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**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024



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**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
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INDEPENDENT AUDITORS' REPORT

Dr. Daniel Edney, MD, FACP, FASAM
State Health Officer
Mississippi State Department of Health
Jackson, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Drinking Water Systems Emergency Loan Fund, General Obligation Bond Series 2018B Fund, General Obligation Bond Series 2019C Fund, and General Obligation Bond Series 2021 Fund of the Mississippi State Department of Health (MSDH), an agency of the State of Mississippi (collectively, the Selected Funds of MSDH), as of and for the year ended June 30, 2024, 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 Selected Funds of MSDH as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Selected Funds of MSDH 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 the Selected Funds of MSDH are intended to present only the financial position and changes in financial position of only that portion of the Selected Funds of MSDH of the State of Mississippi that is attributable to the transactions of the Selected Funds of MSDH. They do not purport to, and do not, presented fairly the financial position of the State of Mississippi as of June 30, 2024, 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 opinions are 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 Selected Funds of MSDH'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.

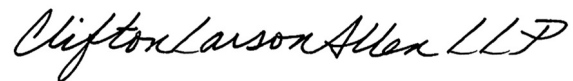
Dr. Daniel Edney, MD, FACP, FASAM
State Health Officer
Mississippi State Department of Health

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 financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025, 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 Selected Funds of MSDH'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 Selected Funds of MSDH'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

Andover, Massachusetts
May 12, 2025

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
BALANCE SHEET
JUNE 30, 2024**

	Drinking Water Systems Emergency Loan Fund	General Obligation Bond Series 2018B Fund	General Obligation Bond Series 2019C Fund	General Obligation Bond Series 2021 Fund
ASSETS				
Equity in Internal Investment Pool	\$ 7,151,526	\$ 1	\$ 154	\$ 8,601
Current Assets:				
Receivables:				
Loans Receivable	62,690	-	-	-
Due from Other Governments	250,843	-	-	-
Due from Other Funds	8,202	-	-	-
Total Current Assets	<u>321,735</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 7,473,261</u>	 <u>\$ 1</u>	 <u>\$ 154</u>	 <u>\$ 8,601</u>
FUND BALANCES				
Restricted for Health and Social Service	<u>\$ 7,473,261</u>	<u>\$ 1</u>	<u>\$ 154</u>	<u>\$ 8,601</u>

See accompanying Notes to Financial Statements.

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	Drinking Water Systems Emergency Loan Fund	General Obligation Bond Series 2018B Fund	General Obligation Bond Series 2019C Fund	General Obligation Bond Series 2021 Fund
REVENUES				
Interest on Investments	\$ 235,411	\$ -	\$ 5	\$ 285
Interest on Loans	3,231	-	-	-
Total Revenues	<u>238,642</u>	<u>-</u>	<u>5</u>	<u>285</u>
NET CHANGE IN FUND BALANCES	238,642	-	5	285
Fund Balances - Beginning of Year	<u>7,234,619</u>	<u>1</u>	<u>149</u>	<u>8,316</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,473,261</u>	<u>\$ 1</u>	<u>\$ 154</u>	<u>\$ 8,601</u>

See accompanying Notes to Financial Statements.

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background Information

The Mississippi State Department of Health (MSDH), an agency of the State of Mississippi, follows fund accounting with respect to its governmental fund types. The following funds represent funds selected for audit by the State of Mississippi, Office of the State Auditor (collectively, the Selected Funds of MSDH), and the accompanying presentation does not purport to present the financial position and changes in financial position of the State of Mississippi or MSDH.

B. Drinking Water Systems Emergency Loan Fund

The State of Mississippi Legislature under Section 41-3-16 of the Mississippi Code of 1972 authorized the Local Governments and Rural Water Systems Improvements (LGRWSI) Board to implement the Emergency Loan Program. For counties and municipalities, loans will be repaid by the withholding of homestead exemption tax loss reimbursements or sales tax distributions by the State Tax Commission, thereby avoiding the need to transmit a monthly repayment. MSDH, as the State's drinking water primary agency, supplies the staff and facilities necessary to administer these programs.

