

# MISSISSIPPI



Fiscal Year Ended June 30, 1997

**Department of Finance and Administration**

Post Office Box 267  
Jackson, MS 39205

**Edward L. Ranck**  
Executive Director



December 31, 1997

To the Members of the Legislature and the Citizens of Mississippi:

With pride in our accomplishments and optimism for the future, I submit the State of Mississippi Comprehensive Annual Financial Report for fiscal year ended June 30, 1997. Each year, when the time arrives for me to pen these lines, I deliberate: "Has my administration fulfilled its obligations to the taxpayers of Mississippi during the past year?" In this letter, I will make a broader assessment; not as a requiem, for my watch is not yet finished. God willing, I plan to be on the job until the final day of my term: confounding the spenders, the taxers, and those who would mortgage the future to win elections today.

We have transformed the topics of debate and introduced a conservative philosophy of accountable governing to the marketplace of ideas. Despite the best efforts of those who would tax and spend us into bankruptcy, we have achieved many significant and enduring milestones for the taxpayers of Mississippi.

Since January 1992, the citizens of Mississippi can celebrate a net gain of more than 140,000 new jobs and \$12 billion capital investment by new and expanded businesses in our state. In 1997, we secured more than \$45 million in tax relief for Mississippi families by eliminating the marriage penalty in the state tax code. We provided for charter schools--granting parents, teachers, and communities the means to break free of bureaucratic strangleholds to pursue results-oriented education. We continued with unprecedented welfare reform efforts, which have placed us sixth in the nation in welfare caseload reduction. I was also deeply gratified to sign legislation banning same-sex marriage and partial-birth abortion in our Godfearing state.

The people of Mississippi have given me the greatest possible gift: your trust. Six years ago, I bound myself to be worthy of your trust, and I have never wavered in that determination. Six years ago, I believed the people of Mississippi were the greatest in the world. The only change is that, now, I know you are. May God bless the State of Mississippi and the United States of America.

Sincerely,

A handwritten signature in cursive script that reads "Kirk Fordice". The signature is written in dark ink and is positioned above the printed name and title.

KIRK FORDICE  
GOVERNOR

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

EDWARD L. RANCK  
EXECUTIVE DIRECTOR

December 15, 1997

To Governor Fordice:

It is my pleasure to transmit to you the Comprehensive Annual Financial Report of the State of Mississippi for the year ended June 30, 1997 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. I believe the information as presented is accurate in all material aspects and is presented in a manner which sets forth the financial position and results of operations of the state of Mississippi in conformity with generally accepted accounting principles (GAAP). The financial presentations in this report are designed to show the financial activities of the fund types and account groups of the state. All disclosures necessary to enable a reader to gain maximum understanding of the state's financial activities have been included.

The 1997 Comprehensive Annual Financial Report is presented in three sections: the introductory section which provides summary financial data and narrative commentary on matters of interest to the reader; the financial section which includes the state auditor's report, audited general purpose financial statements and notes thereto, and underlying combining and individual fund financial statements and supporting schedules; and the statistical section which sets forth selected unaudited economic, financial trend and demographic information for the state on a multi-year basis.

The state's General Purpose Financial Statements include all funds and account groups that comprise the state's legal entity or primary government. The state's reporting entity is also comprised of its discretely presented component units for which the elected officials of the state's primary government are financially accountable in accordance with criteria established by the Governmental Accounting Standards Board. The criteria used in defining the state's reporting entity are fully discussed in Note 1B to the financial statements. Note 1B more fully explains which financial activities are included in and which are excluded from the state's reporting entity.

**Economic Conditions**

The overall growth rates of employment and output in 1997 will only be slightly below those of 1996. In 1996, the state posted the highest growth rate of per capita income in the southeastern region, matching Florida's growth rate of 4.7 percent. Although the rate of growth is understandably slowing, the unemployment rate in 1997 is expected to remain under 6.0 percent which will make it the lowest annual rate posted in the state since 1979. Also, employment levels in the vital manufacturing sector appear to be stabilizing after over two years of decline.

Retail sales data, state revenue collections, and other economic indicators fail to reveal any serious weaknesses that could derail the economy in 1998. Establishment employment was up 1.0 percent in the first eight months of this year compared to the same period in 1996. State general fund revenues were up 5.0 percent, the summer consumer confidence index was higher than in the last previous survey, and retail sales were 3.3 percent above the same eight-month period last year. Casino revenues were up 6.4 percent overall through July, with this increase highest in the Mississippi River counties, where revenues rose 10.4 percent, while Gulf Coast casino revenues rose 1.6 percent.

Employment data confirms that a steady, if slow, rate of economic expansion can be expected for the foreseeable future. The service sector is posting solid employment gains, with the number employed rising 3.9 percent in the first eight months of the year compared to the same period last year, and the downward trend in manufacturing employment appears to be ending: the number employed in this sector has remained at about 41,000 throughout the year. Neither durable goods nor non durable goods manufacturing, however, has returned to the employment levels of 1996.

Turning to construction, it is not surprising that a leveling off in employment has begun after three years of very strong performance. Employment in this sector is at the same level it was last year during the January-August period, and residential building permits issued through July were down 6.8 percent. A dip in construction output and employment is expected next year, but it should be short-lived, with both output and employment again reaching current levels within a few years.

While growth in the amusements industry has declined somewhat this year, the number of jobs generated by the closely related hotels and lodging industry has grown rapidly this year, with the number employed rising by 14 percent.

Among durable goods manufacturing industries, metal products has shown solid growth, as has industrial machinery, led by growth in farm machinery. Lumber and wood products, and furniture and fixtures appear to have stabilized employment levels. Transportation equipment, down 9.8 percent compared to the first eight months of last year, has nonetheless remained stable at about 20,000 workers since January.

The big news among non durable industries is that employment in apparel, which dropped 28 percent during the 1993-1996 period, has remained very close to the 24,000 level since December, and employment in textile mill products, which fell 43 percent over the same period, has actually shown a slight upward trend in 1997. Food and kindred products, while still down 2 percent compared to the same period in 1996, grew until summer, when employment flattened, and printing and publishing employment is up 2.6 percent.

Employment in retail trade has stabilized, despite respectable growth in sales, and this may be explained in part by the increase in the minimum wage. Government employment has grown at close to 3 percent, led by double-digit growth in state education. Among services, health services employment was up 2.4 percent, but the best performance was the 14 percent increase in hotels and lodging employment.

Manufacturing accounts for 20 percent of employment in Mississippi, compared to only 15 percent of U. S. employment. The composition of manufacturing differs as well, with the percentage of employees in furniture, lumber and wood, and apparel each being more than twice the corresponding percentage for the U. S. These three industries account for a third of manufacturing employment. Food products, transportation equipment and electronic equipment excluding computers account for another third of manufacturing employment. Industries with growth rates projected to be over 2 percent in 1997 include metal products and printing and publishing.

The service sector now provides 24 percent of total wage and salary employment. The average annual growth rate of employment in this sector was 8.7 percent over the 1990-95 period. This growth rate is projected to drop to 2.6 percent over the 1997-2002 period. There are two other sectors employing 20 percent or more of workers: retail/wholesale trade and government. These showed only moderate growth over the same period, and their shares in total employment are not expected to increase between 1997 and 2002.

### **Short-Term Outlook**

Mississippi is expected to experience a somewhat slower growth of output and employment than the nation as a whole in 1997 and 1998, before matching national trends again in 1999. Gross state product (GSP) is expected to rise at about 2.3 percent, after adjustment for inflation, over the next three years. Wage and salary employment will increase about 1.2 percent this year and next. Nationally, gross domestic product is forecast to rise at a strong 3.8 percent this year, but at closer to 2.4 percent in 1998 and 1999. Growth of wage and salary employment nationally will taper off to an average annual rate of 1.7 percent in 1998, and 1.3 percent in 1999.

The rate of inflation in Mississippi, as measured by the GSP deflator, is expected to remain low for the foreseeable future, averaging 2.3 percent over the next three years. However, the rate of inflation for consumers, measured by the consumer price index, will be somewhat higher, on the order of 2.6 percent.

The rising minimum wage contributed to the 5.5 percent growth rate of personal income in 1996, and has impacted wage and salary income in 1997 as well. Tightening labor markets have also pushed wages upward, with a 2.8 percent increase in the average hourly wage reported by the Mississippi Employment Security Commission year-to-date. A 5.1 percent increase in personal income is forecast for 1997, but in 1998, slowing wage and employment growth as well as slowing growth of property income (interest, rent and profits) will reduce the rate of increase. After that, personal income growth should begin trending upwards. Nationally, the rate of increase in personal income is forecast to be 5.8 percent in 1997, 5.1 percent in 1998 and 5.5 percent in 1999.

Mississippi's economy in 1997 slowed with respect to the southeastern region, but with the critical manufacturing sector stabilizing and an upward employment trend in manufacturing employment expected to resume in 1998, the state will match regional growth rates again in 1998. The southeast is still being affected by cuts in federal spending, with export growth taking up some of the slack. Overall, the region, as well as the state, will display growth rates in line with the rest of the nation over the 1997-1999 period, according to the Economic Forecasting Center of Georgia State University.

### **Accomplishments**

The Mississippi economy continues on a path of vigorous economic development and fiscal integrity with taxpayer dollars. Consistent economic vitality; sustained emphasis on accountability in government; and, enduring efforts to ensure the frugal administration of taxpayer dollars continue to be the standards of this administration.

Since 1992, business and industry have invested \$11 billion in the State of Mississippi and have created a net gain of more than 140,000 new jobs. The word of our probusiness, anti-crime, *Positive Mississippi* climate has spread, and the State of Mississippi can compete with any state in the nation in recruiting new business and industry.

During the 1997 legislative session, Governor Fordice secured more than \$45 million in tax relief for Mississippi families by eliminating the marriage penalty in the state income tax code. This administration led the initiative to establish charter schools -- allowing energetic and committed parents, teachers and communities to break free of bureaucratic strangleholds and to focus on results-oriented education for our bright young Mississippians.

Also during the 1997 legislative session, Governor Fordice signed historic welfare reform legislation that, among other things, places sixty-month lifetime limit on the time welfare-dependent citizens may receive taxpayer dollars and requires recipients to be working within twenty-four months of coming on the welfare rolls. The legislation also requires school attendance for recipients of Temporary Assistance to Needy Families (TANF) under the age of twenty who have not graduated from high school or received an equivalent certificate.

### **Future Initiatives**

In its continued commitment to fiscally conservative principles, this administration will endorse and support new legislation to cap general obligation bond indebtedness at 60 percent of the tax revenue collected by the State Tax Commission and deposited in the general fund in any one of the four preceding fiscal years, whichever may be higher. This initiative is particularly critical in light of the State Treasurer's projection of FY 99 debt service and estimates (as of October 1997) by the State Department of Education in excess of \$500,000,000 in Mississippi Adequate Education Program bond projects.

When funded by the legislature, the Variable Compensation Plan will continue to address comparative and competitive salaries for government employees.

Repair and renovation of the State's existing properties is vital to the provision of ongoing governmental services. Historically, these capital expenditures have remained unfunded by the legislature. In the summer of this year, three core government buildings suffered the loss of air-conditioning service, precipitating the loss of countless man hours and the provision of services to our citizens. This emergency situation highlights the necessity for the execution of annual appropriations for capital expenditures for repair and renovation.

This administration supports the indexing of personal exemptions and deductions for inflation to curtail the erosion of inflation on these components of the tax calculation.

We will continue to manage the State of Mississippi with the markedly successful CEO to CEO approach. Lower taxes and a business-friendly climate will supply the means to recruit additional business and industry and the jobs they bring to our citizens.

On July 11, 1997, the Governor's Commission on Criminal Justice Reform was convened. This administration has worked diligently to facilitate the apprehension of the accused, provision of a timely trial, and incarceration of those found guilty. Our administration will continue to push toward a system of criminal justice that is once again worthy of our citizens' trust.

Our administration will continue to take our public education system in a new direction. Having led the initiative that provided for charter schools, we will support your continued advocacy for Mississippians' right to propose changes in their local schools and for the appropriate awards and recognition for master teachers. Quality education can be achieved only through accountability at all levels of the public education system.

On the social front, the State of Mississippi has made measurable progress. The U.S. Department of Health and Human Services ranked Mississippi sixth in the nation in welfare caseload reduction. Our administration will continue to advocate for and support welfare reforms to allow every Mississippian to appreciate the blessings of personal initiative and self-supporting independence. The continued emphasis on programs enabling welfare recipients to move beyond government dependency to the pride of earning a paycheck will enable the state to ensure that the fourth-generation welfare recipients we now have will be our last generation of welfare dependents.

### Financial Information

State managers are responsible for establishing and maintaining internal control to ensure that government assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow preparation of financial statements in conformity with GAAP. Internal accounting controls have been implemented to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. I believe that the state's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The state also maintains budgetary controls. The objective is to ensure compliance with legal provisions embodied in the annual budget approved by the legislature. The state's budget is prepared on a modified cash basis utilizing encumbrance accounting. Budgetary control is maintained by a formal appropriation and allotment system. The six-month allotment control process is designed and used as a management tool to enable agencies to operate on a continuing basis.

Unexpended appropriations at June 30 are available for subsequent expenditure only to the extent that encumbrances represented by executed but unperformed purchase orders have been established and are presented for payment during the succeeding 60-day lapse period. Encumbrances are reported in the financial statements as expenditures for budgetary purposes and as a reservation of fund balance for GAAP purposes.

