

# MISSISSIPPI



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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# *Mississippi*



Fiscal Year Ended June 30, 2019

**Department of Finance and Administration**  
Post Office Box 267  
Jackson, MS 39205

**Laura D. Jackson**  
Executive Director



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**PHIL BRYANT**  
GOVERNOR



December 20, 2019

To the Members of the Legislature and my Fellow Mississippians:

As Governor of the State of Mississippi, I present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019. This report details Mississippi's financial statements and accounting controls.

As the fiscal year comes to a close, I am proud of Mississippi and its continuous economic improvement. Mississippi has seen growth in job creation and unemployment rates have remained consistently low. Our attention to creating jobs, making gains in education, improving literacy, developing a skilled workforce, and maintaining an environment in which business can thrive, has proven beneficial for the wellbeing of our state. Economic growth and fiscal responsibility will serve to further the state's financial stability.

Sincerely,

A handwritten signature in blue ink that reads "Phil Bryant".

Phil Bryant

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STATE OF MISSISSIPPI • OFFICE OF THE GOVERNOR

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# Mississippi

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# *Mississippi*

## Introduction

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**STATE OF MISSISSIPPI  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**LAURA D. JACKSON  
EXECUTIVE DIRECTOR**



December 20, 2019

To Governor Bryant, Members of the Legislature, and Citizens of the State of Mississippi:

It is my pleasure to transmit to you the Comprehensive Annual Financial Report (CAFR) of the State of Mississippi for the year ended June 30, 2019 as provided in Section 27-104-4, Mississippi Code Annotated (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the financial statements, including all disclosures, rests with the State's management. This report was prepared in conformity with generally accepted accounting principles (GAAP).

State managers are responsible for establishing and maintaining internal controls to ensure that adequate accounting data is compiled to allow preparation of financial statements in conformity with GAAP. Because the cost of a control should not exceed the benefits likely to be derived, internal controls have been implemented to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements. I believe the information as presented is complete and accurate in all material respects.

Pursuant to Section 7-7-211(d), Mississippi Code Annotated (1972), the Office of the State Auditor has performed an audit, in accordance with 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, of the State's basic financial statements. An unmodified opinion is presented as the first page of the financial section of this report. Also, as required by federal law, the State Auditor has undertaken a single audit of the State as a whole, which will include a report on compliance and internal control over compliance on major federal program funds expended by state government. This report, along with the report on internal control over financial reporting and on compliance and other matters, will be published separately.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the Auditor's report.

## **Profile of the Government**

Mississippi is named for the Mississippi River, which forms its western boundary and empties into the Gulf of Mexico. The name translated from Native American folklore means "Father of Waters." Mississippi was organized as a territory in 1798 and was admitted as the 20th State to the Union on December 10, 1817. The state's constitution separates the legal powers of state government into three distinct branches - the legislative, the executive, and the judicial.

The financial statements present information on the financial position and operations of state government as a single comprehensive reporting entity. The state's various agencies, commissions, departments and boards that comprise the state's reporting entity are included in this report in accordance with criteria established by the Governmental Accounting Standards Board (GASB). The state's reporting entity is also comprised of its discretely presented component units for which the State is financially accountable. The criteria used in defining the State's reporting entity are fully discussed in Note 1 to the financial statements.

The state provides a full range of services to enhance and protect the lives of its citizenry. These services include among others: education; health and social services; public safety and justice; recreation and resource development and protection; business regulation; and highway construction and maintenance.

Mississippi state law requires both the Governor and the Joint Legislative Budget Committee (JLBC) to submit an overall balanced budget at the beginning of each annual session for the ensuing fiscal year. The Legislature legally enacts an annual state budget through passage of specific departmental appropriation bills. The Governor has the power to approve or veto each line item appropriation; however, vetoes are subject to legislative override. For the majority of the appropriations, the legal level of budgetary control is at the agency level by activity or function as well as by major expenditure classification. Unexpended appropriations at June 30 are available for subsequent expenditure if they have been encumbered and are presented for payment during the succeeding two-month lapse period.

## **Factors Affecting Financial Condition**

Recently revised data from the U.S. Bureau of Economic Analysis (BEA) shows a 1.3% annual growth in real gross domestic product (GDP) for Mississippi in 2018. This is the strongest growth in the state since 2008. Furthermore, the revised data show a marked upward trend in growth over the past three years. While the growth remains relatively slow compared to the nation, the Mississippi economy has gained momentum in recent years. Growth in the first half of 2019 was up 1.1 percent over the same period of 2018 and preliminary estimates for growth in the second quarter was an annualized 2.3% over the first quarter, suggesting the momentum has continued into 2019. However, year-over-year growth in real income tax withholdings, which are a proxy for income, shows a 1.0% decline in the first ten months of 2019 compared to 2018.

For the first nine months of 2019, employment is up a relatively strong 1.2% over the same period of 2018. This is a significant improvement over the 0.3% growth experienced in 2018 and similar to the growth observed in 2015 (1.2%) and 2016 (1.1%). However, the data are subject to revision and will likely be revised downward reflecting a positive but more modest gain. Through September, the state added an average of 14,156 jobs in 2019 over 2018. The largest contributor to job gains was in the leisure and hospitality sector with the bulk of these being food services sector jobs. The second largest contributor to job gains has been in the professional and business services with many of these being temp jobs. The third largest contributor to jobs in 2019 has been in transportation and warehousing followed by manufacturing. The gains in both sectors demonstrate the degree to which the national economy has bolstered growth within the state. Other sectors showing notable gains in 2019 include the health care and social assistance and local government. Marked declines have occurred in construction and state government jobs. While the unemployment rate has increased moderately in 2019, it remains historically low. Initial unemployment claims rose in the first few months of 2019 but have since fallen to a level comparable to the end of 2018. The level of initial claims remains historically low as has the level of continued unemployment claims.

IHS Markit estimates the U.S. economy will expand 2.3% in 2019, down from the 2.9% reported for 2018. Growth is expected to continue to slow in 2020 to a rate of 2.1%. The risk of a recession over the next year, is elevated but is not anticipated in the baseline forecast.

Current projections for the Mississippi economy is for a 1.2% growth in 2019, slightly below the 1.3% reported for 2018. This projection does not take into account the potential loss from the flooding that has taken place in the state. Early estimates anticipate the flooding could shave as much as three percentage points off the 2019 growth. Growth for 2020 is expected to be a similar 1.0%.

## Long-term Financial Planning

For the first five months of fiscal year 2020, General Fund revenue collected by the Department of Revenue was \$92.1 million above the prior year and \$89.4 million above the Sine Die estimate. The fiscal year 2020 revenue estimate was increased by \$137.8 million or 2.4 percent during November 2019. This increase recognized the overage of year-to-date revenue collections versus the Sine Die estimate and also projected moderate growth in General Fund revenue for the remainder of fiscal year 2020. Currently, projections for fiscal year 2021 General Fund revenue are \$30.7 million or a 0.51 percent below the revised fiscal year 2020 estimate. According to the State Economist, the projected reduction in General Fund revenue is in part based on the continuation of phased in use tax diversions.

At the conclusion of fiscal year 2019, the State of Mississippi had an unencumbered cash balance of \$416.7 million in the General Fund. As required by §27-103-213, Mississippi Code Annotated (1972), the state deposited \$205.1 million of the unencumbered funds into the Working Cash Stabilization Reserve Fund (WCSRF) which brought the fund to its statutory maximum limit for fiscal year 2019 with a balance of approximately \$554.8 million. This is the largest balance the WCSRF has had since its creation in the early 1990's which puts the State in a strong financial position to handle future downturns in the economy. Additionally, \$210.9 million of the unencumbered funds was deposited into the Capital Expense Fund to be used as determined by the legislature.

## Major Initiative

Education, economic development and infrastructure continue to be the focus of elected officials in the State of Mississippi. The State's investment in each of these areas has resulted in several recent milestones for Mississippi. During October 2019, the National Center for Education Statistics released its National Assessment of Educational Progress report which showed that Mississippi was first in the nation for gains in fourth grade and eighth grade reading and math test scores. Also during October 2019, the Continental Tire plant located in central Mississippi celebrated its grand opening after three years of construction. Then during November 2019, Mississippi sold its first lottery ticket in the State's history.

It is expected that Mississippi will continue to prioritize and invest in these three areas. This is evidenced by the fact that the legislature continues to appropriate over 52% of budgeted general funds for education. Continental Tire has committed approximately \$1.4 billion to its new Mississippi plant which expects to employ 2,500 people after the plant reaches full capacity over the next decade. With the Mississippi Lottery opening for business, continuing a phased in diversion of use tax revenue and receiving payments related to the British Petroleum Litigation settlement, the State expects for its spending on roads and bridges to increase over the next ten years.

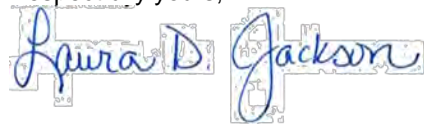
## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Mississippi for its CAFR for the fiscal year ended June 30, 2018. This was the thirty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was made possible by the dedicated services of the staff of the Office of Financial Reporting within the Department of Finance and Administration, along with the cooperation and support of the Office of the State Auditor, and the various agency heads and employees who assisted and contributed to its preparation.

Respectfully yours,



Laura D. Jackson

# Mississippi

## Officials of State Government

### Executive Branch

**Governor**

Phil Bryant

**Lieutenant Governor**

Tate Reeves

**Secretary of State**

Delbert Hosemann

**State Auditor**

Shad White

**State Treasurer**

Lynn Fitch

**Attorney General**

Jim Hood

**Commissioner of Agriculture  
and Commerce**

Andy Gipson

**Commissioner of Insurance**

Mike Chaney

**Transportation Commissioners**

Dick Hall

Tom King

Mike Tagert

**Public Service Commissioners**

Brandon Presley

Cecil Brown

Sam Britton

**State Fiscal Officer**

Laura Jackson

### Legislative Branch

**Speaker of the House of Representatives**

Philip Gunn

**Speaker Pro Tempore**

of the House of Representatives

Greg Snowden

**President Pro Tempore of the Senate**

Gray Tollison

**Secretary of Senate**

Liz Welch

**Clerk of the House of Representatives**

Andrew Ketchings

**Legislative Budget Office**

Tony M. Greer, Director

**Joint Legislative Committee on  
Performance Evaluation and  
Expenditure Review**

James A. Barber, Director

### Judicial Branch

**Supreme Court of Mississippi****Chief Justice**

Michael K. Randolph

**Presiding Justices**

James W. Kitchens

Leslie D. King

**Justices**

David M. Ishee

T. Kenneth Griffis

Josiah D. Coleman

James D. Maxwell II

Dawn H. Beam

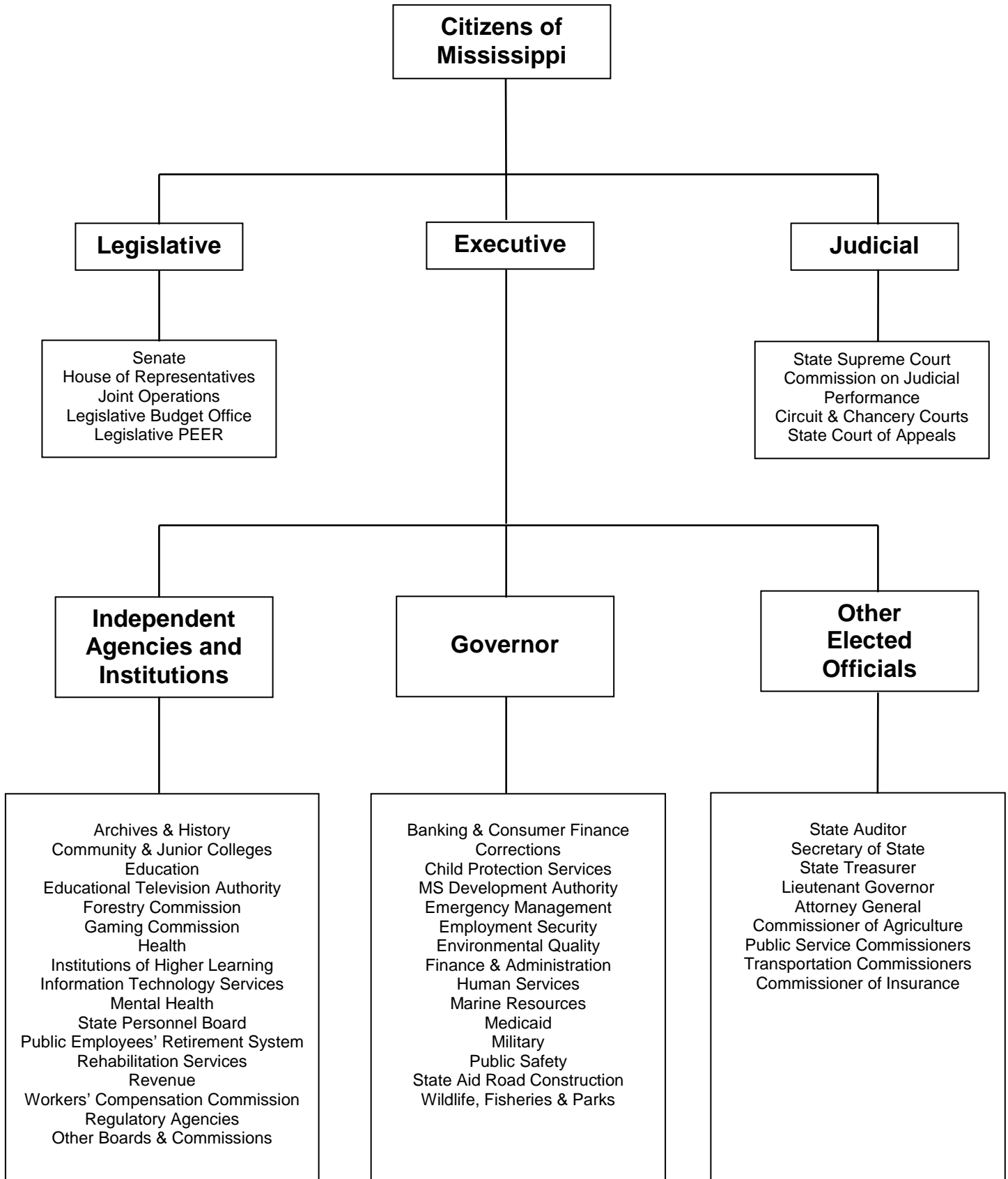
Robert P. Chamberlin

**Clerk of the Supreme Court**

Jeremy Whitmire

# Mississippi

## Organization Chart







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**State of Mississippi**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

▪ Government-wide Financial Statements

• Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, the Department of Employment Security, the Mississippi Development Authority, and the Department of Public Safety, which, in the aggregate, represent 4% and 1%, respectively, of the assets and revenues of the governmental activities;

• Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, the Department of Finance and Administration State Life and Health Plan, and the Unemployment Compensation Fund which, in the aggregate, represent 98% and 97%, respectively, of the assets and revenues of the business-type activities;

• Component Units

- the Universities and the nonmajor component units.

- Fund Financial Statements

- Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, the Department of Employment Security, the Mississippi Development Authority, and the Department of Public Safety, which, in the aggregate, represent 4% and 1%, respectively, of the assets and revenues of the General Fund;

- Proprietary Funds

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Department of Finance and Administration State Life and Health Plan, and the Unemployment Compensation Fund which are considered major enterprise funds;

- Aggregate Remaining Funds

- Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
    - Other Employee Benefits Trust Fund – State Life and Health Insurance Plan;
    - the Pension Trust Funds;
    - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 100% and 100%, respectively, of the assets and revenues of the aggregate remaining funds.

Those statements were audited by other auditors whose reports have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based solely on the reports of the other auditors.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we express no such opinion. The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we and other auditors have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Mississippi, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1 to the basic financial statements, in 2019, the State of Mississippi adopted new accounting guidance, Governmental Accounting Standards Board (GASB) standards Statement No. 83, *Certain Asset Retirement Obligations*; GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedules of Employer Contributions and corresponding notes, the Schedules of Changes in the Net Pension Liability, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Changes in the Net OPEB Liability, the Schedule of Employer Contributions and corresponding notes, the Schedule of the Net OPEB Liability, the Schedule of the Proportionate Share of the Net OPEB Liability, and the Schedule of the Proportionate Share of Employer Contributions and corresponding notes listed in the accompanying table of contents be presented to supplement the basic financial statements. Such 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. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

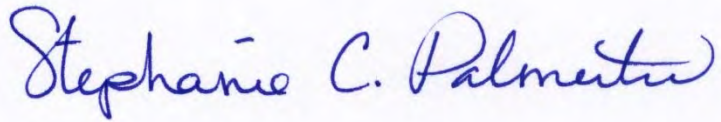
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The introductory section, the supplementary information such as the combining and individual fund financial statements and supporting schedules and the statistical section as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the combining and individual fund financial statements and supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the State'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 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 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 State's internal control over financial reporting and compliance.

**STEPHANIE C. PALMERTREE, CPA, CGMA**

Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
December 20, 2019

## Management's Discussion and Analysis

The following discussion and analysis of the State of Mississippi's financial performance provides an overview of the State's financial activities for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, which is located in the Introduction of this report, and the State's financial statements, which immediately follow this discussion and analysis.

### Financial Highlights

**Government-wide** - The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,710,654,000 (reported as "net position"). Of this amount, a negative \$5,641,096,000 was reported as "unrestricted net position", which means that it would be necessary to convert a portion of the restricted component of net position to unrestricted if the government's ongoing obligations to citizens and creditors were immediately due and payable. The restricted component of net position amounted to \$4,362,878,000. Net position of governmental activities increased by \$576,902,000 while business-type activities increased by \$15,590,000.

**Fund Level** - At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$4,611,239,000, which is \$773,641,000 more than the previous year. Revenues from taxes increased slightly from the prior year while other sources of revenues also increased. Expenditures continued to rise slightly.

**Long-term Debt** - The total outstanding net long-term bonds and notes were \$5,792,287,000 at June 30, 2019. During the year, the State issued \$784,730,000 in bonds and notes, including premiums. These bonds and notes were issued primarily for capital improvements.

### Overview of the Financial Statements

This discussion and analysis serves as an introduction to the State's basic financial statements, which include government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also contains required supplementary information and other supplementary information.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the State's finances. These statements consist of the statement of net position and the statement of activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents all of the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements for the primary government report two types of activities:

**Governmental Activities** - The State's basic services are reported here, including general government; education; health and social services; law, justice and public safety; recreation and resource development; regulation of business and professions; and transportation. Taxes and federal grants finance most of these activities.

**Business-type Activities** - The cost of providing goods or services to the general public, which is financed or recovered primarily through user charges, is reported here. State fair and coliseum operations; home mortgage loans to veterans; port facilities; and unemployment compensation services are examples of these activities.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These categories use different accounting approaches and should be interpreted differently.

**Governmental Funds** - The State's general activities are reported in governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources



# Mississippi

measurement focus. This approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the State's near-term financing requirements. Governmental funds are comprised of the General Fund, which is presented separately as a major fund, and nonmajor funds, which consist of permanent funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds** - The State reports the enterprise fund type as proprietary funds. Enterprise funds charge fees for services to outside customers. They are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting, and are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Unemployment Compensation Fund, the Port Authority at Gulfport Fund, the Prepaid Affordable College Tuition Fund, and the State Life and Health Insurance Plan are presented separately as major funds, with the nonmajor enterprise funds combined into a single column. The eight nonmajor enterprise funds are presented in detail in the combining financial statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Because these resources are not available to support the State's own programs, fiduciary funds are not reported in the government-wide financial statements. The State's fiduciary activities are presented in a statement of fiduciary net position and a statement of changes in fiduciary net position, with related combining financial statements. These funds, which include pension and other employee benefits trust funds, private-purpose trust funds, and agency funds, are reported using the accrual basis of accounting.

## Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements. Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on the government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements. Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit financial statements.

## Other Information

This report also contains the following required supplementary information (RSI): the Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds, the Schedule of Employer Contributions for each pension plan, the Schedules of Changes in the Net Pension Liability for the single employer plans, the Schedule of Proportionate Share of the Net Pension Liability for the multiple employer plan, the Schedule of Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability, and the Schedule of the Proportionate Share of Employer Contributions OPEB along with the accompanying notes. The combining financial statements are presented as supplementary information immediately following RSI.

## Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State of Mississippi's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact: Department of Finance and Administration, Office of Financial Reporting, P. O. Box 1060, Jackson, MS 39215.

# Mississippi

## Government-wide Financial Analysis

### Net Position

The State's combined net position for governmental and business-type activities increased \$565,155,000 in fiscal year 2019. Current year net position is \$14,710,654,000 in contrast to the prior year balance of \$14,145,499,000. Business-type activities reported positive balances in all three components of net position, while governmental activities and the State as a whole continued to reflect a negative balance in the unrestricted component of net position.

Net position consisted primarily of investment in capital assets such as land, buildings, machinery and equipment, and infrastructure, less any outstanding debt used to acquire those assets. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Net investment in capital assets increased \$306,199,000 from the previous year. The governmental activities' increase of \$307,069,000 was primarily due to additions to buildings, as well as, additions to infrastructure for roads, highways, and bridges.

Restricted net position represents resources that are subject to externally imposed restrictions. Restricted net position increased by \$461,651,000, or 11.8 percent during fiscal year 2019.

The remaining net position is classified as unrestricted. As of June 30, 2019, the State had a deficit unrestricted net position of \$5,641,096,000. The deficit is due, in part, to the State issuing debt on behalf of component units and other entities for construction, repair and renovation of non-state capital assets. The positive unrestricted balance of \$395,258,000 in business-type activities may be used to meet ongoing obligations to citizens and creditors; however, internally imposed designations of certain resources further limit the purposes for which those resources may be used.

### Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,930,603	\$ 6,200,480	\$ 1,697,830	\$ 1,726,115	\$ 8,628,433	\$ 7,926,595
Capital assets	16,707,109	16,448,138	695,905	698,881	17,403,014	17,147,019
Total Assets	23,637,712	22,648,618	2,393,735	2,424,996	26,031,447	25,073,614
Deferred outflows of resources	351,820	447,239	2,751	3,397	354,571	450,636
Noncurrent liabilities	8,846,841	8,486,576	410,944	423,429	9,257,785	8,910,005
Other liabilities	2,073,644	2,103,627	159,532	193,780	2,233,176	2,297,407
Total Liabilities	10,920,485	10,590,203	570,476	617,209	11,490,961	11,207,412
Deferred inflows of resources	183,363	169,832	1,040	1,507	184,403	171,339
Net position:						
Net investment in capital assets	15,298,901	14,991,832	689,971	690,841	15,988,872	15,682,673
Restricted	3,623,137	3,189,862	739,741	711,365	4,362,878	3,901,227
Unrestricted (deficit)	(6,036,354)	(5,845,872)	395,258	407,471	(5,641,096)	(5,438,401)
Total Net Position	\$ 12,885,684	\$ 12,335,822	\$ 1,824,970	\$ 1,809,677	\$ 14,710,654	\$ 14,145,499

# Mississippi

## Changes in Net Position

Operating grants and contributions of \$7,014,822,000 and taxes of \$7,499,336,000 were the State's major revenue sources. Together, they accounted for 81.5 percent of total revenues. Revenue from taxes increased \$373,334,000 and operating grants and contributions decreased by \$136,431,000 over the prior year. As in the prior year, the majority of the State's total expenses were related to the health and social services function at \$7,799,755,000 or 45.3 percent. Expenses within this function declined over the prior year by \$66,897,000. Unemployment compensation expenses were down by \$13,270,000, continuing a downward trend.

### Changes in Net Position

(amounts expressed in thousands)

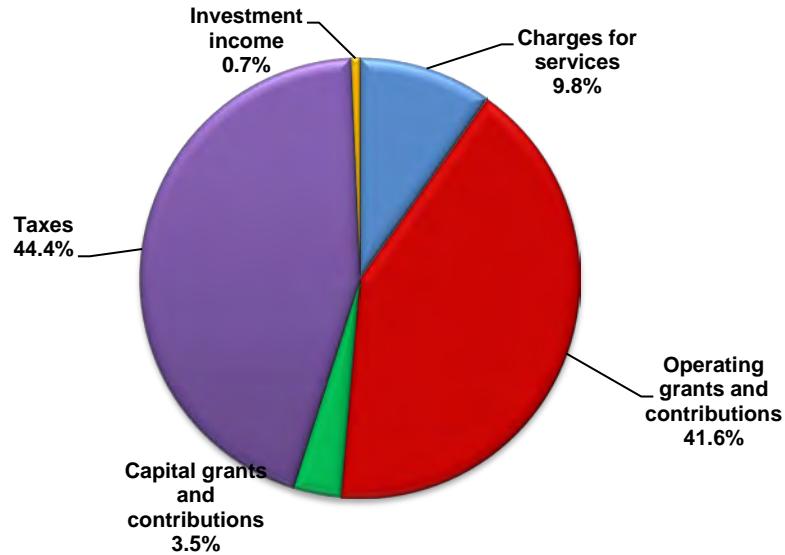
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 1,654,227	\$ 1,634,428	\$ 884,062	\$ 880,003	\$ 2,538,289	\$ 2,514,431
Operating grants and contributions	7,013,833	7,150,268	989	985	7,014,822	7,151,253
Capital grants and contributions	594,837	561,012	8	106	594,845	561,118
General Revenues:						
Taxes	7,499,336	7,126,002			7,499,336	7,126,002
Investment income	113,085	39,300	44,695	50,331	157,780	89,631
Total Revenues	16,875,318	16,511,010	929,754	931,425	17,805,072	17,442,435
Expenses:						
General government	2,412,774	2,229,648			2,412,774	2,229,648
Education	3,610,869	3,610,796			3,610,869	3,610,796
Health and social services	7,799,755	7,866,652			7,799,755	7,866,652
Law, justice and public safety	823,290	860,122			823,290	860,122
Recreation and resource development	525,045	480,745			525,045	480,745
Regulation of business and professions	46,308	45,223			46,308	45,223
Transportation	846,227	803,887			846,227	803,887
Interest on long-term debt	216,247	188,672			216,247	188,672
Unemployment compensation			60,625	73,895	60,625	73,895
Port Authority at Gulfport			36,702	33,447	36,702	33,447
Prepaid affordable college tuition			14,826	18,290	14,826	18,290
State life and health plan			792,020	782,341	792,020	782,341
Other business-type			27,892	26,737	27,892	26,737
Total Expenses	16,280,515	16,085,745	932,065	934,710	17,212,580	17,020,455
Excess/(Deficit) before Extraordinary Items and Transfers	594,803	425,265	(2,311)	(3,285)	592,492	421,980
Extraordinary item - debt forgiveness				12,791		12,791
Transfers	(17,901)	(95,075)	17,901	94,075		(1,000)
Change in Net Position	576,902	330,190	15,590	103,581	592,492	433,771
Net Position - Beginning, as restated	12,308,782	12,005,632	1,809,380	1,706,096	14,118,162	13,711,728
Net Position - Ending	\$ 12,885,684	\$ 12,335,822	\$ 1,824,970	\$ 1,809,677	\$ 14,710,654	\$ 14,145,499

# Mississippi

## Governmental Activities

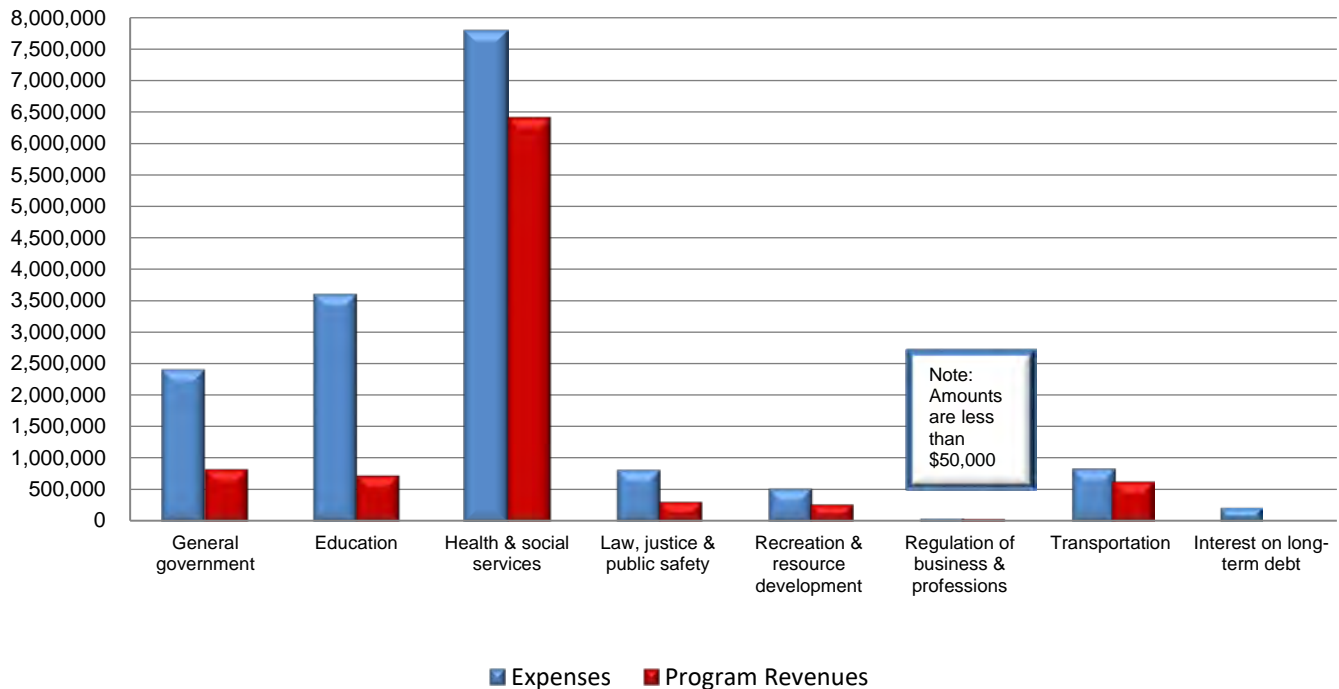
Governmental activities increased the State's net position by \$576,902,000 for fiscal year 2019. Taxes increased by \$373,334,000, in comparison to the prior year. The majority of both expenses and program revenues were in the health and social services function at \$7,799,755,000 and \$6,419,162,000, respectively. Education expenses of \$3,610,869,000 exceeded program revenues of \$739,508,000 resulting in a negative \$2,871,361,000 to be funded from general revenues.

**Governmental Activities - Revenues by Source**



**Governmental Activities - Expenses and Program Revenues**

(amounts expressed in thousands)

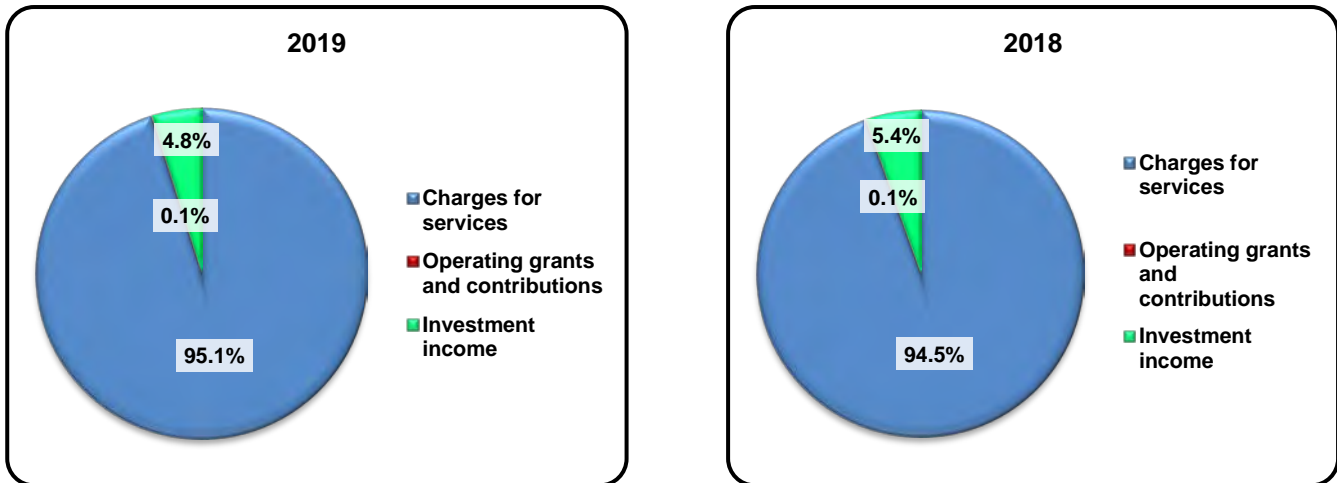


# Mississippi

## Business-type Activities

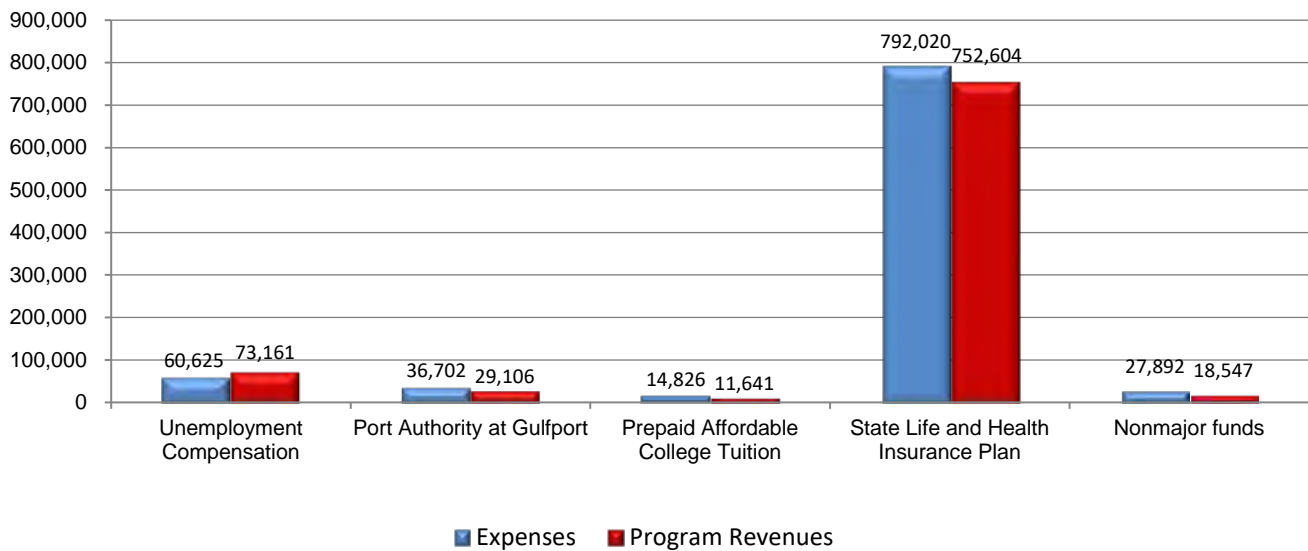
Business-type activities increased the State's net position by \$15,590,000. The percentage of revenues from charges for services continued to increase as federal revenue for the Emergency Unemployment Compensation program increased slightly. The amount of investment income decreased from the prior year, as did the investment income as a percentage of total revenues, due to market conditions. For the current year, the Unemployment Compensation Fund decreased in both revenues and expenses with a positive change in net position of \$28,826,000. Operations at the Port Authority at Gulfport added \$8,732,000 to net position in the current year.

### Business-type Activities - Revenues by Source



### Business-type Activities - Expenses and Program Revenues

(amounts expressed in thousands)



# Mississippi

## Financial Analysis of the State's Individual Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

At June 30, 2019, the governmental funds reported combined fund balances of \$4,611,239,000, indicating an increase of \$773,641,000 from the prior year. Within fund balances, \$99,659,000 or 2.2 percent was classified as nonspendable. The majority of the fund balance, \$3,523,478,000 or 76.4 percent was restricted. Committed fund balance equaled \$112,429,000 or 2.4 percent of the total. Assigned fund balance comprised \$26,265,000 or .6 percent while the remaining 18.4 percent, or \$849,408,000, of fund balance was unassigned.