Fund 6330200000 - Drinking Water Systems Emergency Loan Fund authorized by the State to create the LGRWSI Board which were authorized (SB2956 of 1996) and used to create the Emergency Water Loan Program intended to provide emergency loans to counties, municipalities, districts, or other water organizations that are tax exempt for the repair, replacement, or construction of drinking water projects that meet the LGRWSI Board's definition of emergency, as defined by the LGRWSI Board's regulations.

C. General Obligation Bond Funds

MSDH also administers the Drinking Water Systems Improvement Revolving Loan Fund (DWSIA-RLF) pursuant to the Safe Drinking Water Act (SDWA). The SDWA created the revolving loan fund program to provide low interest rate loans to counties, municipalities, districts, and other tax-exempt water system organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The State Legislature authorized the issuance of the State general obligation bonds to provide State funds for the program's matching requirement. \$36,843,000 of the proceeds from the sale of these bonds has been deposited into the DWSIA-RLF. No new bonds were authorized or issued for the year ended June 30, 2024. These funds are invested by the State Treasurer until such time that the funds are needed to meet State matching requirements on loan payments. The DWSIA-RLF also receives direct appropriations from the State Legislature and amounts from the other funds authorized by the Board. As of June 30, 2024, the EPA had awarded \$750,376,566 in capitalization grants to the State, requiring a minimum of \$55,701,713 in State matching funds. Included in the capitalization grants total are \$449,000,000 of capitalization grants for various activities to benefit the City of Jackson, Mississippi, which were awarded in August of 2023 and are not subject to State matching funds.

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. General Obligation Bond Funds (Continued)

Fund 6332100000 – Bond Funds (General Obligation Bond Series 2018B) authorized by the State to provide funds for all costs incurred by the LGRWSI Board in constructing new water systems or repairing existing water systems. These funds were used to meet the state match requirement of the EPA DWSRF capitalization grant.

Fund 6332200000 – Bond Funds (General Obligation Bond Series 2019C) authorized by the State to provide funds for all costs incurred by the LGRWSI Board in constructing new water systems or repairing existing water systems. These funds were used to meet the state match requirement of the EPA DWSRF capitalization grant.

Fund 6332300000 – Bond Funds (General Obligation Bond Series 2021) authorized by the State to provide funds for all costs incurred by the LGRWSI Board in constructing new water systems or repairing existing water systems. These funds were used to meet the state match requirement of the EPA DWSRF capitalization grant.

D. Basis of Presentation

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

E. Basis of Accounting/Measurement Focus

The Selected Funds of MSDH present their financial statements as governmental funds and use the modified accrual basis of accounting. Revenues are recognized when they are both “measurable and available.” Measurable means the amount can be determined. Available means amounts collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related liability is incurred. The Selected Funds of MSDH apply all relevant GASB pronouncements.

The Selected Funds of MSDH apply restricted fund balance when an expense or outlay is incurred for purposes for both which restricted and unrestricted fund balance is available.

F. Budget Information

Under the Constitution of the State of Mississippi, money may only be drawn from the Treasury by a legal appropriation. The Selected Funds of MSDH’s operations are included in MSDH’s annual budget.

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management 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 and expenditures during the reporting period. Actual results could differ from those estimates.

H. Loans Receivable and Due from Other Governments

Funds are disbursed to the loan recipients upon receipt of a request from the loan recipient for the purposes of the loan. Interest is calculated from the initial contract completion date. After the final disbursement has been made, the payment schedule identified in the loan agreement is adjusted from actual amounts disbursed, plus interest accrued from the initial contract completion date to initiation of the repayment process, less principal forgiveness granted on the loan.

Loans receivable represent amounts due from water associations. Due from other governments represents amounts due from cities and counties.