### General Government Functions

Most state functions are financed through the governmental fund types, which include the general, special revenue, capital projects and debt service funds. Revenues from governmental fund type sources for fiscal years 1997 and 1996 are compared in the following table (amounts expressed in thousands):

Revenues by Source	FY 1997		FY 1996		Increase (Decrease) from FY 1996	Percent of Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
State Taxes	\$ 3,742,013	50.7 %	\$ 3,563,533	50.4 %	\$ 178,480	5.0 %
Licenses, fees and permits	298,587	4.0	270,438	3.8	28,149	10.4
Federal government	2,778,514	37.6	2,729,566	38.6	48,948	1.8
Interest on investments	122,393	1.7	122,682	1.7	(289)	(.2)
Departmental services	212,532	2.9	194,764	2.7	17,768	9.1
Other	228,781	3.1	196,063	2.8	32,718	16.7
	<hr/>		<hr/>			
	\$ 7,382,820	100 %	\$ 7,077,046	100.0 %	\$ 305,774	4.3 %

Revenues for the state increased \$305,774,000 for the year. State taxes accounted for the largest dollar amount of the increase. Licenses, fees and permits, departmental services and other revenues also had significant percentage increases.

The majority of the increase in state taxes is due to increases of \$73,295,000 in sales and use taxes, \$60,770,000 in income taxes and \$30,099,000 in corporate income and franchise tax. These three amounts account for 92 percent of the net increase in state taxes. Inheritance tax decreased by 11 percent .

Included in licenses, fees and permits is \$158,454,000 of gaming fees. This amount has increased from the previous year by \$10,444,000, or 7 percent. Another \$10,646,000 of the increase in licenses, fees and permits is fee revenue recorded by the Department of Human Services. With the enactment of Temporary Assistance for Needy Families (TANF), child support recoveries are recorded as fees collected as opposed to reductions of federal assistance payments as in prior years.

Departmental services increased \$17,768,000 over fiscal year 1996. That amount represents a 9.1 percent increase. Approximately 6 percent of the 9.1 percent increase results from an increase in sales of alcoholic beverages.

Other sources of revenue increased by \$32,718,000. Medicaid revenues from county and university hospitals increased by approximately \$36,000,000. This amount alone is more than the total increase since other types of revenue in this source decreased.

Expenditures from governmental fund type sources for fiscal years 1997 and 1996 are summarized in the following table (amounts expressed in thousands):

Expenditures by Function	FY 1997		FY 1996		Increase (Decrease) from FY 1996	Percent of Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
General government	\$ 858,218	12.3 %	\$ 817,625	12.1 %	\$ 40,593	5.0 %
Education	1,765,476	25.3	1,793,100	26.5	(27,624)	(1.5)
Health and social services	2,736,515	39.2	2,633,871	38.9	102,644	3.9
Law, justice, and public safety	386,086	5.5	339,796	5.0	46,290	13.6
Recreation and resources development	266,633	3.8	249,433	3.7	17,200	6.9
Regulation of business and professions	22,518	0.3	22,734	.3	(216)	(.9)
Transportation	694,895	9.9	651,044	9.6	43,851	6.7
Debt service	170,630	2.5	134,406	2.0	36,224	26.9
Capital outlay	86,435	1.2	126,592	1.9	(40,157)	(31.7)
	<u>\$ 6,987,406</u>	<u>100.0 %</u>	<u>\$ 6,768,601</u>	<u>100.0 %</u>	<u>\$ 218,805</u>	<u>3.2 %</u>

Overall expenditures increased \$218,805,000 due largely to the increase in health and social services. General government, law, justice, and public safety, transportation and debt service expenditures also show significant increases, while capital outlay shows a significant decrease. Health and social service expenditures show the largest dollar amount increase while debt service shows the largest percentage increase, and capital outlay shows the largest percentage decrease.

Of the \$102,644,000 increase in health and social service expenditures, \$98,956,000 is the increase for the Division of Medicaid. This increase relates, in part, to the increase in Medicaid's revenue from county and university hospitals.

The general government expenditures increased 5 percent in fiscal year 1997. Included in this increase is approximately \$34,500,000 of additional diversions generated by the increase in sales tax. This amount alone is 85 percent of the increase in general government expenditures .

Expenditures for law, justice, and public safety increased by 13.6 percent. Approximately \$32,000,000 of the total dollar amount increase is the increase in expenditures for the Department of Corrections. Significant efforts have been made to expand the corrections programs, so overall expenditures for that agency have risen.

Transportation expenditures increased \$43,851,000 or 6.7 percent. Many highway road work projects have been started and are continuing. State highways around the casinos, as well as highways in other areas of the state, have been or are being widened to four lanes.

Debt Service expenditures increased \$36,224,000 during fiscal year 1997. Principal payments on general obligation bonds, without regard to the defeased bonds, increased by \$13,375,000, and principal payments on capital leases increased by \$1,919,000. Interest expenditures increased in total by \$20,930,000. The majority of this amount relates to bond interest payments. The balance of general obligation bonds has increased 38.8 percent over the last two years.

Capital Outlay expenditures decreased 31.7 percent from fiscal year 1996 to 1997. Approximately \$34,500,000, or 86 percent of the decrease relates to a major construction project for the Department of Corrections which was for the most part completed in fiscal year 1996.

### **General Fund Balance**

The General Fund GAAP fund balance at June 30, 1997 of \$1,977,426,000 demonstrates fiscal strength and the result of prudent fiscal practices. The undesignated and uncommitted portion of the fund balance increased from \$417,183,000 to \$467,747,000. The total June 30, 1997 fund balance represents a 9 percent increase from June 30, 1996.

Included in the GAAP General Fund is the Working Cash-Stabilization Reserve Account. This account, created by state law, may be used to pay state obligations when there is insufficient cash from other General Fund sources to pay obligations as they become due. It may also be used to cover any projected deficits that may occur in the General Fund as a result of revenue shortfalls. It was funded through transfers from the General Fund. The balance in the account at the end of each fiscal year should equal 7.5 percent of the next year's General Fund Appropriations. If the balance does not equal the 7.5 percent, 50 percent of the excess of the unencumbered cash balance of the General Fund at the close of the year is transferred to this account until the 7.5 percent is reached. Any amount of the 50 percent of the excess not necessary to be transferred to this account is transferred to the Education Enhancement Fund. In fiscal year 1998, for fiscal year 1997, no amount was transferred to the Working Cash-Stabilization Reserve Account, and \$83,766,000 was transferred to the Education Enhancement Fund.

### **Enterprise Operations**

The state's enterprise operations include the Veterans' Home Purchase Board. This agency provides home mortgage loans to qualified Mississippi veterans. During the year, \$19,955,000 of new mortgage loans were issued. Total loans generated \$5,919,000 of interest revenue in fiscal year 1997 that will in turn be used to further expand the program. The enterprise operations generated net income of \$16,241,000 during fiscal year 1997. Current enterprise operations generated a revenue to debt service coverage of 2.09 which meets all bond indenture requirements.

### **Pension Trust Fund Operations**

The operations of the state's three defined benefit pension trust funds are administered by the Public Employees' Retirement System of Mississippi (System). The Public Employees' Retirement System (PERS) covers substantially all employees of the state and its political subdivisions. Uniformed officers of the Department of Public Safety participate in the Mississippi Highway Safety Patrol Retirement System (MHSPRS). Elected members of the state legislature and the president of the senate participate in the Supplemental Legislative Retirement Plan (SLRP) in addition to participating in PERS.

The System also serves as an administrator for the Municipal Retirement Systems and the Optional Retirement Plan. The state, however, does not contribute to these plans. Further information on the state's participation in the retirement systems can be found in Note 16 to the financial statements.

### **Debt Administration**

The State Bond Commission, composed of the governor, state attorney general and state treasurer, approves and authorizes the sale and issuance of state bonds in accordance with authorizing legislation and within the defined constitutional debt limit. The total outstanding general obligation bonded indebtedness of governmental fund types for the state as of June 30, 1997 was \$1,361,693,000. Mississippi has a rating of AA from Standard & Poor's Rating Group, a division of the The McGraw Hill Companies and Fitch Investors Service, L. P.

During the fiscal year ended June 30, 1997, the State Bond Commission issued \$317,560,000 in general obligation bonds. These bond issues include \$106,000,000 of Capital Improvement Bonds, \$8,210,000 under the Mississippi Business Investment Act, \$10,000,000 under the Mississippi Farm Reform Act, \$6,500,000 under the Mississippi Small Enterprise Development Finance Act, \$22,000,000 under the Economic Development Highway Act, \$35,000,000 under the Mississippi Major Economic Impact Act, \$10,000,000 under the Local Governments Water System Improvement Revolving Loan Program, \$5,000,000 under the Local Governments Rail Revolving Loan Program and \$35,000,000 under the Local Governments Capital Improvements Revolving Loan Program. Subsequent to June 30, 1997, the state issued \$219,655,000 of general obligation bonds.

The 1997 issues also include \$79,850,000 of general obligation refunding bonds. The advance refunding resulted in a decrease in the total debt service payments over the next 18 years of \$2,815,000 and an economic gain of \$2,473,000.

At June 30, 1997, 21 percent of the \$6,537,125,000 bonded indebtedness ceiling established by the state constitution was outstanding. Current practice restricts revenues included in the foregoing debt limitation computation to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges including net income from the Alcoholic Beverage Control Division, fines, forfeitures and penalties. The state's net general obligation debt per capita is \$445.

### **Cash Management**

It is the duty of the state treasurer and the executive director of the Department of Finance and Administration to analyze for cash flow needs and investment purposes the amount of cash in the state General Fund and in the special funds credited to any special purpose designated by the Legislature. The state treasurer deposits available funds with official depositories of the state.

In addition, the Public Employees' Retirement System and a small number of other state agencies carry out investment activities separate from the state treasurer. Of \$15,757,596,000 in investments at June 30, 1997, \$11,139,180,000 were either held by the state's agent or the depository's agent in the state's name.

The state's available resources invested in Mississippi bank certificates of deposits and repurchase agreements earn interest at rates that approximate the U.S. Treasury Bill discount rate for those with comparable maturities. During fiscal year 1997, the average rate on the three month U.S. Treasury Bill was 5.177 percent, with a twelve month high of 5.397 percent and a twelve month low of 4.856 percent. The pension trust fund's total portfolio of stocks and bonds had a 19.9 percent total rate of return for fiscal year 1997. The median rate of return for state retirement plans according to Callan Associates Plan Sponsor - Large Funds for the 12 months ended June 30, 1997 was 19.1 percent. The state earned interest and dividend income of \$640,883,000 on all investments for the year ended June 30, 1997.

### **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.

To assure that health and life benefits are distributed to the participants in an efficient and responsible manner, the state incorporates various methods of loss control such as code review, certification of medical necessity, case management and audits of claims administrators to assure claims are adjudicated in accordance with the outlined benefits.

The state has elected to manage tort claims through the retention of all liability exposure. The statutory scheme provides some protection, as well as a limitation of liability. The Tort Claims Act sets limits of liability per occurrence at \$50,000 until July 1, 1997, at \$250,000 from then to July 1, 2001 and at \$500,000 after July 1, 2001. An effective loss control program is being implemented in most state agencies to reduce the number and severity of tort claims made against the state.

To aid in the management of risk for workers' compensation benefits, the state, through the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust), has established an effective loss control program to reduce the number and severity of job related injuries. Through the use of contractually established performance criteria for the claims administrator and by converting to agency rates/premiums based on the agency's ultimate loss, the Trust has encouraged better risk management at both the claims administrator and the agency level.

Further information about risk management can be found in Note 18 to the financial statements.

### **Other Information**

Pursuant to Section 7-7-211(d), Mississippi Code Annotated (1972), the state auditor has performed an examination, in accordance with generally accepted auditing standards 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 general purpose financial statements. His unqualified 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 internal control and legal compliance reports on all federal funds received and expended by state government. This report will be published separately.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Mississippi has received a Certificate of Achievement for the last ten consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Preparation of this report was made possible by the dedicated services of the staff of the Department of Finance and Administration 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.

Edward L. Ranck

## Officials of State Government

### Executive Branch

**Governor**

Kirk Fordice

**Lieutenant Governor**

Ronnie Musgrove

**Secretary of State**

Eric Clark

**State Auditor**

Phil Bryant

**State Treasurer**

Marshall Bennett

**Attorney General**

Mike Moore

**Commissioner of Agriculture and Commerce**

Lester Spell

**Commissioner of Insurance**

George Dale

**Transportation Commissioners**

Wayne O. Burkes

Ronnie Shows

Zack Stewart

**Public Service Commissioners**

Nielsen Cochran

Dorlos Robinson

Curtis Leon Herbert, Jr.

**State Fiscal Officer**

Edward L. Ranck

### Legislative Branch

**Speaker of the House of Representatives**

Tim Ford

**Speaker Pro Tempore**

**of the House of Representatives**

Robert Clark

**President Pro Tempore of the Senate**

Tommy Gollott

**Secretary of Senate**

Amy Tuck

**Clerk of the House of Representatives**

Charles J. Jackson, Jr.

**Legislative Budget Office**

Robert A. Greenlee, Director

**Joint Legislative Committee on Performance**

**Evaluation and Expenditure Review**

Max Arinder, Director

### Judicial Branch

**Supreme Court of Mississippi**

**Chief Justice**

Dan M. Lee

**Presiding Justices**

Michael Sullivan

Lenore L. Prather

**Justices**

Fred L. Banks, Jr.