The General Fund is the chief operating fund of the State. The fund balance for the General Fund increased by \$768,964,000 from the prior year. The increase, along with the restatement of beginning fund balance, result in an ending fund balance of \$4,543,010,000. Overall, taxes increased by \$339,389,000 or 4.7 percent. There was a \$57,630,000 increase in corporate income and franchise tax revenues. Sales and use tax revenues rose by \$159,908,000 compared to an increase of \$66,911,000 in the prior year. Gasoline and other motor fuel revenues increased by 3.9 percent. Federal government revenues decreased by \$95,667,000. Court assessments and settlements revenue was \$36,796,000 more than the prior year.

Health and social services expenditures decreased slightly during fiscal year 2019, falling by .3 percent over the prior fiscal year. Expenditures decreased due to Department of Medicaid commitment to contain cost below the inflation rate. The Centers for Medicaid Services estimate inflation at 4.4 percent.

### Proprietary Funds

The Unemployment Compensation Fund experienced an increase in net position of \$28,826,000 as compared to prior year, largely due to a decrease in claims benefits of \$13,270,000. Claims and benefits expense decreased as the economy continued to gradually improve. Assessments' revenue decreased by \$10,699,000 or 12.9 percent due to legislation that allowed certain employers to pay a zero percent tax rate along with employer's experience tax rate falling as a result of fewer unemployment insurance (UI) benefit claims continually to fall. Additionally, federal revenue used to pay claims increased by \$6,000 or .6 percent.

The Port Authority at Gulfport Fund increased net position by \$8,732,000 as compared to an \$86,520,000 increase reported in the prior year. Operating revenues and expenses increased slightly by \$1,638,000 and \$3,439,000 respectively. The increase in net position can be attributed to the increase in investment income.

The Prepaid Affordable College Tuition Fund's net position increased by \$7,244,000. Tuition receipts increased by 12.5 percent over the prior year as a result, of increased contract sales in the current year. The \$3,329,000 decrease in claims and benefits expense was directly related to changes in the actuarially determined experience of the program. Investment income decreased by \$14,338,000 due to fewer realized gains from the sale of investments in the current year.

## General Fund Budgetary Highlights

Actual fiscal year 2019 General Fund revenue collections increased by \$275,969,000 or 4.8 percent over the prior year. These revenues were \$311,693,000 above estimated amounts. Individual income tax increased by \$71,489,000 or 3.9 percent, sales tax collection increased by \$55,108,000 or 2.6 percent, and corporate income and franchise tax increased by \$71,390,000 or 12.5 percent.

The final expenditure budget was \$106,000 more than the original budget and actual expenditures were \$10,189,000 less than the final budget. Amounts budgeted but not expended during the year are reappropriated in the following year or retained in the General Fund and made available for the subsequent year budget allocations.

# Mississippi

## Capital Assets and Debt Administration

### Capital Assets

The State's investment in capital assets for governmental and business-type activities as of June 30, 2019 were \$23,286,031,000, less accumulated depreciation of \$5,883,017,000, resulting in a net book value of \$17,403,014,000. For the current fiscal year, governmental activities increased by \$258,971,000, and business-type activities decreased by \$2,976,000. These changes amount to 1.6 percent increase and .4 percent decrease, respectively, over the prior year.

Major capital asset events during fiscal year 2019 included the following:

Construction in progress for governmental activities had the largest increases and decreases of any asset class with \$716,686,000 and \$687,820,000, respectively. Mississippi Department of Transportation accounts for the majority of the increase with \$709,750,000. The Department of Finance and Administration additions included building projects for the Mississippi Civil Rights and History Museums, East Mississippi State Hospital's Receiving Units and Mississippi State Fairground improvements. Decreases to construction in progress are primarily for completed Mississippi Department of Transportation projects moved to infrastructure.

Governmental activities added \$626,290,000 to infrastructure for roads, highways and bridges. These additions included pavement rehabilitation projects in Grenada, Pike, Alcorn, and Jones counties. The Surface Transportation Program (Urban street projects) was completed in Rankin and Monroe counties. Interstate projects were completed in Hinds county, and Vision 21 highway projects were completed for Madison, Jones, Harrison, Lowndes, Pontotoc and Marshall counties.

During fiscal year 2019, net capital assets for business-type activities decreased by \$2,976,000. The Port Authority at Gulfport added \$18,283,000 to Construction in Progress, which includes the following current projects: East and West Pier site improvements, East Pier wharf expansion, and Northport land improvements. Projects completed and moved to infrastructure and land improvements included the West Pier Site Work and Infrastructure Project, Terminal 3 Warehouse, Gate and Interchange Buildings, West Pier Security System, and Terminal 3 Cross-Dock Inspection Structure. The completed projects were valued at \$169,576,000.

Additional information about the State's capital assets is presented in Note 8 to the financial statements. Note 17 addresses the State's outstanding long-term contracts related to the construction of state and county roads, highways, and bridges, as well as building projects for various state agencies.

### Capital Assets, Net of Depreciation

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,442,102	\$ 2,418,859	\$ 132,044	\$ 132,068	\$ 2,574,146	\$ 2,550,927
Software	116,339	126,795			116,339	126,795
Buildings	1,490,302	1,454,412	132,005	101,221	1,622,307	1,555,633
Land improvements	110,302	116,571	147,509	122,933	257,811	239,504
Machinery and equipment	220,298	220,522	29,831	32,282	250,129	252,804
Infrastructure	7,944,998	7,757,077	240,305	142,364	8,185,303	7,899,441
Construction in progress	4,382,768	4,353,902	14,211	168,013	4,396,979	4,521,915
Total	<u>\$ 16,707,109</u>	<u>\$ 16,448,138</u>	<u>\$ 695,905</u>	<u>\$ 698,881</u>	<u>\$ 17,403,014</u>	<u>\$ 17,147,019</u>



# Mississippi

## Debt Administration

As of June 30, 2019, outstanding general obligation debt for the State was \$4,389,336,000, including premiums. General Obligation Refunding bonds of \$1,664,580,000, Capital Improvements bonds of \$1,145,542,000, and Industry Incentive Financing bonds of \$258,914,000 comprise 69.9 percent of this outstanding debt. During the current fiscal year, the State issued \$447,835,000 in general obligation bonds and notes which are reported in governmental activities. Within business-type activities, general obligation bonds decreased by \$6,187,000 as the Port Authority at Gulfport continued to repay its long-term debt.

The State issued \$20,092,000 of notes payable, of which \$11,309,000 is reported in governmental activities and \$8,783,000 is reported in business-type activities.

### Outstanding Long-term Debt Bonds and Notes

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds and notes	\$ 4,389,027	\$ 4,263,174	\$ 309	\$ 6,496	\$ 4,389,336	\$ 4,269,670
Limited obligation bonds	507,839	215,158			507,839	215,158
Notes payable	889,397	957,165	5,715		895,112	957,165
Total	<u>\$ 5,786,263</u>	<u>\$ 5,435,497</u>	<u>\$ 6,024</u>	<u>\$ 6,496</u>	<u>\$ 5,792,287</u>	<u>\$ 5,441,993</u>

Mississippi has a rating of AA from Standard and Poor's, AA from Fitch, and Aa2 from Moody's. These ratings are based upon the State's conservative fiscal management practices, manageable debt levels, favorable effects of various budgetary reforms and the potential for future economic diversification.

The State's constitutional debt limit is established at one and one-half times the sum of all revenues collected by the State during any one of the four preceding fiscal years, whichever may be higher. Current practice restricts revenues included in the computation of this debt limitation to the following: taxes; licenses, fees and permits; investment income; rental income; service charges including net income from the Alcoholic Beverage Control Division; and fines, forfeitures and penalties. As of June 30, 2019, the State's constitutional legal debt limit remained at \$13,370,476,000, which significantly exceeds the amount of debt applicable to the debt limit. Additional information about the State's long-term debt can be found in Notes 9 through 13 to the financial statements.

## Economic Factors and Next Year's Budget

Mississippi's average unemployment rate for the calendar year 2018 was 4.8 percent, which is higher than the national average of 3.9 percent. In calendar year 2018, Mississippi's personal income increased by 3.8 percent and per capita personal income increased by 3.9 percent compared to national average increases of 4.5 percent and 3.8 percent, respectively.

Fiscal year 2020 revenue collected by the Department of Revenue (DOR) continues to outperform revenue collected in fiscal year 2019. DOR collections from the beginning of fiscal year 2020 through November 30, 2020, were up by \$92,137,000 or 4.4 percent. Mississippi's two largest revenue generators are collected from sales and individual income taxes. To-date, sales taxes and individual income taxes are outperforming projections by .67 percent and 5.2 percent, respectively. Sales and individual income taxes account for approximately 73 percent of Mississippi's revenue, which has the state optimistic that revenue collections will either meet or exceed expectations.

# *Mississippi*

## **Basic Financial Statements**

# Mississippi

## Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 3,864,321	\$ 238,514	\$ 4,102,835	\$ 2,133
Cash and cash equivalents	183,821	888,813	1,072,634	652,515
Investments	10,929	5,988	16,917	350,156
Receivables, net	687,494	34,250	721,744	393,450
Restricted assets:				
Cash and cash equivalents		100	100	
Due from other governments, net	539,488	778	540,266	212
Internal balances	(18,883)	18,883		
Due from component units	2,919	96	3,015	
Due from primary government				12,714
Inventories	39,579	253	39,832	39,153
Prepaid items		738	738	27,354
Loans and notes receivable, net	27,336	6,821	34,157	42,707
Other assets				2,424
Total Current Assets	5,337,004	1,195,234	6,532,238	1,522,818
Noncurrent assets:				
Investments	131,392	327,375	458,767	687,210
Receivables, net	625,260		625,260	
Due from other governments, net	632,766		632,766	
Loans and notes receivable, net	204,181	175,221	379,402	170,199
Restricted assets:				
Cash and cash equivalents				126,146
Investments				1,194,463
Capital assets:				
Land and construction in progress	6,824,870	146,255	6,971,125	601,773
Other capital assets, net	9,882,239	549,650	10,431,889	3,815,816
Other assets				73,088
Total Noncurrent Assets	18,300,708	1,198,501	19,499,209	6,668,695
Total Assets	23,637,712	2,393,735	26,031,447	8,191,513
<b>Deferred Outflows of Resources</b>				
Interest rate swaps	1,922		1,922	
Refunding	110,392		110,392	46,622
Pensions	221,262	2,644	223,906	188,677
Other postemployment benefits	18,244	107	18,351	8,624
Total Deferred Outflows	\$ 351,820	\$ 2,751	\$ 354,571	\$ 243,923

(Continued on Next Page)

# Mississippi

## Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	\$ 45,915	\$ 979	\$ 46,894	\$
Accounts payable and other liabilities	638,885	25,252	664,137	239,767
Contracts payable	79,647	1,198	80,845	
Income tax refunds payable	267,318		267,318	
Due to other governments	350,937	5,278	356,215	
Due to component units	12,698	16	12,714	
Due to primary government				3,015
Claims and benefits payable	68,133	109,527	177,660	
Deposits	95,494	1,433	96,927	
Unearned revenues	129,634	15,192	144,826	96,358
Pollution remediation obligation	8,638		8,638	
Bonds and notes payable, net	366,276	583	366,859	50,552
Lease obligations payable	2,468		2,468	304
Net other postemployment benefit liability	7,601	74	7,675	47
Other liabilities				93,364
Total Current Liabilities	2,073,644	159,532	2,233,176	483,407
Noncurrent liabilities:				
Due to other governments	2,420		2,420	
Claims and benefits payable	37,363	378,043	415,406	
Derivative instruments	29,427		29,427	
Pollution remediation obligation	35,382		35,382	
Bonds and notes payable, net	5,419,987	5,441	5,425,428	1,234,219
Lease obligations payable	4,936		4,936	770
Liabilities payable from restricted assets:				
Deposits		100	100	
Net pension liability	3,012,096	25,129	3,037,225	2,667,960
Net other postemployment benefit liability	171,569	1,569	173,138	142,949
Other liabilities	133,661	662	134,323	261,686
Total Noncurrent Liabilities	8,846,841	410,944	9,257,785	4,307,584
Total Liabilities	10,920,485	570,476	11,490,961	4,790,991
<b>Deferred Inflows of Resources</b>				
Refunding				5,023
Pensions	152,237	837	153,074	66,511
Other postemployment benefits	31,126	203	31,329	11,367
Beneficial interest in irrevocable trusts				34,944
Total Deferred Inflows	\$ 183,363	\$ 1,040	\$ 184,403	\$ 117,845

# Mississippi

## Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net Position</b>				
Net investment in capital assets	15,298,901	689,971	15,988,872	3,204,504
Restricted for:				
Expendable:				
General government	68,477		68,477	
Education	132,362		132,362	
Health and social services	590,185		590,185	
Law, justice and public safety	72,642		72,642	
Recreation and resources development	1,415,059		1,415,059	
Regulation of business and professions	30,254		30,254	
Transportation	614,201		614,201	
Capital projects	381,625		381,625	
Debt service	258,252		258,252	131
Unemployment compensation benefits		739,741	739,741	
Other purposes				809,808
Nonexpendable:				
Education	45,316		45,316	893,565
Health and social services	2,025		2,025	
Recreation and resources development	12,739		12,739	
Unrestricted (deficit)	(6,036,354)	395,258	(5,641,096)	(1,381,408)
Total Net Position	\$ 12,885,684	\$ 1,824,970	\$ 14,710,654	\$ 3,526,600

The accompanying notes to the financial statement are an integral part of this statement.

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# Mississippi

## Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,412,774	\$ 827,965	\$ 12,678	\$ 229
Education	3,610,869	14,913	724,498	97
Health and social services	7,799,755	567,213	5,850,994	955
Law, justice and public safety	823,290	88,929	214,449	9,875
Recreation and resource development	525,045	77,983	194,077	95
Regulation of business and professions	46,308	37,060	302	40
Transportation	846,227	40,164	16,835	583,546
Interest on long-term debt	216,247			
Total Governmental Activities	16,280,515	1,654,227	7,013,833	594,837
Business-type activities:				
Unemployment compensation	60,625	72,172	989	
Port Authority at Gulfport	36,702	29,106		
Prepaid affordable college tuition	14,826	11,641		
State life and health insurance plan	792,020	752,604		
Other business-type	27,892	18,539		8
Total Business-type Activities	932,065	884,062	989	8
Total Primary Government	\$ 17,212,580	\$ 2,538,289	\$ 7,014,822	\$ 594,845
<b>Component units:</b>				
Universities	\$ 3,778,334	\$ 2,285,709	\$ 509,638	\$ 30,088
Nonmajor	28,839	24,797		4,327
Total Component Units	\$ 3,807,173	\$ 2,310,506	\$ 509,638	\$ 34,415

### General revenues:

#### Taxes:

Sales and use

Gasoline and other motor fuel

Individual income

Corporate income and franchise

Insurance

Other

Investment income

Other

Payment from State of Mississippi

Contributions to permanent endowments

Transfers

Total General Revenues, Contributions  
and Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

The accompanying notes to the financial statements are an integral part of this statement.



**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>				<b>Component Units</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>		
\$ (1,571,902)	\$	\$ (1,571,902)		
(2,871,361)		(2,871,361)		
(1,380,593)		(1,380,593)		
(510,037)		(510,037)		
(252,890)		(252,890)		
(8,906)		(8,906)		
(205,682)		(205,682)		
(216,247)		(216,247)		
(7,017,618)		(7,017,618)		
	12,536	12,536		
	(7,596)	(7,596)		
	(3,185)	(3,185)		
	(39,416)	(39,416)		
	(9,345)	(9,345)		
	(47,006)	(47,006)		
(7,017,618)	(47,006)	(7,064,624)		
			\$ (952,899)	
			285	
			(952,614)	
3,629,500		3,629,500		
430,764		430,764		
1,917,567		1,917,567		
648,347		648,347		
360,047		360,047		
513,111		513,111		
113,085	44,695	157,780		96,393
				243,822
				740,797
				41,876
(17,901)	17,901			
7,594,520	62,596	7,657,116		1,122,888
576,902	15,590	592,492		170,274
12,308,782	1,809,380	14,118,162		3,356,326
\$ 12,885,684	\$ 1,824,970	\$ 14,710,654	\$	3,526,600

# Mississippi

## Governmental Funds

### Balance Sheet

June 30, 2019 (Expressed in Thousands)

	General	Permanent	Totals
<b>Assets</b>			
Equity in internal investment pool	\$ 3,861,168	\$ 3,153	\$ 3,864,321
Cash and cash equivalents	182,418	1,403	183,821
Investments	78,746	63,575	142,321
Receivables, net	1,312,080	674	1,312,754
Due from other governments, net	1,172,254		1,172,254
Due from other funds	1,432	2	1,434
Due from component units	2,919		2,919
Inventories	39,579		39,579
Loans receivable, net	231,517		231,517
Total Assets	\$ 6,882,113	\$ 68,807	\$ 6,950,920
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
<b>Liabilities:</b>			
Warrants payable	\$ 45,917	\$	\$ 45,917
Accounts payable and accruals	678,813	578	679,391
Contracts payable	79,647		79,647
Income tax refunds payable	267,318		267,318
Due to other governments	353,357		353,357
Due to other funds	20,317		20,317
Due to component units	12,698		12,698
Claims payable	68,133		68,133
Unearned revenues	129,634		129,634
Total Liabilities	1,655,834	578	1,656,412
Deferred inflows of resources:			
Deferred revenues	683,269		683,269
<b>Fund balances:</b>			
Nonspendable			
Inventories	39,579		39,579
Principal		60,080	60,080
Restricted			
General government	65,860		65,860
Education	128,256	4,106	132,362
Health and social services	574,432	993	575,425
Law, justice and public safety	65,807		65,807
Recreation and resources development	1,411,952	3,050	1,415,002
Regulation of business and professions	30,254		30,254
Transportation	598,891		598,891
Capital projects	381,625		381,625
Debt service	258,252		258,252
Committed			
General government	26,168		26,168
Education	12,668		12,668
Health and social services	43,354		43,354
Law, justice and public safety	22,801		22,801
Recreation and resources development	5,039		5,039
Regulation of business and professions	2,399		2,399
Assigned			
General government	21,743		21,743
Education	48		48
Health and social services	2,638		2,638
Recreation and resources development	1,836		1,836
Unassigned	849,408		849,408
Total Fund Balances	4,543,010	68,229	4,611,239
Total Liabilities, Deferred Inflows and Fund Balances	\$ 6,882,113	\$ 68,807	\$ 6,950,920

The accompanying notes to the financial statements are an integral part of this statement.

# Mississippi

## Governmental Funds

### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2019 (Expressed in Thousands)

**Total fund balances for governmental funds** \$ 4,611,239

Amounts reported for governmental activities in the statement of net position  
are different because:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the governmental funds:

Land	\$ 2,442,102	
Construction in progress	4,382,768	
Software	171,924	
Buildings	2,270,779	
Land improvements	285,878	
Machinery and equipment	774,563	
Infrastructure	12,132,780	
Accumulated depreciation	<u>(5,753,685)</u>	16,707,109

Deferred outflows of resources reported in governmental activities are not  
financial resources and therefore are not reported in the governmental funds:

Interest rate swaps	1,922	
Refunding of debt	110,392	
Pensions	221,262	
Other postemployment benefits	<u>18,244</u>	351,820

Deferred inflows of resources reported in governmental activities are not  
financial resources and therefore are not reported in the governmental funds:

Interest rate swaps		
Pensions	(152,237)	
Other postemployment benefits	<u>(31,126)</u>	(183,363)

Some of the State's revenues will be collected after year-end but are not  
available soon enough to pay for the current period's expenditures and  
therefore are deferred in the funds as deferred inflows of resources.

683,269

Long-term liabilities and related accrued interest are not due and payable in the  
current period and therefore are not reported in the governmental funds:

General obligation bonds	(4,039,486)	
General obligation notes	(106,000)	
Limited obligation bonds	(453,420)	
Notes payable	(821,967)	
Unamortized premiums	(365,390)	
Derivative instruments	(29,427)	
Capital lease obligations	(7,404)	
Accrued compensated absences	(117,289)	
Pollution remediation obligation	(44,020)	
Net pension liability	(3,012,096)	
Net other postemployment benefits liability	(179,170)	
Claims payable	(37,363)	
Accrued interest payable	(44,658)	
Other liabilities	<u>(26,700)</u>	(9,284,390)

**Net position of governmental activities**

**\$ 12,885,684**

The accompanying notes to the financial statements are an integral part of this statement.

# Mississippi

## Governmental Funds

### Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2019 (Expressed in Thousands)

	General	Permanent	Totals
<b>Revenues</b>			
Taxes:			
Sales and use	\$ 3,626,296	\$	\$ 3,626,296
Gasoline and other motor fuel	430,910		430,910
Individual income	1,908,011		1,908,011
Corporate income and franchise	650,618		650,618
Insurance	360,047		360,047
Other	513,111		513,111
Licenses, fees and permits	550,943	676	551,619
Federal government	7,575,374		7,575,374
Investment income	109,286	3,799	113,085
Charges for sales and services	423,232	452	423,684
Rentals	1,545	882	2,427
Court assessments and settlements	239,531		239,531
Other	492,763	11	492,774
Total Revenues	16,881,667	5,820	16,887,487
<b>Expenditures</b>			
Current:			
General government	2,356,261		2,356,261
Education	3,614,617	117	3,614,734
Health and social services	7,757,625		7,757,625
Law, justice and public safety	835,203		835,203
Recreation and resources development	514,218	26	514,244
Regulation of business and professions	45,536		45,536
Transportation	1,126,873		1,126,873
Debt service:			
Principal	354,249		354,249
Interest and other fiscal charges	231,184		231,184
Total Expenditures	16,835,766	143	16,835,909
Excess of Revenues over (under) Expenditures	45,901	5,677	51,578
<b>Other Financing Sources (Uses)</b>			
Bonds and notes issued	727,919		727,919
Capital leases issued	2,840		2,840
Insurance recovery	177		177
Payments to note escrow agent	(39,000)		(39,000)
Premiums on bonds and notes issued	48,028		48,028
Transfers in	3,184		3,184
Transfers out	(20,085)	(1,000)	(21,085)
Net Other Financing Sources (Uses)	723,063	(1,000)	722,063
Net Change in Fund Balances	768,964	4,677	773,641
Fund Balances - Beginning, as restated	3,774,046	63,552	3,837,598
Fund Balances - Ending	\$ 4,543,010	\$ 68,229	\$ 4,611,239

The accompanying notes to the financial statements are an integral part of this statement.

# Mississippi

## Governmental Funds

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

**Net change in fund balances - total governmental funds** **\$ 773,641**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 805,006	
Depreciation expense	<u>(544,401)</u>	260,605

Various capital asset related transactions affect the statement of activities but have no impact on governmental funds. These transactions include disposition of capital assets by sale, trade, or scrap. (3,224)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities.

Premiums on bonds, notes and refunding bonds and notes and bonds issued	(48,028)	
Bonds and notes issued	(727,919)	
Capital leases issued	(2,840)	
Payments of debt principal	354,249	
Payments to bond escrow agent	39,000	
Accrued interest payable	<u>(10,195)</u>	(395,733)

Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Donations of equipment	1,591	
Change in claims payable	(858)	
Change in compensated absences	1,026	
Change in deferred revenues	(30,600)	
Change in other postemployment benefit costs, net	725	
Change in pollution remediation obligation	(5,746)	
Change in fair value of borrowing derivative	4,503	
Change in pension costs, net	(45,561)	
Change in other liabilities	(3,861)	
Amortization of premiums	35,240	
Amortization of deferred amount on refunding	<u>(14,846)</u>	<u>(58,387)</u>

**Change in net position of governmental activities** **\$ 576,902**

The accompanying notes to the financial statements are an integral part of this statement.

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$	\$ 739	\$ 543
Cash and cash equivalents	724,251	17,815	10,971
Investments		5,988	
Receivables, net	27,066	2,881	307
Restricted assets:			
Cash and cash equivalents		100	
Due from other governments, net	579	196	
Due from other funds	242	8,339	
Due from component units	96		
Inventories			
Prepaid items		157	
Loans and notes receivable		696	
Total Current Assets	752,234	36,911	11,821
Noncurrent assets:			
Investments		24,665	302,710
Loans and notes receivable		12,481	
Capital assets:			
Land and construction in progress		137,050	
Other capital assets, net		518,483	
Total Noncurrent Assets		692,679	302,710
Total Assets	\$ 752,234	\$ 729,590	\$ 314,531
<b>Deferred Outflows of Resources</b>			
Pension		666	66
Other postemployment benefits		26	2
Total Deferred Outflows of Resources		692	68

# Enterprise Funds

Department of Finance and Administration			
State Life and Health Insurance Plan		Nonmajor Funds	Totals
\$	152,658	\$ 84,574	\$ 238,514
	115,983	19,793	888,813
			5,988
		3,996	34,250
			100
	3		778
	82	11,652	20,315
			96
		253	253
		581	738
		6,125	6,821
	268,726	126,974	1,196,666
			327,375
		162,740	175,221
		9,205	146,255
		31,167	549,650
		203,112	1,198,501
\$	268,726	\$ 330,086	\$ 2,395,167
		1,912	2,644
		79	107
		1,991	2,751

(Continued on Next Page)

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
<b>Liabilities</b>			
Current liabilities:			
Warrants payable	\$	\$	\$ 432
Accounts payable and other liabilities	69	8,751	525
Retainage payable		1,198	
Due to other governments	4,780		44
Due to other funds	836		
Due to component units			16
Claims and benefits payable	6,715		39,762
Deposits			
Bonds and notes payable		128	
Unearned revenues	93	689	
Net other postemployment benefits liability		9	2
Total Current Liabilities	12,493	10,775	40,781
Noncurrent liabilities:			
Claims and benefits payable			378,043
Bonds and notes payable		181	
Liabilities payable from restricted assets:			
Deposits		100	
Net pension liability		6,853	998
Net other postemployment benefits liability		185	47
Other liabilities		300	31
Total Noncurrent Liabilities		7,619	379,119
Total Liabilities	12,493	18,394	419,900
<b>Deferred Inflows of Resources</b>			
Pension		163	25
Other postemployment benefits		14	7
Total Deferred Inflows of Resources		177	32
<b>Net Position</b>			
Net investment in capital assets		655,224	
Restricted for:			
Expendable			
Unemployment compensation benefits	739,741		
Unrestricted (deficit)		56,487	(105,333)
Total Net Position	\$ 739,741	\$ 711,711	\$ (105,333)

The accompanying notes to the financial statements are an integral part of this statement.



<b>Enterprise Funds</b>			
<b>Department of Finance and Administration</b>			
<b>State Life and Health Insurance Plan</b>		<b>Nonmajor Funds</b>	<b>Totals</b>
\$	\$	547	\$ 979
12,670		3,237	25,252
			1,198
435		19	5,278
		596	1,432
			16
63,050			109,527
		1,433	1,433
		455	583
14,196		214	15,192
		63	74
90,351		6,564	160,964
			378,043
		5,260	5,441
			100
		17,278	25,129
		1,337	1,569
		331	662
		24,206	410,944
90,351		30,770	571,908
		649	837
		182	203
		831	1,040
		34,747	689,971
			739,741
178,375		265,729	395,258
\$ 178,375	\$	300,476	\$ 1,824,970

# Mississippi

## Proprietary Funds

### Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
<b>Operating Revenues</b>			
Charges for sales and services/premiums	\$	\$ 28,151	\$
Assessments	72,172		
Investment income			
Federal agencies	989		
Rentals			
Fees			
Tuition receipts			11,641
Other			
Total Operating Revenues	73,161	28,151	11,641
<b>Operating Expenses</b>			
Cost of sales and services			
General and administrative		4,207	549
Contractual services		10,993	1,221
Commodities		387	4
Depreciation		18,165	
Claims and benefits	60,625		13,052
Other			
Total Operating Expenses	60,625	33,752	14,826
Operating Income (Loss)	12,536	(5,601)	(3,185)
<b>Nonoperating Revenues</b>			
Revenue from counties		951	
Insurance recovery		4	
Gain on disposal of capital assets			
Investment income	16,290	2,887	10,429
Total Nonoperating Revenues	16,290	3,842	10,429
<b>Nonoperating Expenses</b>			
Loss on disposal of capital assets		2,907	
Interest and other fiscal charges		43	
Total Nonoperating Expenses		2,950	
Income (Loss) before Capital Contributions and Transfers	28,826	(4,709)	7,244
Capital Contributions			
Transfers In		13,441	
Transfers Out			
Change in Net Position	28,826	8,732	7,244
Total Net Position - Beginning, as restated	710,915	702,979	(112,577)
Total Net Position - Ending	\$ 739,741	\$ 711,711	\$ (105,333)

The accompanying notes to the financial statements are an integral part of this statement.

# Enterprise Funds

<b>Department of Finance and Administration</b>		
State Life and Health Insurance Plan	Nonmajor Funds	Totals
\$ 752,525	\$ 11,062	\$ 791,738
		72,172
	5,608	5,608
		989
	5,656	5,656
	169	169
		11,641
79	1,614	1,693
752,604	24,109	889,666
	8,360	8,360
	9,763	14,519
32,864	6,179	51,257
	1,657	2,048
	1,624	19,789
759,156		832,833
	198	198
792,020	27,781	929,004
(39,416)	(3,672)	(39,338)
		951
		4
	38	38
7,066	2,415	39,087
7,066	2,453	40,080
		2,907
	111	154
	111	3,061
(32,350)	(1,330)	(2,319)
	8	8
	6,644	20,085
(1,600)	(584)	(2,184)
(33,950)	4,738	15,590
212,325	295,738	1,809,380
\$ 178,375	\$ 300,476	\$ 1,824,970

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation	Prepaid Affordable College Tuition	
<b>Cash Flows from Operating Activities</b>			
Cash receipts from federal agencies	\$ 929	\$	\$
Cash receipts/premiums from customers		27,979	11,641
Cash receipts from assessments	76,805		
Cash payments to suppliers for goods and services		(13,092)	(1,214)
Cash payments to employees for services		(3,786)	(506)
Cash payments for claims and benefits	(62,220)		(30,320)
Other operating cash receipts			
Other operating cash payments			
Principal and interest received on program loans			
Issuance of program loans			
Net Cash Provided by (Used for) Operating Activities	15,514	11,101	(20,399)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in		40,054	
Transfers out			
Revenues from counties		776	
Net Cash Provided by (Used for)			
Noncapital Financing Activities		40,830	
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets		(38,856)	
Principal received on notes receivable		679	
Proceeds from sales of capital assets		59	
Proceeds from notes payable			
Principal paid on bonds and capital asset contracts		(6,188)	
Interest paid on bonds and capital asset contracts		(138)	
Proceeds from insurance recovery		4	
Net Cash Used for Capital and Related			
Financing Activities		(44,440)	
<b>Cash Flows From Investing Activities</b>			
Proceeds from sales of investments		3,000	114,528
Purchases of investments		(33,556)	(95,897)
Investment income	16,290	2,657	4,292
Net Cash Provided by (Used for) Investing Activities	16,290	(27,899)	22,923
Net Change in Cash and Cash Equivalents	31,804	(20,408)	2,524
Cash and Cash Equivalents - Beginning	692,447	39,062	8,990
Cash and Cash Equivalents - Ending	\$ 724,251	\$ 18,654	\$ 11,514

# **Enterprise Funds**

<b>Department of Finance and Administration</b>			
<b>State Life and Health Insurance Plan</b>		<b>Nonmajor Funds</b>	<b>Totals</b>
\$		\$	\$
	754,581	18,646	929
			812,847
			76,805
	(766,634)	(16,739)	(797,679)
		(9,237)	(13,529)
			(92,540)
		2,256	2,256
	(33,016)		(33,016)
		23,143	23,143
		(25,788)	(25,788)
	(45,069)	(7,719)	(46,572)
		6,644	46,698
	(1,600)	(584)	(2,184)
			776
	(1,600)	6,060	45,290
		(6,639)	(45,495)
			679
		70	129
		8,783	8,783
		(3,109)	(9,297)
		(111)	(249)
			4
		(1,006)	(45,446)
		2,115	119,643
			(129,453)
	7,066	2,400	32,705
	7,066	4,515	22,895
	(39,603)	1,850	(23,833)
	308,244	102,517	1,151,260
\$	268,641	\$ 104,367	\$ 1,127,427

(Continued on Next Page)

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation	Prepaid Affordable College Tuition	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating income (loss)	\$ 12,536	\$ (5,601)	\$ (3,185)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		18,165	
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	4,316	(179)	
Due from other governments	214		
Due from other funds	53		
Due from component units	50		
Inventories			
Prepaid items		(15)	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			(131)
Accounts payable and other liabilities	(3)	(1,682)	(73)
Due to other governments	(904)		44
Due to other funds	(997)		
Due to component units			16
Claims and benefits payable	302		(17,105)
Unearned revenues	(60)	7	
Pension cost		412	36
Other postemployment benefits cost		(6)	(1)
Other Liabilities	7		
Total adjustments	2,978	16,702	(17,214)
Net Cash Provided by (Used for) Operating Activities	\$ 15,514	\$ 11,101	\$ (20,399)
<b>Noncash Capital and Related Financing and Investing Activities</b>			
Capital contributions			
Gain (loss) on disposal of capital assets		(2,907)	
Change in market value of investments		7	(8,600)

The accompanying notes to the financial statements are an integral part of this statement.

# **Enterprise Funds**

<b>Department of Finance and Administration</b>			
<b>State Life and Health Insurance Plan</b>		<b>Nonmajor Funds</b>	<b>Totals</b>
\$	(39,416)	\$	(3,672)
		\$	(39,338)
		1,624	19,789
		373	4,510
(3)			211
22		1,785	1,860
			50
		3	3
		(300)	(315)
		(7,824)	(7,824)
		(530)	(661)
(164)		(267)	(2,189)
12		(167)	(1,015)
		569	(428)
			16
			(16,803)
1,958		208	2,113
		505	953
		(19)	(26)
(7,478)		(7)	(7,478)
(5,653)		(4,047)	(7,234)
\$	(45,069)	\$	(7,719)
		\$	(46,572)

	8	8
	38	(2,869)
2,390		(6,203)

# Mississippi

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2019 (Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Private-purpose Trust Fund	Agency Funds
<b>Assets</b>			
Equity in internal investment pool	\$ 1,317	\$ 32	\$ 10,235
Cash and cash equivalents	783,096		26,046
Investments, at fair value:			
Short-term investments	413,555	12,559	
Long-term debt securities	5,622,471	49,152	
Equity securities	16,974,061	116,237	
Private equity	2,323,258		
Real estate investments	2,893,098	11,976	
Life insurance contracts		51,359	
Securities lending:			
Short-term investments	1,008,645		
Long-term debt securities	2,408,515		
Receivables, net:			
Employer contributions	65,949		
Employee contributions	36,491		
Investment proceeds	970,766		
Interest and dividends	105,482		
Other	704		182
Commodity inventory			2,993
Capital assets:			
Land and construction in progress	1,717		
Other capital assets, net	16,429		
Total Assets	33,625,554	241,315	\$ 39,456
<b>Deferred Outflow of Resources</b>			
Pension		88	
Other postemployment benefits	55		
Total Deferred Outflows	55	88	
<b>Liabilities</b>			
Warrants payable	106	1	65
Accounts payable and accruals	1,467,938	118	1,193
Due to other governments			732
Amounts held in custody for others			37,466
Net Pension Liability		166	
Obligations under securities lending	3,415,620		
Net other postemployment benefits liability	1,013	10	
Total Liabilities	4,884,677	295	\$ 39,456
<b>Deferred Inflow of Resources</b>			
Pension		136	
Other postemployment benefits	75	2	
Total Deferred Inflows	75	138	
<b>Net Position</b>			
Net position restricted for pensions and trust beneficiaries	\$ 28,740,857	\$ 240,970	

The accompanying notes to the financial statements are an integral part of this statement.