I. Fund Balance – Governmental Funds

Although government funds can contain five classifications, fund balances of the Selected Funds of MSDH are displayed as “restricted for health and social service”. Restricted fund balance represents amounts that can be spent only 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.

NOTE 2 EQUITY IN INTERNAL INVESTMENT POOL

All monies of the Selected Funds of MSDH 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, 2024, the State’s total pooled deposits and investments for State Agencies were approximately \$11 billion, and the average remaining life of the securities invested was 2.6 years. The earnings for the total pooled investments for the year ended June 30, 2024, were approximately \$222.5 million.

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 EQUITY IN INTERNAL INVESTMENT POOL (CONTINUED)

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, 2024, the Selected Funds of MSDH had approximately \$7.2 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 Selected Funds of MSDH's portion of the internal investment pool cannot be individually categorized because the deposits and investments are pooled with other State agencies.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned. The Selected Funds of MSDH's deposit policy for protection of custodial credit risk is handled under a statewide collateral program. The collateral for public entities' deposits in the 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 (FDIC).

NOTE 3 LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

The Emergency Loan Program is intended to provide emergency loans to counties, municipalities, districts, or other water organizations that are tax exempt for the repair, replacement, or construction of drinking water projects that meet the LGRWSI Board's definition of emergency, as defined by the LGRWSI Board's regulations for this program. There is no set maximum loan limit for an emergency loan. The present interest rate is 2.0%, compounded monthly, to be amortized within five years after project completion. The applications are considered on a "first come, first serve" basis, and loans will be processed to qualified projects until all available funds are obligated. The details of loans receivable as of June 30, 2024, are described below.

In the event of a default on a loan obligation by a public entity, MSDH has certain legal remedies that are intended to provide for ultimate collection of amounts due. Based on past history, loans receivable are considered 100% collectible.

**MISSISSIPPI STATE DEPARTMENT OF HEALTH
FUNDS SELECTED FOR AUDIT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS (CONTINUED)

Loans by Category

Loans receivable (including amounts due from other governments) at June 30, 2024, are as follows:

	Loans Authorized	Authorized Amount Remaining	Loan Balance
Completed Projects	\$ 397,271	\$ -	\$ 284,396
Projects in Progress	50,000	20,863	29,137
Totals	<u>\$ 447,271</u>	<u>\$ 20,863</u>	<u>313,533</u>
Less: Amount due within one year on completed projects			<u>(91,696)</u>
Loans receivable and due from other governments, long-term			<u>\$ 221,837</u>

NOTE 4 CONTINGENCIES

The Selected Funds of MSDH are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; business interruption; errors or omissions; and natural disasters. MSDH maintains insurance for some risks of loss. Risks of loss related to torts are administered by the Mississippi Tort Claims Board. 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.



**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***

Local Governments and Rural Water Systems Improvement Board and
Drinking Water Systems Improvements Revolving Loan Fund,
as administered by the Mississippi Department of Health,
an agency of the State of Mississippi
Mississippi Department of Health
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Drinking Water Systems Improvements Loan Fund (the Fund), as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fund's financial statements, and have issued our report thereon dated May 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund'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 the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 or significant deficiencies may exist that were not identified.

Local Governments and Rural Water Systems Improvement Board and
Drinking Water Systems Improvements Revolving Loan Fund,
as administered by the Mississippi Department of Health,
an agency of the State of Mississippi

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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 financial statements. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Andover, Massachusetts
May 12, 2025



CliftonLarsonAllen LLP
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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**

Dr. Daniel Edney, MD, FACP, FASAM
State Health Officer
Mississippi State Department of Health
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Drinking Water Systems Emergency Loan Fund, General Obligation Bond Series 2018B Fund, General Obligation Bond Series 2019C Fund, and General Obligation Bond Series 2021 of the Mississippi State Department of Health (MSDH), an agency of the State of Mississippi Fund (collectively, the Selected Funds of MSDH), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Selected Funds of MSDH's financial statements, and have issued our report thereon dated May 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Selected Funds of MSDH'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 the Selected Funds of MSDH's internal control. Accordingly, we do not express an opinion on the effectiveness of the Selected Funds of MSDH'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 or significant deficiencies may exist that were not identified.