C. R. (Chuck) McRae

Edwin Pittman

James L. Roberts

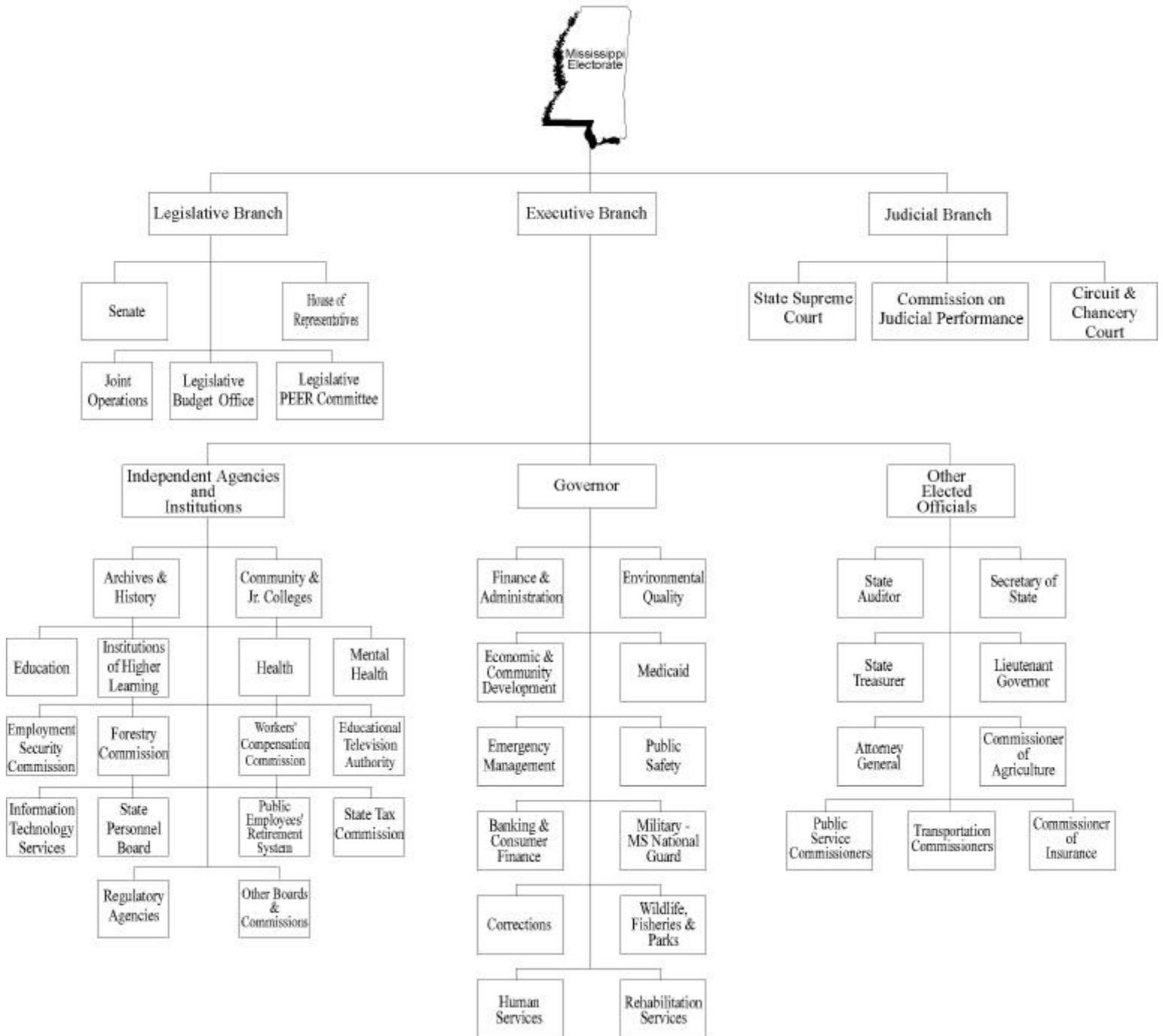
James W. Smith, Jr.

Mike Mills

**Clerk of the Supreme Court**

Charlotte Williams

# Organization Chart



# 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, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Lida K. Savitsky*  
President

*Jeffrey L. Esell*  
Executive Director



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# State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT  
AUDITOR

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 1997, as listed in the table of contents. The general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based upon our audit. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress or certain expendable trust and enterprise funds. These financial statements, which represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 39% and 42% of the assets and revenues, respectively of the expendable trust funds; and 43% and 57% of the assets and revenues, respectively, of the enterprise funds were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds and these expendable trust and enterprise funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

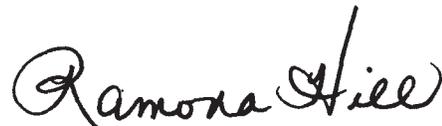
In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Mississippi as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and certain component units, changes in plan net assets of its pension trust funds and the related schedule of funding progress, and the changes in fund balances and current fund revenues, expenditures and other changes of the university funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, our report dated December 3, 1997, on our consideration of the state's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants will be issued under separate cover in our *Single Audit Report* in July, 1998.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and related schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical and economic data listed in the table of contents were not audited by us, and accordingly, we do not express an opinion thereon.

  
PHIL BRYANT  
State Auditor

  
RAMONA HILL, CPA  
Director, Department of Audit

Jackson, Mississippi  
December 3, 1997

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**General Purpose Financial Statements**

# MISSISSIPPI

## All Fund Types, Account Groups And Discretely Presented Component Units

### Combined Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
Cash and cash equivalents	\$ 1,044,867	\$ 71,319	\$ 8,638	\$ 150,180
Amount on deposit with U.S. Treasury				
Investments	592,744	29,072	2,587	193,160
Receivables, net	428,205	3,695	253	4,732
Due from other governments	483,489	44,239		
Due from other funds	10,428	13,257		2,901
Due from component units	3,584			
Due from primary government				
Inventories	135,581	1,605		
Prepaid expenses				
Loans and notes receivable	148,668	1,236	8,410	
Loans to other funds				
Restricted Assets:				
Cash and cash equivalents				
Investments				
Interest receivable, net				
Property, plant and equipment, net of depreciation where applicable				
Deferred charges and other assets				
Amount available, designated for debt service				
Amount to be provided from future collections of long-term loans				
Amounts to be provided for retirement of:				
General obligation bonds				
Other obligations				
Total Assets and Other Debits	<u>\$ 2,847,566</u>	<u>\$ 164,423</u>	<u>\$ 19,888</u>	<u>\$ 350,973</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Warrants payable	\$ 90,278	\$ 8,625	\$	\$ 2,409
Accounts payable and accruals	291,234	11,486	107	
Contracts payable	64,750			33,775
Income tax refunds payable	104,000			
Due to other governments	140,495	1,917		
Due to other funds	24,517	3,935	3,930	
Due to component units	13,835	491		
Due to primary government				
Claims liability				
Amounts held in custody for others				
Obligations under securities lending				
Deferred revenues	141,031	16,655		
Loans from other funds		44		
Liabilities payable from restricted assets				
General obligation bonds				
Revenue bonds and notes payable				
Lease obligations payable				
Other liabilities			253	
Total Liabilities	<u>870,140</u>	<u>43,406</u>	<u>4,037</u>	<u>36,184</u>
<b>Fund Equity and Other Credits:</b>				
Investment in fixed assets				
Contributed capital				
Retained earnings:				
Reserved				
Unreserved				
Fund balances:				
Reserved for:				
Employees' Pension Benefits				
Encumbrances	39,903	5,051		
Inventories	45,527	1,605		
Other	419,506	13,416		
Unreserved:				
Designated	1,004,743	19,086	15,851	314,789
Undesignated	467,747	81,859		
Total Fund Equity and Other Credits	<u>1,977,426</u>	<u>121,017</u>	<u>15,851</u>	<u>314,789</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 2,847,566</u>	<u>\$ 164,423</u>	<u>\$ 19,888</u>	<u>\$ 350,973</u>

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity	
			General Fixed Assets	General Long-term Obligations	June 30, 1997	Component Units	June 30, 1997	June 30, 1996
Enterprise	Internal Service	Trust and Agency						
\$ 26,846	\$ 12,121	\$ 257,283	\$	\$	\$ 1,571,254	\$ 255,028	\$ 1,826,282	\$ 1,691,375
		562,843			562,843		562,843	559,124
21,725	128,294	13,720,282			14,687,864	174,879	14,862,743	12,712,271
3,207	707	210,620			651,419	96,663	748,082	753,449
43	71	1,237			529,079	31,108	560,187	532,608
442	2,239	411,933			441,200	44,809	486,009	407,398
1	89				3,674		3,674	2,499
						14,353	14,353	10,591
757		47			137,990	17,527	155,517	176,248
15					15	11,258	11,273	9,928
94,785					253,099	73,275	326,374	317,089
		44			44		44	866
186					186	373	559	991
4,085					4,085	7,176	11,261	13,943
11					11		11	4
90,738	8,720	5,408	1,588,608		1,693,474	1,694,051	3,387,525	3,053,184
						3,634	3,634	2,815
						352	37,987	30,726
							107,988	112,718
					1,216,070		1,216,070	1,062,307
					95,658	95,658	100,879	93,935
\$ 242,841	\$ 152,241	\$ 15,169,697	\$ 1,588,608	\$ 1,457,351	\$ 21,993,588	\$ 2,429,707	\$ 24,423,295	\$ 21,544,069
\$ 675	\$ 2,145	\$ 344	\$	\$	\$ 104,476	\$ 3,736	\$ 108,212	\$ 101,572
2,893	4,034	226,966			536,720	95,797	632,517	657,395
11,416					109,941		109,941	107,953
					104,000		104,000	97,100
9,436	18	9,237			161,103		161,103	175,260
795	310	407,713			441,200	44,809	486,009	407,398
	27				14,353		14,353	10,591
						3,674	3,674	2,499
	72,750				72,750		72,750	72,302
135		19,474			19,609	9,213	28,822	322,657
		1,855,057			1,855,057		1,855,057	1,667,103
641	210	3,729			162,266	28,022	190,288	230,518
					44		44	866
						120	120	298
35,485					1,361,693	810	1,397,988	1,246,049
1,134					1,134	158,451	159,585	133,685
196	4,246				25,915	10,880	41,237	10,365
					69,743	2,785	72,781	90,091
62,806	83,740	2,522,520		1,457,351	5,080,184	358,297	5,438,481	5,333,702
			1,588,608		1,588,608	1,501,610	3,090,218	2,794,915
32,545					32,545	17,783	50,328	44,364
462					462	7,000	7,462	7,462
147,028	68,501				215,529	27,906	243,435	252,272
		11,651,950			11,651,950		11,651,950	9,705,486
					44,954	49,193	94,147	80,999
					47,132	5	47,137	31,501
		994,262			1,427,184	148,914	1,576,098	1,158,064
					1,354,469	151,002	1,505,471	1,504,282
		965			550,571	167,997	718,568	631,022
180,035	68,501	12,647,177	1,588,608		16,913,404	2,071,410	18,984,814	16,210,367
\$ 242,841	\$ 152,241	\$ 15,169,697	\$ 1,588,608	\$ 1,457,351	\$ 21,993,588	\$ 2,429,707	\$ 24,423,295	\$ 21,544,069

## All Governmental Fund Types, Expendable Trust Funds And Discretely Presented Component Units

### Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances For the Year Ended June 30, 1997

(Amounts Expressed In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$ 3,736,363	\$ 5,650	\$	
Licenses, fees and permits	249,672	48,915		
Federal government	2,521,568	256,946		
Participant contributions				
Interest and other investment income, net	96,382	3,352	4,422	18,237
Charges for sales and services	207,382	5,150		
Rentals	8,990	152		
Court assessments		210		
Other	205,339	8,665		5,425
Total Revenues	7,025,696	329,040	4,422	23,662
<b>Expenditures:</b>				
Current:				
General government	858,218			
Education	1,741,910			23,566
Health and social services	2,621,315	115,200		
Law, justice and public safety	315,432	70,654		
Recreation and resources development	147,074	119,559		
Regulation of business and professions		22,518		
Transportation	694,895			
Debt service:				
Principal	38,061	204	45,859	
Interest and other fiscal charges	51,171	13	35,272	50
Capital outlay				86,435
Total Expenditures	6,468,076	328,148	81,131	110,051
Excess of Revenues over (under) Expenditures	557,620	892	(76,709)	(86,389)
<b>Other Financing Sources (Uses):</b>				
Proceeds from general obligation bond	131,710			106,238
Proceeds of refunding bonds			79,421	
Proceeds of capital leases	12,592			
Payment to refunded bond escrow agent			(79,334)	
Operating transfers in	37,225	33,289	72,487	30,678
Operating transfers out	(136,448)	(31,344)	(2,002)	(13,845)
Operating transfers from component units				7,764
Operating transfers to component units	(454,399)			(86,602)
Net Other Financing Sources (Uses)	(409,320)	1,945	70,572	44,233
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	148,300	2,837	(6,137)	(42,156)
Net income from proprietary operations				
Fund Balances July 1	1,813,442	118,229	21,988	356,945
Increase (decrease) in Reserve for Inventories	15,684	(49)		
Fund Balances June 30	\$ 1,977,426	\$ 121,017	\$ 15,851	\$ 314,789

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

Fiduciary Fund Type	Totals for the Year Ended (Memorandum Only) Primary Government		Governmental Fund Type Component Units	Totals for the Year Ended (Memorandum Only) Reporting Entity	
	Expendable Trust	June 30, 1997		June 30, 1997	June 30, 1996
\$ 83,734	\$ 3,825,747	\$	\$ 3,825,747	\$ 3,664,338	
	298,587	767	299,354	271,195	
3,556	2,782,070		2,782,070	2,732,850	
35,789	35,789		35,789		
91,629	214,022	336	214,358	161,471	
	212,532	2,009	214,541	196,692	
	9,142	2,315	11,457	12,724	
	210		210	2,732	
	219,429	6,569	225,998	187,515	
214,708	7,597,528	11,996	7,609,524	7,229,517	
8,687	866,905		866,905	817,625	
	1,765,476		1,765,476	1,793,100	
123,534	2,860,049		2,860,049	2,764,308	
	386,086		386,086	339,796	
	266,633	11,202	277,835	258,629	
	22,518		22,518	22,734	
	694,895		694,895	651,044	
	84,124	461	84,585	69,258	
	86,506	235	86,741	65,826	
	86,435		86,435	126,592	
132,221	7,119,627	11,898	7,131,525	6,908,912	
82,487	477,901	98	477,999	320,605	
	237,948		237,948	288,745	
	79,421		79,421		
	12,592		12,592	2,066	
	(79,334)		(79,334)		
	173,679		173,679	177,076	
(344)	(183,983)		(183,983)	(186,152)	
	7,764		7,764	4,380	
	(541,001)		(541,001)	(518,895)	
(344)	(292,914)		(292,914)	(232,780)	
82,143	184,987	98	185,085	87,825	
		500	500	287	
888,735	3,199,339	8,455	3,207,794	2,821,079	
	15,635	1	15,636	2,590	
\$ 970,878	\$ 3,399,961	\$ 9,054	\$ 3,409,015	\$ 2,911,781	