# Mississippi

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Private-purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 1,109,134	\$
Plan participant	583,510	33,517
Total Contributions	1,692,644	33,517
Net Investment Income:		
Net change in fair value of investments	1,218,364	5,457
Interest and dividends	604,843	6,585
Securities lending:		
Income from securities lending	93,252	
Interest expense and trading costs from securities lending	(77,717)	
Managers' fees and trading costs	(104,675)	
Net Investment Income	1,734,067	12,042
Other Additions:		
Administrative fees		175
Other	38	
Total Other Additions	38	175
Total Additions	3,426,749	45,734
<b>Deductions</b>		
Benefits	2,850,457	30,696
Refunds to terminated employees	108,058	
Administrative expenses	17,570	1,401
Depreciation	4,652	
Total Deductions	2,980,737	32,097
Change in Net Position	446,012	13,637
Net Position - Beginning, as restated	28,294,845	227,333
Net Position - Ending	\$ 28,740,857	\$ 240,970

The accompanying notes to the financial statements are an integral part of this statement.

# Mississippi

## Component Units

### Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Universities	Nonmajor	Totals
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$	\$ 2,133	\$ 2,133
Cash and cash equivalents	628,863	23,652	652,515
Investments	317,831	32,325	350,156
Receivables, net	391,278	2,172	393,450
Due from other governments		212	212
Due from primary government	12,712	2	12,714
Inventories	38,034	1,119	39,153
Prepaid items	27,190	164	27,354
Notes receivable, net	42,707		42,707
Other assets	2,410	14	2,424
Total Current Assets	1,461,025	61,793	1,522,818
Noncurrent assets:			
Investments	687,210		687,210
Notes receivable, net	170,199		170,199
Restricted assets:			
Cash and cash equivalents	126,015	131	126,146
Investments	1,194,463		1,194,463
Capital assets:			
Land and construction in progress	588,075	13,698	601,773
Other capital assets, net	3,771,948	43,868	3,815,816
Other assets	73,088		73,088
Total Noncurrent Assets	6,610,998	57,697	6,668,695
Total Assets	8,072,023	119,490	8,191,513
<b>Deferred Outflows of Resources</b>			
Refunding	46,622		46,622
Pension	187,147	1,530	188,677
Other postemployment benefits	8,544	80	8,624
Total Deferred Outflows	242,313	1,610	243,923

(Continued on Next Page)

The accompanying notes to the financial statements are an integral part of this statement.

# Mississippi

## Component Units

### Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Universities	Nonmajor	Totals
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	234,127	5,640	239,767
Due to primary government	2,936	79	3,015
Unearned revenues	95,901	457	96,358
Bonds and notes payable	50,552		50,552
Lease obligations payable	194	110	304
Net other postemployment benefits liability		47	47
Other liabilities	93,364		93,364
Total Current Liabilities	477,074	6,333	483,407
Noncurrent liabilities:			
Bonds and notes payable	1,233,469	750	1,234,219
Lease obligations payable	650	120	770
Net pension liability	2,649,318	18,642	2,667,960
Net other postemployment benefits liability	141,832	1,117	142,949
Other liabilities	261,105	581	261,686
Total Noncurrent Liabilities	4,286,374	21,210	4,307,584
Total Liabilities	4,763,448	27,543	4,790,991
<b>Deferred Inflows of Resources</b>			
Refunding	5,023		5,023
Pension	65,296	1,215	66,511
Other postemployment benefits	11,216	151	11,367
Beneficial interest in irrevocable trusts	34,944		34,944
Total Deferred Inflows	116,479	1,366	117,845
<b>Net Position</b>			
Net investment in capital assets	3,147,726	56,778	3,204,504
Restricted for:			
Debt service		131	131
Other purposes	809,808		809,808
Permanent endowments:			
Nonexpendable	893,565		893,565
Unrestricted (deficit)	(1,416,690)	35,282	(1,381,408)
Total Net Position	\$ 3,434,409	\$ 92,191	\$ 3,526,600

# Mississippi

## Component Units

### Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Universities	Nonmajor	Total
Universities	\$ 3,778,334	\$ 2,285,709	\$ 509,638	\$ 30,088	\$ (952,899)	\$	\$ (952,899)
Nonmajor	28,839	24,797		4,327		285	285
Total	\$ 3,807,173	\$ 2,310,506	\$ 509,638	\$ 34,415	(952,899)	285	(952,614)
General revenues:							
					95,101	1,292	96,393
					239,881	3,941	243,822
					740,797		740,797
					41,876		41,876
					1,117,655	5,233	1,122,888
					164,756	5,518	170,274
					3,269,653	86,673	3,356,326
					\$ 3,434,409	\$ 92,191	\$ 3,526,600

The accompanying notes to the financial statements are an integral part of this statement.

## Notes to the Financial Statements

June 30, 2019

### Note 1 - Significant Accounting Policies

The significant accounting policies applicable to the State of Mississippi are described below.

- A. Basis of Presentation** - The accompanying financial statements of the State 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). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.
- B. Financial Reporting Entity** - For GAAP financial reporting purposes, the State's reporting entity includes all funds of the State's various commissions, departments, boards, elected officials, universities, and other organizational units (hereinafter referred to collectively as "agencies"). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board.

As required by GAAP, these financial statements present the primary government and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units are combined with that of the primary government. The blended component unit is:

Public Employees' Retirement System of Mississippi (PERS) - The System was created having all the powers and privileges of a public corporation for the purpose of providing pension benefits for public employees of the State and its political subdivisions. The Board of Trustees is composed of the State Treasurer, one member appointed by the Governor and eight members elected by its members. The administrative expenses are subject to legislative budget controls. Its four pension trust funds and one agency fund are reported as part of the State using the blended component method. The funds were audited by independent auditors for the period ended June 30, 2019, and their report has been issued under separate cover. The Comprehensive Annual Financial Report may be obtained by writing to Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Discretely presented component units, which are legally separate from the State, are reported in a separate column of the government-wide financial statements. The State reports the following major discretely presented component unit:

Universities – The Board of Trustees of State Institutions of Higher Learning (IHL) is appointed by the primary government. IHL includes Alcorn State University, Delta State University, Jackson State University, Mississippi State University, Mississippi University for Women, Mississippi Valley State University, the University of Southern Mississippi, and the University of Mississippi. IHL is a body corporate and politic. The State provides financial support to IHL through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Universities are the financial data of their significant fund-raising foundations. Because the restricted resources held by the foundations can only be used by, or for the benefit of, the specific universities, the foundations are considered component units of the Universities. The audited financial statements may be obtained from IHL at 3825 Ridgewood Road, Jackson, MS 39211.

The State reports the following nonmajor discretely presented component units:

Mississippi Business Finance Corporation – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and a financial benefit/burden relationship exists. The Corporation and the State work together, providing support, one to the other, in the State's economic development. The audited financial statements may be obtained from Mississippi Business Finance Corporation at 735 Riverside Drive, Suite 300, Jackson, MS 39202-1166.

# Mississippi

Mississippi Development Bank – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and a financial benefit/burden relationship exists. The Bank and the State work together, providing support, one to the other, in the State's economic development. The audited financial statements may be obtained from Mississippi Development Bank at 735 Riverside Drive, Suite 300, Jackson, MS 39202-1166.

Mississippi Lottery Corporation – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will on the corporation. A financial benefit/burden relationship exists. The Corporation conducts and administers lottery games within the State resulting in maximization of revenues to support various State programs. The audited financial statements may be obtained from Mississippi Lottery Corporation at P.O. Box 321433, Flowood, MS 39232.

Mississippi Prison Industries Corporation – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will on the corporation. A financial benefit/burden relationship exists. The Corporation leases and manages the prison industry programs of the Mississippi Correctional Industries. The audited financial statements may be obtained from Mississippi Prison Industries Corporation at 663 North State Street, Jackson, MS 39202.

Pat Harrison Waterway District – This is a legally separate entity created and established as a body corporate and politic. The State does not appoint the voting majority of the board. The District is fiscally dependent and a financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District provides flood relief along the Pascagoula River and its tributaries and preserves and protects these waters for future generations and for economic enhancement of the area and its industrial growth. The audited financial statements may be obtained from Pat Harrison Waterway District at P.O. Drawer 1509, Hattiesburg, MS 39403-1509.

Pearl River Valley Water Supply District – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will. A financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District operates and maintains the Ross Barnett Reservoir and surrounding district lands to provide water supply, flood reduction and recreational opportunities. The audited financial statements may be obtained from Pearl River Valley Water Supply District at P.O. Box 2180, Ridgeland, MS 39158-2180.

Tombigbee River Valley Water Management District – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will. A financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District provides for a plan of conservation, recreation, water control and utilization, agricultural development and economic advancement within the district. The audited financial statements may be obtained from Tombigbee River Valley Water Management District at P.O. Box 616, Tupelo, MS 38802-0616.

Effective July 1, 2018, the State Legislature dissolved the Pearl River Basin Development District and named the Department of Finance and Administration as the agent-in-fact for the District. The Department of Finance and Administration was given the authority to use all funds that were available to the District and to the extent necessary to complete the dissolution of the District and ensure that all obligations of the District are met. These transactions are reported in the General Fund as of June 30, 2019.

State officials are also responsible for appointing the members of the boards of other related organizations, but the primary government's financial accountability for these related organizations does not extend beyond making the appointments. These related organizations are Mississippi Hospital Equipment and Facilities Authority, Mississippi Home Corporation and Mississippi Industries for the Blind.

## C. Government-wide and Fund Financial Statements

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. The primary government is further subdivided between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents all of the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. GAAP requires that net position be subdivided into three categories:

Net investment in capital assets - capital assets net of accumulated depreciation and related deferred outflows of resources reduced by outstanding balances for bonds, notes and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

# Mississippi

Restricted net position - assets and deferred outflows of resources less any related liabilities and deferred inflows of resources that are restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - assets that are not classified as net investment in capital assets or restricted net position.

The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, thus, are clearly identifiable to a particular function. Certain indirect costs have been included as part of the program expenses reported for the various functions and activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and any sources of revenue that are not reported as program revenues.

**Fund Financial Statements** - Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. Major individual enterprise funds are reported as separate columns in the fund financial statements.

- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The government-wide financial statements and the financial statements of the proprietary funds and fiduciary funds (excluding agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of proprietary funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the balance sheet as applicable. Revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collectible within the current year or soon enough after fiscal year end to liquidate liabilities existing at the end of the fiscal year. The State considers revenues received within 60 days after fiscal year end as available. Significant revenue sources that are susceptible to accrual include sales taxes, individual income taxes, corporate income taxes and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures are recognized upon receipt of goods and services.

The State reports the following major governmental fund:

The General Fund accounts for all activities of the State not specifically required to be accounted for in other Funds. Transactions are related to general government, education, health and social services, law, justice and public safety, recreation and resource development, regulation of business and professions, transportation, capital projects, and debt service.

The State reports the following major enterprise funds:

The Unemployment Compensation Fund accounts for the collection of unemployment insurance assessments from employers and the payment of unemployment benefits to eligible claimants. Funds are also provided by the federal government and investment income.

The Port Authority at Gulfport Fund accounts for operations of a public port providing facilities for foreign and domestic trade. Funding is provided by gross receipts from port operations, proceeds from bond issues and investment income. Expenses include port operation, construction and the payment of maturing bond interest and principal.

The Prepaid Affordable College Tuition Fund accounts for operations of a prepaid college tuition program. Funding is provided by the purchasers' specified actuarially determined payments and investment income.

The State Life and Health Insurance Plan Fund accounts for resources and transactions pertaining to the State's self-insured medical plan and life insurance program as mandated by state law to be offered to state and public education employees. Funding is provided by premiums collected from active and retired employees, local school districts, and the State's operating fund.

# Mississippi

Additionally, the State reports the following nonmajor funds:

## Governmental funds:

Permanent Funds account for transactions related to resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

## Proprietary Funds:

Enterprise Funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

## Fiduciary Funds:

Pension Trust and Other Employee Benefits Trust Funds account for transactions, assets, liabilities and net position held in trust for plan benefits of the State's Public Employee Retirement System and the State Life and Health Insurance Plan.

Private-purpose Trust Fund accounts for operations of a college savings program under Section 529 of the Internal Revenue Code. Funding is provided by participants' contributions and investment earnings.

Agency Funds account for funds distributed to the various counties and municipalities of the State; for receipt of various taxes, refundable deposits, inventories, and other monies collected or recovered to be held until the State has the right or obligation to distribute them to state funds or to various entities or individuals; and for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

- E. Equity in Internal Investment Pool and Cash and Cash Equivalents** - Equity in internal investment pool is cash equity with the Treasurer and consists of pooled demand deposits and investments recorded at fair value. Cash and cash equivalents include bank accounts, petty cash, money market demand accounts, money market mutual funds and certificates of deposit with a maturity date within 90 days of the date acquired by the State.

In accordance with IHL policy, all highly liquid investments with an original maturity date of three months or less are included as cash and cash equivalents for the Universities, a major component unit.

- F. Fair Value Measurements** – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB establishes a fair value reporting hierarchy to maximize the use of observable inputs when measuring fair value and defines the three levels of inputs as noted below:

Level 1 – Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments or futures contracts.

Level 2 – Assets and liabilities valued based on observable market data for similar instruments. Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets and liabilities, either directly or indirectly.

Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market and instruments, which are valued based on the best available data. Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets may include instruments for which the determination of fair value requires significant management judgment or estimation.

- G. Investments** - Investments, including any land or other real estate held as investments by endowments, are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned. Changes in the fair value of investment derivative instruments, including derivative instruments that are determined to be ineffective as hedges, are reported as investment income in the government-wide Statement of Activities.

Investments of the pension trust funds are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. The fair value of commingled real estate investment funds is based on independent appraisals, while Real Estate Investment Trusts (REIT) traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For individual investments where no readily ascertainable fair value exists, the Public



# Mississippi

Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the fair values.

- H. **Receivables** - Receivables represent amounts due to the State for revenues earned that will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as "current" and amounts expected to be collected beyond the next fiscal year are classified as "noncurrent." Receivables are reported net of allowances for uncollectible accounts where applicable.
- I. **Interfund Activity** - Interfund activity consists primarily of transfers between funds. Transfers represent flows of assets between funds of the primary government without the equivalent flows of assets in return and without a requirement for payment. Eliminations have been made to minimize the internal activity. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.
- J. **Interfund Balances** - Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities. Fiduciary funds' receivables and payables have been reclassified to accounts receivable and accounts payable, respectively, on the government-wide Statement of Net Position.
- K. **Inventories and Prepaid Items** - Inventories of supplies and materials are stated at cost, generally using the first-in, first-out method. Cost of inventories held for use by the Department of Transportation is determined by the weighted average method. Inventories of supplies and materials of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

- L. **Restricted Assets** - Proprietary fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets.
- M. **Capital Assets** - Capital assets are reported, net of depreciation, in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their acquisition value on the date of donation. Classes of capital assets and their related capitalization thresholds are: land - cost or acquisition value on the date of donation, software - \$1,000,000, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$5,000, infrastructure - \$100,000, and construction in progress - based on the project's class. Infrastructure acquired prior to July 1, 1980 is not reported in the basic financial statements. The costs of normal maintenance and repairs that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the estimated service lives of the respective assets. Estimated service lives include 5 to 20 years for software, 40 years for buildings, 20 years for land improvements, 5 to 15 years for machinery and equipment, 3 years for computer equipment, 5 to 15 years for heavy and outdoor equipment, and 3 to 10 years for vehicles. The estimated service life varies from 12 to 50 years for infrastructure, based on the individual asset.

The State owns various collections, works of art and historical treasures that have not been capitalized because they are held for public exhibition, education or research, and are protected and preserved. The proceeds from sales of such items are used to acquire other items for the collections. These collections include paintings, photographs, various objects of art, historical and scientific artifacts, antique furniture, clothing, books, and relics.

- N. **Claims and Benefits Payable** - In the government-wide and proprietary fund financial statements, a liability for an insurance claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

In the Prepaid Affordable College Tuition Fund (a major proprietary fund), claims and benefits payable represents the actuarially determined present value of future tuition obligations. In the Unemployment Compensation Fund (a major proprietary fund), claims and benefits payable represents amounts incurred prior to the reporting date.

- O. **Accumulated Unpaid Leave** - State law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. Additionally, in accordance with the Fair Labor Standards Act, nonexempt employees may accrue up to 240 hours of compensatory leave (480 hours for emergency response personnel). No payment is authorized for accrued major medical leave unless employees present medical evidence that their physical condition is such that they can no longer work in a capacity of state government.

The State's obligation for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported as "Other Liabilities" in the government-wide financial statements, as well as proprietary and fiduciary fund financial statements. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources

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are accrued as current year expenditures. The reported liability applicable to all funds includes the related fringe benefits that the State as employer is required to pay when the accrued compensated absences are liquidated.

Accumulated unpaid major medical leave is not accrued, except in the Universities, because it is not probable that the compensation will be paid in a lump sum other than in the event of severe illness. However, state law authorizes the Universities to make payment for a maximum of 30 days in a lump sum upon termination of employment for nine-month faculty members eligible to receive retirement benefits.

- P. Unearned Revenues and Deferred Inflows of Resources** - Unearned revenues are recognized when assets are received prior to being earned in an exchange transaction. Deferred revenues are reported in the governmental fund financial statements as deferred inflows of resources until such time as the revenues become available.
- Q. Pensions** – Net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense have been measured using the same basis as the PERS fiduciary net position. For the purpose of determining the PERS fiduciary net position, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.
- R. Postemployment Benefits Other Than Pensions (OPEB)** – The OPEB liability is the actuarial present value of projected healthcare benefit payments to be provided to employees in the period after employment. The net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense have been measured using the same basis as the State Life and Health Insurance Plan's fiduciary net position. For the purpose of determining the OPEB fiduciary net position, benefit payments are recognized when due and payable in accordance with benefit terms. The OPEB Plan reports investments at fair value.
- S. Net Position/Fund Balance** - Net Position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources on government-wide, proprietary and fiduciary funds financial statements and Fund Balance on governmental funds financial statements. Fund Balances of governmental funds are classified as:

Nonspendable - amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) or are legally required to be maintained intact. Examples include inventories and permanent fund principal.

Restricted - amounts where legally enforceable constraints are imposed by an external party such as a grantor, or by the constitution, or by the State Legislature at the same time the revenue is created.

Committed - amounts where constraints are imposed by bills which become law after passage by the State Legislature, the highest decision-making authority in the State. These constraints are imposed separately from the creation of the revenue. The revenue cannot be used for any other purpose unless the State Legislature removes or changes the specified use by taking the same formal action that originally imposed the constraint.

Assigned - amounts where constraints are imposed on the use of resources through the intent of the State Legislature or by its delegation to each agency director.

Unassigned - the residual amount of the General Fund, which is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred for purposes in which all classifications of spendable fund balance are available, it is the State's general policy to use the fund balances in the following order: restricted, committed, assigned, and unassigned.

- T. Federal Grants** - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.
- U. Bonds and Notes** - Bond and note proceeds, premiums and discounts are reported as other financing sources or uses in the governmental fund financial statements. In the government-wide and proprietary fund financial statements, bond and note premiums and discounts, as well as refunding charges (the difference between the carrying amount of redeemed/deceased debt and its reacquisition price), are deferred and amortized over the life of the bonds and notes using the straight-line method. Bonds and notes payable are reported net of the applicable unamortized bond and note premium and discount while refunding charges are reported as deferred outflows or deferred inflows of resources. Issuance costs are recognized as debt service expenditures/expenses in the period incurred.
- V. Changes in Accounting Standards** - The State implemented the following standards issued by GASB in the current fiscal year as required: GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. The implementation of these GASB Statements did not have a material impact on the financial statements and notes.

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## Note 2 - Other Accounting Disclosures

- A. Net Position Restricted by Enabling Legislation** - The State's net position restricted by enabling legislation represent resources which a party external to government, such as citizens, public interest groups, or the judiciary, can compel the government to use only for the purpose specified by the legislation. The government-wide statement of net position reports \$4,362,878,000 of restricted net position, of which \$194,118,000 is restricted by enabling legislation.
- B. Deficit Net Position** - At June 30, 2019, the State Treasurer Prepaid Affordable College Tuition Fund (a major proprietary fund) has a deficit net position of \$105,333,000. The deficit is a result of actual investment earnings being less than actuarial assumptions.
- C. Working Cash Stabilization Reserve Account** - The Budget Reform Act of 1992 created the Working Cash Stabilization Reserve Account (Account) and required that 100% of the unencumbered General Fund cash balance be deposited into the Account at the close of each fiscal year until the balance reaches \$40,000,000. Thereafter, 50% of the unencumbered General Fund ending cash balance must be deposited into the Account until it reaches 10% of General Fund appropriations for the fiscal year that the unencumbered General Fund cash balance represents. As required by law, the Account is not considered as a surplus or available funds when adopting a balanced budget. The Account balance in excess of \$40,000,000 may be permanently transferred to the General Fund to cover deficits up to a maximum of \$50,000,000 in any one fiscal year. These transfers are restored to the Account out of future annual General Fund ending cash balances until the 10% maximum is again attained. At June 30, 2019, the Account, as reported in the General Fund, has an unassigned fund balance of \$350,252,000.
- D. Fund Balances** – At June 30, 2019, the State's restricted, committed and assigned fund balances are summarized by purpose as follows (amounts expressed in thousands):

	Restricted	Committed	Assigned
<b>Governmental Funds</b>			
<b>General</b>			
General Government			
Fiscal Affairs	\$ 21,436	\$ 16,591	\$ 21,743
Regulatory	18,692	723	
Other	25,732	8,854	
Education	128,256	12,668	48
Health and Social Services	574,432	43,354	2,638
Law, Justice and Public Safety			
Judicial and Justice	12,947	7,703	
Highway safety	23,866	3,787	
Other	28,994	11,311	
Recreation and Resources Development			
Industrial Development	579,301	1,724	248
Natural Resources	675,431	1,013	
Other	157,220	2,302	1,588
Regulation of Business and Professions	30,254	2,399	
Transportation			
Highways	424,528		
State Roads and Bridges	70,651		
Other	103,712		
Capital Projects	381,625		
Debt Service	258,252		
Total General Fund	3,515,329	112,429	26,265
<b>Permanent</b>			
Education	4,106		
Health and Social Services	993		
Recreation and Resources Development			
Wildlife Conservation	3,050		
Total Permanent Fund	8,149		
Total Governmental Funds	\$ 3,523,478	\$ 112,429	\$ 26,265

- E. Restatements of Fund Balance and Net Position** – During fiscal year 2019, a prior period adjustment was made for the over recognition of federal revenue and general government expenditures. The restatement of fund balance is as follows (amounts expressed in thousands):

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<b>Fund Balance</b>	<b>June 30, 2018 as previously reported</b>	<b>Prior Period Adjustment</b>	<b>June 30, 2018 as restated</b>
<b>Governmental Funds:</b>			
General Fund	\$ 3,801,086	\$ (27,040)	\$ 3,774,046

During fiscal year 2019, a prior period adjustment was made for the over recognition of revenues and expenses as reported in governmental activities. A prior period adjustment was also reported by a nonmajor enterprise fund as reported in business-type activities for the reclassification of construction costs incurred in a prior year that should have expensed and not capitalized to construction in progress and an error in calculating the net OPEB liability. Pension Trust Funds, fiduciary funds, reported a restatement of net position for the understatement of net investment income. Universities, a major component unit, reported a restatement for one of its foundations.

The restatement of net position is summarized as follows (amounts expressed in thousands):

<b>Net Position</b>	<b>June 30, 2018 as previously reported</b>	<b>Prior Period Adjustments</b>	<b>June 30, 2018 as restated</b>
<b>Governmental Activities</b>			
Net Investment in capital assets	\$ 14,991,832	\$	\$ 14,991,832
Restricted	3,189,862	(5,503)	3,184,359
Unrestricted (deficit)	(5,845,872)	(21,537)	(5,867,409)
<b>Total Governmental Activities</b>	<b>\$ 12,335,822</b>	<b>\$ (27,040)</b>	<b>\$ 12,308,782</b>
<b>Business-type Activities</b>			
Net Investment in capital assets	\$ 690,841	\$	\$ 690,841
Restricted	711,365		711,365
Unrestricted (deficit)	407,471	(297)	407,174
<b>Total Business-type Activities</b>	<b>\$ 1,809,677</b>	<b>\$ (297)</b>	<b>\$ 1,809,380</b>
<b>Total Primary Government</b>	<b>\$ 14,145,499</b>	<b>\$ (27,337)</b>	<b>\$ 14,118,162</b>
<b>Fiduciary Funds</b>			
Restricted	\$ 28,290,685	\$ 4,160	\$ 28,294,845
<b>Component Units:</b>			
Net Investment in capital assets	\$ 3,107,461	\$	\$ 3,107,461
Restricted	1,644,132		1,644,132
Unrestricted (deficit)	(1,395,731)	464	(1,395,267)
<b>Total Component Units</b>	<b>\$ 3,355,862</b>	<b>\$ 464</b>	<b>\$ 3,356,326</b>

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## Note 3 - Interfund Transactions

At June 30, 2019, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Due From	Due To						Total
	General	Permanent	Unemployment Compensation	Port Authority at Gulfport	State Life and Health Insurance Plan	Nonmajor Enterprise	
Governmental:							
General	\$	\$	2	\$	8,339	\$	20,317
Proprietary:							
Unemployment Compensation	836						836
Nonmajor Enterprise	596						596
Total	\$ 1,432	\$ 2	242	\$ 8,339	\$ 82	\$ 11,652	\$ 21,749

Interfund receivables and payables are the results of 1) timing differences between the date expenses/expenditures occur and the date payments are made and 2) the accrual of tax distributions for taxes collected in the following fiscal year.

At June 30, 2019, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

Due From	Due To				
	Primary Government		Component Units		
	General	Unemployment Compensation	Universities	Nonmajor	Total
Primary Government:					
General	\$	\$	\$ 12,696	\$ 2	\$ 12,698
Proprietary:					
Prepaid Affordable College Tuition			16		16
Component Units:					
Universities	2,840	96			2,936
Nonmajor	79				79
Total	\$ 2,919	\$ 96	\$ 12,712	\$ 2	\$ 15,729

Amounts due to and due from the primary government and component units are the results of timing differences between the date expenses/expenditures occur and the date payments are made.

At June 30, 2019, interfund transfers consisted of (amounts expressed in thousands):

Transfer From	Transfer To			
	General	Port Authority at Gulfport	Nonmajor Enterprise	Total
Governmental:				
General	\$	\$	\$	20,085
Permanent	1,000	13,441	6,644	1,000
Proprietary:				
Nonmajor Enterprise	584			584
State Life and Health Insurance Plan	1,600			1,600
Total	\$ 3,184	\$ 13,441	\$ 6,644	\$ 23,269

Interfund transfers are primarily used to 1) move revenues from funds required to collect them to funds required to expend them, 2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance

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with budgetary authorizations, and 3) transfer capital facility construction and debt service expenditures to the funds making the payments.

## Note 4 - Deposits and Investments

The State Treasurer maintains a cash and short-term investment pool for all state treasury funds and for investments of certain other state agencies. In addition, the Public Employees' Retirement System (the System), and a small number of other agencies carry out investment activities separate from the State Treasurer. A discussion of statutory authority for these investments follows.

The State Treasurer is authorized to invest all excess treasury funds of the state under Section 27-105-33, Mississippi Code Ann. (1972). Funds in the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account are invested by the State Treasurer as authorized by Sections 27-103-203 and 7-9-103, respectively, Mississippi Code Ann. (1972).

Sections 37-155-9 and 37-155-115, Mississippi Code Ann. (1972) authorize the Board of Directors of the College Savings Plans of Mississippi Trust Funds (the Board) to invest funds held in the Mississippi Affordable College Tuition (MPACT) Account and the Mississippi Affordable College Savings (MACS) Account, respectively.

The System is authorized to invest funds under Section 25-11-121, Mississippi Code Ann. (1972). All investments are governed by the Board of Trustee's policy of the prudent person rule. The prudent person rule establishes a standard for all fiduciaries, to act as a prudent person would be expected to act, with discretion and intelligence, while investing for income and preservation of principal.

### Primary Government Deposits (except for the System)

Section 27-105-5, Mississippi Code Ann. (1972) authorizes the State Treasurer to implement a statewide collateral pool program which secures all state and local public funds deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured.

Section 27-105-5, Mississippi Code Ann. (1972) establishes the requirements for a financial institution to be approved as a qualified public funds depository. Generally, financial institutions make annual application to the State Treasurer for state funds by signing a contract and supplying the financial report as provided to its regulatory authority to assure the statutory required 5.5 percent primary capital to total assets ratio. When so approved by the State Treasurer, the financial institution is required to place on deposit with the State Treasurer collateral equal to at least 105 percent of the amount of public funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Collateral may be held by a third party custodian, with approval of the State Treasurer, if conditions are met which protect the State's interests.

Sections 27-105-5 and 27-105-6, Mississippi Code Ann. (1972) establish a public funds guaranty pool administered by the Guaranty Pool Board and the State Treasurer. The Guaranty Pool Board is composed of the State Treasurer, Commissioner of Banking and Consumer Finance, five members nominated by the Mississippi Bankers Association, one member nominated by the Mississippi Supervisors Association, and one member nominated by the Mississippi Municipal League. The Guaranty Pool Board is responsible for reviewing and recommending criteria to be used by the State Treasurer in order to protect public deposits and the depositories in the guaranty pool program.

Sections 27-105-5 and 27-105-6, Mississippi Code Ann. (1972) establish criteria for a financial institution that has been in existence for three years or more to be approved as a qualified public funds depository and a public funds guaranty pool member. Potential guaranty pool members must submit an application and supply financial information to the State Treasurer as provided to its regulatory authority to verify the institution meets certain financial criteria established in the law. In addition to the requirements in the law, the Guaranty Pool Board has established additional membership requirements pursuant to its statutory authority. Once approved as a member of the public funds guaranty pool, the members must submit quarterly financial information to the State Treasurer. The Guaranty Pool Board uses this information to monitor the financial status of each member and the fiscal soundness of the guaranty pool.

Under the criteria established by the Guaranty Pool Board, an approved guaranty pool member must meet the 75 percent security requirement by depositing eligible collateral with the State Treasurer (or an approved custodian). The agreement provides that if a loss to a public depositor in the guaranty pool is not covered by deposit insurance and the proceeds from the sale of securities pledged by the defaulting depository, the difference will be provided by an assessment against other guaranty pool members on a pro rata basis.

Custodial credit risk for deposits is the risk that in the event of the failure of a financial institution, the government will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2019, of the statewide collateral pool cash deposits reported by the financial institutions, \$28,402,969 was uninsured and uncollateralized. Of the cash deposits not included in the statewide collateral pool, \$1,039,000 was uninsured and uncollateralized, and \$17,229,000 was uninsured and collateral held by the pledging financial institution's trust department or agent was not in the government's name.

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## Primary Government Investment Policies (except for the System)

The State Treasurer is authorized to invest all funds in the state pool in the following:

Certificates of deposit or term repurchase agreements with approved financial institutions, banks and savings associations domiciled in Mississippi;

Repurchase agreements and securities lending transactions (with at least 80 percent of the total dollar amount with qualified state depositories);

Direct U.S. Treasury obligations fully guaranteed by the U.S. Government;

U.S. Government agency, U.S. Government instrumentality, or U.S. Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by U.S. Government, U.S. Government agency, U.S. Government instrumentality, or U.S. Government sponsored enterprise; and

Any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et seq., provided that the portfolio is limited to direct obligations issued by the U.S. (or its agencies, instrumentalities or sponsored enterprises) and to repurchase agreements fully collateralized by direct obligations of the U.S. (or its agencies, instrumentalities or sponsored enterprises). The total dollar amount of funds invested in all open-end and closed-end management type companies and investment trust cannot exceed 20 percent of total investments. Not more than \$500,000 may be invested with foreign financial institutions.

The State Treasurer, for the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account and the Board for the MPACT Account, are authorized to invest in the following:

Bonds, notes, certificates and other valid general obligations of the State, or of any county, city, or supervisor's district of any county of the State;

School district bonds of the State;

Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board, not to exceed five percent of total investments;

Highway bonds of the State;

Corporate bonds of Grade A or better as rated by Standard & Poor's Corporation (S&P) or by Moody's Investors Service. The Board may invest up to 5 percent of the book value of the total fixed income investment in corporate bonds of Grade BBB/Baa or better as rated by S&P or by Moody's Investors Service;

Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by S&P or rated P-3 or better by Moody's Investors Service;

Bonds of the Tennessee Valley Authority;

Bonds, notes, certificates and other valid obligations of the U.S. or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the U.S. Securities and Exchange Commission (SEC);

Bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the U.S.; and

Interest-bearing bonds or notes which are general obligations of any other state in the U.S. or any city or county therein, provided such city or county had a population as shown by the federal census next preceding such investment of not less than 25,000 inhabitants, and provided that such state, city, or county has not defaulted for a period longer than 30 days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten calendar years immediately preceding such investment.

In addition, the Board for the MPACT Account, is authorized to invest in the following:

Bonds rated A or better, stocks and convertible securities of established non-U.S. companies which are listed on primary national stock exchanges of foreign nations and foreign government securities rated A or better by a recognized rating agency. The Board is authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments;

Shares of stock, common and/or preferred, of corporations created by or existing under the laws of the U.S. or any state, district or territory thereof;

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Covered call and put options on securities traded on one or more of the regulated exchanges;

Pooled or commingled funds managed by a corporate trustee or by a SEC registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940, where such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other authorized investments; and

Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a SEC registered investment advisory firm retained as an investment manager by the Board.

The Board is authorized to invest for the MACS account as permitted under Section 529 of the Internal Revenue Code of 1986.

## Primary Government Investments (except for the System)

- A. Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government follows the statutes as previously discussed as its policy for limiting exposure to credit risk. The Moody's or S&P credit ratings for the primary government's investments as of June 30, 2019 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings				
	AAA	AA	A	BBB	Not Rated
Asset backed securities	\$ 4,075	\$ 2,012	\$ 2,589	\$ 842	\$ 309,214
Collateralized mortgage obligations					
Corporate bonds	479	2,517	21,397	5,824	
Mortgage pass-throughs		2,293			58,470
Municipal bonds	2,810	1,834			1,326
Mutual funds	53,934				61,711
U.S. Government agency obligations	33,123	1,697,934	20,000		587,475
Total	\$ 94,421	\$ 1,706,590	\$ 43,986	\$ 6,666	\$ 1,018,196

- B. Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The primary government has no formal policy on limiting exposure to interest rate risk. As of June 30, 2019, the primary government had the following investments and maturities (amounts expressed in thousands):

Investment Type	Fair Value (in thousands)	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 9,757	\$ 5,099	\$ 3,886	\$ 772	
Collateralized mortgage obligations	373,146		1	81,005	292,140
Corporate bonds	34,920	4,719	19,627	4,497	6,077
Fixed income securities	44,923		44,923		
International fixed	22,118		20,000	2,118	
Mortgage pass-throughs	65,805	953	10,359	9,725	44,768
State and local obligations	3,160		1,580	1,279	301
Mutual funds	43,243	43,243			
Other pass-throughs	308,338	365	5,686	27,028	275,259
U.S. Government agency obligations	2,324,065	1,048,356	1,250,641	21,615	3,453
U.S. Treasury Obligations	121,096	59,689	33,167	24,648	3,592
U.S. Treasury bills	200,336	200,336			
Zero coupon bonds	481		481		
Total Primary Government	\$ 3,551,388	\$ 1,357,661	\$ 1,391,564	\$ 175,801	\$ 626,362

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations.