Dr. Daniel Edney, MD, FACP, FASAM
State Health Officer
Mississippi State Department of Health

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Selected Funds of MSDH'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 financial statements. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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

Andover, Massachusetts
May 12, 2025

**DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN
FUND (AS ADMINISTERED BY THE MISSISSIPPI STATE
DEPARTMENT OF HEALTH, AN AGENCY OF THE
STATE OF MISSISSIPPI)**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024



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DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
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INDEPENDENT AUDITORS' REPORT

Local Governments and Rural Water Systems Improvements Board
Drinking Water Systems Improvements Revolving Loan Fund,
as administered by the Mississippi State Department of Health,
an agency 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 Drinking Water Systems Improvements Loan Fund (the Fund), as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2024, 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, 2024, and the 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 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 1, the financial statements of the Fund of the Mississippi State Department of Health are intended to present only the financial position and changes in financial position of only that portion of the Fund of the State of Mississippi that is attributable to the transactions of the Mississippi State Department of Health. They do not purport to, and do not, presented fairly the financial position of the State of Mississippi as of June 30, 2024, 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.

Local Governments and Rural Water Systems Improvements Board
Drinking Water Systems Improvements Revolving Loan Fund,
as administered by the Mississippi State Department of Health,
an agency of the State of Mississippi

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.

Local Governments and Rural Water Systems Improvements Board
Drinking Water Systems Improvements Revolving Loan Fund,
as administered by the Mississippi State Department of Health,
an agency of the State of Mississippi

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 financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025, 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
May 12, 2025

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
BALANCE SHEET
JUNE 30, 2024

ASSETS

Equity in Internal Investment Pool	\$ 126,078,409
Current Assets:	
Receivables:	
Loans Receivable	86,242,749
Due from Other Governments	135,281,029
Due from Federal Government	3,316,346
Due from Other Funds	<u>65,509</u>
Total Assets	<u><u>\$ 350,984,042</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Warrants Payable	\$ 120,277
Accounts Payable	1,738,802
Due to Other Governments	479,156
Due to Other Funds	5,971,064
Unearned Revenue	<u>513,959</u>
Total Liabilities	<u>8,823,258</u>

FUND BALANCES

Restricted for Health and Social Service	<u>342,160,784</u>
Total Liabilities and Fund Balances	<u><u>\$ 350,984,042</u></u>

See accompanying Notes to Financial Statements.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2024

REVENUES

Interest on Loans	\$ 2,057,348
Interest on Investments	4,454,831
Loan Administration Fee	820,899
Federal Programs	<u>14,046,143</u>
Total Revenue	<u>21,379,221</u>

EXPENDITURES

Administrative Expenses	2,336,775
Principal Forgiveness	<u>1,145,250</u>
Total Expenditures	<u>3,482,025</u>

EXCESS OF REVENUES OVER EXPENDITURES 17,897,196

OTHER FINANCING SOURCES (USES)

Transfers In	4,300,000
Transfers Out	<u>(5,959,085)</u>
Total Other Financing Sources (Uses)	<u>(1,659,085)</u>

NET CHANGE IN FUND BALANCE 16,238,111

Fund Balance - Beginning of Year 325,922,673

FUND BALANCE - END OF YEAR \$ 342,160,784

See accompanying Notes to Financial Statements.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background Information

The State of Mississippi (State) Legislature established the Drinking Water Systems Improvements Revolving Loan Fund (Fund) pursuant to the federal Safe Drinking Water Act Amendments of 1996. The Act created the revolving loan fund program to provide low interest rate loans to counties, municipalities, districts, and other tax-exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The State law further provides that any such federal funds shall be used and expended only in accordance with federal laws, rules, and regulations governing the expenditures of such funds. The State law created the Local Governments and Rural Water Systems Improvements Board (Board) to implement the loan program and otherwise administer provisions of the law.

