible for maintaining the cash balances and investing excess cash of the Fund, as discussed in Note 3. Therefore, management of the Fund does not have any control over the investment of excess cash.

C. Due from Other Governments

The State operates the Fund as a direct loan program, whereby loans made to political subdivisions are funded by the federal capitalization grant, the state matching amount, loan repayments, and interest earnings. Loan funds are disbursed to the political subdivision as they expend funds for the purposes of loan and request reimbursement from the Fund. Interest is calculated from the original contract completion date, and after the final disbursement has been made, the principal amount identified in the loan agreement is adjusted for actual amounts disbursed plus interest accrued during the period between the original construction completion date and the initiation of the repayment process.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Balance

Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The restricted classification represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

The fund balance in the Fund is reported as *Restricted for Recreation and Resources Development* due to federal grant requirements, bond issuance provisions, and state and federal legislation.

E. Budget Information

Under the Constitution of the State of Mississippi, money may only be drawn from the Treasury by a legal appropriation. The Fund operations are included in MDEQ's annual budget.

NOTE 3 EQUITY IN INTERNAL INVESTMENT POOL

All monies of the fund are deposited with the State Treasurer and are considered to be cash and cash equivalents. The Treasurer is responsible for maintaining the cash balances in accordance with State laws, and excess cash is invested in the State's cash and short-term investment pool. Details of the investments of the internal investment pool for state agencies can be obtained from the State Treasurer. As of June 30, 2023, the State's total pooled deposits and investments for State Agencies were approximately \$10.96 billion, and the average remaining life of the securities invested was 2.5 years. The earnings for the total special funds pooled investments for the year ended June 30, 2023, were approximately \$104.2 million.

Equity in internal investment pool is the cash equity with the Treasurer and consists of pooled deposits and investments carried at cost, which approximates fair value. At June 30, 2023, the Fund had approximately \$238 million in the Treasurer's internal investment pool. The total deposits and investments of the internal investment pool are categorized according to the credit risk in the State of Mississippi's Annual Comprehensive Financial Report. However, the Fund's portion of the internal investment pool cannot be individually categorized because the deposits and investments are pooled with other State agencies.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 DUE FROM OTHER GOVERNMENTS (CONTINUED)

The authorized loan amount includes both completed projects and projects in progress. As of June 30, 2023, cumulative principal repayments on completed projects from the above local agencies total \$239,996,492 and amounts remaining to be disbursed on projects total \$114,476,964.

NOTE 5 GRANT AWARDS

The Fund is funded by grants from the EPA authorized by Title VI of the Act, matching funds from the State, loan repayments, and interest earnings. All funds drawn are recorded as grant awards from the EPA. As of June 30, 2023, the EPA has awarded capitalization and hardship grants of \$442,255,986 to the State, of which \$377,578,179 has been drawn for loans and administrative expenses.

The following summarizes the capitalization grants awarded, amounts drawn on each grant, and balances available for future loans:

Year	Grant Amount	Draws Through June 30, 2022	2023 Draws	Draws Through June 30, 2023	Available June 30, 2023
1989	\$ 15,254,024	\$ 15,254,024	\$ -	\$ 15,254,024	\$ -
1990	15,780,824	15,780,824	-	15,780,824	-
1991	19,512,358	19,512,358	-	19,512,358	-
1992	17,505,576	17,505,576	-	17,505,576	-
1993	17,316,882	17,316,882	-	17,316,882	-
1994	10,744,965	10,744,965	-	10,744,965	-
1995	11,583,952	11,583,952	-	11,583,952	-
1996	18,185,133	18,185,133	-	18,185,133	-
1997	5,572,572	5,572,572	-	5,572,572	-
1998	12,316,944	12,316,944	-	12,316,944	-
Hardship	1,045,000	1,045,000	-	1,045,000	-
1999	12,133,044	12,133,044	-	12,133,044	-
2000	12,091,860	12,091,860	-	12,091,860	-
2001	11,984,346	11,984,346	-	11,984,346	-
2002	12,011,076	12,011,076	-	12,011,076	-
2003	11,932,965	11,932,965	-	11,932,965	-
2004	11,940,192	11,940,192	-	11,940,192	-
2005	9,706,600	9,706,600	-	9,706,600	-
2006	7,869,300	7,869,300	-	7,869,300	-
2007	9,708,880	9,708,880	-	9,708,880	-
2008	6,092,700	6,092,700	-	6,092,700	-
2009	6,092,700	6,092,700	-	6,092,700	-
2010	18,357,000	18,357,000	-	18,357,000	-
2011	13,304,000	13,304,000	-	13,304,000	-
2012	9,136,093	9,136,093	-	9,136,093	-
2013	12,028,000	12,028,000	-	12,028,000	-
2014	12,632,000	12,632,000	-	12,632,000	-
2015	12,567,000	12,567,000	-	12,567,000	-