## All Budgetary Funds

### Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	General Fund		Variance Favorable (Unfavorable)	Education Enhancement Fund
	Budget	Actual		Budget
<b>Revenues:</b>				
Sales tax	\$ 1,123,000	\$ 1,141,561	\$ 18,561	\$ 149,767
Individual income tax	772,000	791,009	19,009	
Corporate income and franchise taxes	267,000	291,834	24,834	
Use and wholesale compensating taxes	150,000	146,888	(3,112)	16,059
Tobacco, beer and wine taxes	86,000	85,310	(690)	
Insurance tax	90,500	95,251	4,751	
Oil and gas severance taxes	17,000	20,455	3,455	
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	37,000	38,136	1,136	
Inheritance tax	14,000	12,487	(1,513)	
Other taxes	13,800	16,323	2,523	
Interest	50,000	53,017	3,017	
Auto privilege, tag and title fees	12,200	13,224	1,024	
Gaming fees	117,000	119,588	2,588	
Highway Safety Patrol fees	15,000	17,377	2,377	
Other fees and services	10,800	10,230	(570)	
Miscellaneous	3,200	3,448	248	
Special Fund revenues				
Total Revenues	2,778,500	2,856,138	77,638	165,826
<b>Expenditures by Major Budgetary Function:</b>				
Legislative	17,294	16,863	431	
Judicial and justice	45,851	43,962	1,889	
Executive and administrative	3,186	3,155	31	
Fiscal affairs	67,448	67,071	377	
Public education	1,097,904	1,095,387	2,517	134,655
Higher education	466,224	466,095	129	81,377
Public health	34,991	34,826	165	
Hospitals and hospital schools	159,318	156,901	2,417	
Agriculture, commerce and economic development	85,948	85,661	287	5,947
Conservation and recreation	47,864	47,730	134	75
Insurance and banking	4,205	4,191	14	
Corrections	186,790	177,805	8,985	
Interdepartmental service				
Social welfare	303,072	299,996	3,076	
Public protection and veterans assistance	67,392	65,757	1,635	2,087
Local assistance	72,500	72,394	106	
Motor vehicle and other regulatory agencies	1,845	808	1,037	
Miscellaneous	1,355	1,355		250
Public works	32,624	32,624		13,417
Debt service	100,516	98,066	2,450	
Total Expenditures	2,796,327	2,770,647	25,680	237,808
Excess of Revenues over (under) Expenditures	(17,827)	85,491	103,318	(71,982)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	4,200	6,159	1,959	
Transfers in (out) of general fund cash balance		(83,766)	(83,766)	
Investments sold, net				
Other sources (uses) of cash		(16)	(16)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(13,627)	7,868	21,495	(71,982)
Budgetary Fund Balances July 1	85,637	85,637		
Reclassification Between Budgetary/Nonbudgetary Funds - Net				
Budgetary Fund Balances July 1 as Reclassified	85,637	85,637		
Budgetary Fund Balances (Deficits) June 30	\$ 72,010	\$ 93,505	\$ 21,495	\$ (71,982)

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



# MISSISSIPPI

## All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

### Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Proprietary Fund Types		Fiduciary Fund Type	
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Operating Revenues:</b>				
Charges for sales and services	\$ 32,105	\$ 283,300	\$	
Interest and other investment income, net	5,933			1,317
Rentals	716			
Fees	502			105
Excess of tuition receipts over present value of related benefits payable	340			
Other	326	4		762
Total Operating Revenues	39,922	283,304		2,184
<b>Operating Expenses:</b>				
Costs of sales and services	10,099			
Benefit payments		274,966		
Administrative expenses	19,741	44,220		75
Depreciation and amortization	3,448	1,742		
Loss due to employee fraud	7			
Other	371			
Total Operating Expenses	33,666	320,928		75
Operating Income (Loss)	6,256	(37,624)		2,109
Nonoperating Revenues	2,770	8,436		
Nonoperating Expenses	(2,105)	(83)		
Income (Loss) Before Operating Transfers	6,921	(29,271)		2,109
Operating Transfers In	9,531	2,523		
Operating Transfers Out	(211)	(46)		(1,493)
Operating Transfers from Component Units		270		
Net Income (Loss)	16,241	(26,524)		616
Add Depreciation on Contributed Assets	375			
Increase (Decrease) in Retained Earnings/Fund Balances	16,616	(26,524)		616
Retained Earnings/Fund Balances July 1, as restated	130,874	95,025		23,733
Retained Earnings/Fund Balances June 30	\$ 147,490	\$ 68,501	\$	24,349

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

<b>Totals for the Year Ended (Memorandum Only) Primary Government</b>		<b>Component Units</b>	<b>Totals for the Year Ended (Memorandum Only) Reporting Entity</b>	
June 30, 1997		Enterprise	June 30, 1997	June 30, 1996
\$ 315,405	\$	7,102	\$ 322,507	\$ 316,238
7,250			7,250	6,859
716			716	544
607		654	1,261	703
340			340	
1,092			1,092	1,310
325,410		7,756	333,166	325,654
10,099		1,631	11,730	10,744
274,966			274,966	246,824
64,036		5,804	69,840	62,292
5,190		887	6,077	5,955
7			7	64
371		13	384	246
354,669		8,335	363,004	326,125
(29,259)		(579)	(29,838)	(471)
11,206		1,213	12,419	12,715
(2,188)		(63)	(2,251)	(2,530)
(20,241)		571	(19,670)	9,714
12,054			12,054	10,961
(1,750)			(1,750)	(1,885)
270			270	
(9,667)		571	(9,096)	18,790
375			375	351
(9,292)		571	(8,721)	19,141
249,632		32,954	282,586	263,445
\$ 240,340	\$	33,525	\$ 273,865	\$ 282,586

## All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

### Combined Statement of Cash Flows For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
<b>Cash Flows from Operating Activities:</b>			
Cash receipts/premiums from quasi-external operating transactions with other funds	\$	\$	\$
Cash receipts/premiums from customers	44,573	115,538	
Cash payments to suppliers for goods and services	(19,030)	(32,817)	(58)
Cash payments to employees for services	(10,232)	(10,375)	
Cash payments for benefits		(274,563)	
Other operating cash receipts	265	4	866
Other operating cash payments	(350)		(13)
Loss from employee fraud	(7)		
Interest received on tuition receipts	14		
Principal and interest received on program loans	14,724		
Issuance of program loans	(19,955)		
Net Cash Provided by (Used for) Operating Activities	10,002	(28,250)	795
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating transfers in	9,252	2,793	
Operating transfers out	(193)	(46)	(1,271)
Loans from other funds	500		
Operating grants received			
Revenues from counties	790		
Contribution to other government			
Net Cash Provided by (Used for) Noncapital Financing Activities	10,349	2,747	(1,271)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(5,648)	(859)	
Proceeds from sale of capital assets	42		
Principal paid on bonds and equipment contracts	(3,790)	(869)	
Interest paid on bonds and equipment contracts	(2,119)	(81)	
Net Cash Used for Capital and Related Financing Activities	(11,515)	(1,809)	
<b>Cash Flows from Investing Activities:</b>			
Proceeds from the sale of investments	15,897	246,361	13,425
Purchases of investments	(26,581)	(228,122)	(13,838)
Interest and other investment income, net	1,600	8,323	1,352
Net Cash Provided by (Used for) Investing Activities	(9,084)	26,562	939
Net Increase (Decrease) in Cash and Cash Equivalents	(248)	(750)	463
Cash and Cash Equivalents July 1	27,280	12,871	765
Cash and Cash Equivalents June 30	\$ 27,032	\$ 12,121	\$ 1,228

<b>Totals for the Year Ended (Memorandum Only) Primary Government</b>		<b>Component Units</b>	<b>Totals for the Year Ended (Memorandum Only) Reporting Entity</b>	
June 30, 1997	Enterprise	June 30, 1997	June 30, 1996	
\$	\$	\$	\$	
115,538		115,538	119,906	
218,536	7,872	226,408	193,113	
(51,905)	(4,568)	(56,473)	(52,989)	
(20,607)	(2,763)	(23,370)	(21,860)	
(274,563)		(274,563)	(240,460)	
1,135		1,135	1,418	
(363)		(363)	(163)	
(7)		(7)	(64)	
14		14		
14,724	44	14,768	13,316	
(19,955)		(19,955)	(11,677)	
(17,453)	585	(16,868)	540	
12,045		12,045	10,960	
(1,510)		(1,510)	(1,621)	
500		500		
			95	
790		790	905	
	(92)	(92)		
11,825	(92)	11,733	10,339	
(6,507)	(952)	(7,459)	(9,693)	
42		42	13	
(4,659)		(4,659)	(4,610)	
(2,200)		(2,200)	(2,496)	
(13,324)	(952)	(14,276)	(16,786)	
275,683	15,733	291,416	246,772	
(268,541)	(17,696)	(286,237)	(242,878)	
11,275	1,180	12,455	13,244	
18,417	(783)	17,634	17,138	
(535)	(1,242)	(1,777)	11,231	
40,916	2,923	43,839	32,608	
\$ 40,381	\$ 1,681	\$ 42,062	\$ 43,839	

(Continued on Next Page)

## All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

### Combined Statement of Cash Flows

For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

(Continued from Previous Page)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ 6,256	\$ (37,624)	\$ 2,109
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest and other investment income, net			(1,352)
Depreciation	3,448	1,742	
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	(342)	2,820	
(Increase) decrease in interest receivable			34
(Increase) decrease in due from other governments	121	11	
(Increase) decrease in interfund receivables	106	3,340	
Increase in inventories	(69)		
(Increase) decrease in prepaid expenses	562		
(Increase) decrease in loans and notes receivable, net	(10,614)		
Increase (decrease) in warrants payable	(727)	1,165	4
Increase (decrease) in accounts payable and accruals	487	(85)	
Increase (decrease) in due to other governments	(51)	10	
Increase (decrease) in interfund payables	(127)	(107)	
Increase in tuition benefits payable	11,341		
Increase in claims liability		448	
Increase (decrease) in deferred revenue	(389)	30	
Total Adjustments	3,746	9,374	(1,314)
Net Cash Provided by (Used for) Operating Activities	\$ 10,002	\$ (28,250)	\$ 795

#### Noncash Capital and Related Financing Activities:

The enterprise fund received machinery and equipment of \$38,000 from other state agencies and received donated machinery and equipment of \$28,000. The enterprise fund received a building valued at \$5,946,000 from another state agency. The enterprise fund also made a noncash entry for \$230,000 to adjust land to actual.

The internal service fund entered into a \$3,522,000 capital lease agreement. Payments on the new lease included principal payments of \$620,000 and interest payments of \$45,000. The internal service fund received donated machinery and equipment of \$1,000 and received machinery and equipment of \$23,000 from another state agency.

#### Reconciliation for Nonexpendable Trust:

Unrestricted cash and cash equivalents June 30	\$ 1,228
Unrestricted cash and cash equivalents, expendable trust, pension trust and agency	256,055
Unrestricted cash and cash equivalents per combining balance sheet, trust and agency	<u>\$ 257,283</u>

#### Reconciliation for Component Units:

Unrestricted cash and cash equivalents June 30	\$ 1,681
Unrestricted cash and cash equivalents, other component units	253,347
Restricted, cash and cash equivalents, other component units	373
Cash and cash equivalents per combining balance sheet, component units	<u>\$ 255,401</u>

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

<b>Totals for the Year Ended (Memorandum Only) Primary Government</b>		<b>Component Units</b>	<b>Totals for the Year Ended (Memorandum Only) Reporting Entity</b>	
June 30, 1997		Enterprise	June 30, 1997	June 30, 1996
\$ (29,259)	\$	(579)	\$ (29,838)	\$ (471)
(1,352)			(1,352)	(1,185)
5,190		887	6,077	5,955
2,478		168	2,646	(3,534)
34			34	(165)
132			132	(62)
3,446		(29)	3,417	726
(69)		(8)	(77)	(43)
562		44	606	(672)
(10,614)		44	(10,570)	(4,227)
442			442	(486)
402		53	455	(165)
(41)			(41)	23
(234)		5	(229)	(198)
11,341			11,341	
448			448	6,197
(359)			(359)	(1,153)
11,806		1,164	12,970	1,011
\$ (17,453)	\$	585	\$ (16,868)	\$ 540



## Pension Trust Funds

### Statement of Changes In Plan Net Assets For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Additions:</b>			
Employer	\$ 326,623	\$ 5,185	\$ 22,091
Employee	242,576	1,289	1,267
Total Contributions	569,199	6,474	23,358
Net Investment Income:			
Net appreciation (depreciation) in fair value of investments	1,509,647		
Interest and dividends	419,940		
Securities Lending:			
Income from securities lending	99,483	1,794	1,646
Interest expense and trading costs from securities lending	(97,365)	(1,756)	(1,611)
Managers' fees and trading costs	(14,819)		
Net Investment Income	1,916,886	38	35
Other Revenues:			
Rent income	107		
Gain on Disposal of Equipment	14		
Other	5		
Total Other Revenues	126		
Total Additions	2,486,211	6,512	23,393
<b>Deductions:</b>			
Retirement annuities	475,283	10,803	25,290
Refunds to terminated employees	50,183	74	54
Total	525,466	10,877	25,344
Administrative expenses:			
Personal services:			
Salaries, wages and fringe benefits	3,981		
Travel	62		
Contractual services	3,696		
Commodities	304		
Total Administrative Expenses	8,043		
Loss on Disposal of Equipment			
Depreciation	260		
Total Deductions	533,769	10,877	25,344
Operating Transfers In (Out):			
Annual investment income	(64,695)	33,286	30,520
Administrative fees	553	(104)	(442)
Total Operating Transfers In (Out)	(64,142)	33,182	30,078
Net Increase in Plan Net Assets	1,888,300	28,817	28,127
Net Assets Held in Trust for Pension Benefits:			
Beginning of Year	9,371,390	173,506	156,453
End of Year	\$ 11,259,690	\$ 202,323	\$ 184,580