Loans are awarded on a priority system, which gives maximum priority to projects needed to comply with the federal Safe Drinking Water Act (SDWA), projects that provide the greatest protection to public health, and those projects which assist systems most in need on a per household basis. Interest rates charged on loans will be at or below market interest rates as determined by the Board, with up to 20 years allowed for repayment.

Federal funds are provided through federal capitalization grants pursuant to Section 1452 of the SDWA Amendments of 1996. The amount of each grant is determined by the State's allocated share of the U.S. Environmental Protection Agency (EPA) annual federal appropriation for the program. The award of each grant is conditioned on the State depositing an amount into the Fund equaling 20% of the amount of each federal capitalization grant. The State Legislature previously authorized the issuance of State general obligation bonds to provide state funds for the program. \$36,843,000 of the proceeds from the sale of these bonds has been deposited into the Fund. No new bonds were authorized or issued for the year ended June 30, 2024. These funds are invested by the State Treasurer until such times that the funds are needed to meet the State matching requirements on loan repayments. The Fund also receives direct appropriations from the State Legislature and amounts from other funds authorized by the Board. As of June 30, 2024, the EPA had awarded \$750,376,566 in capitalization grants from the State, requiring a minimum of \$55,701,713 in State matching funds. Included in the capitalization grants total are \$449,000,000 of capitalization grants for various activities to benefit the City of Jackson, Mississippi, which were awarded in August of 2023 and are not subject to State matching funds.

In 2009, the Fund also received \$19,500,000 of American Recovery and Reinvestment Act (ARRA) funds; however, these funds were not subject to State matching funds.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Background Information (Continued)

The Fund is administered by the Mississippi State Department of Health (MSDH) under the direction of the Board. MSDH's primary activities include loans for drinking water systems and management and coordination of the Fund. The Board consists of the following nine voting members: the State Health Officer; the Executive Directors of the Mississippi Development Authority, the Department of Finance and Administration, the Mississippi Association of Supervisors, the Mississippi Municipal League, and the American Council of Engineering Companies of Mississippi, the State Director of the United States Department of Agriculture, Rural Development; and a manager of the rural water system. The manager of a rural water system is appointed by the Governor from a list of candidates provided by the Executive Director of the Mississippi Rural Water Association. Nonappointed members of the Board may designate another representative of their agency or association to serve as an alternate. The gubernatorial appointee serves a term concurrent with the Governor until a successor is appointed.

The Fund does not have any full-time employees. MSDH provides employees to manage the program.

The Fund represents Funds 5331500000, 6330300000, 6331B00000, and 6331C00000 selected for audit by the State of Mississippi, Office of the State Auditor, and the accompanying financial statements are not intended, and do not purport, to present the financial position and results of operations for the State of Mississippi or MSDH.

B. Basis of Presentation

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

C. Basis of Accounting/Measurement Focus

The Fund presents its financial statements as a governmental fund and uses the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available." Measurable means the amount can be determined. Available means amounts collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the liability is incurred. The Fund applies all relevant GASB pronouncements.

The Fund first applies restricted fund balance when an expense or outlay is incurred for purposes for both which restricted and unrestricted fund balances are available.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 MSDH's annual budget.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management 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 and expenditures during the reporting period. Actual results could differ from those estimates.

F. Loans Receivable and Due from Other Governments

The Fund operates as a direct loan program, whereby loans made to drinking water systems are approximately 80% funded by the federal capitalization grant and 20% by the State matching amount. Loan funds are disbursed to the loan recipients upon receipt of a request from the loan recipient for the purposes of the loan. Interest is calculated from the initial contract completion date. After the final disbursement has been made, the payment schedule identified in the loan agreement is adjusted from actual amounts disbursed, plus interest accrued from the initial contract completion date to initiation of repayment process, less principal forgiveness granted on the loan.