Asset backed securities (ABS) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially



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created trust, which repackages it as securities. Similar to CMOs, ABS have been structured as pass-throughs and as structures with multiple bond classes.

Mortgage pass-through securities are issued by the FNMA, FHLMC, and Government National Mortgage Association (GNMA). These investments are backed by mortgage loans in which the borrowers have the option of prepaying.

- C. Fair Value Measurements** - The State categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. As of June 30, 2019, the primary government has the following recurring fair value measurements (amounts expressed in thousands):

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using:	
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Debt securities:</b>			
Asset backed securities	\$ 9,757	\$	\$ 9,757
Collateralized mortgage obligations	373,146		373,146
Corporate bonds	34,920	2,111	32,809
Fixed income securities	44,923	44,923	
International fixed	22,118	2,118	20,000
Mortgage pass-throughs	65,805		65,805
Mutual funds	50,402	50,402	
Other pass-throughs	308,338		308,338
Real estate investments	11,976	11,976	
State and local obligations	3,160		3,160
U.S. Government agency obligations	2,324,065		2,324,065
U.S. Treasury obligations	121,096	121,096	
U.S. Treasury bills	200,336	200,336	
<b>Total Debt Securities</b>	<b>3,570,042</b>	<b>\$ 432,962</b>	<b>\$ 3,137,080</b>
<b>Equity securities:</b>			
Domestic equities	212,918	212,918	
International equities	50,995	50,995	
<b>Total Equity Securities</b>	<b>263,913</b>	<b>263,913</b>	
<b>Total Investments By Fair Value Level</b>	<b>3,833,955</b>	<b>\$ 696,875</b>	<b>\$ 3,137,080</b>
Open-ended comingled funds - foreign	66,669		
Real estate funds	15,194		
<b>Total Investments Measured at NAV</b>	<b>81,863</b>		
<b>Total Investments Measured at Fair Value</b>	<b>\$ 3,915,818</b>		

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Certain investments that are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. Investments measured at NAV per share (or its equivalent) are (amounts expressed in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Open-ended comingled funds - foreign	\$ 66,669	\$ -	Daily	Up to 30 days
Real estate funds	15,194	-	Daily	Up to 60 days
<b>Total Investments at NAV</b>	<b>\$ 81,863</b>	<b>-</b>		

Open-ended comingled funds include two investments that take both long and short positions, primarily in foreign common stocks. Real estate funds include three real estate funds that invest primarily in U.S. commercial real estate and timberland. The investment in the timberland fund can be redeemed upon maturity of the fund. Distributions from the timberland fund will be made as the underlying investments of the funds are liquidated. The U.S. commercial real estate funds have quarterly liquidity availability.

- D. Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The primary government limits investment in the Veteran's Home Purchase Board notes or certificates to not more than five percent of total investment holdings. By statute, the Board's investments in stocks of any one corporation are limited to not more than three percent of the book value of their assets. The primary government has the following investments that represent more than five percent of net investments (amounts expressed in thousands):

Federal Home Loan Bank	\$ 771,083	15.83%
Federal Home Loan Mortgage Corporation	722,388	14.83
Federal National Mortgage Association	365,912	7.51
Federal Farm Credit Bank	287,740	5.91
Federal Agricultural Mortgage Corporation	539,630	11.08

## System Deposits

Section 25-11-121, Mississippi Code Ann. (1972), requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by federal insurance programs. These statutes also require that, when possible, the types of collateral securing deposits be limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to at least 100 percent of the amount on deposit in excess of that which is guaranteed by federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts, and at June 30, 2019, the System had no deposits in foreign demand deposit accounts.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Section 25-11-121, Mississippi Code Ann. (1972), provides that the deposits of the System in any U.S. bank shall, where possible, be safeguarded and guaranteed by the posting of bonds, notes, and other securities as security by the depository. The System's Board of Trustees has formally adopted a short-term investment policy that requires that the market value of securities guaranteeing the deposits shall at all times be equal to 100 percent of the amount of funds on deposit.

## System Investment Policies

The System is authorized to invest in the following:

Bonds, notes, certificates and other valid general obligations of the State, or of any county, city, or supervisor's district of any county of the State;

School district bonds of the State;

Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board, not to exceed five percent of total investments;

Highway bonds of the State;

Corporate bonds rated by S&P or by Moody's Investors Service;

Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by S&P or rated P-3 or better by Moody's Investors Service;

# Mississippi

Bonds of the Tennessee Valley Authority;

Bonds, notes, certificates and other valid obligations of the U.S. or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the SEC;

Bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the U.S.;

Bonds, stocks, and convertible securities of established foreign companies that are listed on primary national stock exchanges of foreign nations and in foreign government securities. The System is authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments;

Interest-bearing bonds or notes that are general obligations of any other state in the U.S. or any city or county therein, provided such city or county had a population as shown by the most recent federal census of not less than 25,000 inhabitants, and provided that such state, city, or county has not defaulted for a period longer than 30 days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten calendar years immediately preceding such investment;

Shares of common and/or preferred stock of corporations created by or existing under the laws of the U.S. or any state, district or territory thereof;

Covered call and put options on securities traded on one or more of the regulated exchanges;

Pooled or commingled funds managed by a corporate trustee or by a SEC registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940, where such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other authorized investments;

Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a SEC registered investment advisory firm retained as an investment manager by the System. Section 25-11-121, Mississippi Code Ann. (1972), allows the System to invest up to ten percent of the total portfolio in real estate only via real estate securities and commingled funds. Direct ownership of real estate assets is prohibited. The portfolio is divided between core commingled and value added real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trusts (REITs). REITs are exchange traded securities that provide indirect exposure to real estate properties and real estate management companies. Fair values of commingled fund properties are based on the most recent independent appraisal values. Independent appraisal firms which are Members of Appraisal Institute (MAI) are required to conduct valuations at least annually; and

Up to ten percent of the total book value of investments can be types of investments not specifically authorized by this section, if the investments are in the form of a separate account managed by a SEC registered investment advisory firm retained as an investment manager by the Board of Trustees, or a limited partnership, or commingled fund.

## System Investments

- A. Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System follows the statutes as previously discussed as its policy for limiting exposure to credit risk. The Board of Trustees has adopted a short-term investment policy which further restricts commercial paper to be of corporations with long-term debt to be rated A or better by S&P or Moody's, and whose short-term obligations are of A-2 or P-2 or better ratings by S&P and Moody's, respectively. This applies to all short-term investments. In addition to the short-term investment policy, a policy adopted for the internally-managed short-term account requires that for any amount above the established core of \$30 million, no more than 25 percent may be invested in any issue having a rating lower than AA or A1/P1. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the System. Policy requires that the credit quality of the underlying asset must be rated A or better by Moody's or S&P. The lending agent is permitted to purchase asset-backed securities for the cash collateral fund that are only AAA rated.

The Moody's or S&P credit ratings for the System's investments as of June 30, 2019 are as follows (amounts expressed in thousands):

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Investment Type	Quality Ratings					
	Aaa/AAA	Aa/AA	A/A	Baa/BBB	Ba/BB	B/B
Asset backed securities	\$ 1,211,561	\$ 27,809	\$ 38,711	\$ 23,008	\$ 5,077	\$ 5,688
Collateralized mortgage obligations	309,957	217,836	24,804	24,190	15,482	4,554
Commercial paper		167,950	35,009			
Corporate bonds	49,758	849,555	1,024,427	846,173	276,589	60,865
Mortgage pass-throughs	198	688,367				
Repurchase agreements		549,010	90,400			
Sovereign governments debt	98,952	133,751	251,263	234,969	114,514	221,893
State and local obligations	695	15,166	6,630	3,114	209	
U.S. Government agency obligations	738	45,695				
Yankee/Global bonds	22,154	5,725	3,433	7,709		
Total	\$ 1,694,013	\$ 2,700,864	\$ 1,474,677	\$ 1,139,163	\$ 411,871	\$ 293,000

Investment Type	Quality Ratings				
	Caa/CCC	Ca/CC	C/C	D/D	Not Rated
Asset backed securities	\$ 1,258	\$ 3	\$ 15		\$ 23,351
Collateralized mortgage obligations	4,892	224			38,392
Commercial paper					
Corporate bonds	11,127		71	1,753	11,861
Repurchase agreements					125,321
Sovereign governments debt	12,933			2,203	72,306
State and local obligations					750
Total	\$ 30,210	\$ 227	\$ 86	\$ 3,956	\$ 271,981

- B. Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Section 25-11-121, Mississippi Code Ann. (1972), requires that all investments be clearly marked as to ownership, and to the extent possible, shall be registered in the name of the System. Of the System's \$31,643,603,000 in investments at June 30, 2019, \$4,436,075,000 was exposed to custodial credit risk. These are cash collateral reinvestment securities held in the name of the custodian who acquired them as the lending agent/counterparty and the securities on loan for securities collateral that is held in the name of the lending agent. This is consistent with the securities lending agreement in place with the custodian.

The fair value of the System's cash collateral securities and the underlying securities on non-cash loans as of June 30, 2019, consisted of (amounts expressed in thousands):

Investment Type	Fair Value
Cash collateral securities	
Asset backed securities	\$ 1,052,873
Commercial paper	202,959
Corporate bonds	1,396,545
Repurchase agreements	764,783
Total cash collateral securities	3,417,160
Underlying securities on non-cash loans	
Debt securities	143,544
Equities	857,389
Real Estates Investment Trusts	17,982
Total underlying securities on non-cash loans	1,018,915
Total	\$ 4,436,075

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- C. Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System has no formal policy on limiting exposure to interest rate risk. As of June 30, 2019, the System had the following investments and maturities (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 1,336,481	\$ 1,159,957	\$ 89,782	\$ 34,248	\$ 52,494
Collateralized mortgage obligations	640,331	278,833	13,955	25,001	322,542
Commercial paper	202,959	202,959			
Corporate bonds	3,132,179	725,994	1,604,616	429,410	372,159
Mortgage pass-throughs	770,335		2,995	15,072	752,268
Repurchase agreements	764,731	764,731			
Sovereign governments debt	1,142,784	13,492	310,475	487,031	331,786
State and local obligations	26,564		3,246	986	22,332
U.S. Government agency obligations	46,433	31,460	3,266	440	11,267
U.S. Treasury obligations	1,052,691	94,584	316,108	291,130	350,869
Yankee/Global bonds	39,021		24,065	7,026	7,930
Total	\$ 9,154,509	\$ 3,272,010	\$ 2,368,508	\$ 1,290,344	\$ 2,223,647

During fiscal year 2019, the investments in derivatives were exclusively in asset/liability based derivatives such as interest-only (IO) strips, CMOs and ABS. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields. IO and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors which may result from a decline in interest rates. The System held IO strips valued at \$33,500,000 at fiscal year-end. The derivatives policy limits IO and PO strips to three percent of the investment portfolio.

CMOs are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security. The System held \$640,300,000 in CMOs at June 30, 2019. Of this amount, \$224,800,000 were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the derivatives policy.

ABS are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, ABS have been structured as pass-throughs and as structures with multiple bond classes. Of the \$1,300,000,000 in ABS held at June 30, 2019, \$17,300,000 are highly sensitive to changes in interest rates. ABS which are leveraged structures or residual interests are prohibited by the derivatives policy.

At June 30, 2019, the System has invested in \$770,300,000 in mortgage pass-through securities issued by the FNMA, FHLMC, and GNMA. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

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**D. Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The investment asset allocation policy does not limit foreign currency-denominated investments of the System. The Investment Committee of the Board of Trustees evaluates the actual investment asset allocation quarterly, in accordance with the adopted phase-in policy. Based on current market conditions, the Board adjusts the allocation as necessary. The System's exposure to foreign currency risk at June 30, 2019, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities and REITs	Debt Securities	Total Fair Value
Argentina peso	\$ (212)	\$	\$ 1,256	\$ 1,044
Australian dollar	(6,331)	286,435	10,428	290,532
Brazilian real	5,126	116,905	2,664	124,695
British pound sterling	(75,507)	800,549	79,038	804,080
Canadian dollar	(41,659)	208,146	41,434	207,921
Chilean peso	1,500	5,441		6,941
Chinese Yuan Renminbi	(8,654)	45,275	8,784	45,405
Columbian peso	3,509	590		4,099
Czech koruna	23	4,152		4,175
Danish krone	(15,522)	102,220	18,460	105,158
Euro	(389,492)	1,489,635	366,283	1,466,426
Hong Kong dollar	(8,401)	543,085		534,684
Hungarian forint	(1,899)	19,095	1,968	19,164
Indian Rupee	145	125,509		125,654
Indonesian rupiah	4,658	55,623	6,194	66,475
Israeli shekel	(12,201)	25,081	5,575	18,455
Japanese yen	(138,100)	1,072,601	151,161	1,085,662
Kenyan shilling		1,111		1,111
Malaysian ringgit	(11,584)	24,064	15,303	27,783
Mexican peso	(1,322)	53,255	15,851	67,784
New Taiwan dollar	173	122,282		122,455
New Zealand dollar	(1,351)	21,275	1,737	21,661
Norwegian krone	1,570	29,859		31,429
Pakistani rupee		4,225		4,225
Peruvian nuevo sol	(425)		6,008	5,583
Philippines peso	3	7,480		7,483
Polish zloty	13,371	21,261	1,394	36,026
Qatari riyal		1,900		1,900
Romanian leu	(22)			(22)
Russian ruble	10,825	374	8,248	19,447
Singapore dollar	(10,427)	85,607		75,180
South African rand	(2,499)	100,021	7,615	105,137
South Korean won	8,966	256,507		265,473
Swedish krona	(11,349)	139,896	14,823	143,370
Swiss franc	6,556	303,772		310,328
Thailand baht	12	49,920		49,932
Turkish lira		25,992		25,992
UAE dirham	22	1,510		1,532
Uruguayan peso			2,760	2,760
Total	\$ (680,498)	\$ 6,150,653	\$ 766,984	\$ 6,237,139

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- E. Investment Derivatives** - The System's derivatives policy limits foreign currency forwards to no more than 100 percent of the aggregate value of the portfolio securities denominated in the hedged currency. At June 30, 2019, the counterparties of the foreign currency forwards primarily had short term credit ratings of A as rated by the nationally recognized statistical rating organizations. The System's general policy requires that the counterparty has a long term credit rating of A or better and a short term credit rating of A1/P1 at a minimum. More specifically, the System's policy requires that all over-the-counter derivatives be rated AA or better by the nationally recognized statistical rating organizations. The counterparties of the to-be-announced securities were primarily rated A by the nationally recognized statistical rating organizations. The foreign currency forwards are presented in the foreign currency risk table, and the to-be-announced securities are disclosed in the interest rate risk table by years to maturity. The investment derivative instruments outstanding as of June 30, 2019, are as follows (amounts expressed in thousands):

Investment Type	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2019	
		Classification	Amount	Classification	Amount
Foreign currency forwards	\$ 70,260,387	Investment income	\$ 1,014	Investment	\$6,568

- F. Securities Lending Transactions** - The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2019, by the System are long-term U.S. Government and agency obligations, corporate bonds, REITs, and domestic and international equities. The contractual agreement with the custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. There have been no significant violations of the provisions of the agreement during the period of this statement.

At the initiation of a cash loan, borrowers are required to provide collateral amounts of 102 percent on U.S. securities and international securities denominated in the same currency of the loaned security. For international securities that are denominated in a currency other than the currency of the loaned security, 105 percent collateral is required at the initiation of the loan. In the event the collateral fair value on U.S. securities and sovereign debt falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. In the event the collateral fair value falls below 102 percent for international same-currency transactions or 105 percent for cross-currency transactions, the borrower is required to provide additional collateral.

For non-cash loans, 110 percent collateral is required from the borrowers. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults. As such, these securities are not presented on the Statement of Fiduciary Net Position. Authorized securities' collateral includes U.S. and non-U.S. government debt obligations and securities, supranational debt obligations, U.S. and non-U.S. equity securities listed on specified indices, U.S. and non-U.S. corporate bonds, and convertible securities. Equities were held as collateral on the non-cash loans as of June 30 2019.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was four days at June 30, 2019. Cash collateral was invested in repurchase agreements, corporate bonds and ABS. The weighted average effective duration and the weighted average maturity of all collateral investments at June 30, 2019, were 24 days.

Securities lent at year end for cash and non-cash collateral are presented by type. Securities lent for securities collateral are classified according to the custodial credit risk category for the collateral. There were \$1,018,915,000 securities lent for securities collateral as of June 30, 2019. The investments purchased with the cash collateral are presented in the discussion of custodial credit risk, since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System. At June 30, 2019, the aggregate cost of securities lending holdings, including accrued interest, was \$3,422,596,000 (fair value of \$3,424,975,000) and the aggregate fair value, including accrued interest, of the underlying securities lent was \$4,380,408,000. The value of the collateral pledged by borrowers at year end was \$4,553,204,000.

- G. Fair Value Measurements** - The System categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the NAV value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and

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considers factors specific to each asset or liability. As of June 30, 2019, the System has the following recurring fair value measurements (amounts expressed in thousands):

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities:</b>				
Commercial paper	\$ 202,959	\$	\$ 202,959	\$
Repurchase agreement	764,731		764,731	
U.S. Government agency obligations	46,433		46,429	4
U.S. Treasury obligations	1,052,691	1,052,691		
Collateralized mortgage obligations	640,331		630,650	9,681
U.S. Corporate bonds	1,852,253	1,951	1,811,659	38,643
Non-U.S. Corporate bonds	1,279,926	722	1,279,204	
Mortgage pass-throughs	770,335		770,335	
State and local obligations	26,564		26,564	
Asset-Backed securities	1,336,481		1,336,481	
Yankee/Global bonds	39,021		39,021	
Sovereign government debt	1,142,784		1,142,784	
<b>Total Debt Securities</b>	<b>9,154,509</b>	<b>\$ 1,055,364</b>	<b>\$ 8,050,817</b>	<b>\$ 48,328</b>
<b>Equity securities:</b>				
Basic materials	660,186	660,186		
Communications	2,189,275	2,189,275		
Consumer, cyclical	1,665,308	1,665,308		
Consumer, non-cyclical	3,561,729	3,561,729		
Diversified	40,215	40,215		
Energy	799,534	799,534		
Financial	3,833,986	3,833,986		
Industrial	2,044,508	2,044,508		
Technology	2,158,968	2,158,968		
Utilities	388,464	388,464		
<b>Total Equity Securities</b>	<b>17,342,173</b>	<b>17,342,173</b>		
<b>Total Investments By Fair Value Level</b>	<b>26,496,682</b>	<b>\$ 18,397,537</b>	<b>\$ 8,050,817</b>	<b>\$ 48,328</b>
<b>Investments measured at NAV:</b>				
Real estate funds	2,524,986			
Private equity funds	2,323,258			
<b>Total Investments Measured at NAV</b>	<b>4,848,244</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$ 31,344,926</b>			
<b>International Currency</b>	<b>\$ 298,677</b>			
<b>Total Investments</b>	<b>\$ 31,643,603</b>			
<b>Investment derivative instruments:</b>				
Foreign exchange contracts (Liabilities)	1,022,494			
<b>Total Investment Derivative Instruments</b>	<b>\$ 1,022,494</b>			

**Debt and Equity** - The System's debt and equity securities in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a proprietary pricing source. The primary proprietary pricing source utilizes continuous evaluations throughout the trading day based on factors such as dealer quotes and trades, trade execution data, and transaction reporting services. Along with market sources, relative credit information, observed market movements, and sector news is integrated and incorporated into evaluation pricing applications and models. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using a proprietary model that monitors structured product markets, interest rate movements, new issue information, and other pertinent data. Evaluations of tranches (non-volatile and volatile) are based on market modeling, trading, and pricing conventions. New issue features are analyzed on data such as pricing speed, spread, and volatility. Information is also solicited from outside sources including secondary dealers, portfolio managers and research analysts.



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**Derivative Instruments** – The System held derivative instruments in the form of U.S. Treasury strips, collateralized mortgage obligations, asset-backed securities, and currency conversions as of June 30, 2019.

**Real Estate** - The System's real estate funds include open-end funds and closed-end limited partnerships that invest primarily in US commercial real estate. The fair values of these investments have been determined using the NAV per share (or its equivalent) of the System's ownership interest in the fund or partners' capital, as applicable. The governing document for each open-end real estate fund provides investors the ability to request the redemption of all or part of their fund investments. The funds resulting from an investor's redemption request are raised by the sale of underlying real estate investments held by the open-end fund. Closed-end real estate funds, governed by limited partnership agreements, do not contain provisions for limited partner redemptions on demand. Closed-end funds have a finite life or term, which is defined in the limited partnership agreement. Typically, real estate investments must be made within the first three to four years of the partnership's lifespan, and liquidated by the end of the 10<sup>th</sup> year. As underlying real estate investments are sold over the life of the closed-end fund, pro-rata distributions of the proceeds are made to each partner in the fund partnership. The standard liquidation period of 10 years with the option of two one-year extensions applies to the one percent of the total portfolio invested in closed-end funds.

**Private Equity** – The System's private equity investments consist of two fund-of-funds (FOF) limited partnerships that invest in multiple private equity funds on behalf of the System. Private equity funds invest primarily in non-public companies whose prices are not quoted on a stock exchange; therefore, these investments are typically illiquid in nature. The System's ownership in the underlying private equity funds consists of limited partnership interests. Because these partnership interest are illiquid, the System's investments cannot be redeemed on demand. Instead pro-rata distributions are received through the liquidation of the assets of the underlying partnerships. Based on the terms of each limited partnership within the System's FOFs, all partnership assets should be liquidated over the 10-to-12 year life of the individual partnership.

As of June 30, 2019, it is probable that all the System's private equity underlying investments will be sold at an amount different from the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. Therefore, the fair values of these underlying investments have been determined using recent observable transaction information for similar investments and non-binding bids received from potential buyers of the investments of each partnership. As of June 30, 2019, a buyer (or buyers) for these investments has not yet been identified. Each underlying private equity fund's general partner has full discretion for the disposition of each partnership investment. The general partner is solely responsible for determining the most appropriate timing for the sale of each investment and the best exit strategy to utilize. In addition, the general partner is responsible for identifying all buyers and approving all sale transactions of partnership investments.

Investments measured at the NAV (amounts expressed in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Real Estate Funds:</b>				
Core - Open End	\$ 2,117,334	\$	Quarterly	45-90 days
Value Added - Closed End	316,435	420,646	N/A	10-12 years
Timber	91,217		Various*	Various*
<b>Total Real Estate</b>	<b>2,524,986</b>	<b>420,646</b>		
<b>Private Equity Funds:</b>				
Diversified	2,323,258	1,856,561	10-12 years	N/A
<b>Total Private Equity</b>	<b>2,323,258</b>	<b>1,856,561</b>		
<b>Total Investment Measured at NAV</b>	<b>\$ 4,848,244</b>	<b>\$ 2,277,207</b>		

*\*Based on partnership agreement terms*

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## Note 5 - Receivables

At June 30, 2019, receivables consisted of (amounts expressed in thousands):

	Governmental Activities		
	General	Permanent	Total
Accounts	\$ 242,347	\$ 381	\$ 242,728
Settlements	560,000		560,000
Taxes:			
Sales	332,982		332,982
Income	295,480		295,480
Gasoline	39,814		39,814
Other	87,037		87,037
Interest and dividends	12,820	293	13,113
Other	5		5
Gross receivables	1,570,485	674	1,571,159
Allowance for uncollectibles	(258,405)		(258,405)
Receivables, net	\$ 1,312,080	\$ 674	\$ 1,312,754
Amounts not scheduled for collection in subsequent year	\$ 625,260		625,260

	Business-type Activities				
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor	Total
Accounts	\$ 65,853	\$ 2,652	\$ 38	\$ 3,512	\$ 72,055
Assessments	24,963				24,963
Interest and dividends		229	269	484	982
Gross receivables	90,816	2,881	307	3,996	98,000
Allowance for uncollectibles	(63,750)				(63,750)
Receivables, net	\$ 27,066	\$ 2,881	\$ 307	\$ 3,996	\$ 34,250

	Component Units		
	Universities	Nonmajor	Total
Accounts	\$ 1,047,165	\$ 2,082	\$ 1,049,247
Interest	4,332	90	4,422
Gross receivables	1,051,497	2,172	1,053,669
Allowance for uncollectibles	(660,219)		(660,219)
Receivables, net	\$ 391,278	\$ 2,172	\$ 393,450

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## Note 6 - Due From Other Governments

At June 30, 2019, due from other governments consisted of (amounts expressed in thousands):

	<u>Governmental Activities</u>	
	General	
Due from other governments	\$	1,199,133
Allowance for uncollectibles		(26,879)
Due from other governments, net	\$	1,172,254
Amounts not scheduled for collection in subsequent year	\$	632,766

	<u>Business-type Activities</u>				
	Unemployment Compensation	Port Authority at Gulfport	State Life and Health Insurance Plan	Total	
Due from other governments	\$ 1,311	\$ 196	\$ 3	\$	1,510
Allowance for uncollectibles	(732)				(732)
Due from other governments, net	\$ 579	\$ 196	\$ 3	\$	778

## Note 7 - Loans and Notes Receivable

At June 30, 2019, loans and notes receivables consisted of (amounts expressed in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
	Governmental Activities	
	Governmental Funds	
	General	Universities
Loans and notes receivable	\$ 396,271	\$ 238,284
Allowance for uncollectibles	(164,754)	(25,378)
Loans and notes receivable, net	\$ 231,517	\$ 212,906
Amounts not scheduled for collection in subsequent year	\$ 204,181	\$ 170,199

# Mississippi

## Note 8 - Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2019, was as follows (amounts expressed in thousands):

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 2,418,859	\$ 23,507	\$ 264	\$ 2,442,102
Construction in progress	4,353,902	716,686	687,820	4,382,768
Total capital assets not being depreciated	6,772,761	740,193	688,084	6,824,870
Capital assets being depreciated:				
Software	171,924			171,924
Buildings	2,195,184	76,861	1,266	2,270,779
Land improvements	281,672	4,206		285,878
Machinery and equipment	759,414	46,552	31,403	774,563
Infrastructure	11,713,634	626,290	207,144	12,132,780
Total capital assets being depreciated	15,121,828	753,909	239,813	15,635,924
Less accumulated depreciation for:				
Software	45,129	10,456		55,585
Buildings	740,772	40,512	807	780,477
Land improvements	165,101	10,475		175,576
Machinery and equipment	538,892	44,589	29,216	554,265
Infrastructure	3,956,557	438,369	207,144	4,187,782
Total accumulated depreciation	5,446,451	544,401	237,167	5,753,685
Total capital assets being depreciated, net	9,675,377	209,508	2,646	9,882,239
Governmental activities capital assets, net	\$ 16,448,138	\$ 949,701	\$ 690,730	\$ 16,707,109

<b>Business-type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 132,068	\$ 2,050	\$ 2,074	\$ 132,044
Construction in progress	168,013	23,650	177,452	14,211
Total capital assets not being depreciated	300,081	25,700	179,526	146,255
Capital assets being depreciated:				
Buildings	128,423	39,239	5,496	162,166
Land improvements	142,963	31,073		174,036
Machinery and equipment	49,315	607	620	49,302
Infrastructure	188,150	105,328		293,478
Total capital assets being depreciated	508,851	176,247	6,116	678,982
Less accumulated depreciation for:				
Buildings	27,202	3,063	104	30,161
Land improvements	20,030	6,497		26,527
Machinery and equipment	17,033	2,842	404	19,471
Infrastructure	45,786	7,387		53,173
Total accumulated depreciation	110,051	19,789	508	129,332
Total capital assets being depreciated, net	398,800	156,458	5,608	549,650
Business-type activities capital assets, net	\$ 698,881	\$ 182,158	\$ 185,134	\$ 695,905

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Depreciation expense was charged to functions/programs as follows (amounts expressed in thousands):

## Governmental Activities:

General government	\$	34,323
Education		2,992
Health and social services		15,689
Law, justice and public safety		26,430
Recreation and resources development		11,039
Regulation of business and profession		186
Transportation		453,742
Total depreciation expense - governmental activities	\$	<u>544,401</u>

## Business-type Activities:

Port Authority at Gulfport	\$	18,165
Other business-type		1,624
Total depreciation expense - business-type activities	\$	<u>19,789</u>

Construction in progress is composed of (amounts expressed in thousands):

	Project Authorization	Expended To Date	Outstanding Commitment
<b>Governmental Activities:</b>			
Department of Transportation	\$ 6,174,647	\$ 4,050,861	\$ 835,562
Department of Finance and Administration	126,038	118,274	8,025
Wireless Communication Commission	24,962	20,182	4,780
Department of Public Safety	39,346	37,252	114
Department of Health	32,266	32,266	
Department of Rehabilitation Services	13,536	13,536	
East MS State Hospital	41,973	30,602	9,934
Military Department	87,026	40,610	17,401
Fair Commission	33,965	16,103	14,934
Other projects less than \$10 million	51,262	23,082	6,826
Total governmental activities	<u>6,625,021</u>	<u>4,382,768</u>	<u>897,576</u>
<b>Business-type Activities:</b>			
Port Authority at Gulfport	13,169	9,989	4,784
Yellow Creek Port Authority	7,000	4,222	3,336
Total business-type activities	<u>20,169</u>	<u>14,211</u>	<u>8,120</u>
Total construction in progress	<u>\$ 6,645,190</u>	<u>\$ 4,396,979</u>	<u>\$ 905,696</u>

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## Component Units

At June 30, 2019, capital assets consisted of (expressed in thousands):

	Universities	Nonmajor	Total
Capital assets not being depreciated:			
Land	\$ 114,322	\$ 10,765	\$ 125,087
Construction in progress	473,753	2,933	476,686
Total capital assets not being depreciated	588,075	13,698	601,773
Capital assets being depreciated:			
Buildings	4,314,980	25,031	4,340,011
Land improvements	477,794	51,666	529,460
Machinery and equipment	1,363,979	22,150	1,386,129
Infrastructure		45,915	45,915
Total capital assets being depreciated	6,156,753	144,762	6,301,515
Less accumulated depreciation	2,384,805	100,894	2,485,699
Total capital assets being depreciated, net	3,771,948	43,868	3,815,816
Component units capital assets, net	\$ 4,360,023	\$ 57,566	\$ 4,417,589

## Note 9 - Long-term General Obligation Bonds and Notes and Limited Obligation Bonds

Bond indebtedness incurred by the State must be authorized by legislation governing the specific programs or projects to be financed. Such legislation provides the state bond commission authority to approve and authorize the sale and issuance of bonds. The state bond commission is comprised of the Governor as chairman, the State Attorney General as secretary, and the State Treasurer.

### A. General Obligation Bonds and Notes

General obligation bonds are issued to provide funds for capital improvements which include repairing, renovating, or constructing state owned facilities, to provide loans and grants to local governments and other entities for economic development and capital improvements, and to provide grants to community colleges and universities for capital improvements. General obligation notes are issued to provide funds for economic development. General obligation refunding bonds are issued to currently refund or advance refund certain outstanding bonds for both capital and non-capital related purposes, the majority of which are non-capital related. Certain general obligation refunding bonds issued by the State as of June 30, 2019 pay interest at variable rates. The remaining general obligation debt has fixed rates of interest.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U. S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. The State must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. As of June 30, 2019, no arbitrage rebate liability existed.

General obligation bonds and notes are backed by the full faith, credit and taxing power of the state. Although certain general obligation debt is being retired from the resources of the business-type activities and is, therefore, recorded in those funds, the State remains contingently liable for its payment.

During fiscal year 2019, the State issued the following general obligation note which is reported in governmental activities:

Taxable General Obligation Note, Series 2019A totaling \$198,000,000 dated March 28, 2019. This note was issued to provide funding for the Major Economic Impact Act. The current outstanding balance is \$106,000,000. Interest is payable semi-annually on the outstanding balance at the rate of 3.25%. The principal balance is payable on or before March 15, 2022.

In accordance with Statement No. 88 of the Governmental Accounting Standards Board, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, the Series 2019A Note has been separated from the general obligation bonds related to governmental activities. The State has outstanding general obligation notes from direct borrowings and direct placements related to governmental activities totaling \$106,000,000.

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The Series 2019A Note was issued with a Private Placement Agreement between the State and Trustmark National Bank. The Series 2019A Note will constitute a general obligation of the State, secured by a pledge of the full faith and credit of the State.

At the option of the State, the principal amount of the Series 2019A Note may be supplied by multiple advances of at least \$5,000,000, provided, however, that the total aggregate principal amount of all advances shall not exceed \$198,000,000. As stated above, the current outstanding balance is \$106,000,000.

## **Defeased Bonds**

In prior years, the State defeased certain outstanding general obligation bonds of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2019, \$554,095,000 of outstanding general obligation bonds are considered defeased.

# Mississippi

At June 30, 2019, the primary government's outstanding general obligation bonds and notes as presented in governmental activities and business-type activities are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
<b>Governmental Activities:</b>				
Bonds:				
Technology Alliance	\$ 933	1.68% - 5.10%	Oct. 2026	\$ 2,050
Farish Street Historic District	241	3.58% - 4.35%	Nov. 2023	500
Heritage, History, and Culture Tourism	340	3.58% - 4.35%	Nov. 2023	700
Small Business and Existing Forestry Industry	2,415	3.58% - 4.35%	Nov. 2023	5,000
State Railroad Revitalization	485	3.58% - 4.35%	Nov. 2023	1,000
Sustainable Energy	260	1.90% - 4.35%	Nov. 2023	1,000
Local Governments Capital Improvements	10,045	1.68% - 5.10%	Oct. 2026	23,000
State Shipyard Improvements	147,652	1.68% - 5.10%	Nov. 2030	196,985
Hinds County Development Project Loans	12,810	3.58% - 4.35%	Dec. 2026	20,000
Job Protection	2,110	1.68% - 5.10%	Dec. 2026	4,000
Railroad Lines and Bridges Improvement	3,933	1.68% - 5.10%	Dec. 2026	7,400
Workforce Training	3,772	1.68% - 4.35%	Dec. 2026	8,000
Industry Incentive Financing	258,914	1.68% - 4.35%	Oct. 2027	388,010
Small Enterprise Development Finance	1,975	4.60% - 4.88%	July 2028	27,600
ACE Fund	66,919	1.68% - 5.54%	Nov. 2030	107,180
Existing Industry	25,766	1.90% - 5.54%	Oct. 2029	43,000
Rural Impact	3,038	1.90% - 5.54%	Oct. 2029	6,200
Statewide Wireless Communication System	25,506	2.84% - 5.54%	Oct. 2029	47,000
Major Economic Impact	212,178	1.68% - 5.54%	Dec. 2037	299,488
Port Improvements	5,812	5%	Dec. 2033	10,000
Rail Authority of East Mississippi	1,965	3% - 5%	Nov. 2035	2,384
North Central MS Regional Railroad Grant	21,668	1.85% - 3.16%	Nov. 2025	30,000
Railroad Improvements	1,878	1.85% - 3.16%	Nov. 2025	2,600
Farm Reform	1,795	4.48% - 5.67%	Oct. 2034	3,000
Small Municipalities and Limited				
Population Counties	21,424	1.68% - 5.67%	Oct. 2034	28,749
Business Investment	31,617	1.68% - 5.25%	Nov. 2034	39,390
Economic Development Highway	145,998	1.68% - 5.54%	Nov. 2034	190,000
Capital Improvements	1,145,542	1.68% - 5.67%	Nov. 2039	1,476,525
General Obligation Refunding Bonds *	1,664,271	1.68% - 11.0%	Oct. 2036	2,493,802
Local Governments Water System Improvement	5,083	2.55% - 5.25%	Oct. 2036	8,100
Local System Bridge Replacement and				
Rehabilitation	78,192	3.5% - 5.25%	Oct. 2036	108,694
Rural Fire Truck Acquisition	5,922	3.5% - 5.67%	Oct. 2036	7,250
Transportation	129,027	2.88% - 5.45%	Dec. 2037	192,263
Total Bonds	4,039,486			5,780,870
Premiums	243,541			-
Notes:				
Major Economic Impact	106,000	3.25%	Mar 2022	106,000
Total Governmental Activities	4,389,027			5,886,870
<b>Business-type Activities:</b>				
General Obligation Refunding Bonds	309	4.90% - 5.50%	Nov. 2022	2,127
Total General Obligation Bonds and Notes	<u>\$ 4,389,336</u>			<u>\$ 5,888,997</u>

\*General obligation refunding bonds include \$157,225,000 of outstanding variable rate bonds, \$150,195,000 of which have associated interest rate swap agreements. Under the interest rate swap agreements, the state pays the counterparty fixed rate payments ranging from 3.75% to 3.843% on \$50,195,000 and 5.248% to 5.708% on \$100,000,000. The state receives variable rate payments computed on one-month LIBOR. The remaining outstanding general obligation bonds have fixed rates of interest.