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

**Totals for the Year Ended**  
(Memorandum Only)

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**Supplemental  
Legislative  
Retirement  
Plan**

		June 30, 1997		June 30, 1996	
\$	337	\$	354,236	\$	349,914
	160		245,292		250,597
	497		599,528		600,511
			1,509,647		874,048
			419,940		391,903
	48		102,971		77,312
	(47)		(100,779)		(71,123)
			(14,819)		(13,529)
	1		1,916,960		1,258,611
			107		88
			14		
			5		41
			126		129
	498		2,516,614		1,859,251
	152		511,528		463,363
	8		50,319		48,489
	160		561,847		511,852
			3,981		3,874
			62		40
			3,696		3,280
			304		608
			8,043		7,802
					235
			260		422
	160		570,150		520,311
	889				
	(7)				
	882				
	1,220		1,946,464		1,338,940
	4,137		9,705,486		8,366,546
\$	5,357	\$	11,651,950	\$	9,705,486



## University Funds

### Statement of Changes in Fund Balances Component Unit For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Current Funds			Endowment and Similar
	Unrestricted	Restricted	Loan	
<b>Revenues and Other Additions:</b>				
Unrestricted fund revenues	\$ 625,025		\$	\$
Tuition and fees		288		
Federal appropriations, grants and contracts		147,643		971
State grants and contracts		24,744		
Local appropriations, grants and contracts		1,206		
Private gifts, grants and contracts		31,681	655	1,656
Endowment income		529	4	431
Investment income		33	576	791
Interest on loans receivable			1,340	
Federal advances			262	
Proceeds from bonds and notes				
Additions to plant facilities				
Retirement of indebtedness				
Sales and services of educational activities		529		29
Other		517	713	61
Total Revenues and Other Additions	625,025	207,170	4,521	2,968
<b>Expenditures and Other Deductions:</b>				
Educational and general	656,815	203,349	19,326	
Auxiliary enterprises	122,209	601		
Hospital	188,807			
Independent operations	1,524			
Administrative and indirect costs recovered		10,926	374	
Refunds to grantors		53	27	
Loan cancellations and write-offs			2,306	
Collection costs			115	
Expended for plant facilities				
Repairs and maintenance				
Plant assets sold or retired				
Long-term debt incurred				
Retirement of indebtedness				
Interest on indebtedness				
Change in provision for uncollectible accounts	407		324	
Other	6,294	321	386	36
Total Expenditures and Other Deductions	976,056	215,250	22,858	36
<b>University Funds Interfund Transfers In (Out):</b>				
Mandatory:				
Principal and interest	(15,381)	(68)		
Restricted fund matching	(6,625)	7,068	(86)	(333)
Loan fund matching	(419)	15	405	(1)
Facility expansion	(88)			
Renewals and replacements	(325)			
Nonmandatory:				
Building projects	(17,016)	(492)		
Other	(9,180)	1,139	140	(674)
Total University Funds Interfund Transfers In (Out)	(49,034)	7,662	459	(1,008)
Operating Transfers In from Primary Government	438,955	270	15,174	
Operating Transfers Out to Primary Government	(270)			
Net Increase (Decrease) in Fund Balances	38,620	(148)	(2,704)	1,924
Fund Balances July 1	174,228	22,073	90,794	34,701
Fund Balances June 30	\$ 212,848	\$ 21,925	\$ 88,090	\$ 36,625

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

Plant Funds				Totals for the Year Ended (Memorandum Only)	
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	June 30, 1997	June 30, 1996
\$	\$	\$	\$	\$	\$
25		825		625,025	572,700
9,622				1,138	841
				158,236	159,047
		135		24,744	19,494
261	5			1,341	1,365
	22			34,258	34,949
4,418	675	576		986	808
				7,069	7,647
				1,340	1,675
				262	719
	11,651	946		12,597	
			235,824	235,824	144,454
			10,427	10,427	10,912
19	12			589	1,115
19,639	2,184	370		23,484	5,298
33,984	14,549	2,852	246,251	1,137,320	961,024
		9		879,499	838,969
				122,810	115,055
				188,807	170,488
				1,524	1,463
				11,300	11,658
5				85	198
				2,306	1,394
				115	216
139,306	17			139,323	98,166
12,576	1,093			13,669	11,739
			52,065	52,065	29,638
			38,550	38,550	8,861
		10,427		10,427	10,912
		7,195		7,195	7,669
				731	1,128
60	103	842		8,042	11,733
151,947	1,213	18,473	90,615	1,476,448	1,319,287
(146)	(95)	15,690			
(24)					
88					
(600)	1,335	(410)			
18,040	(332)	(200)			
9,487	(685)	(227)			
26,845	223	14,853			
86,602				541,001	518,895
(7,764)				(8,034)	(4,380)
(12,280)	13,559	(768)	155,636	193,839	156,252
120,423	14,042	14,974	1,259,181	1,730,416	1,574,164
\$ 108,143	\$ 27,601	\$ 14,206	\$ 1,414,817	\$ 1,924,255	\$ 1,730,416



## University Funds

### Statement of Current Fund Revenues, Expenditures and Other Changes Component Unit For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Current Funds		Totals for the Year Ended (Memorandum Only)	
	Unrestricted	Restricted	June 30, 1997	June 30, 1996
<b>Revenues</b>				
Tuition and fees	\$ 179,993	\$ 288	\$ 180,281	\$ 173,189
Local appropriations	2,577		2,577	2,619
Federal grants and contracts	21,772	137,408	159,180	166,964
State grants and contracts	3,746	24,744	28,490	9,363
Local grants and contracts	408	1,206	1,614	1,670
Private gifts, grants and contracts	11,274	31,681	42,955	36,871
Endowment income	10,393	529	10,922	606
Investment income		33	33	9,679
Sales and services of educational activities	27,839	529	28,368	25,148
Sales and services of auxiliary activities	128,648		128,648	120,904
Sales and services of hospitals	207,043		207,043	187,166
Other sources	31,332	517	31,849	28,926
Total Current Revenues	625,025	196,935	821,960	763,105
<b>Expenditures and Mandatory Transfers</b>				
Educational and general:				
Instruction	289,131	24,179	313,310	301,988
Research	51,225	75,232	126,457	123,419
Public service	39,568	21,611	61,179	62,960
Academic support	61,354	7,917	69,271	70,767
Student services	31,113	1,773	32,886	33,745
Institutional support	82,805	10,327	93,132	84,018
Operation and maintenance of plant	66,996	96	67,092	64,361
Scholarships and fellowships	34,623	62,214	96,837	85,971
Educational and General Expenditures	656,815	203,349	860,164	827,229
Mandatory transfers for:				
Principal and interest	9,267	68	9,335	10,632
Restricted fund matching	6,579	(7,068)	(489)	(587)
Loan fund matching	419	(15)	404	655
Renewals and replacements	185		185	622
Other	88		88	
Total Educational and General Expenditures	673,353	196,334	869,687	838,551
Auxiliary enterprises:				
Expenditures	122,209	601	122,810	115,055
Mandatory transfers for:				
Principal and interest	6,114		6,114	6,480
Restricted fund matching	46		46	105
Renewals and replacements	140		140	(136)
Total Auxiliary Enterprises	128,509	601	129,110	121,504
Hospital operations expenditures	188,807		188,807	170,488
Independent operations expenditures	1,524		1,524	1,463
Total Expenditures and Mandatory Transfers	992,193	196,935	1,189,128	1,132,006
<b>Other Transfers and Additions/(Deductions)</b>				
Excess of restricted receipts over transfers to revenues		10,235	10,235	10,842
Operating transfers in from primary government	438,955	270	439,225	438,196
Operating transfers out to primary government	(270)		(270)	(4,380)
Building support	(17,016)	(492)	(17,508)	(20,440)
Indirect and administrative costs recovered		(10,926)	(10,926)	(11,494)
Refunds to grantors		(53)	(53)	(68)
Provision for uncollectible accounts	(407)		(407)	(1,223)
Provision for accrued leave	(2,455)	(25)	(2,480)	(3,494)
Other	(13,019)	843	(12,176)	(15,237)
Net Increase (Decrease) in Fund Balances	\$ 38,620	\$ (148)	\$ 38,472	\$ 23,801

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

Notes to the Financial Statements

June 30, 1997

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 of Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The financial statements of the university funds have been prepared in conformity with GAAP as prescribed by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA).
- B. **Financial Reporting Entity** - For GAAP financial reporting purposes, the state of Mississippi's reporting entity includes all fund types and account groups 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.

As required by GAAP, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. 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 - 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, one expendable trust fund and two agency funds 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, 1997, and their report, dated October 17, 1997, has been issued under separate cover. The comprehensive annual financial report may be obtained by writing to Public Employees' Retirement System of Mississippi, Attention: Financial Reporting Department, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling 1-800-444-PERS.

Discretely presented component units, which are legally separate from the state, are reported in separate component units columns of the combined financial statements. The component units columns include the financial data of these entities.

Mississippi Business Finance Corporation (Proprietary Fund Type) - This is a public corporation which is an incorporated certified development company. The Mississippi Business Finance Corporation (MBFC) is a legally separate entity. The primary government is not able to impose its will on MBFC and there is not a financial benefit/burden relationship. A large portion of MBFC's current overhead is provided by the state. This includes office space, furniture, equipment and some personnel. Therefore, it would be misleading not to include this entity as a discretely presented component unit.

Mississippi Coast Coliseum Commission (Proprietary Fund Type) - This is a political subdivision of the state. Expenditures are subject to legislative budget approvals. The commission is responsible for

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establishing, promoting, developing, locating, constructing, maintaining and operating a multi-purpose coliseum and related facilities within Harrison County, Mississippi.

Mississippi Prison Industries (Proprietary Fund Type) - This is a non-profit corporation created and established as a body politic and corporate, to lease and manage the prison industry programs of the Mississippi Correctional Industries. The primary government is not able to impose its will on the corporation. Neither a financial benefit nor burden exists between the primary government and prison industries. However, because prison industries utilizes state inmates for their workforce, leases state property at below market and may receive state appropriations for funding, it would be misleading not to include the corporation as a discretely presented component unit.

Pat Harrison Waterway District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. The agency is charged with the overall responsibility of providing flood relief along the Pascagoula River and its tributaries and to preserve and protect these waters for future generations, for economic enhancement of the area and its industrial growth.

Pearl River Basin Development District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. The agency was created for the purpose of preservation, conservation, storage and regulation of the waters of the Pearl River and its tributaries and their overflow waters for domestic, commercial, municipal, industrial, agricultural and manufacturing purposes, for recreational uses, for flood control, timber development, irrigation, navigation and pollution abatement.

Pearl River Valley Water Supply District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. This agency operates and maintains the Ross Barnett Reservoir and surrounding district lands, to provide water supply, flood reduction, and recreation opportunities.

Tombigbee River Valley Water Management District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. This agency provides for a plan of conservation, recreation, water control and utilization, agricultural development and industrial and economic advancement within the district.

Universities (University Funds) - The Board of Trustees of State Institutions of Higher Learning, appointed by the primary government, governs 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, all of which are bodies politic and corporate. The universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Because the universities are similar in nature and function, they have been combined and presented as a single component unit.

The discretely presented component units are audited by the Office of the State Auditor or other independent auditors, and their financial statements are issued under separate covers. The audited financial statements are available from each discretely presented component unit.

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

- C. Fund Accounting** - The financial activities of the state are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. An account group is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. Account groups are presented for general fixed assets and general long-term obligations.



Funds reported for the primary government and its component units are classified into four categories: governmental, proprietary, fiduciary and university. Each category is further divided into separate “fund types.”

In the primary government's financial statements, each category is divided into separate "fund types", which are described along with the two account groups, as follows:

### **GOVERNMENTAL FUND TYPES**

Governmental funds are used to account for all or most of a government's general activities, including collection and disbursement of earmarked monies (special revenue funds), acquisition or construction of general fixed assets (capital projects funds), and servicing of general long-term debt (debt service funds). The General Fund is used to account for all general government activities not accounted for in some other fund. Governmental fund types include:

**General** - Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, general government, education (other than institutions of higher learning), health and social services, public safety, recreation and resources, and transportation. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

**Special Revenue** - Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

**Debt Service** - Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases and compensated absences) are generally accounted for in debt service funds.

**Capital Projects** - Transactions related to resources obtained and used for acquisition, construction or improvement of major capital facilities are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues and operating transfers from the General Fund.

### **PROPRIETARY FUND TYPES**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary fund types include:

**Enterprise** - 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.

**Internal Service** - Internal service funds account for the operations of state agencies which render services and provide goods to other state agencies or governmental units on a cost-reimbursement basis.



## FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms “nonexpendable” and “expendable” refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Fiduciary fund types include:

**Expendable Trust** - Expendable trust funds account for assets held by the state in a trustee capacity where the principal and income may be expended in the course of designated operations.

**Nonexpendable Trust** - Nonexpendable trust funds account for assets held by the state in a trustee capacity where only income derived from trust principal may be expended in the course of designated operations. Principal must be preserved intact.

**Pension Trust** - Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the state's public employee retirement systems.

**Agency** - Agency funds account for various taxes, deposits, and property collected or held by the state, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

## ACCOUNT GROUPS

Account groups are accounting entities used to establish control over and accountability for the state's general fixed assets and the unmatured principal of its general long-term obligations. Two account groups are used.

**General Fixed Assets** - The general fixed assets account group accounts for all fixed assets acquired or constructed for use by the state, other than those accounted for in the proprietary, fiduciary and similar trust funds, and discretely presented component units.