Loans receivable represent amounts due from water associations. Due from other governments represents amounts due from cities and counties.

G. Interfund Receivables/Payables

Transactions between funds that are representative of short-term lending/borrowing arrangements that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to other funds" or "due from other funds". Noncurrent portions of interfund payables, if any, are reported as "advances to other funds" or "advances from other funds".

H. Fund Balance – Governmental Funds

Although government funds can contain five classifications, fund balance for the Fund's governmental funds are displayed as "restricted for health and social service". Restricted fund balance represents amounts that can be spent only 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.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 2 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, 2024, the State's total pooled deposits and investments for State Agencies were approximately \$11 billion, and the average remaining life of the securities invested was 2.6 years. The earnings for the total pooled investments for the year ended June 30, 2024, were approximately \$222.5 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, 2024, the Fund had approximately \$126 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.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned. The Fund's deposit policy for protection of custodial credit risk is handled under a statewide collateral program. The collateral for public entities' deposits in the 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 (FDIC).

NOTE 3 LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

The Fund makes loans to qualified drinking water systems for projects that meet eligibility requirements of the SDWA. Loans are financed by capitalization grants, ARRA grants, State match, and revolving funds. Interest rates on loans vary between 1.95% to 4.50% and are generally repaid over 20 years, starting as specified in the loan agreement; the beginning date is normally at the end of the project construction, which is usually a one-year time period. Details of loans receivable as of June 30, 2024, are described below.

In the event of a default on a loan obligation by a public entity, MSDH has certain legal remedies that are intended to provide for ultimate collection of amounts due. Based on past history, loans receivable are considered 100% collectible.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 3 LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS (CONTINUED)

Loans by Category

Loans receivable (including amounts due from other governments) at June 30, 2024, are as follows:

	<u>Loans Authorized</u>	<u>Authorized Amount Remaining</u>	<u>Loan Balance</u>
Completed Projects	\$ 333,796,494	\$ -	\$ 153,143,523
Projects in Progress	131,676,756	63,296,501	68,380,255
Totals	<u>\$ 465,473,250</u>	<u>\$ 63,296,501</u>	<u>221,523,778</u>
Less: Amount due within one year on completed projects			<u>-</u>
Loans receivable and due from other governments, long-term			<u><u>\$ 221,523,778</u></u>

Loan Administrative Fees

The Fund collects administrative fees from each loan recipient at 5.00% of the initial loan amount. Beginning July 1, 2009, the Fund collects administrative fees from the interest portion of loan repayments. Interest payments from each loan recipient are reclassified to administrative fee income until the entire administrative fee for that loan has been collected. Loan administrative fee revenue of \$820,899 was collected in 2024.

Major Loans to Drinking Water Systems

As of June 30, 2024, the Fund had made loans to 67 drinking water systems that, in the aggregate, exceed \$1,500,000, net of principal forgiveness. The outstanding balances of these loans, net of any principal forgiveness, represent approximately 80.61% of the total loans receivable, as follows:

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 3 LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS (CONTINUED)