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At June 30, 2019, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2020	\$ 249,572	\$ 180,728	\$	\$ 3,445
2021	397,949	158,785		3,445
2022	239,156	147,041	106,000	2,727
2023	234,259	137,996		
2024	223,825	129,204		
2025-2029	1,070,245	503,771		
2030-2034	1,086,215	256,713		
2035-2039	538,265	36,090		
Total	4,039,486	1,550,328	106,000	9,617
Premiums	243,541			
Total Debt Service, Net	\$ 4,283,027	\$ 1,550,328	\$ 106,000	\$ 9,617

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 128	\$ 13
2021	71	8
2022	74	4
2023	36	1
Total	309	26
Premiums		
Total Debt Service, Net	\$ 309	\$ 26

## Derivative Instruments

The State entered into interest rate swap agreements in connection with \$150,195,000 of outstanding variable rate debt in order to hedge changes in cash flows. At June 30, 2019, the State had the following pay-fixed interest rate swap derivative instruments reported in governmental activities, all of which had the objective of hedging the interest rate risk of the variable rate bonds.

Associated Bonds	Notional Amount	Effective Date	Final Maturity Date	Terms	Counterparty Credit Rating
2017C	\$ 50,000,000	Aug. 2017	Nov. 2028	Pay 5.708%; receive one-month LIBOR	A+/Aa2/AA-
2017C	50,000,000	Aug. 2017	Nov. 2026	Pay 5.248%; receive one-month LIBOR	A/A1/AA-
2017B	22,495,000	Aug. 2017	Sept. 2025	Pay 3.843%; receive one-month LIBOR x 67%	BBB+/A3/A
2017B	27,700,000	Aug. 2017	Sept. 2027	Pay 3.750%; receive one-month LIBOR x 67%	BBB+/A3/A

The swaps associated with the 2017B and 2017C variable rate bonds had an effectiveness determined using regression analysis on variable interest rate bonds. The variability of the cash flows of the bond coupons is affected by more than changes in the benchmark interest rate. For example, changes in the credit quality of the State's bonds would affect its interest rates. The State's specific objective, however, is to offset changes in the cash flows of the bond coupons attributable to changes in the benchmark interest rate (a cash flow hedge). The relevant benchmark interest rate index for the 2017B and 2017C variable rate bonds is LIBOR. For the 2017B and 2017C bonds, the swaps that the State entered into do not meet the criteria for the consistent critical terms method. Because the swaps are a hedge of interest rate risk as opposed to the risk of changes in overall cash flows associated with the bond coupons, the State is precluded from using the synthetic instrument method to evaluate effectiveness. Unable to apply either the consistent critical terms method or the synthetic instrument method, the State has chosen to apply the regression analysis method for financial reporting purposes as well as tax compliance purposes.

The regression analysis method evaluates effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedgeable items. The changes in cash flows or fair

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values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item if all of the following criteria are met;

The R-squared of the regression analysis is at least 0.80

The F-statistic calculated for the regression model demonstrates that the model is significant using a 95 percent confidence interval.

The regression coefficient for the slope is between -1.25 and -.80.

Data was used from November and December 2016 through June 2019, to determine if the potential hedging derivative instruments were effective as of June 30, 2019. The use of the regression analysis method requires appropriate interpretation and understanding of the statistical inferences.

The resulting calculation shows that using over 30 observations, the resulting adjusted R-square is 1.00, the F-statistic is zero and the regression coefficients for the slopes is -1.0076. Based on these parameters required to apply hedge accounting, 2017B and 2017C hedges are deemed highly effective.

The hedging derivative instruments are considered hybrid instruments since the derivatives were "off-market" at the time of association with the 2017B and 2017C bonds. The restructuring of the associated bonds resulted in a conversion date of September 1, 2020 and final maturity of September 1, 2027 for the 2017B bonds, and a conversion date of November 1, 2020 and final maturity of November 1, 2028 for the 2017C bonds.

*Fair Value* - Fair values for the swap transactions were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero – coupon bonds due on the date of each future net settlement on the swap.

The fair value balances at June 30, 2019 and the changes in fair value of pay fixed receive-variable interest rate swaps reported in governmental activities are (amounts expressed in thousands):

Associated Bonds	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2019	
		Classification	Amount	Classification	Amount
2017C	\$ 50,000	Interest expense	\$ (1,662)	Borrowing	\$ (14,008)
		Deferred outflows of resources	5,048	At-market derivative	(1,163)
2017C	50,000	Interest expense	(1,583)	Borrowing	(8,638)
		Deferred outflows of resources	3,614	At-market derivative	(595)
2017B	22,495	Interest expense	(669)	Borrowing	(2,933)
		Deferred outflows of resources	1,088	At-market derivative	(118)
2017B	27,700	Interest expense	(589)	Borrowing	(1,926)
		Deferred outflows of resources	717	At-market derivative	(46)
	<u>\$ 150,195</u>		<u>\$ 5,964</u>		<u>\$ (29,427)</u>

*Hedged Debt and Derivative Instrument Payments* - The interest and net swap payments shown assume that interest rates at year end will remain unchanged for the term of the bonds and the hedges. As interest rates vary, interest payments on the variable rate bonds and the net swap payments will change. At June 30, 2019, future debt service requirements on the variable rate bonds and net payments on associated hedging derivative instruments are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Net Swap Payment	Total
2020	5,400	3,689	4,032	13,121
2021	144,795	1,092	1,166	147,053
	<u>\$ 150,195</u>	<u>\$ 4,781</u>	<u>\$ 5,198</u>	<u>\$ 160,174</u>

*Interest Rate Risk* - Although the interest rates on the bonds are synthetically fixed under the swap agreements, interest payments on the variable rate bonds and the net payments under the swap agreements will vary as interest rates change.

*Credit Risk* - The swap agreements and Section 31-18-11, Mississippi Code Ann. (1972), require that the counterparties have credit ratings by at least one nationally recognized statistical rating agency that are within the two highest investment grade categories, and credit ratings by all other nationally recognized statistical rating agencies that are within the three highest grade categories, otherwise the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings. Section 31-18-11, Mississippi Code Ann. (1972), also requires that should the credit rating of the counterparty or of the entity unconditionally guaranteeing the counterparty's obligations fall below the required rating,

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that the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by the United States of America, with a net market value of at least 102% of the net market value of the swap agreements and shall be deposited as directed by the State. Additionally, Section 31-18-11, Mississippi Code Ann. (1972 requires that the counterparty, or the entity guaranteeing the counterparty's obligations, have a net worth of at least \$100,000,000. The State is not exposed to credit risk at June 30, 2019, as all hedging derivative instruments are in a liability position.

*Basis Risk* - The swap agreements expose the State to basis risk because the applicable interest rates under the swap agreements are based on the LIBOR swap index, which may differ from the interest rates for the State's variable rate bonds. As of June 30, 2019, the weighted average variable interest rate paid on the bonds was 2.51404%, while the one-month LIBOR was 2.40238%.

*Termination Risk* - The swap agreements are documented by using the International Swap Dealers Association Master Agreement which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes additional termination events providing that the swap agreements may be terminated if either the State's or the counterparty's credit rating falls below certain levels. The State or the counterparties may terminate the swap agreements if the other party fails to perform under the terms of the contract. If one or more of the swap agreements are terminated, the State would no longer have a synthetic fixed rate with respect to the previously hedged bonds and would be exposed to these bonds' variable interest rates. Also, if at the time of termination the swap agreements have a negative fair value, the State would incur a loss and would be required to pay the swap agreements' fair value to the counterparty. If the swap agreements have a positive fair value at the time of termination, the State would realize a gain and would receive the swap agreements' fair value from the counterparty.

*Market-Access Risk and Rollover Risk* – The swap agreements are for the same maturity terms as the hedged variable rate bonds. Therefore, the State is not exposed to market access risk or rollover risk that would be present if the swap agreements' maturity terms ended prior to the maturities of the hedged bonds.

## B. Limited Obligation Bonds

Limited obligation bonds are payable exclusively from specific pledged General Fund revenues. Such obligations are not secured by the full faith, credit and taxing power of the state, and holders of such obligations are not entitled to look to other state resources for payment.

These bonds, with an original issue amount of \$468,775,000, were issued to provide funding for road and bridge projects and mature serially through fiscal year 2039 with interest rates ranging from 4.00% to 5.00%. At June 30, 2019, the primary government's future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest
2020	\$ 14,200	\$ 21,970
2021	14,385	21,255
2022	15,100	20,518
2023	15,855	19,744
2024	16,650	18,932
2025-2029	96,595	80,973
2030-2034	123,285	53,619
2035-2039	157,350	18,878
Total	453,420	255,889
Premiums	54,419	
Total Debt Service, Net	\$ 507,839	\$ 255,889

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## Note 10 - Bonds Authorized But Unissued

At June 30, 2019, authorized but unissued bond indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized	Authorized But Unissued
<b>General Obligation Bonds</b>		
ACE Fund	\$ 142,650	\$ 31,000
Business Investment Act	362,500	51,223
Capital Improvements	789,367	287,696
Deer Island Project	10,000	1,200
Economic Development Highway	377,500	58,600
Farm Reform	128,000	20,000
Major Economic Impact	1,513,800	332,110
Small Enterprise Development Finance	140,000	138,025
Technology Alliance	4,000	950
Transportation - Access Roads	4,600	4,600
	<u>\$ 3,472,417</u>	<u>\$ 925,404</u>

## Note 11 - Revenue Bonds and Notes

Revenue bonds and notes are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the State.

At June 30, 2019, outstanding revenue bonds and notes are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
<b>Component Units</b>				
Universities:				
Bonds	\$ 1,252,788	.29% - 6.84%	June 2047	\$ 1,840,683
Notes	<u>31,233</u>	1.39% - 3%	June 2033	<u>37,505</u>
Total Component Units	<u>\$ 1,284,021</u>			<u>\$ 1,878,188</u>

At June 30, 2019, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Component Units	
	Principal	Interest
2020	\$ 50,552	\$ 50,838
2021	52,773	49,266
2022	51,605	47,554
2023	52,599	45,698
2024	54,668	43,676
2025-2029	279,069	185,787
2030-2034	296,606	127,270
2035-2039	216,420	70,890
2040-2044	172,422	29,882
2045-2049	57,307	4,177
	<u>\$ 1,284,021</u>	<u>\$ 655,038</u>

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## Note 12 - Other Long-term Liabilities

**A. Compensated Absences** - The State's liability for compensated absences at June 30, 2019 is \$117,289,000 for governmental activities and \$706,000 for business-type activities. For governmental activities, accrued compensated absences are generally paid out of the general fund. The component units' liability for compensated absences is \$122,569,000 of which \$121,900,000 is for the Universities. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-O).

**B. Pollution Remediation Obligation** - As of June 30, 2019, five Superfund sites in the State are in various stages of cleanup ranging from initial assessment of contamination to cleanup of chemical spills. Numerous leaking underground storage tank sites exist where motor fuels contaminate soil and groundwater, and present inhalation and explosive hazards. Under federal and state law, the State is legally obligated to remedy the detrimental effects of existing pollution through site investigation and assessment, restoration and replacement, cleanup, and monitoring.

At June 30, 2019, the primary government's pollution remediation obligation is \$44,020,000. This estimate is based on professional judgment, experience, historical cost data, and the use of the expected cash flow technique. Recoveries from other responsible parties, which would reduce the State's remediation liability, are not anticipated. Costs of pollution remediation are paid out of the general fund. Remediation obligation estimates may change over time. Estimated costs will vary due to changes in technology, fluctuation in prices, changes in potential responsible parties, and changes in regulations.

**C. Notes Payable – Direct Borrowings** At June 30, 2019, the primary government's outstanding notes payable from direct borrowings are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
<b>Governmental Activities:</b>				
Utility restoration	\$ 13,175	5%	Jul. 2019	\$ 57,325
Energy efficiency	4,008	3.10% - 4.50%	Apr. 2026	12,606
Buildings	185,269	2% - 5.37%	Feb. 2034	337,054
Roads and bridges	619,515	1% - 6.59%	Jan. 2040	815,455
Total	821,967			1,222,440
Premiums	67,430			
Total Notes Payable, Net	<u>\$ 889,397</u>			<u>\$ 1,222,440</u>
<b>Business-Type Activities:</b>				
Land	\$ 5,715	5%	Apr. 2029	\$ 5,750
Total	5,715			5,750
Premiums				
Total Notes Payable, Net	<u>\$ 5,715</u>			<u>\$ 5,750</u>

The State's outstanding notes payable from direct borrowings related to business-type activities of \$5,715,000 is secured with land.

### Refunding and Defeased Notes

In prior years, the State defeased certain outstanding notes of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased notes and related trust accounts are not included in the financial statements. At June 30, 2019, \$163,065,000 of outstanding notes are considered defeased.

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At June 30, 2019, the primary government's future debt service requirements for notes payable are (amounts expressed in thousands):

Year Ending June 30	Notes Payable from Direct Borrowings			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 68,073	\$ 37,509	\$ 455	\$ 290
2021	57,549	34,645	481	265
2022	60,217	31,997	506	239
2023	62,201	32,383	534	211
2024	64,046	29,697	562	183
2025-2029	300,119	101,283	3,177	423
2030-2034	130,517	45,897		
2035-2039	67,255	15,118		
2040-2041	11,990	769		
Total	821,967	329,298	5,715	1,611
Premiums	67,430			
Total Debt Service, Net	\$ 889,397	\$ 329,298	\$ 5,715	\$ 1,611

- D. Capital Lease Commitments** - The State leases property with varying terms and options. Most leases contain a fiscal funding addendum stating that the lease shall terminate on the last day of the fiscal year if appropriated funds for the ensuing fiscal year are insufficient. However, if renewal is reasonably assured, leases requiring appropriation by the State Legislature are considered non-cancellable leases for financial reporting purposes.

At June 30, 2019, assets recorded under capital leases are as follows (amounts expressed in thousands):

	Governmental Activities	Business-type Activities
Land	\$ 700	\$ 700
Machinery and Equipment	15,918	293
Accumulated Depreciation	(9,843)	(121)
Total	\$ 6,075	\$ 872

The discretely presented component units recorded capital assets acquired through capital leases of \$1,529,000.

At June 30, 2019, future minimum commitments under capital leases are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities	Component Units
2020	\$ 2,709	\$ 354
2021	2,658	337
2022	1,433	158
2023	810	140
2024	313	140
2025-2029		70
Total Minimum Lease Payments	7,923	1,199
Less Interest	519	125
Present Value of Minimum Lease Payments	\$ 7,404	\$ 1,074

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## Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2019 are summarized below (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds (Note 9)	\$ 3,971,944	\$ 341,835	\$ 274,293	\$ 4,039,486	\$ 249,572
General Obligation Notes from Direct Borrowings (Note 9)	39,000	106,000	39,000	106,000	
Premiums/Discounts (Note 9)	252,230	15,161	23,850	243,541	22,606
Limited Obligation Bonds (Note 9)	191,400	268,775	6,755	453,420	14,200
Premiums (Note 9)	23,758	32,867	2,206	54,419	3,037
Notes Payable from Direct Borrowings (Note 12)	880,551	11,309	69,893	821,967	68,073
Premiums (Note 12)	76,614		9,184	67,430	8,788
Total Bonds and Notes	5,435,497	775,947	425,181	5,786,263	366,276
Derivative Instruments (Note 9)	23,463	5,964		29,427	
Capital Lease Obligations (Note 12)	7,872	2,840	3,308	7,404	2,468
Accrued Compensated Absences (Note 12)	118,315	72,865	73,891	117,289	10,329
Pollution Remediation Obligation (Note 12)	38,274	14,372	8,626	44,020	8,638
	<u>\$ 5,623,421</u>	<u>\$ 871,988</u>	<u>\$ 511,006</u>	<u>\$ 5,984,403</u>	<u>\$ 387,711</u>
<b>Business-type Activities:</b>					
General Obligation Bonds (Note 9)	\$ 6,496	\$	\$ 6,187	\$ 309	\$ 128
Capital Lease Obligations (Note 12)	40		40		
Accrued Compensated Absences (Note 12)	696	319	309	706	44
Notes Payable from Direct Borrowings (Note 12)		8,783	3,068	5,715	455
	<u>\$ 7,232</u>	<u>\$ 9,102</u>	<u>\$ 9,604</u>	<u>\$ 6,730</u>	<u>\$ 627</u>

The current portion of accrued compensated absences is reported in accounts payable and other liabilities and the long-term portion is included in noncurrent other liabilities.

## Note 14 - Short-term Financing

**General Obligation Note** – The State issued a taxable general obligation note, Series 2018A dated March 29, 2018 totaling \$135,000,000 to provide financing for a Major Economic Impact Project. The 2018A note was scheduled to mature on April 1, 2019, with an interest rate of 2.74%. This note was redeemed with the proceeds of Taxable General Obligation Bonds, Series 2018B dated October 17, 2018 and Taxable General Obligation Note, Series 2019A dated March 28, 2019. Because the proceeds were received and the redemption of the General Obligation note 2018A occurred during fiscal year 2019, it is treated as short-term financing. At June 30, 2019, there were no outstanding short-term general obligation notes. Changes in general obligation short-term note activity recorded in governmental activities during fiscal year 2019, are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Note, Series 2018A	\$ 0	\$ 135,000	\$ 135,000	\$ 0

## Note 15 - Retirement Plans

### Plan Description

In accordance with state statutes, Public Employees' Retirement System (PERS) Board of Trustees (System) administers four defined benefit plans. The defined benefit plans are the PERS, a cost-sharing multiple-employer public employee retirement system established in 1952, Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958, the Municipal Retirement Systems (MRS), which are agent multiple-employer defined benefit public employee retirement systems composed of 19 separate municipal retirement and fire and police disability and relief systems, and Supplemental Legislative Retirement Plan (SLRP), a single-employer public employee retirement system established in fiscal year 1990.

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PERS, MHSPRS, MRS and SLRP are considered part of the State of Mississippi's financial reporting entity and are included in the accompanying financial statements as pension trust funds. The purpose of these plans is to provide pension benefits for all state employees, sworn officers of the state highway patrol, other public employees whose employers have elected to participate, and elected members of the State Legislature and the president of the Senate. The System issues a Comprehensive Annual Financial Report, which includes PERS, MHSPRS, MRS and SLRP, that is available from Public Employees' Retirement System of Mississippi.

## Membership and Benefit Provisions

**Public Employees' Retirement System:** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by the political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. If approved, membership for these employees is a condition of employment and eligibility is granted to those who qualify upon hiring. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members before July 1, 2011) plus 2.5 percent for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2019, the total annual COLA payments for PERS were \$699,947,000.

**Mississippi Highway Safety Patrol Retirement System:** Membership in MHSPRS is a condition of employment granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as sworn officers of the highway patrol in the enforcement of the laws of the State. Participating members who withdraw from service at or after age 55 with at least five years of membership service, or after reaching age 45 with at least 20 years of credited service, or with 25 years of service at any age, are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5 percent of average compensation during the four highest consecutive years of earnings, reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. A member who terminates employment from the highway patrol and who is not eligible to receive monthly retirement benefits may request a refund of his or her accumulated employee contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60, with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2019, the total annual COLA payments for MHSPRS were \$10,504,000.

**Municipal Retirement Systems:** Membership in the two general Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems was granted to all municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. Eligible employees hired after these periods automatically become members of PERS. The Municipal Retirement Systems were all closed to new members by July 1, 1987.

Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service beyond 20 years, not to exceed 66.67 percent of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS plans also provide certain death and disability benefits. Members who terminate



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employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Benefit provisions are established by Sections 21-29-1 et seq., Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Statutes may be amended only by the State Legislature.

The retirees and beneficiaries of MRS plans with provisions for COLAs, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2019, the total COLAs for MRS plans were \$5,500,000.

**Supplemental Legislative Retirement Plan:** Membership in SLRP is composed of all elected members of the State Legislature and the president of the Senate. This plan is designed to supplement the provisions of PERS. Those serving when SLRP became effective July 1, 1989, had 30 days to waive membership. Those elected after July 1, 1989, automatically become members. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees.

The retirement allowance is 50 percent of an amount equal to the retirement allowance payable by PERS, determined by credited service as an elected senator or representative in the State Legislature or as president of the Senate. Benefits vest upon completion of the requisite number of membership service years in PERS. SLRP also provides certain death and disability benefits. A member who terminates legislative employment and who is not eligible to receive monthly retirement benefits may request a refund of his or her accumulated employee contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

Retirees and beneficiaries of SLRP may receive COLAs calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2019, the total COLAs for SLRP were \$337,000.

## Contribution Requirements

Contribution provisions for PERS, MHSPRS and SLRP are established by state statute. The adequacy of these rates is assessed annually by actuarial valuation. Contribution provisions for MRS are established by state statute and annual local and private legislation. State statutes may be amended only by the State Legislature.

The following table provides information concerning funding policies (amounts expressed in thousands):

	PERS	MHSPRS	MRS	SLRP
Contribution rates as a percent of covered payroll:				
State	15.75% *	49% *	N/A	7.4% *
Other employers	N/A	N/A	.80 – 5.82 mills****	N/A
Plan members	9%	7.25%	7% - 10%	3% **
Employer contributions made	\$ 1,038,108	\$ 19,375***	\$ 17,114	\$ 525

\* In October 2012, the Board adopted a revised funding policy aimed at stabilizing the employer contribution rate and reducing the unfunded actuarial accrued liability. The revised policy established a goal to be 80% funded by 2042 and set the PERS employer rate at 15.75%, MHSPRS rate at 37%, and SLRP rate at 7.4%.

\*\* In addition to 9% required by PERS.

\*\*\* Includes fees authorized by the State Legislature, which are reported as employer contributions in the pension trust funds. Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of \$3,500,000 was used to calculate the actuarially determined contributions for MHSPRS. The actual amount received in 2019 was \$3,770,000.

\*\*\*\* Based on assessed property values.

## Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the State reported a liability of \$2,860,867,000 for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date, the State's proportion was 17.20%.

At June 30, 2019, the State reported a net pension liability of \$173,259,000 and \$3,265,000 for MHSPRS and SLRP, respectively. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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## Changes in the Net Pension Liability

The following table details the changes in the net pension liability from the beginning to the end of the measurement year for the single-employer plans, MHSPRS and SLRP (amounts expressed in thousands):

MHSPRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2018</b>	<b>\$ 497,992</b>	<b>\$ 341,719</b>	<b>\$ 156,273</b>
<b>Changes for the Year:</b>			
Service Cost	7,205		7,205
Interest	37,338		37,338
Difference between expected and actual experience	17,311		17,311
Contributions - employer		15,128	(15,128)
Contributions - employee		2,271	(2,271)
Net investment income		27,719	(27,719)
Benefit payment, including refunds of employee contributions	(32,418)	(32,418)	0
Administrative expense		(250)	250
<b>Net Changes</b>	<b>29,436</b>	<b>12,450</b>	<b>16,986</b>
<b>Balances at June 30, 2019</b>	<b>\$ 527,428</b>	<b>\$ 354,169</b>	<b>\$ 173,259</b>

SLRP	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2018</b>	<b>\$ 20,799</b>	<b>\$ 17,342</b>	<b>\$ 3,457</b>
<b>Changes for the Year:</b>			
Service Cost	431		431
Interest	1,557		1,557
Difference between expected and actual experience	(58)		(58)
Contributions - employer		513	(513)
Contributions - employee		207	(207)
Net investment income		1,412	(1,412)
Benefit payment, including refunds of employee contributions	(1,428)	(1,428)	0
Administrative expense		(10)	10
<b>Net Changes</b>	<b>502</b>	<b>694</b>	<b>(192)</b>
<b>Balances at June 30, 2019</b>	<b>\$ 21,301</b>	<b>\$ 18,036</b>	<b>\$ 3,265</b>

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For the year ended June 30, 2019, the State recognized pension expense of \$217,351,000 for PERS, \$21,745,000 for MHSPRS, and \$2,000 for SLRP. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PERS</b>		
Difference between expected and actual experience	\$ 12,923	\$ 12,329
Net difference between projected and actual earnings on pension plan investments		53,998
Changes in proportion	1,034	77,355
Changes of assumptions	1,729	1,638
Contributions subsequent to the measurement date	173,162	
Total PERS	188,848	145,320
<b>MHSPRS</b>		
Differences between expected and actual experience	14,466	3,134
Net difference between projected and actual earnings on pension plan investments		1,930
Changes of assumptions	780	1,952
Contributions subsequent to the measurement date	19,375	
Total MHSPRS	34,621	7,016
<b>SLRP</b>		
Differences between expected and actual experience		277
Net difference between projected and actual earnings on pension plan investments		105
Changes of assumptions		492
Contributions subsequent to the measurement date	525	
Total SLRP	525	874
Total	\$ 223,994	\$ 153,210

Contributions subsequent to the measurement date of \$173,162,000 for PERS, \$19,375,000 for MHSPRS and \$525,000 for SLRP reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts expressed in thousands):

Year ended June 30	PERS Net Outflows & Inflows of Resources	MHSPRS Net Outflows & Inflows of Resources	SLRP Net Outflows & Inflows of Resources
2020	\$ (1,245)	\$ 6,617	\$ (217)
2021	(30,896)	1,975	(391)
2022	(84,628)	(294)	(246)
2023	(12,865)	(68)	(20)
Total	\$ (129,634)	\$ 8,230	\$ (874)

## Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	MHSPRS	SLRP
Inflation	3 %	3 %	3 %
Salary increases, including inflation	3.25% - 18.5 %	3.25% - 8.81 %	3.25 %
Investment rate of return*	7.75 %	7.75 %	7.75 %
Increases in benefits after retirement**	3 %	3 %	3 %

\* net of pension plan investment expense, including inflation

\*\* PERS and SLRP calculated 3% for each full fiscal year of retirement to age 60 (55 for those who became members before July 1, 2011), with 3% compounded for each fiscal year thereafter. MHSPRS calculated 3% simple interest to age 60, compounded each fiscal year thereafter.

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Mortality rates for PERS, MHSPRS and SLRP were based on the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022, set forward one year for males with adjustments.

The actuarial assumptions for PERS, MHSPRS and SLRP used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments for PERS, MHSPRS and SLRP was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
U.S. Broad	27 %	4.60 %
International equity	18	4.50
Emerging markets equity	4	4.75
Global	12	4.75
Fixed income	18	0.75
Real assets	10	3.50
Private equity	8	5.10
Emerging Debt	2	2.25
Cash	1	0.00
Totals	100 %	

## Single-Employer Benefit Plan Employees

The following employees were covered by the benefit terms of MHSPRS and SLRP at June 30, 2018:

	MHSPRS	SLRP
Inactive employees or beneficiaries currently receiving benefits	725	207
Inactive employees assumed eligible for a benefit at retirement date.	40	38
Inactive employees assumed not to receive service retirement benefits	15	17
Active employees	511	174
Totals	1,291	436

## Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate of 9%, 7.25% and 3% for PERS, MHSPRS and SLRP, respectively, and that employer contributions will be made at the current employer contribution rate 15.75%, 49.08% and 7.4% for PERS, MHSPRS and SLRP, respectively. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plans members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the State's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate (amounts expressed in thousands):

# Mississippi

	1% Decrease	Current	1% Increase
Net Pension Liability	6.75%	Discount Rate 7.75%	8.75%
PERS	\$ 3,766,942	\$ 2,860,867	\$ 2,107,801
MHSPRS	237,420	173,259	120,079
SLRP	5,337	3,265	1,482
Total	\$ 4,009,699	\$ 3,037,391	\$ 2,229,362

Detailed information about the PERS, MHSPRS and SLRP pension plans is available on the PERS of Mississippi website at [www.pers.ms.gov](http://www.pers.ms.gov).

## Note 16 - Other Postemployment Benefits

### Plan Description

The State and School Employees' Health Insurance Management Board (the Board) administers the State Life and Health Insurance Plan (the Plan) established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which is amended annually by the Board. 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 Plan. The Plan provides other postemployment benefits (OPEB) as a cost-sharing multiple-employer defined benefit OPEB plan.

The 14-member Board, which administers the Plan, is comprised of the Chairman of the Workers' Compensation Commission; the State Personnel Director; the Commissioner of Insurance; the Commissioner of Higher Education; the State Superintendent of Public Education; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Community College Board; the Executive Director of the Public Employees Retirement System; two appointees of the Governor; the Chairman of the Senate Insurance Committee, or his designee; the Chairman of the House of Representatives Insurance Committee, or his designee; the Chairman of the Senate Appropriations Committee, or his designee; and the Chairman of the House of Representatives' Appropriations Committee, or his designee. The Board has a fiduciary responsibility to manage the funds of the Plan.

### Benefits Provided

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. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan.

Per section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affect the overall cost of the Plan to the State, then the Board may impose a premium surcharge not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance.

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

### Contributions

Pursuant to the authority granted by Mississippi Statute, the Board has the authority to establish and change premium rates for the participants, employers, and other contributing entities. The required premiums vary based on the plan selected and the type of participant. Employees' premiums are paid primarily by the employer. Employers do not pay premiums for retirees nor premiums for active employee spouse and dependent medical coverage. At June 30, 2019, the State's actuarially determined contributions to the OPEB plan were \$7,813,000.

### OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the State reported a liability of \$181,836,000 for its proportionate share of the net OPEB liability. The liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The State's proportion of the OPEB liability was based on a projection of the long-term share

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of contribution to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date the State's proportion was 23.51%.

For the year ended June 30, 2019, the State recognized OPEB expense of \$7,113,000. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts expressed in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 370	\$
Changes in proportion	10,223	18,450
Changes in assumptions		12,956
Contributions subsequent to the measurement date	7,813	
Total	<u>\$ 18,406</u>	<u>\$ 31,406</u>

Contributions subsequent to the measurement date of \$7,813,000 reported as deferred outflows of resources will be recognized as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30	Net Outflows & Inflows of Resources
2020	\$ (4,161)
2021	(4,161)
2022	(4,161)
2023	(4,161)
2024	(3,451)
Thereafter	(718)
Total	<u>\$ (20,813)</u>

## Actuarial Assumptions

The collective total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to the periods included in the measurement:

Inflation	3%
Salary increases, including inflation	3.25% - 18.5%
Investment rate of return	4.5%
Municipal bond index rate	3.89%
Single equivalent interest rate	3.89%
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Retirement age – by employee type shown:	
Highway safety patrol	Any age with 25 years of service Age 55 with at least 5 years of service Age 45 with at least 20 years of service
General state and school employees hired before July 1, 2011	Any age with 25 years of service or hired before July 1, 2007 Age 60 with at least 4 years of service or hired after July 1, 2007 Age 60 with at least 8 years of service
General state and school employees hired on or after July 1, 2011	Any age with 30 years of service or Age 60 with at least 8 years of service

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022, male rates set forward one year and adjusted to 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward four years for males and three years for females.

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The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of the last actuarial experience study, dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capital costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

## Changes in Actuarial Assumptions and Methods

The discount rate was changed from 3.56% for the prior measurement date to 3.89% for the current measurement date.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.89%. The discount rate determination was based on an average of the Bond Buyer General Obligation 20 year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer. Since the trust was set up as of June 20, 2018 with an initial contribution of \$1,000,000 the Plan was projected to be depleted immediately in 2018.

### Sensitivity of the State's proportionate Share of the collective OPEB Liability to Changes in the Discount Rate

The following table presents the State's proportionate share of the net OPEB liability using the discount rate of 3.89%, as well as what the State's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current rate (amounts expressed in thousands):

	<b>1% Decrease 2.89%</b>	<b>Current Discount Rate 3.89%</b>	<b>1% Increase 4.89%</b>
State's proportionate share of net OPEB liability	\$ 201,560	\$ 181,836	\$ 164,872

### Sensitivity of the State's proportionate Share of the collective OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the State's proportionate share of the net OPEB liability using the healthcare trend rate of 7.25% decreasing to 4.75% by 2028, as well as what the State's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (6.25% decreasing to 3.75%) or 1-percentage-point higher (8.25% decreasing to 5.75%) than the current rate (amounts expressed in thousands):

	<b>1% Decrease (6.25% decreasing to 3.75%)</b>	<b>Current Discount Rate (7.25% decreasing to 4.75%)</b>	<b>1% Increase (8.25% decreasing to 5.75%)</b>
State's proportionate share of net OPEB liability	\$ 168,440	\$ 181,836	\$ 197,054

Detailed information about the Life and Health OPEB Plan is available on the Department of Finance and Administration website at [www.dfa.ms.gov](http://www.dfa.ms.gov).

## Note 17 - Commitments

### A. Operating Leases

The State has entered into numerous agreements to lease land and buildings which are classified as operating leases. These agreements generally contain the provision that, at the expiration date of the lease, the State may renew the operating lease on a month-to-month basis. It is expected that in the normal course of business most of these leases will be renewed or replaced by similar leases. Although the lease terms vary, most leases are subject to annual appropriation by the State Legislature to continue the lease obligation. If an appropriation is reasonably assured, leases are considered non-cancellable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures.

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Operating lease payments are recorded as expenditures or expenses when paid or incurred. Future minimum commitments due under non-cancellable operating leases for land and buildings as of June 30, 2019 are as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2020	22,310
2021	18,329
2022	15,465
2023	14,113
2024	12,496
2025-2029	47,469
2030-2034	32,579
2035-2039	7,170
2040-2044	793
2045-2049	59
2050-2054	12
Total Minimum Commitments	<u>\$ 170,795</u>

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2019 amounted to \$25,257,000.

## B. Contracts

At June 30, 2019, the Department of Transportation had contracts outstanding of approximately \$802,418,000 with performance continuing during fiscal year 2020. Of this amount \$33,027,000 is related to local public agencies, such as planning and development districts, counties and municipalities. These contracts were primarily for construction, repair and maintenance and will be paid through the General Fund. Approximately 67 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline taxes.

The State Aid Road Division had contracts of \$45,744,000 outstanding at June 30, 2019 for construction, repair and maintenance of state and county roads. These contracts will be paid through the General Fund. Approximately 59 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific tax levies.

The Office of Building, Grounds and Real Property Management had outstanding construction, repair and maintenance contracts of \$134,591,000 at June 30, 2019. These contracts will be paid from the General fund.

The Military Department had contracts outstanding of approximately \$17,401,000 at June 30, 2019. Approximately 100 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred.

The Port Authority at Gulfport (a major enterprise fund) had contracts outstanding of approximately \$3,179,000 at June 30, 2019. These contracts were primarily for construction costs related to the port. These contracts will be paid from Port Authority at Gulfport's revenues and federal grants.

The Department of Information Technology Services had contracts outstanding of approximately \$4,780,000 at June 30, 2019. These contracts were primarily for the construction of the Mississippi Wireless Information Network state-wide digital trunked land mobile radio system including enhancements which add broadband data capabilities. Future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred.