**General Long-Term Obligations** - The general long-term obligations account group accounts for general obligation bonds, limited obligation bonds, compensated absences and other long-term obligations not recorded in proprietary, fiduciary and similar trust funds, and discretely presented component units.

## DISCRETELY PRESENTED COMPONENT UNITS

The discretely presented component units include governmental, proprietary and university fund type organizations that are legally separate from the state but are considered part of the reporting entity. Fixed assets and long-term debt for component units are included in the discrete column of the combined balance sheet.

University funds account for the operations of state universities in accordance with existing authoritative accounting and reporting principles applicable to universities. Accordingly, university funds are an aggregation of the following funds:

**Current** - Current funds account for resources that will be expended for operating purposes. These include unrestricted funds over which university governing boards retain full control in achieving institutional purposes and restricted funds which may be utilized only for purposes designated by a donor or other external organization.

**Loan** - Loan funds account for transactions of related resources obtained and used for loans to students, staff and faculty.

**Endowment** - Endowment funds account for resources held by the institutions that must be administered in accordance with trust agreements.

**Plant** - Plant funds account for resources available for acquisition, renewal and replacement of institutional properties, resources available to service debt incurred to acquire such properties, and the fixed assets acquired or constructed for use by the institutions.

**Unexpended** - This subgroup is used to account for the unexpended resources derived from various sources to finance the acquisition of university fixed assets and the associated liabilities.

**Renewals and Replacements** - This subgroup is used to provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

**Retirement of Indebtedness** - This subgroup is used to account for the accumulation of resources for interest and principal payments and other debt service charges, including contributions for sinking funds, relating to plant fund indebtedness.

**Investment in Plant** - Except for long-lived assets held as investments in endowment and similar funds and their associated liabilities, this subgroup includes all long-lived assets in the service of the institution and all construction in progress (unless carried in the Unexpended Plant Fund or Fund for Renewals and Replacements subgroup until completion of the project), as well as all associated liabilities.

**Agency** - Agency funds account for amounts held in custody for students, university-related organizations, and others.

**D. Basis of Accounting/Measurement Focus** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus, as described below.

**Governmental Fund Types and Expendable Trust and Agency Funds** - All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. 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 and related fund liabilities are recognized upon receipt of goods and services.

Modifications to the accrual basis of accounting include: principal and interest on long-term debt reflected in the general long-term obligations account group are recorded as fund liabilities when due; inventories of materials and supplies are recorded as expenditures at acquisition; obligations for employee personal leave and major medical leave are recorded as expenditures when paid.

**Proprietary Fund Types and Nonexpendable and Pension Trust Funds** - All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components for proprietary funds, fund balance for nonexpendable trust and net assets for pension trust funds. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund types, nonexpendable trust funds and

pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. For pension trust funds, employee and employer contributions are recognized as revenue in the period in which employee services are performed. Investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred.

The state's proprietary and pension trust funds apply all applicable GASB pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

**University Funds** - The accounts of the university funds in the discretely presented component unit column are reported using the accrual basis of accounting with the following exceptions: depreciation related to plant fund assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominantly conducted.

- E. Budgetary Accounting** - The state's annual budget is prepared principally on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if presented for payment in the 60-day lapse period immediately following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds are presented on the budgetary basis. A reconciliation of the excess of revenues over (under) expenditures and other financing sources (uses) on a budgetary basis at June 30, 1997 to the excess of revenues over (under) expenditures/expenses and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

Unexpended appropriations at June 30 are available for subsequent expenditure only to the extent that encumbrances have been established and they are presented for payment during the succeeding 60-day lapse period. Lapse period expenditures are reported as expenditures in the current-year budgetary presentation.

- F. Cash and Cash Equivalents** - Cash and cash equivalents include bank accounts, petty cash, money market demand accounts and certificates of deposit with a maturity date within 90 days of the date acquired by the state. Collateral, as further discussed in Note 4, is pledged by the various banks and investment institutions to guarantee state funds.
- G. Investments** - Investments are generally recorded at cost. Income from short-term interest bearing securities is recognized as earned. Gains and losses on bond sales are recognized under the completed-transaction method. The cost of common stock sold is determined using the average-cost method.

In accordance with authorized investment laws, the state invests in collateralized mortgage obligations. These securities are reported at cost on the balance sheet. They are included as part of U. S. Government securities and agencies in the Note 4 disclosure.

Investments of the pension trust funds and Government Employees' Deferred Compensation Plan Fund (an expendable trust fund) are stated at market value except for life insurance contracts, which are stated at cash surrender 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 market value when published prices are available, or at cost plus accrued interest, which approximates market value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the market values.

The Public Employees' Retirement System of Mississippi is authorized to enter into securities lending transactions. These transactions represent loans of securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The assets and liabilities arising from securities lending transactions are reflected separately under the captions Investments and Obligations under securities lending. In accordance with authorized investment laws, the Public Employees' Retirement System also invests in various mortgage-backed securities such as collateralized mortgage obligations, interest-only strips and principal-only strips. These securities are reported at market value and are included in the categories of U. S. Government securities and agencies and Corporate obligations in the Note 4 disclosure.

**H. Receivables** - Receivables in the governmental and fiduciary funds primarily consist of interest and federal revenues, both recorded when earned, taxes that are susceptible to accrual - mainly sales and income taxes and amounts due from other governments. Proprietary fund receivables occur in the ordinary course of business. Trust and agency fund receivables include amounts collectible for investments sold and for accrued interest income as well as contributions payable to pension trust funds which are recognized as revenue in the period in which employee services are performed. The discretely presented university fund receivables include monies due from the federal government, tuition fees and accrued interest income. Receivables are reported net of allowances for uncollectible accounts where applicable.

**I. Interfund Transactions** - The state has the following types of interfund transactions:

**Quasi-External Transactions** - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

**Reimbursements** - Reimbursements of expenditures or expenses made by one fund for another are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the reimbursed fund.

**Operating Transfers** - Legally authorized transfers are reported as operating transfers. Operating transfers from the General Fund are transfers of appropriated or diverted tax revenues.

The composition of the state's interfund receivables and payables is presented in Note 6.

**J. Inventories** - Inventories of supplies and materials are stated at cost, which approximates market, generally using the first-in, first-out method. Cost of inventories held for use in constructing highways is determined by weighted average methods. Governmental fund type inventories of supplies and materials are recorded as expenditures at acquisition. Inventories of food stamps are recorded at their face value, with a corresponding deferred revenue. Food stamp revenues and expenditures are recorded simultaneously at the time of distribution.

**K. Restricted Assets** - Assets from proceeds of general obligation bonds restricted for use in construction are reported in the primary government's enterprise funds for the Port Authority at Gulfport. The component units' restricted assets consist primarily of assets held by the Mississippi Coast Coliseum Commission with use limited to future legislative appropriations.

**L. Property, Plant and Equipment** - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are stated at cost. Donated assets are valued at estimated market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on general fixed assets.

Certain public domain (infrastructure) general fixed assets, principally highways, bridges and rights-of-way, are not capitalized, as these assets are immovable and of value only to the government. Generally, discretely presented university fund infrastructure assets such as streets, sidewalks, lighting systems and curbs are capitalized. Depreciation is not provided on general fixed assets or on university fund fixed assets.

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Proprietary and fiduciary fund type property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets ranging from 20 to 50 years for buildings and improvements and 3 to 10 years for machinery and equipment.

- M. Risk Management - Claims Liability** - The state has elected to finance exposures to risk for health and life benefits, tort liability, unemployment benefits and workers' compensation benefits through the retention of risk. The primary government and component units participate in the internal service Risk Management Fund. A liability for a 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.
- N. Accumulated Unpaid Personal Leave and Major Medical Leave** - Mississippi law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. 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 with respect to governmental and expendable trust funds for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported in the accompanying general long-term obligations account group. In the university and in the proprietary and similar trust fund types, this obligation is reported as a liability in the respective funds. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The state uses the last-in, first-out method of recognizing use of compensated absences.

The reported liability for accumulated unpaid personal leave applicable to all fund types 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 university funds, 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 university funds 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.

- O. Deferred Revenue** - Deferred revenues arise when a potential revenue does not meet the "available" criterion for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or for food stamps held pending distribution. In subsequent periods, when the revenue recognition criterion is met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.
- P. Fund Equity** - The equity section of the governmental fund balance sheet is comprised of three major fund balance elements: reserved; unreserved, designated; and unreserved, undesignated. The two primary elements of a proprietary fund's equity are contributed capital and retained earnings. These elements are explained below.

## CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from other funds.

## RESERVATIONS

Reservations are for the following fund types and purposes:

### Fund Types

**Governmental and Fiduciary** - Fund balances of governmental and fiduciary fund types that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

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**Proprietary** - Reserved retained earnings of the primary government's proprietary funds represent those portions of fund equity that are legally restricted for payment of debt service. The component units' reserved retained earnings represent the portion of fund equity reserved for certain restricted assets.

**University** - Fund balances of university funds that are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

## Purposes

**Encumbrances** - Represents outstanding commitments at year end that will be liquidated in the lapse period.

**Inventories** - Represents the portion of fund balance reserved for inventories that is not available spendable resources. Food stamps inventory is offset by deferred revenue because the revenue recognition criteria have not been met.

**Long-Term Portion of Loans and Notes Receivable** - Represents loans and advanced funds under various programs that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans and advances receivable to indicate that it is not available resources for appropriation.

**Long-Term Portion of Due From Other Governments** - Represents loans to local governments that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans receivable to indicate that it is not available resources for appropriation.

**Pension Benefits** - Represents the portion of fund balance that will be used to provide future retirement benefits to members of the various public employee retirement systems.

**Other** - Consists principally of unemployment compensation, disaster relief assistance, and educational and vocational training. University activities reported in the discretely presented component unit column include loans to students, research projects and endowments.

## DESIGNATIONS

Designations of unreserved fund balances are established to reflect tentative plans for future utilization of current financial resources. Designations are established for the following categories:

**Debt Service** - Amounts anticipated to pay future debt service requirements.

**Capital Projects and Road and Highway Construction** - Amounts anticipated to be utilized for the construction of state facilities, highways and roads.

**Designated for Other Specific Purposes** - Special treasury accounts classified within the GAAP General Fund are shown in this designation, because the funds are not available for appropriation by the state legislature unless enabling legislation is approved. The fund balance of the Working Cash-Stabilization Reserve Account is also recorded as designated for other specific purposes.

**The Working Cash-Stabilization Reserve Account** - State law created the Working Cash-Stabilization Reserve Account into which shall be deposited 100 percent of the unencumbered General Fund cash balance at the close of each fiscal year until such time as the balance reaches \$40,000,000. After the balance in the account reaches \$40,000,000, 50 percent of the unencumbered General Fund cash balance at the close of each fiscal year shall be deposited into the account. Once the account reaches 7.5 percent of General Fund appropriations of the fiscal year, any excess of the 50 percent of the unencumbered cash balance is transferred to the Education Enhancement Account.

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The Working Cash-Stabilization Reserve Account in excess of \$40,000,000 may be used to cover unforeseen deficits in revenues, that may occur in the General Fund. If the governor determines that a deficit in revenues from all sources may occur, a maximum of \$50,000,000 may be transferred to the General Fund in any one fiscal year. The amount so applied shall be restored to the Working Cash-Stabilization Reserve Account out of future annual surpluses until the 7.5 percent maximum is again attained. This account may also be used to pay state obligations as they become due when cash flow deficiencies occur. Sums used for this purpose must be reimbursed from General Fund revenues collected during the fiscal year in which such funds are used. As required by law, the Working Cash-Stabilization Reserve Account is not considered as a surplus or available funds when adopting a balanced budget.

- Q. 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.
- R. Total (Memorandum Only) Columns** - "Total (Memorandum Only)" columns have been added to certain statements to reflect totals for both the primary government and the reporting entity. They are presented for information only and do not represent consolidated financial information.
- S. Comparative Data** - On certain statements, 1996 fiscal year "Total (Memorandum Only)" columns are presented for comparative purposes in order to provide an understanding of changes in the state's financial position and operations. However, comparative data have not been provided for individual fund types or in total for all combined financial statements. Certain reclassifications have been made to the 1996 financial statements to conform to the 1997 presentation.

## Note 2 - Budgetary Process, Control and Reconciliation to GAAP

Mississippi state law requires both the governor and the Legislative Budget Office to prepare and submit to the legislature at the beginning of each annual session an overall balanced budget for budgeted activities and functions in the ensuing fiscal year. Budgeted expenditures may not exceed the aggregate of 98 percent of estimated revenues plus funds expected to be on hand at the beginning of the year. The legislature compares these budgets, makes any revisions it deems necessary or appropriate, and legally enacts an annual state budget through passage of specific departmental appropriation bills by activity or function for the general and special funds and by major expenditure classification for all funds in total but not for individual funds, the sum of which should not exceed estimated amounts available and projected revenues for those activities and functions. The governor has the power to approve or veto each line item appropriation; however, vetoes are subject to legislative override.

The state has established three budgetary fund groups to account for its budgetary activities and functions:

**General** - accounts established to receive and distribute general tax revenues and other general revenues and interest generated thereon.

**Education Enhancement** - accounts established to receive specific tax revenues to support various educational programs.

**Special** - accounts 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.

The budget covers most governmental funds included in the state reporting entity but excludes certain distributive accounts, debt service funds, endowment funds, research funds from other than state appropriations, and private gifts to designated agencies or for designated purposes which are not subject to appropriation pursuant to state law. Certain accounts recommended by the Department of Finance and Administration as not being subject to appropriation are also excluded. Certain accounts held outside the treasury are similarly not budgeted. The budget does include certain proprietary funds and the administrative costs of operating the Public Employees' Retirement System of Mississippi.

The Department of Finance and Administration monitors agency budget compliance through an allotment process. For the general fund, allotments are established at or below the level of appropriation for each budgetary activity or function. For the special fund, allotments may be established in excess of the original appropriation if revenues from federal funding sources exceed original estimates. To provide sufficient funding for several programs during the fiscal year, supplemental appropriations of \$38,665,000 were approved by the legislature. Budget allotments were increased to reflect these supplemental appropriations.