Local Agency	Authorized Loan Amount	Loan Receivable Balance at June 30, 2024
Adams County Water Association	\$ 2,844,725	\$ 39,213
Bear Creek Water Association	11,232,439	-
Central Water Association	7,692,595	2,168,919
Central Yazoo	4,093,839	3,051,526
City of Baldwin	1,610,110	895,482
City of Brandon	10,136,517	4,616,863
City of Brookhaven	2,250,053	1,808,492
City of Clinton	4,552,211	1,724,934
City of Columbia	1,741,864	950,075
City of Eupora	3,733,000	2,836,047
City of Grenada	9,831,056	9,552,830
City of Hattiesburg	2,016,054	989,571
City of Hernando	2,177,042	431,126
City of Horn Lake	4,636,612	1,156,778
City of Jackson	36,604,099	33,019,687
City of Laurel	4,804,390	2,657,670
City of Long Beach	1,521,484	-
City of Madison	1,957,707	1,223,378
City of Meridian	6,363,020	6,241,951
City of Ocean Springs	5,497,240	1,187,640
City of Pearl	7,034,033	3,010,438
City of Picayune	3,873,674	3,375,872
City of Port Gibson	2,389,835	1,624,639
City of Richland	3,563,334	2,707,993
City of Ridgeland	2,750,338	1,293,329
City of Southaven	11,270,753	2,037,683
City of Tupelo	10,629,045	6,279,329
City of West Point	1,536,148	8,684
City of Wiggins	3,088,221	2,286,971
Collinsville Water Association	1,530,000	-
Combined Utilities	6,651,606	5,962,258
Copiah County Board of Supervisors	5,204,090	-
Copiah Water Association	2,347,640	-
Corinth Utility Commission	47,034,278	20,138,227
Culkin Water District	12,604,945	5,217,594
Decatur	1,873,500	-
Fannin Water Association	2,916,953	442,196
Fisher Ferry	3,105,984	385,626
Gautier JC	1,514,322	476,221
Greenfield Water Association	2,150,808	429,182
Greenwood Utilities	2,822,302	1,893,960

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 3 LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS (CONTINUED)

Local Agency	Authorized Loan Amount	Loan Receivable Balance at June 30, 2024
Harland Creek Community	1,910,926	1,653,701
Hilldale Water District	5,406,481	2,180,895
Hub Water Association	2,691,035	219,624
Jackson Co Util Auth	9,759,874	8,436,759
Kiln	2,057,967	-
Lampton	1,856,966	788,105
Leesburg Water Association	5,388,495	4,225,269
Lewisburg Water Association	1,948,907	-
Magnolia Rural Water Association	2,179,802	1,994,798
Midway Community Water Association	1,736,214	-
Morton	2,188,373	331,923
NE MS Regional Water Supply District	2,677,553	-
North Pike Water Association	1,902,950	1,616,807
Pisgah Water Association	1,600,000	177,150
Pleasant Hill	1,935,359	-
Progress Comm. Water Association	1,748,791	420,932
SE Rankin	1,746,479	587,253
Southern Rankin Water Association	2,040,000	303,900
Southwest Jones Water Association	1,871,292	657,088
Thomasville Water Association	3,032,500	1,227,208
Town of Burnsville	4,890,000	505,909
Town of Caledonia	3,285,745	1,238,344
Union Church Waterworks Association	2,742,000	188,860
Walls Water Association	6,175,289	2,027,683
West Jackson Co	23,758,905	13,026,400
Yazoo City	5,018,757	4,649,016
Total Major Loans	362,738,526	178,580,008
Combined Other Loans	102,734,724	42,943,770
Total Loans Outstanding	\$ 465,473,250	\$ 221,523,778

NOTE 4 GRANT AWARDS

The Fund is funded by grants from the EPA authorized by Section 1452 of the SDWA Amendments of 1996 and matching grants from the State. All federal funds drawn are recorded as grant awards from the EPA. As of June 30, 2024, the EPA has awarded capitalization grants of \$750,376,566 to the State, of which \$248,274,894 has been drawn for loans and administrative expenses. The State has provided matching funds of \$55,701,713 from ten general obligation bond issues by the State; as well as additional funds from direct state appropriations.