## C. Encumbrances

Encumbrances represent executed but unperformed purchase orders that are reported within governmental funds as restricted, committed, or assigned fund balance. At June 30, 2019, the encumbrance amounts in the General Fund were \$33,523,000.



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## Note 18 - Risk Management

The State has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the State are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits. The State utilizes the Risk Management Fund to account for these activities with the noted exception in workers' compensation benefits. Estimates of liabilities for incurred but unpaid claims include both reported and unreported insured events. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments due to immateriality. Changes in claim liabilities for fiscal years 2018 and 2019 are as follows (amounts expressed in thousands):

	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance	Due within one year
2018	\$ 183,386	\$ 809,300	\$ 819,002	\$ 173,684	\$ 137,179
2019	173,684	820,183	825,321	168,546	131,183

**Health and Life Benefits:** The State has elected to manage the health benefit through the retention of all exposure. The life benefit is purchased from a commercial insurance company for death benefit distribution under tax law but management of the risk is accomplished by self insuring within an insured shell. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through this plan.

Estimates of the liability for unpaid claims are actuarially determined using the development method. This method uses past observed patterns of time between claim incurred and payment to estimate incurred claims from available claims data. Liabilities are based on the estimated ultimate cost of settling the claims, including inflation and other factors, and provisions for estimated claims adjustment expenses.

**Tort Liability:** The State manages tort claims through the retention of all liability exposure. The State Legislature created the Tort Claims Board to administer these claims beginning in fiscal year 1994. Statutory regulations provide some protection, as well as a limitation of liability, for claims filed against state agencies and state employees. There is some limited purchase of commercial insurance by state agencies for excess auto liability and other lines of coverage to fulfill some contractual requirements on out of state operations. There is purchase of insurance for protection of some fleet vehicles, some specified watercraft and specific fixed wing aircraft. In the last three years, settled claims have not exceeded commercial coverage.

Claims payments are financed through an annual assessment to all state agencies based on amount of payroll and past loss history. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, as well as the experience of similar programs in other states.

**Unemployment Benefits:** Unemployment benefits are established in statute and administered by the Mississippi Department of Employment Security. The State elects to manage the financial risk for state agencies through retention of all liability exposure. Benefits are financed through collection of premiums from agencies, which provides a stable cash flow for payment of claims.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, adjusted for changes in covered payrolls.

**Workers' Compensation Benefits:** Workers' compensation benefits are established in statute and the rules and regulations are established by the Mississippi Workers' Compensation Commission and the Mississippi State Agencies Self-Insured Workers' Compensation Trust Board of Trustees. Three major state agencies have been granted exemption from participation in the Risk Management Fund.

The exposure of risk in the Risk Management Fund is financed mostly through retention of all exposure, with limited purchase of commercial excess insurance. The benefits are financed through collection of premiums, based on an actuarial estimate, from agencies which provides a stable cash flow for claims payments. In the last three years, settled claims have not exceeded commercial coverage. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and include provisions for estimated claims adjustment expenses.

Exempted state agencies cover all claim settlements and judgments with the resources of the General Fund. Claim expenditures and estimates of the related liability are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

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## Note 19 - Contingencies

- A. Federal Grants** - The State has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State. The State estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

The Division of Medicaid, which is reported within the General Fund, has been notified by the Centers for Medicare and Medicaid Services (CMS) of a potential claim relative to potential overpayments by CMS under Medical Assistance Program grants that may have been made between 1981 and 2009 to a number of states, including Mississippi. CMS is working with the Division of Medicaid, as well as various other states, to resolve the discrepancies. The amount questioned by CMS for the Division of Medicaid is approximately \$28,000,000.

Additionally, the Division of Medicaid has also been notified by the Office of the Inspector General (OIG) of a potential claim relative to unallowable school-based Medicaid administrative costs for federal fiscal years 2010 through 2012. The amount determined by the OIG to be unallowable was \$21,200,000.

- B. Litigation** - The State is party to various legal proceedings that arise in the normal course of governmental operations. The State's legal counsel believes that they will be successful in defending the State and its agencies in a majority of these cases. Of the \$205,379,000 in pending litigation, the State's legal counsel considers \$26,699,000 probable and reasonably estimable that a liability has occurred and is reported in the accompanying financial statements. The State's legal counsel also believes that the remaining \$178,680,000 is reasonably possible that a liability has been incurred as of June 30, 2019. In the opinion of the State, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the State.
- C. Loan Guarantees** - The Mississippi Development Authority (MDA), a state agency, is authorized by state law to provide loan guarantees through the Small Business Loan Guarantee Program, funded through the Federal State Small Business Credit Initiative, in order to increase the amount of capital made available by private lenders to small businesses. The length of the loan guarantees range from one to fifteen years. In the case of default by the borrower, following the private lender's normal collection procedures to seek reimbursement from the loan recipient, the State pays the private lender a percentage of the outstanding loan amount. At June 30, 2019, outstanding MDA loan guarantees totaled \$29,347,000.

The State has co-signed promissory notes issued by the Federal Emergency Management Agency under the Federal Community Disaster Loan Program (CDL) on behalf of local governments as authorized by state law. The program provides operational funding for local governments or political subdivisions of the State that incurred a significant loss in revenue due to a presidentially declared disaster that adversely affected their ability to provide essential governmental services. At June 30, 2019, the remaining outstanding CDL loan guarantees totaled \$4,656,000. The loan guarantees expire January 7, 2020.

- D. Conduit Debt** - The Mississippi Development Bank (a nonmajor component unit) issues special obligation bonds in order to provide funds for making loans to governmental units. Although the special obligation bonds bear the name of the Bank, the Bank is not responsible for the payment of the bonds but rather the bonds are secured only by the payments agreed to be paid by the governmental units under the terms of the loan agreements. The outstanding balance of special obligation bonds issued by the Bank was approximately \$2,434,706,000 at June 30, 2019. The faith, credit and taxing power of the State and the Bank are not pledged to the payment of such bonds.

## Note 20 – Tax Abatements

As of June 30, 2019, the State provides tax abatements through eight programs subject to the requirements of GASB Statement No. 77: the Jobs Tax Credit; the Investment Tax Credit; the Income Tax Exemption; the Fee In Lieu of Franchise Tax; the Sales and Use Tax Exemption to Establish and Operate the Project; the Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair parts and Services; the Withholding Rebate for New Job Creation; and the Withholding Rebate for Maintaining Existing Jobs. The eight programs are available to entities authorized in Section 57-75-5 (f) of Mississippi Code Ann. (1972) to encourage businesses to locate or expand operations in the State and to create significant new job opportunities for State residents.

The Jobs Tax Credit Program provides an income tax credit to eligible entities that commit to make certain capital investments, to create a certain number of new full-time jobs and to maintain those employment levels. The credit amount is based on employment levels. Eligible entities can receive an annual credit equal to \$5,000 per employee at the project site for a set period of time ranging from 10 to 20 years with a three to ten year carryforward. Eligible entities are able to elect the date when their credit period starts within certain parameters. The credit can be used to offset up to 100% of an eligible entity's state income tax liability. There are no recapture provisions for this program.

The Investment Tax Credit Program provides an income tax credit to eligible entities that commit to make certain capital investments, to create a certain number of new full-time jobs and to maintain those employment levels. An annual tax credit equal to 7.5% of the eligible investment is available to offset the entity's state income tax liability. An eligible entity is able to elect the start date for the credit, however, it must be within two years of becoming fully operational. Any credit claimed and not

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used in any taxable year can be carried forward for ten consecutive years from the close of the tax year in which it was earned. The amount of the credit that can be used in any one tax year is limited to the entity's total state income tax liability for that year and the credit is subject to recapture if the property for which the credit is received is disposed of, or converted to another nonbusiness use.

The Income Tax Exemption Program provides a full exemption from state income tax to eligible entities that commit to make certain capital investments, to create a certain number of jobs and to maintain those employment levels. An eligible entity is granted a full exemption from state income tax for a period of 20 to 25 years, including the year in which the exemption commences. The eligible entity can elect the date on which the exemption begins, though it typically cannot begin until the committed number of jobs is in place and it must start within five years of the start of production. If in any taxable year to which the exemption applies the average number of jobs falls below the business's jobs commitment, the income tax exemption may be reduced or suspended until the required number of jobs is restored. There are no recapture provisions for this program.

The Fee in Lieu of Franchise Tax Program allows eligible entities to pay a fee of \$25,000 per year instead of the calculated amount of the franchise tax that would have been due. The fee in lieu of franchise tax typically goes into effect the first year that an eligible entity's franchise tax liability exceeds \$25,000. Eligible entities have to commit to making certain capital investments and/or creating a certain number of jobs and maintaining those employment levels. Each fee in lieu of franchise tax agreement is negotiated with the eligible entity that is investing in the State and is available between ten and thirty years. There are no recapture provisions for this program.

The Sales and Use Tax Exemption to Establish and Operate the Project Program provides a full exemption from sales and use tax for the start-up of a project of eligible entities that commit to make certain capital investments, to create a certain number of jobs and to maintain those employment levels. The State grants eligible entities a full exemption from sales and use taxes on purchases and leases of component building materials and machinery and equipment required for the start-up and operation of an Mississippi Major Economic Impact Authority (MMEIA) eligible project. The amounts exempted under this program are not required to be reported to the State. There are no recapture provisions for this program.

The Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services Program provides a full exemption from sales and use tax for the perpetual operation of an eligible project to entities that commit to make certain capital investments, to create a certain number of jobs and to maintain those employment levels. The State grants eligible entities with a full exemption from sales and use tax on purchases and leases of machinery, special tooling, repair parts or replacement or leases thereof, supplies and repair services purchased by the eligible entity. The amounts exempted under this program are not required to be reported to the State. There are no recapture provisions for this program.

The Withholding Rebate for New Job Creation Program provides a rebate of new employees' state income tax withholding to eligible entities that commit to create a certain number of new high-paying jobs at certain average annual salary levels that exceeds between 110% and 150% of the state or county average annual salary and to maintain those employment levels throughout the possible rebate period. Eligible entities can receive a percentage of the employees', including leased employees, state income tax withholding in a quarterly payment. These withholding tax rebate payments are capped at 3.5% to 4% of the eligible entity's gross payroll or the actual amount of income tax withheld from their employees. Eligible entities can receive rebate payments on a quarterly basis for up to 25 years assuming the committed number of jobs at the required salary levels are met and maintained. There are no recapture provisions for this program.

The Withholding Rebate for Maintaining Existing Jobs Program provides a rebate to current large employers to retain their existing workforce and further invest in their State operations. It provides a rebate of new employees' state income tax withholding to eligible entities that make a new private investment at the project site and maintain a set number of existing jobs with average annual salaries of at least \$45,000. A rebate equal to one percent of existing employees' wages subject to state income withholding taxes is available for eligible entities for up to ten years or until a maximum rebate of \$6,000,000 has been reached. There are no recapture provisions for this program.

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The amounts of taxes abated during fiscal year 2019 are (amounts expressed in thousands):

<b>Program</b>	<b>Amount Abated</b>
Jobs Tax Credit***	\$ -
Investment Tax Credit***	-
Income Tax Exemption***	-
Withholding Rebate for New Job Creation***	-
Withholding Rebate for Maintaining Existing Jobs	- *
Fee in Lieu of Franchise Tax	- *
Aggregate total of tax credits, tax rebates, income tax exemption, and franchise tax exemption	20,495
Sales and Use Tax Exemption to Establish and Operate the Project	- **
Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services	- **
Total Sales and Use Tax Exemptions	10,753
Total	\$ 31,248

\* The amounts abated under these programs are presented in the aggregate. Sections 27-3-73 and 27-7-83 (9) of Miss. Code Ann (1972) prevent disclosure of the individual amounts abated under these programs due to confidentiality of taxpayer reports and returns.

\*\* Amounts of sales and use taxes abated are estimates.

\*\*\*There were no taxes abated under these programs in FY 2019.

## Note 21 - Subsequent Events

The Working Cash Stabilization Reserve Account and budgetary special funds may be used to meet cash flow needs throughout the year when the General Fund experiences projected cash flow deficiencies. As a result, the General Fund has accumulated borrowings outstanding of \$555,475,000 from the Working Cash Stabilization Reserve Account and \$94,525,000,000 from budgetary special funds as of December 13, 2019. In order to comply with State law, all borrowings must be repaid by the end of the fiscal year.

The State entered into a direct borrowing financing agreement on November 21, 2019 to advance refund a portion of the 2014 highway project notes payable. The agreement resulted in notes payable totaling \$49,035,000 beginning in year 2020 through year 2030 with interest rates ranging from 1.932% to 2.644%.

Draws of \$5,000,000 were made subsequent to year end on the Taxable General Obligation Note, Series 2019A issued March 28, 2019. The note was issued to provide funding for the Major Economic Impact. A principal payment of \$111,000,000 was made in October 2019 from proceeds of the General Obligation Bonds, Series 2019C as discussed below. The Series 2019A note matures March 15, 2022.

Subsequent to year end, the State issued the following bonds and notes:

General Obligation Bonds, Series 2019B totaling \$169,700,000 dated September 26, 2019. These bonds were issued to provide funding for or to refinance various Capital Improvements. These bonds have principal payments beginning in October 2033 and will mature serially through October 2039 with interest payments rates ranging from 3% to 5%.

Taxable General Obligation Bonds, Series 2019C, totaling \$235,840,000 dated September 26, 2019. These bonds were issued for the purpose of funding Capital Improvements, Major Economic Impact, Economic Development Highway, ACE Fund, Business Investment, and Technology Alliance. These bonds have principal payments beginning in October 2020 and will mature serially through October 2032 with interest payments ranging from 1.796% to 3%.



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## Required Supplementary Information

### Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds

For the Year Ended June 30, 2019 (Expressed in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Sales tax	\$ 2,111,000	\$ 2,111,000	\$ 2,138,038	\$ 27,038
Individual income tax	1,853,400	1,853,400	1,898,059	44,659
Corporate income and franchise taxes	531,000	531,000	643,689	112,689
Use and wholesale compensating taxes	264,000	264,000	326,413	62,413
Tobacco, beer and wine taxes	175,500	175,500	166,390	(9,110)
Insurance tax	312,500	312,500	339,418	26,918
Oil and gas severance taxes	30,900	30,900	34,889	3,989
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	77,000	77,000	81,307	4,307
Other taxes	11,000	11,000	11,575	575
Interest	11,400	11,400	22,441	11,041
Auto privilege, tag and title fees	14,200	14,200	13,229	(971)
Gaming fees	139,800	139,800	143,292	3,492
Highway Safety Patrol fees	21,500	21,500	18,182	(3,318)
Other fees and services	85,500	85,500	104,305	18,805
Miscellaneous	16,200	16,200	7,708	(8,492)
Court assessments and settlements			17,658	17,658
Special Fund revenues				
Total Revenues	5,654,900	5,654,900	5,966,593	311,693
<b>Expenditures by Major Budgetary Function</b>				
Legislative	26,619	26,598	26,332	(266)
Judiciary and justice	96,837	96,837	96,063	(774)
Executive and administrative	16,374	16,374	14,838	(1,536)
Fiscal affairs	129,543	129,543	129,189	(354)
Public education	2,228,878	2,228,879	2,224,807	(4,072)
Higher education	708,473	708,473	708,411	(62)
Public health	30,655	30,655	30,410	(245)
Hospitals and hospital schools	208,002	208,002	207,963	(39)
Agriculture, commerce and economic development	106,624	106,624	106,546	(78)
Conservation and recreation	43,159	43,285	43,227	(58)
Insurance and banking	16,979	16,979	15,877	(1,102)
Corrections	306,614	306,614	306,604	(10)
Social welfare	1,032,226	1,032,226	1,032,161	(65)
Public protection and veterans assistance	104,871	104,871	104,244	(627)
Local assistance	80,626	80,626	80,626	
Motor vehicle and other regulatory agencies				
Miscellaneous	21,257	21,257	20,720	(537)
Public works				
Debt service	385,241	385,241	384,877	(364)
Total Expenditures	5,542,978	5,543,084	5,532,895	(10,189)
Excess of Revenues over (under) Expenditures	111,922	111,816	433,698	321,882
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,200	1,200	1,200	
Transfers out			(434,395)	(434,395)
Other sources/uses of cash			(608)	(608)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	113,122	113,016	(105)	(113,121)
Budgetary Fund Balances - Beginning	4,794	4,794	4,794	
Budgetary Fund Balances - Ending	\$ 117,916	\$ 117,810	\$ 4,689	\$ (113,121)

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

Education Enhancement Fund				Special Fund			
Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
\$ 274,309	\$ 277,601	\$ 308,433	\$ 30,832	\$	\$	\$	\$
33,974	32,140	41,004	8,864				
		63	63				
		160	160				
				14,824,878	15,109,040	9,479,257	(5,629,783)
308,283	309,741	349,660	39,919	14,824,878	15,109,040	9,479,257	(5,629,783)
				50	50	18	(32)
				57,889	64,551	48,356	(16,195)
				19,873	39,798	14,253	(25,545)
				222,704	236,003	186,523	(49,480)
274,170	274,170	271,695	(2,475)	954,129	954,189	748,959	(205,230)
107,443	107,443	107,420	(23)	2,565,416	2,585,699	90,087	(2,495,612)
				348,020	364,366	285,653	(78,713)
				377,985	380,985	340,432	(40,553)
2,966	2,966	2,966		318,447	317,726	110,536	(207,190)
125	125	125		409,749	510,269	218,905	(291,364)
				35,115	36,983	29,063	(7,920)
				42,534	42,592	36,997	(5,595)
				7,262,858	7,262,858	6,319,553	(943,305)
				768,529	792,481	320,681	(471,800)
				23,612	24,397	21,756	(2,641)
450	450	450		1,919	2,723	1,771	(952)
				1,328,301	1,408,350	1,252,710	(155,640)
				87,748	85,020	46,402	(38,618)
385,154	385,154	382,656	(2,498)	14,824,878	15,109,040	10,072,655	(5,036,385)
(76,871)	(75,413)	(32,996)	42,417			(593,398)	(593,398)
		112,468	112,468				
(76,871)	(75,413)	79,472	154,885			(593,398)	(593,398)
		155,774	155,774			909,672	909,672
\$ (76,871)	\$ (75,413)	\$ 235,246	\$ 310,659	\$ 0	\$ 0	\$ 316,274	\$ 316,274

# Mississippi

## Required Supplementary Information

### Notes to Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds

For the Year Ended June 30, 2019

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds presents the original legally adopted budget, as well as comparisons of the final legally adopted budget with actual data on a budgetary basis. The State's basis of budgeting is the cash basis plus commitments. The State has established three budgetary fund groups to account for its budgetary activities and functions. The General Fund group is established to receive and distribute general tax revenues and other general fund revenues and interest generated thereon. The Education Enhancement Fund group is established to receive specific tax revenues to support various educational programs. The Special Fund group is established to receive federal grants, fees, proceeds from the sale of goods and services, taxes levied for specific purposes and interest generated thereon, and to support the functional activities of the agencies that generate such revenues.

General Fund and Education Enhancement Fund original budget revenues represent the General Fund and Education Enhancement Fund revenue estimates adopted by the Legislative Budget Office at the date of sine die adjournment. Special Fund revenue estimates include anticipated revenues during the year and the amount of beginning cash balances on hand at the beginning of the year that are anticipated to be expended for special fund purposes.

Due to the complexity of the State's budget, a separate *Annual Report of Budgetary Basis Expenditures* has been prepared to present final budget to actual comparisons at the legal level of control. This budgetary report is available at the Department of Finance and Administration.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2019 is presented below (amounts expressed in thousands):

<u>Budgetary Funds</u>	<u>General</u>	<u>Education Enhancement</u>	<u>Special</u>
<u>Financial Statement Major Fund</u>	<u>General</u>		
Net Change in Budgetary Fund Balances	\$ (105)	\$ 79,472	\$ (593,398)
Reclassifications:			
Budgetary fund excesses are reclassified to the General Fund for GAAP reporting	517,203	(79,472)	596,675
The State reports amounts in the budgetary funds that are reported in other major and nonmajor funds			(3,277)
Adjustments:			
The financial reporting fund structure includes funds that are not part of the budgetary fund structure	(621,523)		
Financial statements are presented using a modified accrual basis of accounting while budgetary basis is cash plus commitments	873,389		
Net Change in GAAP Fund Balances	\$ 768,964	\$ 0	\$ 0



# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions

#### Mississippi Highway Safety Patrol Retirement System

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019	2018	2017	2016	2015
Actuarially required employer contribution	\$ 19,375	\$ 15,128	\$ 14,809	\$ 14,755	\$ 13,695
Contributions in relation to actuarially required contribution	(19,375)	(15,128)	(14,809)	(14,755)	(13,695)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 31,811	\$ 29,555	\$ 28,845	\$ 27,380	\$ 25,505
Actual contributions as a percentage of covered payroll	60.91%	51.19%	51.34%	53.89%	53.7%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, 2017, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	37.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.25% to 8.81%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

The following amendments were incorporated into the actuarial valuations of MHSPRS:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
  - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
  - Projection scale MS-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
  - For males, 137% of male rates at all ages.
  - For females, 115% of female rates at all ages.
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3%.
- Withdrawal rates, pre-retirement mortality rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

#### Other information:

Effective July 1, 2018, the employer contribution rate was increased by the MHSPRS Administrative Board from 37% to 49.08%. Motor vehicle and driver's license reinstatement fees augment employer contributions. The amount of fees vary each year depending on activity, with \$3,770,000 collected for fiscal year 2019.

**\*Only five fiscal years are presented because 10-year data is not yet available.**

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions Supplemental Legislative Retirement System

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019	2018	2017	2016	2015
Actuarially required employer contribution	\$ 525	\$ 513	\$ 522	\$ 514	\$ 511
Contributions in relation to actuarially required contribution	(525)	(513)	(522)	(514)	(511)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 6,937	\$ 6,833	\$ 6,928	\$ 6,862	\$ 6,861
Actual contributions as a percentage of covered payroll	7.57%	7.51%	7.53%	7.49%	7.45%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in schedule of employer contributions are calculated as of June 30, 2017, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	21.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

The following amendments were incorporated into the actuarial valuations of SLRP:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
  - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
  - For males, 137% of male rates at all ages.
  - For females, 115% of female rates at all ages.
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3%.
- Withdrawal rates, pre-retirement mortality rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

**\*Only five fiscal years are presented because 10-year data is not yet available.**

## Required Supplementary Information

### Schedule of Employer Contributions Public Employees' Retirement System

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019	2018	2017	2016	2015
Actuarially required employer contribution	\$ 173,162	\$ 172,818	177,852	\$ 179,792	\$ 179,936
Contributions in relation to actuarially required contribution	(173,162)	(172,818)	(177,852)	(179,792)	(179,936)
Contribution deficiency (excess)	\$ 0	\$ 0	0	\$ 0	0
Covered payroll	\$ 1,099,260	\$ 1,097,260	1,129,216	\$ 1,141,539	\$ 1,142,452
Actual contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, 2017, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.25% to 18.5%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

The following amendments were incorporated into the actuarial valuations of PERS:

- a) The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  1. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
  2. For females, 85% of female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
  3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- b) The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
  1. For males, 137% of male rates at all ages.
  2. For females, 115% of female rates at all ages.
  3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- c) The price inflation assumption was reduced from 3% to 2.75%.
- d) The wage inflation assumption was reduced from 3.25% to 3%.
- e) Withdrawal rates, pre-retirement mortality rates and service retirement rates were also adjusted to more closely reflect actual experience.
- f) The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

#### Other information:

At its June 26, 2018 meeting, the Board voted to increase the employer contribution rate from 15.75 percent to 17.4 percent effective July 1, 2019. Along with this increase, the Board revised its funding policy which sets forth funding goals, objectives, and metrics for possible changes to the contribution rate for prospective fiscal years.

\*Only five fiscal years are presented because 10-year data is not yet available.

# Mississippi

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability Mississippi Highway Safety Patrol Retirement System Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019**	2018	2017	2016	2015
<b>Total pension liability</b>					
Service Cost	\$ 7,205	\$ 7,328	\$ 6,858	\$ 6,361	\$ 6,461
Interest	37,338	37,086	35,869	34,503	33,396
Differences between expected and actual experience	17,311	(5,780)	3,536	1,013	2,652
Changes in assumptions		(3,598)		19,176	
Benefit payments	(32,315)	(31,001)	(29,913)	(28,909)	(28,220)
Refund of contributions	(103)	(144)	(52)	(163)	(42)
<b>Net change in total pension liability</b>	29,436	3,891	16,298	31,981	14,247
<b>Total pension liability - beginning</b>	497,992	494,101	477,803	445,822	431,575
<b>Total pension liability - ending</b>	<u>\$ 527,428</u>	<u>\$ 497,992</u>	<u>\$ 494,101</u>	<u>\$ 477,803</u>	<u>\$ 445,822</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 15,128	\$ 14,809	\$ 14,755	\$ 13,695	\$ 13,500
Contributions - employee	2,271	2,147	2,128	1,938	1,963
Net investment income	27,719	44,499	1,704	10,812	51,575
Benefit payments	(32,315)	(31,001)	(29,913)	(28,909)	(28,220)
Refund of contributions	(103)	(144)	(52)	(163)	(42)
Administrative expense	(250)	(203)	(217)	(198)	(200)
<b>Net Change in plan fiduciary net position</b>	12,450	30,107	(11,595)	(2,825)	38,576
<b>Plan fiduciary net position - beginning</b>	341,719	311,612	323,207	326,032	287,456
<b>Plan fiduciary net position - ending</b>	354,169	341,719	311,612	323,207	326,032
<b>Net pension liability - ending</b>	<u>\$ 173,259</u>	<u>\$ 156,273</u>	<u>\$ 182,489</u>	<u>\$ 154,596</u>	<u>\$ 119,790</u>
Total pension liability	527,428	497,992	494,101	477,803	445,822
Total plan fiduciary net position	354,169	341,719	311,612	323,207	326,032
Net Pension liability	<u>\$ 173,259</u>	<u>\$ 156,273</u>	<u>\$ 182,489</u>	<u>\$ 154,596</u>	<u>\$ 119,790</u>
Plan fiduciary net position as a percentage of the pension liability	67.15%	68.62%	63.07%	67.64%	73.13%
Covered payroll	\$ 29,555	\$ 28,845	\$ 27,380	\$ 25,505	\$ 25,554
Net pension liability as a percentage of covered payroll	586.23%	541.77%	666.50%	606.14%	468.77%

\* Only five fiscal years are presented because 10-year data is not yet available.

\*\* Based on the measurement date of June 30, 2018

# Mississippi

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability

#### Supplemental Legislative Retirement System

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019**	2018	2017	2016	2015
<b>Total pension liability</b>					
Service Cost	\$ 431	\$ 433	\$ 420	\$ 406	\$ 404
Interest	1,557	1,593	1,586	1,569	1,549
Differences between expected and actual experience	(58)	(204)	(468)	(333)	(453)
Changes in assumptions		(868)	(6)	588	
Benefit payments	(1,410)	(1,397)	(1,454)	(1,220)	(1,216)
Refund of contribution	(18)	(17)	(32)	(37)	(22)
<b>Net change in total pension liability</b>	502	(460)	46	973	262
<b>Total pension liability - beginning</b>	20,799	21,259	21,213	20,240	19,978
<b>Total pension liability - ending</b>	\$ 21,301	\$ 20,799	\$ 21,259	\$ 21,213	\$ 20,240
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 513	\$ 522	\$ 514	\$ 511	\$ 514
Contributions - employee	207	212	208	207	208
Net investment income	1,412	2,264	86	552	2,605
Benefit payments	(1,410)	(1,397)	(1,454)	(1,220)	(1,216)
Refund of contributions	(18)	(17)	(32)	(37)	(22)
Administrative expense	(10)	(10)	(10)	(10)	(10)
<b>Net Change in plan fiduciary net position</b>	694	1,574	(688)	3	2,079
<b>Plan fiduciary net position - beginning</b>	17,342	15,768	16,456	16,453	14,374
<b>Plan fiduciary net position - ending</b>	18,036	17,342	15,768	16,456	16,453
<b>Net pension liability - ending</b>	\$ 3,265	\$ 3,457	\$ 5,491	\$ 4,757	\$ 3,787
Total pension liability	21,301	20,799	21,259	21,213	20,240
Total plan fiduciary net position	18,036	17,342	15,768	16,456	16,453
<b>Net Pension liability</b>	\$ 3,265	\$ 3,457	\$ 5,491	\$ 4,757	\$ 3,787
Plan fiduciary net position as a percentage of the pension liability	84.67%	83.38%	74.17%	77.58%	81.29%
Covered payroll	\$ 6,833	\$ 6,926	\$ 6,862	\$ 6,861	\$ 6,918
Net pension liability as a percentage of covered payroll	47.78%	49.90%	80.02%	69.33%	54.74%

\* Only five fiscal years are presented because 10-year data is not yet available.

\*\* Based on the measurement date of June 30, 2018

# Mississippi

## Required Supplementary Information

### Schedule of the Proportionate Share of the Net Pension Liability

#### Public Employees' Retirement System

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019**	2018	2017	2016	2015
State's proportion of the net pension liability	17.20%	17.62%	17.86%	18.19%	18.67%
State's proportionate share of the net pension liability	\$ 2,860,867	\$ 2,928,709	\$ 3,190,148	\$ 2,811,832	\$ 2,265,840
State's covered payroll	\$ 1,097,260	\$ 1,129,216	\$ 1,141,515	\$ 1,135,172	\$ 1,139,512
State's proportionate share of the net pension liability as a percentage of its covered payroll	260.73%	259.4%	279.5%	247.7%	198.84%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.7%	67.21%

\* Only five fiscal years are presented because 10-year data is not yet available.

\*\* Based on the measurement date of June 30, 2018

# Mississippi

## Required Supplementary Information

### Schedule of the Proportionate Share of the Net OPEB Liability

#### State Life and Health Insurance OPEB Plan

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019**	2018
State's proportion of the net OPEB liability	23.51%	24.07%
State's proportionate share of the net OPEB liability	\$ 181,836	\$ 188,888
State's covered employee payroll	\$ 1,001,976	\$ 1,053,049
State's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	18.15%	17.94%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

\* Only two fiscal years are presented because 10-year data is not yet available.

\*\* Based on the measurement date of June 30, 2018

# Mississippi

## Required Supplementary Information

### Schedule of the Proportionate Share of Employer Contributions OPEB

#### State Life and Health Insurance OPEB Plan

Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	2019	2018
Actuarially required employer contribution	\$ 7,813	\$ 8,097
Contributions in relation to actuarially required contribution	(7,813)	(8,097)
Contribution deficiency (excess)	\$ 0	\$ 0
Covered employee payroll	\$ 721,196	\$ 1,001,976
Actual contributions as a percentage of covered employee payroll	1.1%	0.81%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contribution are calculated as of June 30, 2018. The following actuarial methods and assumptions were used to determine the most recent contribution rates reported in that schedule.

Actuarial cost method	Entry Age
Amortization method	Level dollar
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Price Inflation	3%
Salary increases, including wage inflations	3.25% to 18.5%
Initial health care cost trend rates	
Medicare supplement claims - Pre Medicare	7.25%
Ultimate health care cost trend rates	
Medicare supplement claims - Pre Medicare	4.75%
Year of ultimate trend rates	
Medicare supplement claims - Pre Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89%

\*Only two fiscal years are presented because 10-year data is not yet available.





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# Mississippi

## Nonmajor Enterprise Funds

Enterprise funds account for the operations of the state that provide goods or services to the general public on a user charge basis.

### Nonmajor Enterprise Funds Descriptions

**Fair Commission** - The Fair Commission Fund accounts for expenses of the Fair Commission's operation of the coliseum, Dixie National Livestock Show and Industrial Showcase Building. Funding sources include gross receipts from the state fair, livestock show, Industrial Building and other events conducted at the coliseum and fairgrounds, as well as transfers from the General Fund.

**Veterans' Home Purchase Board** - The Veterans' Home Purchase Board Fund provides home mortgage loans to qualified Mississippi veterans and accounts for administrative expenses of the Veterans' Home Purchase Board. Revenue is derived from interest earned on loans.

**Department of Finance and Administration** - The Office of Surplus Property Fund receives and maintains an inventory of surplus federal property and redistributes it to state agencies and departments, counties, municipalities and other eligible donees within the state. Fees are collected from the donees to offset operating costs.

**Yellow Creek Inland Port Authority** - The Yellow Creek Inland Port Authority Fund accounts for operations of a public port facility at the conjunction of the Tennessee River and Yellow Creek in Tishomingo County, Mississippi. All costs of operating this port are accounted for in this fund. Funding is provided by gross receipts from port operations, proceeds from other governments and investment income.

**Department of Rehabilitation Services** - The AbilityWorks Fund accounts for a statewide system of sheltered workshop facilities through which handicapped citizens receive work experience to prepare them for employment outside the AbilityWorks setting. Revenue is generated from the sale of goods and services and transfers from the rehabilitation services fund.

**Department of Agriculture and Commerce** - The Agriculture and Forestry Museum Fund accounts for operations of the museum. Revenue is generated from the sale of goods, ticket sales and rental income.

**Department of Corrections** - The **Prison Agricultural Enterprises Fund** accounts for a farming operation. Revenue sources include proceeds from the sale of row crops and rental income from leased land.