If, at the end of October or any month thereafter of any fiscal year, general fund revenues collected for the fiscal year fall below 98 percent of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment, the Department of Finance and Administration is required by statute to reduce allotments of appropriations to general fund agencies by the amount necessary to keep expenditures within the actual general fund receipts for the fiscal year. No agency's allotment may be reduced by more than 5 percent unless allotments to all general fund agencies have been reduced by 5 percent. Any required reductions in excess of 5 percent must consist of a uniform percentage reduction to all general fund agencies. Reduced allotments may be restored if revenue collections exceed revised estimates. There were no budget reductions during fiscal year 1997.

State agencies are responsible for exercising budgetary control and ensuring that allotments are not overspent, subject to Department of Finance and Administration review. The legal level of budgetary control is at the agency level by activity or function as well as by major expenditure classification (e.g., personal services, contractual services, commodities) if a major expenditure budget was established by approved appropriation bills. For those appropriations that are not delineated as to major expenditure classification, the lowest level of budgetary control is activity or function. Agencies are authorized to transfer appropriated amounts between major expenditure classifications not to exceed 10 percent, except that the amount budgeted for salaries cannot be changed and the amount budgeted for capital outlay - equipment cannot be increased. In addition, special fund expenditures cannot exceed the amount of cash in the fund at any time.

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Budgeted general fund revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds represent the general fund revenue estimate 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 which are anticipated to be expended for special fund purposes.

Because of the complexity of the state's budget, a separate Annual Report of Budgetary Basis Expenditures has been prepared to present budget to actual comparisons. This budgetary report is available at the Department of Finance and Administration.

The Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. 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 (see Note 1E), a reconciliation of resulting basis, timing, perspective and entity differences in the excess of revenues over (under) expenditures/expenses and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 1997 is presented below (amounts expressed in thousands):

	Budgetary Funds			Financial Statement Fund Types	
	General	Education Enhancement	Special	General	Special Revenue
Excess of Revenues Over Expenditures and Other Financing Sources (Uses) - Budgetary Funds Budgetary Method	\$ 7,868	\$ 30,285	\$ 36,092	\$	
Entity and Perspective Differences:					
Reclassification of budgetary funds to GAAP financial statement fund types	(7,868)	(30,285)	(36,083)	77,199	630
Elimination of budgetary funds that are GAAP agency funds			(9)		
Add non-budgeted funds				69,194	(441)
Basis Differences:					
Net accrued revenues, related receivables and deferred revenues				604,163	17,313
Net accrued expenditures/expenses and related liabilities				(532,289)	(13,000)
Timing Differences:					
Lapse period revenues which were not treated as assets				(333,819)	(14,910)
Lapse period expenditures/expenses which were not treated as liabilities				263,852	13,245
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)/Net Income - GAAP Fund Types - GAAP Basis	\$ 0	\$ 0	\$ 0	\$ 148,300	\$ 2,837

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	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trust	Non- Expendable Trust	Pension Trust	Component Unit University
\$	\$	\$	\$	\$	\$	\$	\$	
		(10,955)	(3,998)	3,075			(483)	8,768
	(6,137)	(27,506)	11,130	(29,162)	82,143	616	58,164	
		(6,346)	(12,585)	(7,599)			2,577,216	1,217,919
		3,480	22,057	6,265			(689,148)	(1,026,981)
		(829)	(646)	(29)				(12,498)
			658	926			715	6,631
\$	(6,137)\$	(42,156)\$	16,616 \$	(26,524)\$	82,143 \$	616 \$	1,946,464 \$	193,839

**Note 3 - Other Accounting Disclosures**

- A. Retained Earnings Deficit** - At June 30, 1997, the Veterans' Memorial Stadium Commission Fund (an enterprise fund) has deficit retained earnings of \$1,159,000, which result from operating expenses exceeding operating revenues for fiscal year 1997.
- B. Contributed Capital** - The changes in the state's contributed capital accounts for the proprietary funds for fiscal year 1997 were as follows (amounts expressed in thousands):

	<b>Primary Government</b>	<b>Component Units</b>
Beginning balance, contributed capital	\$ 26,974	\$ 17,390
Contributions/fixed assets	5,946	393
Depreciation on contributed assets	(375)	
Ending balance, contributed capital	<u>\$ 32,545</u>	<u>\$ 17,783</u>

- C. Reclassifications/Restatements of Fund Equity/Other Credits** - In accordance with the August 20, 1996, revisions to the Internal Revenue Code Section 457, the deferred compensation plan was amended to provide that all assets and income of the plan shall be held in trust for the exclusive benefit of participants and their beneficiaries. GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was implemented in fiscal year 1997. The plan was reclassified from an agency fund to an expendable trust fund. The expendable trust funds' fund balance was restated.

The threshold for capitalizing property, plant and equipment was increased from \$100 to \$500 as of July 1, 1995. The June 30, 1996 balances were restated to reflect this change in accounting policy. The reclassifications/restatements of fund equity/other credits are summarized as follows (amounts expressed in thousands):

	<b>Expendable Trust</b>	<b>Internal Service</b>	<b>General Fixed Assets</b>
Fund Equity/Other Credits at June 30, 1996 as previously reported *	\$ 592,722	\$ 95,053	\$ 1,456,651
Reclassification of deferred compensation plan	296,013		
Change in accounting policy		(28)	(4,556)
Fund Equity/Other Credits at June 30, 1996 as restated	<u>\$ 888,735</u>	<u>\$ 95,025</u>	<u>\$ 1,452,095</u>

\*Certain other reclassifications have been made to the 1996 financial statements to conform to the 1997 presentation.

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**D. Fund Equity** - Fund balances reserved for other and fund balances unreserved, designated are explained as follows (amounts expressed in thousands):

	Governmental Fund Types					Total		Total
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Types	Primary Government	Component Units	Reporting Entity
<b>Fund balances reserved for other:</b>								
Long-temportion of loans and notes receivable	\$ 137,363	\$ 828	\$	\$	\$ 44	\$ 138,235		\$ 138,235
Long-temportion of due from other governments	235,535	9,184				244,719		244,719
Unemployment compensation					593,931	593,931		593,931
Disaster relief assistance		3,404				3,404		3,404
Deferred compensation benefits and administrative expenses					376,885	376,885		376,885
Educational and vocational training					23,022	23,022		23,022
University funds loans to students							88,090	88,090
University funds research projects							21,925	21,925
University funds endowments							36,625	36,625
Memorial Burn Center and other					380	380		380
University funds contractual agreements							529	529
University funds temporarily restricted funds							1,368	1,368
University funds continuing education							287	287
Prepaid expenses							14	14
Flood control							24	24
Land management							52	52
Distribution to local governments	46,608					46,608		46,608
<b>Total fund balances, reserved for other</b>	<b>\$ 419,506</b>	<b>\$ 13,416</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 994,262</b>	<b>\$ 1,427,184</b>	<b>\$ 148,914</b>	<b>\$ 1,576,098</b>
<b>Fund balances unreserved, designated:</b>								
Debt service	\$ 12,623	\$	\$ 15,851	\$ 9,161	\$	\$ 37,635	\$ 42,159	\$ 79,794
Road and highway construction	317,493					317,493		317,493
Future capital projects				305,628		305,628	108,843	414,471
Working cash stabilization reserve account	212,802					212,802		212,802
Special treasury accounts	461,825					461,825		461,825
Municipalities crime prevention		2,965				2,965		2,965
Future loans		3,478				3,478		3,478
Energy programs		12,643				12,643		12,643
<b>Total fund balances unreserved, designated</b>	<b>\$ 1,004,743</b>	<b>\$ 19,086</b>	<b>\$ 15,851</b>	<b>\$ 314,789</b>	<b>\$ 0</b>	<b>\$ 1,354,469</b>	<b>\$ 151,002</b>	<b>\$ 1,505,471</b>

Retained earnings, reserved is explained as follows (amounts expressed in thousands):

	Enterprise	Component Units	Total Reporting Entity
<b>Retained earnings, reserved for:</b>			
Bond retirement	\$ 462	\$	\$ 462
Commission trust fund		7,000	7,000
<b>Total retained earnings, reserved</b>	<b>\$ 462</b>	<b>\$ 7,000</b>	<b>\$ 7,462</b>

## Note 4 - Deposits and Investments

### Investment Policies

The state treasurer maintains a cash and short-term investment pool for all state general and special 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.

**State Treasurer** - The state treasurer is authorized to invest in certificates of deposit or term repurchase agreements with approved financial institutions, banks and savings associations domiciled in Mississippi which are reflected as deposits or investments in the accompanying financial statements. Financial institutions make annual application to the state treasurer for state funds by signing a contract and supplying their financial report as provided to their regulatory authority to assure the statutory required 5 ½ percent primary capital to total assets ratio. Depositories are required to collateralize at least 105 percent of the amount of funds held on deposit in certificates of deposit that are in excess of the \$100,000 FDIC limit. Substitution based on par is allowed for some collateral securities. The state treasurer is also authorized to invest in repurchase agreements and securities lending transactions (with at least 80 percent of the total dollar amount with qualified state depositories), direct United States Treasury obligations, United States Government instrumentalities, United States Government agency obligations 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 United States (or its agencies, instrumentalities or sponsored enterprises) and to repurchase agreements fully collateralized by direct obligations of the United States (or its agencies, instrumentalities or sponsored enterprises).

The state treasurer invests in collateralized mortgage obligations issued by United States Government agencies in order to maximize yield on the state's funds. These securities are based on cash flows from principal payments on underlying mortgages, therefore, they are sensitive to prepayments by mortgagees. In essence, as principal payments are made, cash is received, and the par value of the securities is reduced.

**Public Employees' Retirement System** - The System is authorized by Section 25-11-121, Mississippi Code Ann. (1972), to invest in the following:

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

School district bonds of the state of Mississippi;

Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi;

Highway bonds of the state of Mississippi;

Corporate bonds of Grade BAA/BBB or better as rated by Standard & Poor's Corporation 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 Standard & Poor's Corporation or rated P-3 or better by Moody's Investors Service. The Board of Trustees of the System has established a policy which further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by Standard & Poor's Corporation or Moody's Investors Service, respectively;

Bonds of the Tennessee Valley Authority;

Bonds, notes, certificates and other valid obligations of the United States or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission;

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Bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;

Bonds rated A or better, stocks and convertible securities of established foreign 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 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 which are general obligations of any other state in the United States 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;

Shares of stock, common and/or preferred, of corporations created by or existing under the laws of the United States 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 Securities and Exchange Commission 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 Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board of Trustees of the System.

During fiscal year 1997, the System invested exclusively in asset/liability based investments such as interest-only strips, principal-only strips and collateralized mortgage obligations (forms of mortgage-backed securities). The System reviews market values of all securities on a monthly basis and prices are obtained from recognized pricing sources. These securities are held in part to maximize yields and in part to hedge against a rise in interest rates. Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components on underlying mortgages. Interest - only strips are based on cash flows from interest payments, therefore, they are sensitive to prepayments by mortgagees which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in market value.

Collateralized mortgage obligations (CMO's) 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. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

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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. There have been no significant violations of the provisions of the agreement during the period of this statement. The System lends securities similar to the type on loan at year-end for collateral in the form of either cash, other securities, or irrevocable bank letters of credit. The type of securities on loan at June 30, 1997, by the System are long-term U.S. Government and agency obligations and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic equities and bonds) and 105 percent (international equities) of the market value and accrued income of the securities lent. In the event the collateral value falls to less than 100 percent of the respective market value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. The contractual agreement with the System's 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. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of their 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 90 days at June 30, 1997. Cash collateral is invested in fixed income securities such as U. S. Government and agency obligations and "AAA" asset-backed securities. Additionally, a significant portion is invested in short-term securities, such as repurchase agreements, commercial paper, and bank notes. The weighted-average term to maturity of all collateral investments at year-end was 452 days with a duration of 64 days.

Securities lent at year-end for cash collateral are presented as unclassified in the following schedule of custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral. The investments purchased with the cash collateral are presented in category 3 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 owes the borrowers exceeds the amount the borrowers owe the System. At June 30, 1997, the aggregate amount of the securities lending transactions, including accrued interest was \$2,059,424,000 and the aggregate market value, including accrued interest, of the underlying securities lent was \$1,985,122,000. The value of the collateral pledged by borrowers at year end was \$2,048,449,000.

All of the investment assets of the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS) and the Supplemental Legislative Retirement Plan (SLRP) are combined with those of the Public Employees' Retirement System (PERS) and invested in short-term, fixed income securities and equity securities. These investments are accounted for as part of the PERS pension trust fund. MHSPRS, MRS and SLRP have an equitable interest in the PERS fund based upon amounts contributed and earnings allocated. Individual investments in the PERS fund are not specifically allocated to MHSPRS, MRS and SLRP. However, a prorata share of total securities lending collateral investments is allocated. The System has no investments (other than those issued or guaranteed by the United States Government or its instrumentalities) in any one organization that represent 5 percent or more of the System's plan net assets.

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, where possible, the types of collateral securing deposits are limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to 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.

## **Deposits**

The carrying amount of the primary government's total cash deposits as of June 30, 1997, was \$508,131,000 and the corresponding bank balances which are represented by collected funds were \$520,029,000. The portion of such bank balances covered by federal depository insurance or by collateral held by the primary government's agent in the name of the primary government was \$435,466,000. In addition, \$83,992,000 was collateralized with securities held by a pledging financial institution's agent in the primary government's name. The remaining \$571,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

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The carrying amount of the component units' total cash deposits as of June 30, 1997, was \$258,070,000 and the corresponding bank balances which are represented by collected funds were \$247,082,000. Of the bank balance, \$226,241,000 was fully insured or collateralized with securities held by the respective component unit or its agent in the name of the component unit. In addition, \$12,871,000 was collateralized with securities held by a pledging financial institution's trust department or agent in the component unit's name, while \$7,970,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

## Investments

The following tables present the carrying and market value of investments by type and categorizes the carrying amounts as follows:

- category 1 are those which are insured or registered, or securities held by the state or its agent in the state's name;
- category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name;
- category 3 are those which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the state's name.