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 4 GRANT AWARDS (CONTINUED)

The proceeds from these bonds were deposited into the Fund for State matching. State appropriations, reallocation of set asides, and earned interest are also sources of matching funds. 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, 2023	2024 Draws	Draws Through June 30, 2024	Available June 30, 2024
1997	\$ 16,474,200	\$ 16,474,200	\$ -	\$ 16,474,200	\$ -
1998	8,271,700	8,271,700	-	8,271,700	-
1999	8,669,500	8,669,500	-	8,669,500	-
2000	9,010,100	9,010,100	-	9,010,100	-
2001	9,047,400	9,047,400	-	9,047,400	-
2002	8,052,500	8,052,500	-	8,052,500	-
2003	8,004,100	8,004,100	-	8,004,100	-
2004	8,303,100	8,303,100	-	8,303,100	-
2005	8,285,500	8,285,500	-	8,285,500	-
2006	8,229,300	8,229,300	-	8,229,300	-
2007	8,229,000	8,229,000	-	8,229,000	-
2008	8,146,000	8,146,000	-	8,146,000	-
2009	8,146,000	8,146,000	-	8,146,000	-
2010	14,125,000	14,125,000	-	14,125,000	-
2011	9,811,166	9,811,166	-	9,811,166	-
2012	9,341,000	9,341,000	-	9,341,000	-
2013	8,764,000	8,764,000	-	8,764,000	-
2014	9,159,000	9,159,000	-	9,159,000	-
2015	9,099,000	9,099,000	-	9,099,000	-
2016	8,607,000	8,607,000	-	8,607,000	-
2017	8,534,000	8,534,000	-	8,534,000	-
2018	11,957,000	11,148,652	721,931	11,870,583	86,417
2019	11,845,000	11,065,808	712,736	11,778,544	66,456
2020	11,853,000	9,887,908	401,951	10,289,859	1,563,141
2021	11,842,000	9,197,280	212,814	9,410,094	2,431,906
2022	7,544,000	765,390	4,726,515	5,491,905	2,052,095
2022 IIJA	19,368,000	-	5,125,343	5,125,343	14,242,657
2023 JACK	449,000,000	-	-	-	449,000,000
2023 IIJA	26,368,000	-	-	-	26,368,000
2023	6,291,000	-	-	-	6,291,000
Totals	<u>\$ 750,376,566</u>	<u>\$ 236,373,604</u>	11,901,290	<u>\$ 248,274,894</u>	502,101,672
Receivable, June 30, 2023			(1,171,493)		
Receivable, June 30, 2024			<u>3,316,346</u>		<u>3,316,346</u>
Grant Revenues, Modified Accrual Basis		<u>\$ 14,046,143</u>			
Amount Available, Modified Accrual Basis					<u>\$ 498,785,326</u>

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
(AS ADMINISTERED BY THE MISSISSIPPI STATE DEPARTMENT OF HEALTH,
AN AGENCY OF THE STATE OF MISSISSIPPI)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 5 CONTINGENCIES AND CONCENTRATIONS

Certain concentrations of the Fund include the following:

Economic Dependency

The Fund is economically dependent upon revenue from the EPA. During 2024, the Fund received approximately 55% of total revenue in the form of federal grants.

Program Set Asides

The Fund has four set aside funds. These set aside funds make up 31% of the annual capitalization grant awarded each year. These funds are used to provide for reimbursement of expenses of the Fund. Through federal regulations, the EPA has allowed states to redirect and reserve set asides as needed to ensure proper management of the funds. Although the set asides have expiration dates, management continues to redirect those funds and has not had exposure to any recall of funds in the past five years.

Principal Forgiveness Loans

The EPA requires the Fund to provide loan forgiveness to eligible borrowers. Management provides loan forgiveness in compliance with EPA guidelines. Principal forgiveness for the year ended June 30, 2024 was \$1,145,250. The Fund is capitalized by State and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by grantor agencies therefore , to the extent that the Fund has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2024, may be impaired. In the opinion of management of the Fund, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such a contingency.

Contingencies

The Fund is exposed to various risks of loss related to torts, theft of, damage do, and destruction of assets, errors or omissions, and natural disasters. MSDH maintains insurance for some risks of loss. Risks of loss related to torts are administered by the Mississippi Tort Claims Board. 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 as, since its inception in 1996, there have not been any claims against the Fund.



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