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 901	\$ 81,383	\$ 851	\$
Cash and cash equivalents		240		3,980
Receivables, net	104	487	13	65
Due from other funds	1	43		
Inventories			14	
Prepaid items		11		27
Loans and notes receivable		5,956		169
Total Current Assets	1,006	88,120	878	4,241
Noncurrent assets:				
Investments				
Loans and notes receivable		157,862		4,878
Capital assets:				
Land and construction in progress	840	226	100	6,349
Other capital assets, net	11,734	999	176	14,819
Total Noncurrent Assets	12,574	159,087	276	26,046
Total Assets	13,580	247,207	1,154	30,287
<b>Deferred Outflow of Resources</b>				
Pension	143	333	309	202
Other postemployment benefits	6	9	4	4
Total Deferred outflow resources	149	342	313	206
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	22	482	20	
Accounts payable and other liabilities	164	36	11	267
Due to other governments	19			
Due to other funds		1	11	
Deposits		1,433		
Unearned revenues	14	200		
Notes payable				455
Net other postemployment benefits liability	5	5	3	3
Total Current Liabilities	224	2,157	45	725
Noncurrent liabilities:				
Notes payable				5,260
Net pension liability	1,663	2,280	998	1,360
Net other postemployment benefits liability	114	113	62	59
Other liabilities	86	91	37	51
Total Noncurrent Liabilities	1,863	2,484	1,097	6,730
Total Liabilities	2,087	4,641	1,142	7,455
<b>Deferred Inflow of Resources</b>				
Pension	41	60	149	41
Other postemployment benefits	15	8	7	7
Total deferred inflow resources	56	68	156	48
<b>Net Position</b>				
Net investment in capital assets	12,574	1,225	276	15,543
Unrestricted (deficit)	(988)	241,615	(107)	7,447
Total Net Position	\$ 11,586	\$ 242,840	\$ 169	\$ 22,990

<u>Department of Rehabilitation Services</u>	<u>Department of Agriculture and Commerce</u>	<u>Department of Corrections</u>	
AbilityWorks	Agriculture and Forestry Museum	Prison Agricultural Enterprises	Totals
\$	\$	\$ \$	\$
15,402	156	1,283	84,574
3,324	171		19,793
11,608	3		3,996
206	11	22	11,652
543			253
			581
			6,125
31,083	341	1,305	126,974
			162,740
	1,690		9,205
	1,401	2,038	31,167
	3,091	2,038	203,112
31,083	3,432	3,343	330,086
860		65	1,912
54		2	79
914		67	1,991
	19	4	547
2,694	29	36	3,237
			19
		584	596
			1,433
			214
			455
45		2	63
2,739	48	626	6,564
			5,260
10,312		665	17,278
942		47	1,337
	29	37	331
11,254	29	749	24,206
13,993	77	1,375	30,770
339		19	649
136		9	182
475		28	831
	3,091	2,038	34,747
17,529	264	(31)	265,729
\$ 17,529	\$ 3,355	\$ \$ 2,007	\$ 300,476

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Operating Revenues</b>				
Charges for sales and services	\$	\$	\$ 719	\$ 1,171
Investment income		5,608		
Rentals	4,518			891
Fees		169		
Other	11	2	2	613
Total Operating Revenues	4,529	5,779	721	2,675
<b>Operating Expenses</b>				
Cost of sales and services	66			
General and administrative	1,229	1,336	580	843
Contractual services	3,321	349	154	513
Commodities	412	58	27	78
Depreciation	425	36	24	886
Other	1	148		
Total Operating Expenses	5,454	1,927	785	2,320
Operating Income (Loss)	(925)	3,852	(64)	355
<b>Nonoperating Revenues</b>				
Gain on disposal of capital assets				38
Investment income		2,283	13	80
Total Nonoperating Revenues		2,283	13	118
<b>Nonoperating Expenses</b>				
Interest				110
Total Nonoperating Expenses				110
Income (Loss) before Capital Contributions and Transfers	(925)	6,135	(51)	363
Capital contributions		8		
Transfers In		35		
Transfers out				
Change in Net Position	(925)	6,178	(51)	363
Total Net Position - Beginning, as restated	12,511	236,662	220	22,627
Total Net Position - Ending	\$ 11,586	\$ 242,840	\$ 169	\$ 22,990

<u>Department of Rehabilitation Services</u>		<u>Department of Agriculture and Commerce</u>		<u>Department of Corrections</u>		
AbilityWorks		Agriculture and Forestry Museum		Prison Agricultural Enterprises		Totals
\$	7,599	\$	253	\$	1,320	\$ 11,062
						5,608
			247			5,656
						169
	927		59			1,614
	8,526		559		1,320	24,109
	8,225		69			8,360
	4,925		523		327	9,763
	1,031		526		285	6,179
	26		95		961	1,657
			104		149	1,624
			49			198
	14,207		1,366		1,722	27,781
	(5,681)		(807)		(402)	(3,672)
						38
	39					2,415
	39					2,453
					1	111
					1	111
	(5,642)		(807)		(403)	(1,330)
						8
	5,915		653		41	6,644
					(584)	(584)
	273		(154)		(946)	4,738
	17,256		3,509		2,953	295,738
\$	17,529	\$	3,355	\$	2,007	\$ 300,476

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Cash Flows from Operating Activities</b>				
Cash receipts from customers	\$ 4,517	\$ 374	\$ 705	\$ 2,154
Cash payments to suppliers for goods and services	(3,828)	(1,012)	(210)	(594)
Cash payments to employees for services	(1,165)	(1,124)	(463)	(736)
Other operating cash receipts	11	3	2	1,254
Principal and interest received on program loans		23,143		
Issuance of program loans		(25,788)		
Net Cash Provided by (Used for) Operating Activities	(465)	(4,404)	34	2,078
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in		35		
Transfers out				
Net Cash Provided by (Used for) Noncapital Financing Activities		35		
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(37)			(6,565)
Proceeds from sale of capital assets				69
Proceeds from notes payable				8,783
Principal paid on bonds and capital asset contracts				(3,068)
Interest paid on bonds and capital asset contracts				(110)
Net Cash Used for Capital and Related Financing Activities	(37)			(891)
<b>Cash Flows from Investing Activities</b>				
Proceeds from sales of investments				2,115
Investment income		2,268	13	80
Net Cash Provided by Investing Activities		2,268	13	2,195
Net Change in Cash and Cash Equivalents	(502)	(2,101)	47	3,382
Cash and Cash Equivalents - Beginning	1,403	83,724	804	598
Cash and Cash Equivalents - Ending	\$ 901	\$ 81,623	\$ 851	\$ 3,980



<u>Department of Rehabilitation Services</u>		<u>Department of Agriculture and Commerce</u>		<u>Department of Corrections</u>		
AbilityWorks		Agriculture and Forestry Museum		Prison Agricultural Enterprises		Totals
\$	9,053	\$	519	\$	1,324	\$ 18,646
	(9,700)		(718)		(677)	(16,739)
	(4,856)		(534)		(359)	(9,237)
	927		59			2,256
						23,143
						(25,788)
	(4,576)		(674)		288	(7,719)
	5,915		653		41	6,644
					(584)	(584)
	5,915		653		(543)	6,060
					(37)	(6,639)
					1	70
						8,783
					(41)	(3,109)
					(1)	(111)
					(78)	(1,006)
						2,115
	39					2,400
	39					4,515
	1,378		(21)		(333)	1,850
	14,024		348		1,616	102,517
\$	15,402	\$	327	\$	1,283	\$ 104,367

(Continued on Next Page)

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

			Department of Finance and Administration	
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ (925)	\$ 3,852	\$ (64)	\$ 355
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	425	36	24	886
Change in assets and liabilities:				
(Increase) decrease in assets:				
Receivables, net	(10)	(30)	(13)	91
Due from other funds	2	4		640
Inventories			(14)	
Prepaid items				13
Loans and notes receivable		(7,824)		
Increase (decrease) in liabilities:				
Warrants payable	(49)	(441)	9	
Accounts payable and other liabilities	32	(193)	2	5
Due to other governments	19	(182)	(4)	
Due to other funds		1	(16)	
Unearned revenues	8	200		
Pension cost	34	179	110	88
Other postemployment benefit cost	(1)	1		
Other liabilities		(7)		
Total adjustments	460	(8,256)	98	1,723
Net Cash Provided by (Used for) Operating Activities	\$ (465)	\$ (4,404)	\$ 34	\$ 2,078
<b>Noncash Capital and Related Financing Activities</b>				
Capital contributions		8		
Gain on disposal of capital assets				38

<b>Department of Rehabilitation Services</b>	<b>Department of Agriculture and Commerce</b>	<b>Department of Corrections</b>	
AbilityWorks	Agriculture and Forestry Museum	Prison Agricultural Enterprises	<b>Totals</b>
\$ (5,681)	\$ (807)	\$ (402)	\$ (3,672)
	104	149	1,624
315	18	2	373
1,139			1,785
(16)	3	30	3
(313)			(300)
			(7,824)
	18	(67)	(530)
(86)	(10)	(17)	(267)
			(167)
		584	569
			208
85		9	505
(19)			(19)
			(7)
1,105	133	690	(4,047)
\$ (4,576)	\$ (674)	\$ 288	\$ (7,719)

8  
38

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Fiduciary funds account for assets held in a trustee or agency capacity for others and cannot be used to support government's own programs.

### Fiduciary Funds Descriptions

#### Pension Trust Funds

**Public Employees' Retirement System** - The **Public Employees' Retirement System Fund** provides retirement and disability benefits to substantially all employees of the state and its political subdivisions. Benefits are funded by contributions from the members, the state and political subdivisions; and by investment income. The **Mississippi Highway Safety Patrol Retirement System Fund** provides retirement and disability benefits to sworn officers of the Department of Public Safety. Benefits are funded by contributions from the members and the state; and by investment income. The **Municipal Retirement Systems Fund** provides retirement and disability benefits to employees, firefighters and police officers of participating municipalities. Benefits are funded by contributions from the members and the municipalities; and by investment income. The **Supplemental Legislative Retirement Plan Fund** provides retirement and disability benefits supplemental to the benefits of the Public Employees' Retirement System to all elected members of the legislature and the president of the senate. Benefits are funded by contributions from the members and the state; and by investment income.

#### Other Employee Benefits Trust Fund

**State Life and Health Insurance Plan** – The State Life and Health Insurance Plan Fund provides post employment healthcare benefits to employees of the State and its political subdivisions. Benefits are funded by premiums from employers, employees and retirees; and by investment income.

#### Agency Funds

The **Local Government Distributive Fund** serves as a clearing mechanism for funds distributed to the various counties and municipalities of the state. The **Program Fund** accounts for receipt of various taxes, refundable deposits, inventories, and other monies collected or recovered to be held until the state has the right or obligation to distribute them to state operating funds or to various entities or individuals. The **Institutional Fund** accounts for deposits to various institutional accounts and other receipts held by the state until there is proper authorization to disburse them directly to others.

# Mississippi

## Pension and Other Employee Benefits Trust Funds

### Combining Statement of Fiduciary Net Position

June 30, 2019 (Expressed in Thousands)

	Pension Trust Funds		
	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Assets</b>			
Equity in internal investment pool	\$ 299	\$	\$
Cash and cash equivalents	768,540	10,001	4,046
Investments, at fair value:			
Short-term investments	405,863	5,285	2,138
Long-term debt securities	5,517,893	71,852	29,071
Equity securities	16,658,341	216,918	87,767
Private equity	2,280,045	29,690	12,013
Real estate investments	2,839,286	36,972	14,959
Securities lending:			
Short-term investments	989,884	12,890	5,215
Long-term debt securities	2,363,716	30,779	12,454
Receivables:			
Employer contributions	65,127	336	486
Employee contributions	36,490		1
Investment proceeds	952,710	12,406	5,019
Interest and dividends	103,520	1,348	545
Other	692		12
Capital assets:			
Land and construction in progress	1,717		
Other capital assets, net	16,429		
Total Assets	33,000,552	428,477	173,726
<b>Deferred Outflows of Resources</b>			
Other postemployment benefits	55		
Total Deferred Outflows of Resources	55		
<b>Liabilities</b>			
Warrants payable	106		
Accounts payable and accruals	1,440,723	18,662	7,602
Net other postemployment benefit liability	1,013		
Obligations under securities lending	3,352,088	43,650	17,661
Total Liabilities	4,793,930	62,312	25,263
<b>Deferred Inflows of Resources</b>			
Other postemployment benefits	75		
Total Deferred Inflows of Resources	75		
<b>Net Position</b>			
Net position restricted for pensions and other employee benefits	\$ 28,206,602	\$ 366,165	\$ 148,463

		Other Employee Benefits Trust Fund	
Supplemental Legislative Retirement System	Totals	State Life and Health Insurance Plan	Totals
\$	\$	\$	\$
	299	1,018	1,317
509	783,096		783,096
269	413,555		413,555
3,655	5,622,471		5,622,471
11,035	16,974,061		16,974,061
1,510	2,323,258		2,323,258
1,881	2,893,098		2,893,098
656	1,008,645		1,008,645
1,566	2,408,515		2,408,515
	65,949		65,949
	36,491		36,491
631	970,766		970,766
69	105,482		105,482
	704		704
	1,717		1,717
	16,429		16,429
21,781	33,624,536	1,018	33,625,554
	55		55
	55		55
	106		106
951	1,467,938		1,467,938
	1,013		1,013
2,221	3,415,620		3,415,620
3,172	4,884,677		4,884,677
	75		75
	75		75
\$	\$	\$	\$
18,609	28,739,839	1,018	28,740,857

# Mississippi

## Pension and Other Employee Benefits Trust Funds

### Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Pension Trust Funds		
	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Additions</b>			
Contributions:			
Employer	\$ 1,038,108	\$ 19,375	\$ 17,114
Employee	580,941	2,340	15
Total Contributions	1,619,049	21,715	17,129
Net Investment Income:			
Net change in fair value of investments	1,195,051	15,793	6,613
Interest and dividends	593,477	7,678	3,224
Securities lending:			
Income from securities lending	91,486	1,195	501
Interest expense and trading costs from securities lending	(76,246)	(995)	(418)
Managers' fees and trading costs	(102,447)	(1,527)	(623)
Net Investment Income	1,701,321	22,144	9,297
Other Additions	38		
Total Additions	3,320,408	43,859	26,426
<b>Deductions</b>			
Benefits	2,747,397	34,671	32,935
Refunds to terminated employees	108,042	16	
Administrative expenses	16,905	312	342
Depreciation	4,652		
Total Deductions	2,876,996	34,999	33,277
Change in Net Position	443,412	8,860	(6,851)
Net Position - Beginning, as restated	27,763,190	357,305	155,314
Net Position - Ending	\$ 28,206,602	\$ 366,165	\$ 148,463



			Other Employee Benefits Trust Fund		
Supplemental Legislative Retirement System			State Life and Health Insurance Plan		
Totals			Totals		
\$	525	\$	1,075,122	\$	1,109,134
	214		583,510		583,510
	739		1,658,632		1,692,644
	907		1,218,364		1,218,364
	446		604,825	18	604,843
	70		93,252		93,252
	(58)		(77,717)		(77,717)
	(78)		(104,675)		(104,675)
	1,287		1,734,049	18	1,734,067
			38		38
	2,026		3,392,719	34,030	3,426,749
	1,442		2,816,445	34,012	2,850,457
			108,058		108,058
	11		17,570		17,570
			4,652		4,652
	1,453		2,946,725	34,012	2,980,737
	573		445,994	18	446,012
	18,036		28,293,845	1,000	28,294,845
\$	18,609	\$	28,739,839	\$	28,740,857

# Mississippi

## Agency Funds

### Combining Statement of Fiduciary Net Position

June 30, 2019 (Expressed in Thousands)

	Local Government Distributive	Program	Institutional	Totals
<b>Assets</b>				
Equity in internal investment pool	\$ 765	\$ 9,470	\$	\$ 10,235
Cash and cash equivalents		19,042	7,004	26,046
Receivables, net:				
Accounts	161	1	20	182
Commodity inventory		2,993		2,993
Total Assets	\$ 926	\$ 31,506	\$ 7,024	\$ 39,456
<b>Liabilities</b>				
Warrants payable	\$ 65	\$	\$	\$ 65
Accounts payable and accruals	121	269	803	1,193
Due to other governments	732			732
Amounts held in custody for others	8	31,237	6,221	37,466
Total Liabilities	\$ 926	\$ 31,506	\$ 7,024	\$ 39,456

# Mississippi

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2019 (Expressed in Thousands)

Fund	Assets				
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Receivables	Commodity Inventory	Total Assets
<b>Local Government Distributive:</b>					
Balance - Beginning	\$ 883	\$	\$ 264	\$	\$ 1,147
Additions	47,022		8		47,030
Deductions	47,140		111		47,251
Balance - Ending	765		161		926
<b>Program:</b>					
Balance - Beginning	8,764	19,786		2,374	30,924
Additions	11,093	129,601	1	20,533	161,228
Deductions	10,387	130,345		19,914	160,646
Balance - Ending	9,470	19,042	1	2,993	31,506
<b>Institutional:</b>					
Balance - Beginning		6,687	18		6,705
Additions		11,949	39		11,988
Deductions		11,632	37		11,669
Balance - Ending		7,004	20		7,024
<b>Total - All Agency Funds:</b>					
Balance - Beginning	9,647	26,473	282	2,374	38,776
Additions	58,115	141,550	48	20,533	220,246
Deductions	57,527	141,977	148	19,914	219,566
Balance - Ending	\$ 10,235	\$ 26,046	\$ 182	\$ 2,993	\$ 39,456
<b>Liabilities</b>					
Fund	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Amounts Held In Custody for Others	Total Liabilities
<b>Local Government Distributive:</b>					
Balance - Beginning	\$ 121	\$ 185	\$ 833	\$ 8	\$ 1,147
Additions	4,889	4,069	26,487		35,445
Deductions	4,945	4,133	26,588		35,666
Balance - Ending	65	121	732	8	926
<b>Program:</b>					
Balance - Beginning	7	144		30,773	30,924
Additions	3	2,478		152,271	154,752
Deductions	10	2,353		151,807	154,170
Balance - Ending	0	269		31,237	31,506
<b>Institutional:</b>					
Balance - Beginning		903		5,802	6,705
Additions		666		11,558	12,224
Deductions		766		11,139	11,905
Balance - Ending		803		6,221	7,024
<b>Total - All Agency Funds:</b>					
Balance - Beginning	128	1,232	833	36,583	38,776
Additions	4,892	7,213	26,487	163,829	202,421
Deductions	4,955	7,252	26,588	162,946	201,741
Balance - Ending	\$ 65	\$ 1,193	\$ 732	\$ 37,466	\$ 39,456

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# Mississippi

## Nonmajor Component Units

Component Units are organizations which are legally separate from the state for which the State is financially accountable.

### Nonmajor Component Units Descriptions

**Mississippi Business Finance Corporation** - The corporation coordinates and oversees the delivery of services to small business communities of Mississippi.

**Mississippi Development Bank** - The bank fosters and promotes the provision of adequate markets and facilities for the borrowing of funds for public purposes by governmental units.

**Mississippi Lottery Corporation** – The corporation accounts for the operation of the State's lottery. Revenue is generated from the sale of lottery tickets.

**Mississippi Prison Industries Corporation** - The corporation is engaged in the manufacture of cloth related items, printing of forms, periodicals and manuals, and providing service work for manufacturers. Revenue is generated from the charges for goods and services.

**Pat Harrison Waterway District** - The district accounts for resources used to bring about the full beneficial use of surface and overflow waters of the Pascagoula River Basin.

**Pearl River Basin Development District** - The district accounts for resources used to preserve, conserve, store and regulate the waters of the Pearl River and its tributaries and their overflows.

**Pearl River Valley Water Supply District** - The district accounts for the operation and maintenance of the Ross Barnett Reservoir and surrounding lands, to provide water supply, flood reduction and recreational opportunities.

**Tombigbee River Valley Water Management District** - The district accounts for the development and conservation of the human and natural resources of Mississippi counties in which the Tombigbee River or any of its tributaries lie.

# Mississippi

## Nonmajor Component Units

### Combining Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Prison Industries Corporation
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$ 2,133	\$	\$
Cash and cash equivalents	814	1,342	370
Investments	14,490	3,540	
Receivables, net	77	12	635
Due from other governments			2
Due from primary government			1,119
Inventories			53
Prepaid items			14
Other assets			
Total Current Assets	17,514	4,894	2,193
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		131	
Capital assets:			
Land and construction in progress			312
Other capital assets, net	17		3,552
Total Noncurrent Assets	17	131	3,864
Total Assets	17,531	5,025	6,057
Deferred Outflows of Resources			
Pension	145		495
Other postemployment benefits	2		30
Total Deferred Outflows of Resources	147		525
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	63	117	826
Due to primary government			14
Unearned revenues			110
Lease obligations payable			7
Net other postemployment benefits liability	1		
Total Current Liabilities	64	117	957
Noncurrent liabilities:			
Bonds and notes payable, net			120
Lease obligations payable			4,067
Net pension liability	1,331		204
Net other postemployment benefits liability	27		
Other liabilities	60		
Total Noncurrent Liabilities	1,418		4,391
Total Liabilities	1,482	117	5,348
Deferred Inflows of Resources			
Pension	33		468
Other postemployment benefits	2		29
Total Deferred Inflows of Resources	35		497
<b>Net Position</b>			
Net investment in capital assets	17		3,864
Restricted for:			
Debt service		131	
Unrestricted (deficit)	16,144	4,777	(3,127)
Total Net Position	\$ 16,161	\$ 4,908	\$ 737

Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Mississippi Lottery Commission	Totals
\$	\$	\$	\$	\$	\$
2,557		15,420	2,771	378	2,133
7,295			7,000		23,652
82		1,307	59		32,325
169			43		2,172
					212
					2
					1,119
86				25	164
					14
10,189		16,727	9,873	403	61,793
					131
1,834		10,622	930		13,698
3,564		35,512	1,223		43,868
5,398		46,134	2,153	0	57,697
15,587		62,861	12,026	403	119,490
193		576	121		1,530
10		34	4		80
203		610	125	0	1,610
2,323		1,951	51	309	5,640
		79			79
10		433			457
					110
9		26	4		47
2,342		2,489	55	309	6,333
				750	750
					120
3,327		8,316	1,601		18,642
223		583	80		1,117
84		367	70		581
3,634		9,266	1,751	750	21,210
5,976		11,755	1,806	1,059	27,543
153		401	160		1,215
41		63	16		151
194		464	176	0	1,366
5,398		45,346	2,153		56,778
					131
4,222		5,906	8,016	(656)	35,282
\$ 9,620	\$	\$ 51,252	\$ 10,169	\$ (656)	\$ 92,191

# Mississippi

## Nonmajor Component Units

### Combining Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Mississippi Business Finance Corporation	\$ 986	\$ 786	\$	\$	\$ (200)
Mississippi Development Bank	573	432			(141)
Mississippi Prison Industries Corporation	6,286	5,767			(519)
Pat Harrison Waterway District	4,881	2,585		39	(2,257)
Pearl River Basin Development District					
Pearl River Valley Water Supply District	13,563	13,583		4,288	4,308
Tombigbee River Valley Water	1,894	1,644			(250)
Mississippi Lottery Commission	656				(656)
Total	\$ 28,839	\$ 24,797	\$	\$ 4,327	\$ 285



# General Revenues

Investment Income	Other	Change in Net Position	Net Position - Beginning	Net Position - Ending
\$ 764	\$	\$ 564	\$ 15,597	\$ 16,161
170		29	4,879	4,908
	106	(413)	1,150	737
129	2,529	401	9,219	9,620
	414	414	(414)	0
107	646	5,061	46,191	51,252
122	246	118	10,051	10,169
		(656)		(656)
\$ 1,292	\$ 3,941	\$ 5,518	\$ 86,673	\$ 92,191

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# Mississippi

## Statistical Section

The Statistical Section provides additional historical perspective, context, and detail to assist financial statement users in understanding the State of Mississippi's overall financial health.

### Financial Trends

These tables contain trend information to help users in understanding how the State's financial position has changed over time.

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### Revenue Capacity

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### Debt Capacity

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### Demographic and Economic Information

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### Operating Information

These tables contain information about the State's operations and resources to help users understand how the State's financial information relates to the services the State provides and the activities it performs.

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# Mississippi

## Net Position by Component

**Table 1**

**Last Ten Fiscal Years**

Accrual Basis of Accounting (Expressed in Thousands)

	2019	2018	2017	2016
<b>Governmental activities</b>				
Net investment in capital assets	\$ 15,298,901	\$ 14,991,832	\$ 14,666,438	\$ 14,372,421
Restricted	3,623,137	3,189,862	3,374,220	3,763,095
Unrestricted	(6,036,354)	(5,845,872)	(6,058,425)	(5,532,216)
Total governmental activities net position	\$ 12,885,684	\$ 12,335,822	\$ 11,982,233	\$ 12,603,300
<b>Business-type activities</b>				
Net investment in capital assets	\$ 689,971	\$ 690,841	\$ 605,123	\$ 548,732
Restricted	739,741	711,365	686,601	668,662
Unrestricted	395,258	407,471	416,087	131,592
Total business-type activities net position	\$ 1,824,970	\$ 1,809,677	\$ 1,707,811	\$ 1,348,986
<b>Primary Government</b>				
Net investment in capital assets	\$ 15,988,872	\$ 15,682,673	\$ 15,271,561	\$ 14,921,153
Restricted	4,362,878	3,901,227	4,060,821	4,431,757
Unrestricted	(5,641,096)	(5,438,401)	(5,642,338)	(5,400,624)
Total primary government net position	\$ 14,710,654	\$ 14,145,499	\$ 13,690,044	\$ 13,952,286

Note: This table has been restated for prior period adjustments, if practical. Complete information necessary to fully restate fiscal years 2014 and 2017 for the implementation of GASB Statement 68 and GASB Statement 75, respectively, was not available.

	2015		2014		2013		2012		2011		2010
\$	13,900,211	\$	13,430,397	\$	13,107,678	\$	12,667,849	\$	11,845,579	\$	11,408,744
	3,869,799		3,633,805		3,602,589		3,615,270		3,480,202		655,192
	(6,005,860)		(3,035,755)		(3,188,135)		(3,132,568)		(2,680,509)		(267,768)
\$	11,764,150	\$	14,028,447	\$	13,522,132	\$	13,150,551	\$	12,645,272	\$	11,796,168
<hr/>											
\$	393,507	\$	297,830	\$	265,837	\$	209,497	\$	216,682	\$	208,101
	646,868		602,831		578,710		540,875		433,703		433,216
	181,529		212,462		253,732		228,423		250,052		202,455
\$	1,221,904	\$	1,113,123	\$	1,098,279	\$	978,795	\$	900,437	\$	843,772
<hr/>											
\$	14,293,718	\$	13,728,227	\$	13,373,515	\$	12,877,346	\$	12,062,261	\$	11,616,845
	4,516,667		4,236,636		4,181,299		4,156,145		3,913,905		1,088,408
	(5,824,331)		(2,823,293)		(2,934,403)		(2,904,145)		(2,430,457)		(65,313)
\$	12,986,054	\$	15,141,570	\$	14,620,411	\$	14,129,346	\$	13,545,709	\$	12,639,940

# Mississippi

## Changes in Net Position

Last Ten Fiscal Years

Table 2

Accrual Basis of Accounting (Expressed in Thousands)

	2019	2018	2017	2016
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,412,774	\$ 2,229,648	\$ 2,298,846	\$ 2,814,758
Education	3,610,869	3,610,796	3,665,357	3,647,055
Health and social services <sup>1</sup>	7,799,755	7,866,652	7,924,907	7,851,381
Law, justice and public safety	823,290	860,122	939,956	858,504
Recreation and resources development	525,045	480,745	502,675	460,031
Regulation of business and professions	46,308	45,223	44,841	43,001
Transportation	846,227	803,887	768,700	725,192
Interest on long-term debt	216,247	188,672	231,875	253,752
Total governmental activities expenses	16,280,515	16,085,745	16,377,157	16,653,674
Business-type activities:				
Unemployment compensation	60,625	73,895	83,972	101,445
Port Authority at Gulfport	36,702	33,447	43,633	27,120
Prepaid affordable college tuition	14,826	18,290	31,489	16,304
State life and health insurance plan	792,020	782,341		
Other business-type activities expenses <sup>2</sup>	27,892	26,737	801,486	34,905
Total business-type activities expenses	932,065	934,710	960,580	179,774
Total primary government expenses	\$ 17,212,580	\$ 17,020,455	\$ 17,337,737	\$ 16,833,448
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 827,965	\$ 799,509	\$ 812,665	\$ 2,210,377
Education	14,913	15,742	17,732	19,932
Health and social services	567,213	563,693	568,504	585,302
Law, justice and public safety	88,929	77,506	74,713	131,126
Recreation and resources development	77,983	97,124	84,778	78,449
Regulation of business and professions	37,060	28,715	33,686	45,203
Transportation	40,164	52,139	29,813	36,886
Operating grants and contributions	7,013,833	7,150,268	7,036,472	7,064,684
Capital grants and contributions	594,837	561,012	496,734	508,194
Total governmental activities program revenues	9,262,897	9,345,708	9,155,097	10,680,153
Business-type activities:				
Charges for services:				
Unemployment compensation <sup>3</sup>	72,172	82,871	86,649	107,658
Port Authority at Gulfport	29,106	27,456	22,892	17,244
Prepaid affordable college tuition	11,641	10,349	10,921	12,775
State life and health insurance plan	752,604	738,618		
Other business-type <sup>4</sup>	18,539	20,709	758,923	25,461
Operating grants and contributions <sup>5</sup>	989	985	1,481	1,620
Capital grants and contributions	8	106	18	
Total business-type activities program revenues	885,059	881,094	880,884	164,758
Total primary government program revenues	\$ 10,147,956	\$ 10,226,802	\$ 10,035,981	\$ 10,844,911
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (7,017,618)	\$ (6,740,037)	\$ (7,222,060)	\$ (5,973,521)
Business-type activities	(47,006)	(53,616)	(79,696)	(15,016)
Total primary government net expense	\$ (7,064,624)	\$ (6,793,653)	\$ (7,301,756)	\$ (5,988,537)

	2015		2014		2013		2012		2011		2010
\$	2,951,973	\$	2,069,107	\$	2,028,155	\$	1,959,116	\$	1,881,692	\$	2,011,806
	3,383,767		3,996,554		3,912,889		4,126,252		4,138,774		4,082,117
	7,679,895		7,394,045		7,372,085		7,074,781		6,873,932		6,747,426
	967,422		923,952		983,870		878,668		1,013,451		1,095,181
	556,790		637,850		587,367		722,713		1,008,883		1,058,604
	40,760		39,174		39,703		37,578		37,457		38,188
	675,713		647,532		596,160		555,955		600,224		689,802
	225,512		243,099		247,012		257,304		223,856		146,732
	16,481,832		15,951,313		15,767,241		15,612,367		15,778,269		15,869,856
	109,468		204,206		338,390		408,399		520,790		669,679
	26,202		25,688		28,589		51,950		30,276		23,243
	27,122		103,134		41,278		56,568		45,754		42,183
	37,902		37,379		35,421		47,009		40,702		38,074
	200,694		370,407		443,678		563,926		637,522		773,179
\$	16,682,526	\$	16,321,720	\$	16,210,919	\$	16,176,293	\$	16,415,791	\$	16,643,035
\$	1,292,467	\$	1,310,188	\$	1,305,202	\$	1,226,107	\$	1,183,632	\$	1,214,243
	15,082		23,989		24,539		37,491		36,151		51,848
	705,199		583,738		620,930		659,245		622,266		569,685
	125,231		126,054		118,797		102,689		101,992		99,098
	73,478		79,287		98,496		90,643		132,401		145,988
	44,456		43,764		44,138		42,229		43,005		41,644
	69,386		49,841		34,819		32,865		36,335		7,787
	7,059,002		6,796,079		6,934,753		7,038,237		7,896,876		7,795,111
	487,083		548,283		561,283		612,734		603,098		643,843
	9,871,384		9,561,223		9,742,957		9,842,240		10,655,756		10,569,247
	137,525		158,741		202,715		274,063		209,318		84,916
	15,045		15,603		15,050		15,140		27,807		14,652
	13,220		6,370		12,786		22,458		21,764		21,799
	27,046		28,563		28,016		27,738		39,319		36,811
	3,065		57,162		161,613		244,325		310,704		382,141
			33		904		246		16		24
	195,901		266,472		421,084		583,970		608,928		540,343
\$	10,067,285	\$	9,827,695	\$	10,164,041	\$	10,426,210	\$	11,264,684	\$	11,109,590
\$	(6,610,448)	\$	(6,390,090)	\$	(6,024,284)	\$	(5,770,127)	\$	(5,122,513)	\$	(5,300,609)
	(4,793)		(103,935)		(22,594)		20,044		(28,594)		(232,836)
\$	(6,615,241)	\$	(6,494,025)	\$	(6,046,878)	\$	(5,750,083)	\$	(5,151,107)	\$	(5,533,445)

(Continued on Next Page)

# Mississippi

## Changes in Net Position

Last Ten Fiscal Years

Table 2

Accrual Basis of Accounting (Expressed in Thousands)

(Continued from Previous Page)

	2019	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Sales and use	\$ 3,629,500	\$ 3,462,757	\$ 3,392,712	\$ 3,361,075
Gasoline and other motor fuel	430,764	415,738	429,929	425,205
Individual income	1,917,567	1,812,862	1,721,862	1,734,040
Corporate income and franchise	648,347	588,260	569,856	577,114
Insurance	360,047	340,743	328,109	314,756
Other	513,111	505,642	498,986	474,045
Investment income	113,085	39,300	34,939	56,300
Transfers	(17,901)	(95,075)	(79,494)	(129,864)
Total governmental activities	7,594,520	7,070,227	6,896,899	6,812,671
Business-type activities:				
Investment income	44,695	50,331	63,121	12,234
Extraordinary item - debt forgiveness		12,791		
Transfers	17,901	94,075	79,494	129,864
Total business-type activities	62,596	157,197	142,615	142,098
Total primary government	\$ 7,657,116	\$ 7,227,424	\$ 7,039,514	\$ 6,954,769
<b>Change in Net Position</b>				
Governmental activities	\$ 576,902	\$ 330,190	\$ (325,161)	\$ 839,150
Business-type activities	15,590	103,581	62,919	127,082
Total primary government	\$ 592,492	\$ 433,771	\$ (262,242)	\$ 966,232

Note: This table has been restated for prior period adjustments, if practical. Complete information necessary to fully restate fiscal years 2014 and 2017 for the implementation of GASB Statement 68 and GASB Statement 75, respectively, was not available.

<sup>1</sup> Health and social services expenses increased from 2014 to 2015 as Medicaid enrollment increased in response to the Affordable Care Act mandate for health insurance.

<sup>2</sup> Other business-type activities expenses increased from 2016-2017. This is a result of the State Life and Health Insurance Plan being reclassified from an internal service fund to an enterprise fund.

<sup>3</sup> Unemployment Compensation Charges for Services increased from 2010-2011. Employer assessments grew because the taxable wage base doubled.

<sup>4</sup> Other business-type activities charges for services increased from 2016-2017 as a result of the State Life and Health Insurance Plan being reclassified from an internal service fund to an enterprise fund.

<sup>5</sup> Operating grants and contributions decreased from 2014-2015 as federal funding for unemployment compensation programs came to an end.



	2015		2014		2013		2012		2011		2010
\$	3,300,516	\$	3,263,643	\$	3,118,658	\$	3,031,689	\$	2,935,523	\$	2,885,064
	414,779		408,667		402,724		419,811		420,410		406,279
	1,744,620		1,703,736		1,666,840		1,572,334		1,374,843		1,385,623
	689,171		677,168		533,246		476,423		477,443		416,978
	273,710		267,971		216,173		209,937		192,146		197,970
	513,203		541,496		531,494		551,119		520,689		511,351
	53,689		82,307		9,208		50,607		91,185		54,935
	(103,182)		(48,583)		(82,478)		(36,514)		(22,871)		(29,896)
	6,886,506		6,896,405		6,395,865		6,275,406		5,989,368		5,828,304
	28,585		70,196		59,600		21,800		62,388		44,548
	103,182		48,583		82,478		36,514		22,871		29,896
	131,767		118,779		142,078		58,314		85,259		74,444
\$	7,018,273	\$	7,015,184	\$	6,537,943	\$	6,333,720	\$	6,074,627	\$	5,902,748
\$	276,058	\$	506,315	\$	371,581	\$	505,279	\$	866,855	\$	527,695
	126,974		14,844		119,484		78,358		56,665		(158,392)
\$	403,032	\$	521,159	\$	491,065	\$	583,637	\$	923,520	\$	369,303

# Mississippi

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 3

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2019	2018	2017	2016	2015
<b>General Fund</b>					
Nonspendable	\$ 39,579	\$ 46,513	\$ 48,671	\$ 51,896	\$ 52,877
Restricted	3,515,329	3,079,797	3,262,166	3,647,183	3,754,248
Committed	112,429	129,083	56,179	41,724	88,919
Assigned	26,265	14,309	10,865	10,072	12,121
Unassigned	849,408	531,384	405,825	546,979	232,990
Total General Fund	<u>\$ 4,543,010</u>	<u>\$ 3,801,086</u>	<u>\$ 3,783,706</u>	<u>\$ 4,297,854</u>	<u>\$ 4,141,155</u>

### All Other Governmental Funds

Nonspendable	\$ 60,080	\$ 58,485	\$ 57,994	\$ 57,305	\$ 57,201
Restricted	8,149	5,067	5,389	6,709	5,473
Committed					
Total All Other Governmental Funds	<u>\$ 68,229</u>	<u>\$ 63,552</u>	<u>\$ 63,383</u>	<u>\$ 64,014</u>	<u>\$ 62,674</u>

	2010
<b>General Fund</b>	
Reserved	\$ 813,291
Unreserved	1,895,503
Total General Fund	<u>\$ 2,708,794</u>

### All Other Governmental Funds

Reserved	\$ 82,783
Unreserved, reported in:	
Special revenue funds	596,557
Capital project funds	323,080
Permanent funds	6,601
Total All Other Governmental Funds	<u>\$ 1,009,021</u>

Note: Beginning in fiscal year 2011, fund balance categories were reclassified as a result of implementing GASB Statement 54 but were not restated for prior years. However, this table has been restated for prior period adjustments.