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 GRANT AWARDS (CONTINUED)

Year	Grant Amount	Draws Through June 30, 2022	2023 Draws	Draws Through June 30, 2023	Available June 30, 2023
2015	12,567,000	12,567,000	-	12,567,000	-
2016	12,037,000	6,860,961	172,496	7,033,457	5,003,543
2017	11,945,000	8,361,500	-	8,361,500	3,583,500
2018	14,461,000	10,122,700	1,323,197	11,445,897	3,015,103
2019	14,315,000	8,414,302	174,698	8,589,000	5,726,000
2020	14,317,000	217,506	7,524,833	7,742,339	6,574,661
2021	14,315,000	-	-	-	14,315,000
2022	10,425,000	-	-	-	10,425,000
2023 IJJA	16,035,000	-	-	-	16,035,000
Totals	<u>\$ 442,255,986</u>	<u>\$ 368,382,955</u>	9,195,224	<u>\$ 377,578,179</u>	<u>\$ 64,677,807</u>
Receivable, June 30, 2022			(75,999)		
Receivable, June 30, 2023			<u>1,320,000</u>		<u>1,320,000</u>
Grant revenues, modified accrual basis			<u>\$ 10,439,225</u>		
Amount available, modified accrual basis					<u>\$ 63,357,807</u>

As of June 30, 2023, state matching contributions were as follows:

	Contributions Through June 30, 2022	Fiscal Year 2023 Contributions	Contributions Through June 30, 2023
State of Mississippi	<u>\$ 73,517,729</u>	<u>\$ 1,839,050</u>	<u>\$ 75,356,779</u>

NOTE 6 ADMINISTRATIVE EXPENSES

In connection with issuing loans to political subdivisions, certain administrative and processing functions are performed by the Construction Branch (the Branch) of the Surface Water Division of the Office of Pollution Control of MDEQ, as discussed in Note 1. To help fund the cost of such functions and MDEQ's indirect costs, a 5% administrative fee is collected from each loan. Until fiscal year 1999, administrative fees were added to the loan principal amount to be repaid by the loan recipient.

However, for all loans made after October 1, 1998, the 5% administrative fee is no longer added to the loan principal to be repaid by the loan recipient. Instead, it is collected through the loan repayment stream. Beginning with the initiation of the repayment process and until such time the total administrative fee is collected, the interest portion of each loan repayment is used to satisfy collection of the administrative fee in lieu of the interest portion. The administrative fees and costs related thereto are recognized on the financial statements of MDEQ's Office of Pollution Control SRF Administrative Fee Fund.

Administrative fees collected on the fiscal year ended June 30, 2023 totaled \$1,382,558 with additional amounts collected for interest totaling \$337,430 for total receipts of \$1,719,988. During that period, \$1,212,436 was expended from available administrative fee funds for the administrative costs of the fund. Additional administrative costs totaling \$6,852 were recorded with funds totaling \$3,992 drawn from the federal government.

**STATE OF MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING LOAN FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 CONTINGENCIES

The Fund is exposed to various risks of loss related to torts, theft of assets, errors or omissions, injuries to State employees while performing Fund business, or acts of God. MDEQ maintains insurance coverage provided by the Mississippi Tort Claims Board for some risk of loss related to the Fund. Since its inception in 1989, there have not been any claims against the Fund. There were no significant reductions in insurance coverage from the prior year. The amount of settlements did not exceed insurance coverage in any of the previous three fiscal years.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.