2014	2013	2012	2011
\$ 52,061	\$ 50,480	\$ 52,236	\$ 52,571
3,448,681	3,491,146	3,528,727	2,895,706
139,936	112,788	192,939	198,340
10,503	10,729	45,757	110,648
571,580	520,612	452,744	287,764
<u>\$ 4,222,761</u>	<u>\$ 4,185,755</u>	<u>\$ 4,272,403</u>	<u>\$ 3,545,029</u>
\$ 56,450	\$ 55,711	\$ 54,918	\$ 54,476
5,163	5,252	7,132	477,449
			187,041
<u>\$ 61,613</u>	<u>\$ 60,963</u>	<u>\$ 62,050</u>	<u>\$ 718,966</u>

# Mississippi

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 4

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2019	2018	2017	2016
<b>Revenues</b>				
Taxes				
Sales and use <sup>1</sup>	\$ 3,626,296	\$ 3,466,388	\$ 3,399,477	\$ 3,375,755
Gasoline and other motor fuel	430,910	414,770	430,162	424,615
Individual income	1,908,011	1,829,073	1,728,682	1,733,198
Corporate income and franchise	650,618	592,988	567,316	573,873
Insurance	360,047	340,743	328,109	314,756
Other	513,111	505,642	498,986	474,045
Licenses, fees and permits	551,619	529,731	546,216	569,717
Federal government <sup>2</sup>	7,575,374	7,671,041	7,499,244	7,494,821
Investment income	113,085	41,696	28,487	68,870
Charges for sales and services	423,684	388,401	353,640	382,441
Rentals	2,427	1,405	1,658	25,504
Court assessments and settlements	239,531	202,735	204,378	384,080
Other	492,774	534,320	537,349	616,830
Total Revenues	16,887,487	16,518,933	16,123,704	16,438,505
<b>Expenditures</b>				
General government	2,356,261	2,186,733	2,269,629	2,228,370
Education	3,614,734	3,603,390	3,656,763	3,643,209
Health and social services <sup>3</sup>	7,757,625	7,782,448	7,823,462	7,806,591
Law, justice and public safety	835,203	823,278	866,469	861,793
Recreation and resources development	514,244	460,451	487,526	458,957
Regulation of business and professions	45,536	42,942	42,704	42,123
Transportation	1,126,873	1,104,440	1,157,251	1,062,860
Debt service				
Principal	354,249	323,203	399,019	358,206
Interest and other fiscal charges	231,184	235,639	243,751	244,996
Defeasance of debt				
Capital outlay				
Total Expenditures	16,835,909	16,562,524	16,946,574	16,707,105
Excess of revenues over (under) expenditures	\$ 51,578	\$ (43,591)	\$ (822,870)	\$ (268,600)

	2015	2014	2013	2012	2011	2010
\$	3,324,776	\$ 3,264,343	\$ 3,122,591	\$ 3,037,136	\$ 2,916,298	\$ 2,848,169
	419,622	406,647	409,730	415,508	415,200	406,837
	1,747,961	1,676,064	1,680,470	1,551,576	1,409,473	1,337,000
	691,769	677,501	539,174	497,879	447,322	413,930
	273,710	267,971	216,173	209,937	192,146	197,970
	515,596	541,496	531,494	551,119	520,689	511,351
	564,702	522,824	533,880	533,573	519,033	505,314
	7,500,282	7,343,489	7,495,005	7,647,096	8,496,243	8,434,957
	57,002	69,134	10,897	47,037	88,553	96,596
	361,793	363,976	346,611	347,252	379,741	311,236
	15,789	32,662	27,698	27,641	29,044	27,844
	163,915	169,497	141,008	156,163	145,462	188,337
	653,608	562,028	607,047	535,500	511,610	521,636
	16,290,525	15,897,632	15,661,778	15,557,417	16,070,814	15,801,177
	2,475,434	1,493,951	1,495,665	1,414,395	1,301,010	1,377,855
	3,381,946	3,994,332	3,909,703	4,121,827	4,134,654	4,076,285
	7,685,805	7,404,608	7,373,548	7,064,468	6,863,679	6,711,466
	959,927	930,805	985,149	933,574	953,468	1,053,017
	555,793	639,569	590,813	715,739	1,002,286	1,055,786
	41,284	39,444	39,654	37,440	37,713	37,847
	1,047,355	1,143,230	1,109,584	1,204,625	1,168,090	1,180,908
	319,916	319,798	307,377	290,870	316,103	321,825
	224,400	244,164	246,962	240,940	226,906	163,207
						2,505
				68,471	84,671	98,825
	16,691,860	16,209,901	16,058,455	16,092,349	16,088,580	16,079,526
\$	(401,335)	\$ (312,269)	\$ (396,677)	\$ (534,932)	\$ (17,766)	\$ (278,349)

(Continued on Next Page)

# Mississippi

## Changes in Fund Balances of Governmental Funds

**Table 4**

**Last Ten Fiscal Years**

Modified Accrual Basis of Accounting (Expressed in Thousands)

(Continued from Previous Page)

	2019	2018	2017	2016
<b>Other Financing Sources (Uses)</b>				
Bonds and notes issued	\$ 727,919	\$ 151,651	\$ 334,135	\$ 498,895
Capital leases issued	2,840	1,819	1,637	3,420
Discounts on bonds and notes issued				
Insurance recovery	177	810	478	1,498
Payments on refunded bond anticipation notes				
Payments on refunded bonds and notes				
Payments to bond escrow agent				
Payments to refunded bond, note and lease escrow agents	(39,000)	(263,616)	(650,120)	(76,405)
Premiums on bonds, notes, and refunding bonds and notes issued	48,028	16,487	136,029	56,328
Refunding bonds and notes issued		221,850	551,030	71,125
Transfers in	3,184	3,117	3,017	4,082
Transfers out	(21,085)	(98,192)	(82,511)	(132,304)
Net Other Financing Sources (Uses)	722,063	33,926	293,695	426,639
Net Change in Fund Balances	\$ 773,641	\$ (9,665)	\$ (529,175)	\$ 158,039
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.7%	3.6%	4.0%	3.8%

Note: This table has been restated for prior period adjustments.

<sup>1</sup> Sales and use taxes decreased from 2008 to 2009 and again from 2009 to 2010 as consumer spending on cars, lumber and building materials and other taxable goods and services was down in response to a weakening economy.

<sup>2</sup> Federal government revenues increased from 2009 to 2010. This is due in part to funding provided by the American Recovery and Reinvestment Act.

<sup>3</sup> Health and social services expenditures rose from 2009 to 2010 primarily as benefits and the number of participants in the Medicaid and the Supplemental Nutrition Assistance Programs increased.

Health and social services expenditures rose from 2008 to 2009 primarily as Medicaid expenditures escalated for medical assistance and disproportionate share payments.

Health and social services expenditures increased from 2014 to 2015 as Medicaid enrollment increased in response to the Affordable Care Act mandate for health insurance.

	2015		2014		2013		2012		2011		2010
\$	366,575	\$	348,777	\$	341,420	\$	603,030	\$	569,794	\$	581,972
	2,322		16,107		487		9,524		8,009		2,987
	(353)										
	22,732		17,826		7,303		332		185		1,822
							(19,000)		(105,105)		(241,100)
									(183,105)		(141,892)
	(483,163)				(776,032)		(115,002)				(41,998)
	86,758		15,838		120,265		40,400		13,114		10,562
	429,115				697,790		123,075		284,453		413,965
	3,513		4,508		4,461		196,971		138,686		756,592
	(106,709)		(53,131)		(86,752)		(233,940)		(161,936)		(786,417)
	320,790		349,925		308,942		605,390		564,095		556,493
\$	(80,545)	\$	37,656	\$	(87,735)	\$	70,458	\$	546,329	\$	278,144
	3.4%		3.5%		3.7%		3.6%		3.6%		3.2%

# Mississippi

## Taxable Sales by Industry

**Table 5**

**Last Ten Fiscal Years**

(Expressed in Thousands)

	2018	2017	2016	2015
Accommodation and Food Services	\$ 5,456,740	\$ 5,248,968	\$ 5,069,440	4,802,372
Administrative, Support, Waste Management	438,035	411,341	391,177	361,743
Arts, Entertainment, Recreation	133,364	124,183	123,077	122,846
Construction	5,064,972	5,271,234	4,994,170	5,461,065
Information	2,602,386	2,666,288	2,696,693	2,706,468
Manufacturing	871,331	806,532	797,074	783,109
Mining, Quarrying and Oil and Gas Extraction	169,696	156,831	170,269	398,300
Other Services	1,562,639	1,511,868	1,489,721	1,389,561
Real Estate, Rental, and Leasing	1,134,767	1,089,123	946,120	929,136
Retail Trade	28,201,445	26,554,174	26,582,734	25,604,974
Utilities	1,196,302	1,126,915	1,147,208	1,271,311
Wholesale Trade	3,872,348	3,772,150	3,577,702	3,624,257
Other Industries	436,595	389,628	367,121	339,919
Total taxable sales	<u>\$ 51,140,620</u>	<u>\$ 49,129,235</u>	<u>\$ 48,352,506</u>	<u>47,795,061</u>
Gross tax collections	\$ 3,264,296	\$ 3,113,618	\$ 3,070,307	3,014,604
Average effective rate	6.38%	6.34%	6.35%	6.31%

	2013	2012	2011	2010
Automotive	\$ 6,282,431	\$ 5,903,776	\$ 5,443,950	\$ 4,864,021
Contracting	5,353,835	5,418,884	5,694,497	6,088,260
Food and Beverage	8,449,285	8,193,223	7,889,072	7,712,477
Furniture	853,711	865,405	864,544	874,401
General Merchandise	7,896,794	7,732,806	7,592,421	7,496,027
Lumber and Building Materials	2,672,756	2,574,449	2,587,393	2,510,439
Machinery, Equipment and Supplies	3,578,629	3,099,301	2,704,961	2,380,929
Miscellaneous Retail	3,715,848	3,591,929	3,453,367	3,339,710
Miscellaneous Services	2,683,214	2,719,817	2,796,299	2,580,111
Public Utilities	4,369,849	4,126,438	4,174,681	4,299,562
Recreation	153,087	152,721	145,519	144,896
Wholesale	816,077	799,970	785,349	756,599
Total taxable sales	<u>\$ 46,825,516</u>	<u>\$ 45,178,719</u>	<u>\$ 44,132,053</u>	<u>\$ 43,047,432</u>
Gross tax collections	\$ 2,879,001	\$ 2,785,750	\$ 2,725,830	\$ 2,652,437
Average effective rate	6.15%	6.17%	6.18%	6.16%

**Notes:**

During Fiscal year 2014, the Mississippi Department of Revenue converted sales tax collection data from the Standard Industrial Classification (SIC) System to the North American Industry Classification System (NAICS). Due to confidentiality issues, the names of the ten largest tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

The most current fiscal year available is fiscal year 2018.

**Source:** Mississippi Department of Revenue



**2014**

4,590,836
335,163
124,955
5,716,050
2,635,722
896,040
412,702
1,335,779
862,594
25,048,766
1,439,020
3,658,202
325,675
<u>47,381,504</u>
2,945,016
6.22%

**2009**

\$	5,023,772
	7,771,199
	7,658,372
	858,990
	7,697,208
	2,870,910
	2,655,964
	3,567,676
	2,829,490
	4,383,720
	136,388
	763,532
<u>\$</u>	<u>46,217,221</u>
\$	2,809,904
	6.08%

# Mississippi

## Sales Tax Revenue Payers by Industry

Fiscal Years 2018 and 2009

Table 6

	2018			
	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Accommodation and Food Services	10,542	11.4 %	\$ 381,945	11.7 %
Administrative, Support, Waste Management	1,911	2.0	30,579	0.9
Arts, Entertainment, Recreation	2,468	2.6	9,335	0.3
Construction	10,445	11.3	211,532	6.5
Information	1,011	1.1	182,166	5.6
Manufacturing	4,922	5.3	53,065	1.6
Mining, Quarrying and Oil and Gas Extraction	678	0.7	11,114	0.3
Other Services	6,665	7.2	108,159	3.3
Real Estate, Rental, and Leasing	2,325	2.5	73,739	2.3
Retail Trade	37,656	40.6	1,868,754	57.2
Utilities	769	0.8	78,126	2.4
Wholesale Trade	8,882	9.6	227,245	7.0
Other Industries	4,516	4.9	28,536	0.9
Total taxable sales	92,790	100.0 %	\$ 3,264,295	100.0 %

### Notes:

During Fiscal year 2014, the Mississippi Department of Revenue converted sales tax collection data from the Standard Industrial Classification (SIC) System to the North American Industry Classification System (NAICS). Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

The most current fiscal year available is 2018.

**Source:** Mississippi Department of Revenue

2009

	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Automotive	11,393	13.0 %	\$ 289,641	10.3 %
Contracting	10,341	11.9	295,067	10.5
Food and Beverage	15,156	17.4	536,087	19.1
Furniture	2,295	2.6	60,129	2.1
General Merchandise	5,668	6.5	539,338	19.2
Lumber and Building Materials	5,676	6.5	200,964	7.2
Machinery, Equipment, and Supplies	6,571	7.5	152,864	5.5
Miscellaneous Retail	22,128	25.4	244,195	8.7
Miscellaneous Services	6,176	7.0	194,751	6.9
Public Utilities	1,215	1.4	233,874	8.3
Recreation	582	0.7	9,547	0.3
Wholesale	46	0.1	53,447	1.9
Total taxable sales	87,247	100.0 %	\$ 2,809,904	100.0 %

# Mississippi

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Thousands, except Per capita)

Table 7

	2019	2018	2017	2016
<b>Governmental Activities</b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,389,027	\$ 4,263,174	\$ 4,409,839	\$ 4,389,749
Limited Obligation Bonds	507,839	215,158	221,727	226,507
Capital Lease Obligations	7,404	7,872	11,124	15,262
Notes Payable <sup>1</sup>	889,397	957,165	1,030,160	1,055,789
Total Governmental Activities	5,793,667	5,443,369	5,672,850	5,687,307
<b>Business-type Activities</b>				
General Obligation Bonds	309	6,496	6,673	9,696
Capital Lease Obligations		40	120	198
Total Business-type Activities	309	6,536	6,793	9,894
Total Primary Government	\$ 5,793,976	\$ 5,449,905	\$ 5,679,643	\$ 5,697,201
Amount of Debt Per capita <sup>2</sup>	\$ 1,940	\$ 1,826	\$ 1,900	\$ 1,904
Debt as a percentage of Personal Income <sup>3</sup>	5.1%	5.0%	5.3%	5.4%
<b>Net General Obligation Bonded Debt<sup>4</sup></b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,389,027	\$ 4,263,174	\$ 4,409,839	\$ 4,389,749
Less: Debt Service	258,252	280,295	252,787	335,687
Net General Obligation Bonded Debt	\$ 4,130,775	\$ 3,982,879	\$ 4,157,052	\$ 4,054,062
Amount of Net General Obligation Bonded Debt Per capita <sup>2</sup>	\$ 1,383	\$ 1,335	\$ 1,391	\$ 1,355
Net General Obligation Bonded Debt as a percentage of Taxable Sales <sup>5</sup>	8.1%	8.1%	8.6%	8.5%

### Notes:

<sup>1</sup> Fiscal years 2009 - 2012 have been restated for GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, presentation.

<sup>2</sup> See Table 9 for population data. For the current fiscal year, the prior year population data is used in the calculation.

<sup>3</sup> See Table 9 for personal income data. For the current fiscal year, the prior year personal income data is used in the calculation.

<sup>4</sup> Net General Obligation Bonded Debt is long-term debt reported in governmental activities.

<sup>5</sup> See Table 5 for taxable sales data. For the current fiscal year, the prior year taxable sales data is used in the calculation.

2015	2014	2013	2012	2011	2010
\$ 4,381,327	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834	\$ 3,862,590	\$ 3,578,528
20,209	22,775	13,158	18,079	13,935	13,212
1,113,994	1,078,967	1,140,010	989,336	1,021,016	1,047,983
5,515,530	5,399,385	5,360,406	5,247,249	4,897,541	4,639,723
12,670	15,503	18,210	20,792	23,426	26,476
272	344	131	381	618	841
12,942	15,847	18,341	21,173	24,044	27,317
\$ 5,528,472	\$ 5,415,232	\$ 5,378,747	\$ 5,268,422	\$ 4,921,585	\$ 4,667,040
\$ 1,847	\$ 1,811	\$ 1,805	\$ 1,768	\$ 1,652	\$ 1,571
5.4%	5.3%	5.4%	5.3%	5.2%	5.1%
\$ 4,381,327	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834	\$ 3,862,590	\$ 3,578,528
340,515	369,002	339,308	344,061	323,235	248,686
\$ 4,040,812	\$ 3,928,641	\$ 3,867,930	\$ 3,895,773	\$ 3,539,355	\$ 3,329,842
\$ 1,350	\$ 1,313	\$ 1,298	\$ 1,307	\$ 1,188	\$ 1,121
8.5%	8.4%	8.6%	8.6%	8.0%	7.7%

# Mississippi

## Legal Debt Margin

### Last Ten Fiscal Years

(Expressed in Thousands)

**Table 8**

	2019	2018	2017	2016	2015
Legal debt limit	\$ 13,370,476	\$ 13,312,194	\$ 13,312,194	\$ 13,312,194	\$ 13,312,194
Less: Net debt applicable to limit	4,130,775	3,982,879	4,157,052	4,054,062	4,040,812
Legal debt margin	\$ 9,239,701	\$ 9,329,315	\$ 9,155,142	\$ 9,258,132	\$ 9,271,382
Net debt applicable to the limit as a percentage of legal debt limit	30.9%	29.9%	31.2%	30.5%	30.4%

	2014	2013	2012	2011	2010
Legal debt limit	\$ 12,823,921	\$ 12,505,104	\$ 12,451,109	\$ 12,451,109	\$ 12,451,109
Less: Net debt applicable to limit	3,928,641	3,867,930	3,847,744	3,490,465	3,275,320
Legal debt margin	\$ 8,895,280	\$ 8,637,174	\$ 8,603,365	\$ 8,960,644	\$ 9,175,789
Net debt applicable to the limit as a percentage of legal debt limit	30.6%	30.9%	30.9%	28.0%	26.3%

### Legal Debt Margin Calculation for Fiscal Year 2019:

Legal debt limit <sup>1</sup>	\$ 13,370,476
Amount of debt applicable to limit <sup>2</sup>	\$ 4,389,027
Less: amounts available for debt service	258,252
Less: Net debt applicable to limit	4,130,775
Legal debt margin	\$ 9,239,701

### Notes:

<sup>1</sup> The State's constitutional debt limit is established under Section 115 of the Mississippi Constitution at one and one-half times the sum of all revenues collected by the State during any one of the four preceding fiscal years, whichever may be higher. Revenues included in the foregoing debt limitation computation are restricted by current practice to the following revenues: taxes, licenses, fees and permits, investment income, rental income, service charges (including net income from the sale of alcoholic beverages), fines, forfeits, and penalties. Defined revenues for the four preceding years were:

Fiscal Year	Applicable Revenues
2018	\$ 8,913,650
2017	8,607,236
2016	8,706,340
2015	8,647,704

<sup>2</sup> The legal debt limit applies to total governmental activities long-term bonded debt.

# Mississippi

## Demographic and Economic Statistics

Last Ten Calendar Years

Table 9

Year	Population	Unemployment Rate		Personal Income	Per capita Personal Income
		Mississippi	U. S.		
2018	2,986,530	4.8%	3.9%	\$ 113,469,000,000	\$ 37,994
2017	2,984,100	5.1	4.4	108,460,000,000	36,346
2016	2,988,726	5.8	4.9	107,403,000,000	35,936
2015	2,993,000	6.4	5.3	106,075,000,000	35,444
2014	2,994,000	7.5	6.2	102,795,000,000	34,333
2013	2,991,000	8.6	7.4	103,132,000,000	34,478
2012	2,980,000	9.0	8.1	98,722,000,000	33,128
2011	2,980,000	10.0	8.9	95,313,000,000	31,984
2010	2,970,000	10.4	9.6	91,600,000,000	30,842
2009	2,960,000	9.5	9.3	88,801,000,000	30,000

### Sources:

U.S. Bureau of Economic Analysis  
Mississippi Department of Employment Security  
U.S. Department of Labor, Bureau of Labor Statistics

## Employment by Industry

Most Current Calendar Year and Nine Years Prior  
(Ranked by Number of Employees)

Table 10

Industry	Rank	2018		Rank	2009	
		Average Number of Employees	Percentage of All Employees		Average Number of Employees	Percentage of All Employees
Government	1	241,300	19.9 %	1	249,700	21.7 %
Manufacturing	2	144,900	11.9	2	141,000	12.3
Retail Trade	3	138,300	11.4	3	133,200	11.6
Health Care and Social Assistance	4	132,800	10.9	5	116,200	10.1
Accommodation and Food Services	5	125,900	10.4	4	109,300	9.5
Professional and Business Services	6	109,800	9.0	6	87,300	7.6
Transportation and Warehousing	7	58,600	4.8	8	46,800	4.1
Construction	8	43,700	3.6	7	51,100	4.4
Other Services	9	41,300	3.4	9	38,900	3.4
Wholesale Trade	10	34,200	2.8	10	34,700	3.0
Total		1,070,800	88.1 %		1,008,200	87.7 %
Total Employed Labor Force		1,215,000	100.0 %		1,148,900	100.0 %

**Note:** This schedule is presented as an alternative to the principal employer schedule for which employer data could not be obtained. Information contained in the schedule represents nonagricultural employment.

**Source:** Mississippi Department of Employment Security

# Mississippi

## Public School Enrollment

Last Ten Academic Years

Table 11

	2018/2019	2017/2018	2016/2017	2015/2016
Kindergarten	41,573	41,710	42,003	42,427
Grades 1-3	106,264	110,730	116,066	121,392
Grades 4-6	114,268	113,468	111,169	108,320
Grades 7-9	106,953	107,099	107,929	109,425
Grades 10-12	94,197	97,149	97,724	97,213
Special Education	7,413	7,477	7,555	7,694
Total Enrollment	470,668	477,633	482,446	486,471

Source: Mississippi Department of Education

## Community and Junior College Enrollment

Last Ten Academic Years

Table 12

	2018/2019	2017/2018	2016/2017	2015/2016
Coahoma Community College	1,899	1,940	1,943	1,913
Copiah-Lincoln Community College	2,944	2,986	3,006	3,097
East Central Community College	2,593	5,006	2,449	2,598
East Mississippi Community College	3,871	4,049	3,897	4,070
Hinds Community College	10,398	10,701	10,411	9,904
Holmes Community College	5,582	5,509	5,208	5,064
Itawamba Community College	5,580	5,525	6,350	6,398
Jones County Junior College	4,627	4,860	5,358	4,966
Meridian Community College	3,553	3,965	3,756	3,647
Mississippi Delta Community College	2,513	2,534	2,444	2,417
Mississippi Gulf Coast Community College	10,102	9,979	9,607	9,476
Northeast Mississippi Community College	4,023	3,911	3,966	3,651
Northwest Mississippi Community College	6,585	7,322	6,861	7,235
Pearl River Community College	4,890	4,325	4,107	4,107
Southwest Mississippi Community College	1,945	1,953	2,091	2,091
Total Enrollment	71,105	74,565	71,454	70,634

Source: Mississippi Community College Board

## University Enrollment

Last Ten Academic Years

Table 13

	2018/2019	2017/2018	2016/2017	2015/2016
Alcorn State University	3,658	3,716	3,420	3,518
Delta State University	3,716	3,789	3,588	3,460
Jackson State University	7,250	8,558	9,811	9,802
Mississippi State University	21,974	21,883	21,622	20,873
Mississippi University for Women	2,711	2,789	2,956	2,673
Mississippi Valley State University	2,285	2,385	2,455	2,309
University of Mississippi	23,090	23,780	24,250	23,838
University of Southern Mississippi	14,509	14,478	14,552	14,551
Total Enrollment	79,193	81,378	82,654	81,024

Source: Institutions of Higher Learning, Office of Strategic Data Management



<b>2014/2015</b>	<b>2013/2014</b>	<b>2012/2013</b>	<b>2011/2012</b>	<b>2010/2011</b>	<b>2009/2010</b>
44,950	46,297	47,198	44,890	42,371	42,790
120,791	119,432	116,562	114,814	115,503	116,320
108,968	110,211	111,609	114,498	115,057	114,328
112,337	113,675	113,490	111,616	111,826	113,802
95,767	95,399	96,485	97,292	98,536	97,942
7,412	7,572	7,503	7,509	7,233	6,923
490,225	492,586	492,847	490,619	490,526	492,105

<b>2014/2015</b>	<b>2013/2014</b>	<b>2012/2013</b>	<b>2011/2012</b>	<b>2010/2011</b>	<b>2009/2010</b>
1,746	2,722	2,694	2,889	2,781	3,210
3,040	3,186	3,308	3,578	5,221	4,649
2,621	3,049	3,112	3,091	2,738	3,554
3,676	3,712	4,367	5,240	5,906	6,063
12,844	10,975	10,609	14,306	13,693	15,370
4,905	6,330	6,728	6,707	5,711	5,943
6,320	6,972	6,977	7,602	8,003	9,965
4,617	5,113	4,192	4,637	6,783	6,982
3,386	3,047	3,330	3,883	3,956	4,856
2,499	3,006	3,001	3,977	4,320	4,410
9,767	11,821	11,350	11,434	12,171	13,426
3,643	3,520	3,603	3,736	3,966	5,482
7,294	8,450	7,202	8,437	7,312	8,777
4,140	4,231	4,675	4,675	4,406	4,853
2,097	2,224	2,143	2,224	2,283	2,289
72,595	78,358	77,291	86,416	89,250	99,829

<b>2014/2015</b>	<b>2013/2014</b>	<b>2012/2013</b>	<b>2011/2012</b>	<b>2010/2011</b>	<b>2009/2010</b>
3,639	3,848	3,950	4,018	3,682	3,334
3,614	4,785	4,763	4,624	4,327	4,031
9,508	9,134	8,819	8,903	8,687	8,783
20,138	20,161	20,365	20,424	19,643	18,600
2,696	2,629	2,650	2,661	2,587	2,476
2,221	2,203	2,479	2,452	2,636	2,846
23,096	22,291	21,528	20,830	19,546	18,344
14,792	15,249	16,468	16,604	15,778	15,293
79,704	80,300	81,022	80,516	76,886	73,707

# Mississippi

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 14

	2019	2018	2017	2016
<b>General Government</b>				
Department of Finance and Administration				
Buildings	65	62	60	60
Vehicles	51	44	45	37
Department of Revenue				
Vehicles	45	44	50	46
<b>Education</b>				
Department of Education				
Vehicles	40	45	51	52
<b>Law, Justice and Public Safety</b>				
Department of Corrections				
Buildings	252	252	252	252
Vehicles	592	593	610	594
Department of Public Safety				
Buildings	46	46	46	46
Vehicles	1,189	1,063	1,203	1,124
<b>Recreation and Resource Development</b>				
Department of Wildlife, Fisheries and Parks				
State Parks	25	25	25	25
Acres of State Parks	23,723	21,344	21,344	24,481
Buildings	223	215	221	211
Vehicles	742	722	712	628
Forestry Commission				
Buildings	19	23	24	24
Vehicles	305	337	430	458
<b>Regulation of Business and Professions</b>				
Workers' Compensation Commission				
Buildings	1	1	1	1
<b>Transportation</b>				
Department of Transportation				
Miles of state highway	10,919	10,911	10,888	10,901
Vehicles	2,337	2,213	2,288	2,228
<b>Health and Social Services</b>				
Department of Mental Health				
Buildings	470	475	476	474
Vehicles	725	743	764	752

Sources:

MAGIC - Mississippi Accountability System for Government Information and Collaboration  
Mississippi Department of Wildlife, Fisheries and Parks  
Mississippi Department of Transportation

2015	2014	2013	2012	2011	2010
59	36	37	37	36	37
44	44	41	42	49	48
62	49	46	46	44	49
55	44	45	41	44	43
252	558	572	576	611	627
618	691	611	611	593	608
45	43	41	41	39	39
1,118	913	896	963	877	845
25	25	25	25	25	26
24,481	24,481	24,591	24,591	24,446	24,260
211	843	835	842	843	831
594	558	591	614	606	614
24	317	369	388	392	394
490	413	421	429	430	440
1	1	1	1	1	1
10,897	10,898	10,886	10,913	10,907	10,907
2,272	2,339	2,352	2,554	2,534	2,569
475	538	545	551	551	553
755	752	756	778	786	801

# Mississippi

## State Government Employees by Function

Last Ten Fiscal Years

Table 15

	2019	2018	2017	2016	2015	2014
<b>General Government</b>						
Department of Finance and Administration	430	436	414	432	413	413
Department of Revenue	655	698	737	753	764	727
Treasury	37	37	36	38	38	39
All Other	1,372	1,382	1,389	1,399	1,429	1,441
<b>Education</b>						
Department of Education	611	603	638	623	607	653
All Other	199	178	175	185	185	182
<b>Health and Social Services</b>						
Department of Human Services	3,081	3,056	3,208	3,441	3,411	3,391
Division of Medicaid	931	938	974	929	925	936
Department of Mental Health	6,230	6,019	6,635	7,268	7,460	7,716
Department of Rehabilitation Services	943	913	982	998	954	964
All Other	2,729	2,717	2,829	2,992	3,251	3,340
<b>Law, Justice and Public Safety</b>						
Department of Corrections	1,842	2,010	2,158	2,293	2,647	2,870
Department of Public Safety	1,192	1,191	1,200	1,234	1,282	1,215
All Other	2,182	2,171	2,161	2,142	2,087	2,163
<b>Recreation and Resource Development</b>						
Department of Environmental Quality	400	398	396	402	394	397
Department of Wildlife, Fisheries and Parks	497	530	519	511	522	522
Forestry Commission	263	263	266	390	401	418
Mississippi Development Authority	227	229	232	241	271	287
All Other	372	357	361	370	366	365
<b>Regulation of Business and Professions</b>						
Public Service Commission	57	58	62	68	67	85
Oil and Gas Board	31	27	28	31	32	31
All Other	303	299	302	290	279	260
<b>Transportation</b>						
Department of Transportation	3,022	3,100	3,146	3,184	3,162	3,277
Total	27,606	27,610	28,848	30,214	30,947	31,692

Source: Statewide Payroll and Human Resource System, Total Filled Positions

2013	2012	2011	2010
418	413	407	387
694	664	681	659
36	37	38	38
1,454	1,405	1,399	1,408
687	714	717	741
187	195	191	193
3,483	3,302	3,276	3,219
923	869	897	934
7,815	8,189	8,173	8,586
969	995	1,026	1,060
3,449	3,476	3,399	3,549
2,958	2,746	2,824	2,919
1,252	1,291	1,256	1,275
2,188	2,192	2,141	2,130
401	423	432	435
543	566	582	665
414	423	443	455
300	308	316	324
367	378	375	392
101	100	100	92
32	34	34	34
248	245	252	262
3,351	3,342	3,363	3,448
32,270	32,307	32,322	33,205

# Mississippi

## Operating Indicators by Function

Last Ten Fiscal Years

Table 16

	2018	2017	2016	2015
<b>General Government</b>				
Tax returns processed	3,489,318	3,099,217	3,054,931	3,367,215
On-going construction projects	470	671	656	690
Tort claims processed	1,018	891	1,135	1,167
Unclaimed property claims paid	5,378	5,042	10,131	5,352
Corporate filings processed **				168,421
UCC filings processed **				320,819
<b>Education</b>				
Average cost per public school student	\$10,034	\$9,781	\$9,704	\$9,394
Public high school graduates	29,965	30,083	29,991	29,802
Public school teachers, K-12	31,252	31,658	32,101	32,230
Third Grade Students Taking the Reading Summative Assessment	37,825	36,544		
<b>Health and Social Services</b>				
Average monthly households receiving food assistance***			279,491	297,854
Child support collections from non-custodial parents	\$368,935,532	\$360,687,014	\$352,077,839	\$352,077,839
Medicaid recipients receiving medical services	687,906	711,923	726,473	740,937
CHIP Recipients	46,585	48,344		
<b>Law, Justice and Public Safety</b>				
Custody population per 100,000 Mississippi residents	619	623	609	641
Average inmate population in prisons *				
Supervised offenders in communities *				
Driver licenses issued	417,848	600,134	650,757	600,239
<b>Recreation and Resource Development</b>				
Tourist registered at welcome centers	2,113,594	2,390,882	2,441,086	2,494,990
Land reforested (acres)	39,119	30,267	35,000	21,470
Hunting and fishing licenses sold	449,336	500,000	483,751	560,219
Overnight accommodations at state parks	844,227	794,504	793,777	550,186
<b>Regulation of Business and Professions</b>				
Utility complaints investigated	4,587	4,612	4,538	2,347
Well inspections by Oil and Gas Board	33,367	31,722	33,179	26,930
<b>Transportation</b>				
Overlays (miles) *				
Repair and replacement of deficit local system bridges	31	46	62	62

\* Operating indicators for average inmate population in prisons, supervised offenders in communities and overlays (miles) are no longer available beginning fiscal year 2015.

\*\*Operating indicators for corporate and UCC filings processed are no longer available beginning fiscal year 2016.

\*\*\*Operating indicators for average monthly households receiving food assistance are no longer available beginning fiscal year 2017.

Note: The most current fiscal year available is fiscal year 2018.

Sources:

Mississippi Joint Legislative Budget Committee, Legislative Budget Report  
Mississippi Department of Education, Superintendent's Annual Report  
Mississippi Department of Education, Office of Reporting

2014	2013	2012	2011	2010	2009
4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,900,000
699	743	783	820	688	656
929	1,098	986	1,117	1,117	538
5,187	5,309	7,298	4,581	8,050	7,799
67,873	110,008	243,634	112,983	104,842	113,217
318,307	322,350	342,552	254,872	280,335	268,108
\$9,209	\$8,921	\$8,932	\$8,752	\$8,930	\$8,895
28,556	28,317	28,933	29,569	28,517	24,393
32,102	32,356	32,170	32,042	33,210	33,972
304,060	303,719	289,660	266,966	241,785	204,068
\$333,825,397	\$332,931,089	\$332,298,519	\$314,027,549	\$292,715,332	\$286,696,080
689,153	643,687	640,957	637,781	621,607	598,476
9,719	9,868	9,449	9,636	10,054	10,761
30,689	30,078	35,097	Not Available	Not Available	25,910
594,005	807,582	747,173	821,000	780,000	783,508
2,454,373	2,502,048	2,471,958	2,462,209	2,485,233	2,962,056
32,238	29,732	52,830	38,753	24,239	38,257
571,785	578,154	550,000	493,773	502,024	588,095
689,774	544,887	646,752	573,975	548,224	575,502
3,915	3,988	4,002	8,059	7,906	7,701
25,073	21,893	22,236	12,166	15,323	24,419
320	135	64	279	397	455
66	50	55	85	47	63

# *Acknowledgements*

*The Comprehensive Annual Financial Report was prepared by the Mississippi Department of Finance and Administration, Office of Financial Reporting.*

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*Betty L. Smith  
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## ***Special acknowledgements***

*The Office of the State Auditor, whose commitment and valued input into this project are reflected in this accomplishment.*

*Steven McDevitt, CPA, Deputy Executive Director, whose support and contributions of information are an integral part of this report.*

*The Department of Transportation, General Services Division whose services in the printing of this report are greatly appreciated.*

*All financial and accounting personnel throughout Mississippi state government, whose extra efforts to contribute accurate, timely financial data for their agencies made this report possible.*

*Darrin Webb, State Economist and Director of the University Research Center, whose contribution of economic factors are invaluable to the preparation of this report.*

## ***Cover***

*Photo by Gil Ford Photography*