At June 30, 1997, the primary government's investments consisted of (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
Investments:					
Short-term securities:					
Commercial paper	\$ 124,047		\$ 591,597	\$ 715,644	\$ 715,661
Repurchase agreements	281,030		698,055	979,085	982,572
U.S. Government securities and agencies	1,032,628	4,149	15,887	1,052,664	1,055,290
Other	7,289			7,289	7,289
U.S. Government securities and agencies - long-term	2,117,762	31,478	134,210	2,283,450	2,282,920
Corporate and international obligations	1,151,568	7,047	1,077,647	2,236,262	2,236,133
Corporate and international equities	6,338,119			6,338,119	6,338,119
Municipal obligations	44,063			44,063	44,063
	<u>\$ 11,096,506</u>	<u>\$ 42,674</u>	<u>\$ 2,517,396</u>	13,656,576	13,662,047
Investments in mutual funds				17,075	17,075
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government securities and agencies				1,214,714	1,214,714
Equity securities				274,030	274,030
International equity securities				286,258	286,258
Deferred compensation plan pooled investments:					
Fixed and variable investments				256,870	256,870
Balanced asset fund				12,922	12,922
Fixed income fund				12,435	12,435
Life insurance contracts				1,110	1,110
International equity fund				25,606	25,606
Total Investments				<u>\$ 15,757,596</u>	<u>\$ 15,763,067</u>

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In addition to the deposits and investments described above, the primary government had approximately \$562,843,000 on deposit with the United States Government. These funds represent unemployment insurance taxes collected from Mississippi employers which are held by the U.S. Treasury.

At June 30, 1997, the component units' investments consisted of (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
Investments:					
Short-term securities:					
Commercial paper	\$ 765	\$	\$	\$ 765	\$ 909
Repurchase agreements			5,861	5,861	5,861
U.S. Government securities and agencies	123,516	299	22,063	145,878	142,422
Corporate obligations	426			426	505
Corporate equities	4,140		12	4,152	4,999
	<u>\$ 128,847</u>	<u>\$ 299</u>	<u>\$ 27,936</u>	<u>\$ 157,082</u>	<u>\$ 154,696</u>
Multi-state university investment pool				22,302	32,119
Total Investments				<u>\$ 179,384</u>	<u>\$ 186,815</u>

## Note 5 - Receivables

At June 30, 1997, net receivables by fund type consisted of (amounts expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total Primary Government	Component Units
Taxes receivable:									
Sales	\$ 175,527		\$	\$	\$	\$	\$	\$ 175,527	
Income	87,736							87,736	
Gasoline	30,992							30,992	
Unemployment insurance							23,010	23,010	
Other	59,858							59,858	
Total taxes receivable	354,113						23,010	377,123	
Other receivables:									
Patient accounts									214,821
Tuition									34,571
Securities sold							48,203	48,203	
Interest and dividends	15,995	169	253	4,732	659	449	82,474	104,731	
Contributions							42,131	42,131	
Other	65,906	3,532			2,560	258	16,342	88,598	84,226
Total receivables	436,014	3,701	253	4,732	3,219	707	212,160	660,786	333,618
Allowance for uncollectible receivables	7,809	6					1,540	9,367	236,955
Receivables, net	<u>\$ 428,205</u>	<u>\$ 3,695</u>	<u>\$ 253</u>	<u>\$ 4,732</u>	<u>\$ 3,207</u>	<u>\$ 707</u>	<u>\$ 210,620</u>	<u>\$ 651,419</u>	<u>\$ 96,663</u>

**Note 6 - Interfund Transactions**

At June 30, 1997, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

<b>Fund Type/Fund</b>	<b>Interfund Receivables</b>		<b>Interfund Payables</b>		
<b>General</b>	\$	\$	14,012	\$	38,352
<b>Special Revenue:</b>					
Community Services - Department of Human Services		1,350		985	
Rehabilitation Services		96			
Disability Determination		3		205	
Employment Services		1,861		89	
Alcohol Abuse Program		251		134	
Social Services		1		10	
Medicaid Fraud		3			
Community Services - Department of Corrections		20			
Inmate Welfare and Training		162		285	
Public Safety Planning				793	
National Guard Facility and Training		20		111	
Emergency Management				90	
Rice and Soybean Promotion		90		120	
Community Development				1,078	
Energy Conservation				27	
Fisheries and Wildlife		5,100		239	
Parks and Recreation				224	
Department of Marine Resources		500		6	
Public Service Commission		3,757		1	
Workers' Compensation Commission				4	
Department of Banking and Consumer Finance				4	
Oil and Gas Board		43		1	
Other Regulatory Agencies				64	
			13,257		4,470
<b>Debt Service</b>					3,930
<b>Capital Projects</b>			2,901		
<b>Enterprise:</b>					
Fair Commission				127	
Veterans' Home Purchase Board				3	
Yellow Creek Inland Port Authority				1	
Allied Enterprises		110			
Prepaid Affordable College Tuition				501	
Commissary		41		163	
Prison Agricultural Enterprises		279			
Office of Surplus Property		13			
			443		795
<b>Internal Service:</b>					
Personnel Board		87		35	
Information Technology Services		2,241		28	
Risk Management				274	
			2,328		337

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Fund Type/Fund	Interfund Receivables		Interfund Payables	
<b>Trust and Agency:</b>	\$	\$	\$	\$
Expendable Trust:				
Deferred Compensation Plan			1	
Unemployment Compensation	13,759		89	
		13,759		90
Nonexpendable Trust:				
Oil and Gas Taxes on State-owned Land			475	
Other Nonexpendable Trust	10			
		10		475
Pension Trust:				
Public Employees' Retirement System	25		389,605	
Highway Safety Patrol Retirement System	201,259		13	
Municipal Retirement Systems	183,795		9	
Supplemental Legislative Retirement Plan	5,350		1	
		390,429		389,628
Agency:				
Local Government Distributive Program	4,478		143	
Institutional	3,293		17,085	
	8		292	
		7,779		17,520
<b>Component Units:</b>				
Mississippi Business Finance Corporation			5	
Mississippi Prison Industries Corporation	77			
University:				
Unrestricted	38,496		32,283	
Restricted	8,616		15,055	
Loan	6,282		890	
Unexpended	5,085			
Renewals and Rplacements	475			
Agency	131		250	
		59,162		48,483
		\$ 504,080		\$ 504,080

**Reconciliation for interfund transactions (amounts expressed in thousands):**

Due from/to other funds	\$ 486,009	\$ 486,009
Due from/to primary government	14,353	3,674
Due from/to component units	3,674	14,353
Loans from/to other funds	44	44
	\$ 504,080	\$ 504,080

## Note 7 - Loans and Notes Receivable

At June 30, 1997, loans and notes receivable by fund type, net of allowances of \$11,046,000 for uncollectible student loans, consisted of ( amounts expressed in thousands):

	General Fund	Special Revenue	Debt Service	Enterprise	Total Primary Government	Component Unit University
Mortgage loans (a)	\$	\$	\$	\$	94,785 \$	94,785 \$
Railroad revitalization loans		3,016				3,016
Energy loan program			1,236			1,236
Student loan program (b)						73,275
Ingalls Shipbuilding Corporation loan receivable (c)				8,410		8,410
Small Enterprise Development loans (d)	76,230					76,230
Mississippi Farm Reform Act loans (e)	58,162					58,162
Disaster loans		176				176
Magnolia Capital Corporation (f)	10,917					10,917
Soil and Water Conservation equipment loan program	167					167
Loans and Notes Receivable, Net	\$ 148,668	\$ 1,236	\$ 8,410	\$ 94,785	\$ 253,099	\$ 73,275

- (a) Mortgage loans are made by the Veterans' Home Purchase Board to eligible Mississippi veterans primarily for the purchase of residential housing.
- (b) Student loans are made pursuant to student loan programs funded by the U.S. Government.
- (c) In fiscal year 1967, the state sold general obligation bonds of \$130,000,000 to build and equip a shipyard and shipbuilding facilities for use by Ingalls Shipbuilding Corporation (Ingalls) to further the economic growth of the state. Ingalls agreed to repay the loan over 30 years in amounts sufficient to pay maturing bond principal and interest.
- (d) Since fiscal year 1990, the state has issued Small Enterprise Development bonds. The proceeds of the bonds were used to provide loans to private companies for the acquisition, construction and equipping of manufacturing or processing facilities.
- (e) Since fiscal year 1991, the state has issued Mississippi Farm Reform Act bonds. The proceeds of the bonds were used to fund an agribusiness enterprise loan program, a minority business enterprise loan program and an emerging crops loan interest payment program.
- (f) In fiscal year 1995, the state issued Magnolia Venture Capital bonds. The proceeds of the bonds were used to provide a loan to Magnolia Capital Corporation for the purpose of increasing the rate of capital formation, stimulating new growth-oriented business formations, creating new jobs, developing new technology, enhancing tax revenue and supplementing conventional business financing. Security for repayment of this loan is guaranteed by U.S. Treasury zero stripped securities purchased in the state of Mississippi's name which are to mature August 15, 2009, at an amount equal to the loan.

The long-term portion of the Small Enterprise Development loans aggregating \$69,591,000 will be provided for future debt service upon collection and have been reported as such in the general long-term obligations account group.

## Note 8 - Property, Plant and Equipment

Changes in the general fixed assets account group by major classification for the year ended June 30, 1997, are presented below (amounts expressed in thousands):

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Land	\$ 70,936	\$ 4,589	\$ 432	\$ 75,093
Buildings	623,152	21,720	1,304	643,568
Improvements other than buildings	57,197	1,565	2,461	56,301
Machinery and equipment	525,243	85,165	38,257	572,151
Construction in progress	175,567	89,455	23,527	241,495
	<u>\$ 1,452,095</u>	<u>\$ 202,494</u>	<u>\$ 65,981</u>	<u>\$ 1,588,608</u>

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

	Project Authorization	Expended To Date	Outstanding Commitment
Department of Transportation buildings	\$ 21,565	\$ 5,034	\$ 11,134
Military Department	31,584	26,912	4,672
Department of Finance and Administration	65,628	42,443	17,166
Mississippi State Hospital	11,215	10,083	1,392
Veterans' Affairs Board	25,332	24,722	15
Department of Corrections	96,573	86,109	923
Ellisville State School	5,535	4,864	546
Department of Archives and History	7,629	3,846	3,062
Department of Wildlife, Fisheries and Parks	31,740	17,607	2,291
Department of Mental Health	13,105	1,313	6,053
Hudspeth Regional Center	5,349	3,439	1,446
Department of Education	10,480	5,357	5,089
East Mississippi State Hospital	9,100	697	
North Mississippi Regional Center	3,893	1,359	1,645
Other projects less than \$3.5 million	12,486	7,710	1,978
	<u>\$ 351,214</u>	<u>\$ 241,495</u>	<u>\$ 57,412</u>

No further financing is required on any of the construction in progress.

At June 30, 1997, property, plant and equipment recorded in individual fund types of the primary government, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	Enterprise	Internal Service	Trust and Agency
Land	\$ 10,786	\$	\$ 508
Buildings	43,688		3,619
Improvements other than buildings	44,534		126
Machinery and equipment	9,191	15,855	4,129
Construction in progress	4,564		
Total fixed assets	112,763	15,855	8,382
Accumulated depreciation, where applicable	22,025	7,135	2,974
Property, Plant and Equipment, Net	<u>\$ 90,738</u>	<u>\$ 8,720</u>	<u>\$ 5,408</u>

At June 30, 1997, property, plant and equipment recorded in the component units, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	University	Other Component Units	Total Component Units
Land	\$ 22,022	\$ 26,916	\$ 48,938
Buildings	707,207	32,282	739,489
Improvements other than buildings	81,146	48,765	129,911
Machinery and equipment	561,003	21,336	582,339
Construction in progress	207,202	68	207,270
Total fixed assets	1,578,580	129,367	1,707,947
Accumulated depreciation, where applicable		13,896	13,896
Property, Plant and Equipment, Net	<u>\$ 1,578,580</u>	<u>\$ 115,471</u>	<u>\$ 1,694,051</u>



## **Note 9 - General Obligation and Defeased Bonds**

Bond indebtedness incurred by the state of Mississippi 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.

General obligation bonds are authorized and issued primarily to provide funds for constructing and improving state-owned facilities, including ports, stadium facilities, university facilities, public schools, parks, bridges and roads. General obligation bonds have also been issued to refund certain outstanding bonds of the state in advance, to provide loans to facilitate and promote further economic development in the state and to purchase land for wildlife conservation.

General obligation bonds 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 enterprise funds and is therefore recorded in these funds, the state remains contingently liable for its payment. General obligation debt, which was issued to finance the construction and equipping of educational buildings and other facilities for universities (a discretely presented component unit) and is not secured by a pledge of revenues from the related facilities, is a direct obligation of the state and is reported in the general long-term obligations account group. Other general obligation debt of the university funds, which is being retired from pledged resources of those funds, is reported as a liability in the component units column, although the state remains contingently liable for its retirement.

In accordance with Mississippi state law, the state serves as the guarantor for the general obligation bonds of the Greater Port of Pascagoula. The port is not considered part of the reporting entity, however, if the port's resources are insufficient to make the debt service payments on the outstanding bonds, the deficiency must be paid by the state. As of June 30, 1997, the Port of Pascagoula's outstanding general obligation bonds are \$12,765,000. In addition, at June 30, 1997, \$1,275,000 of the port's outstanding general obligation bonds are considered defeased.

Port development bonds are payable from revenues derived from a loan to Ingalls Shipbuilding Corporation (Ingalls), a wholly-owned subsidiary of Litton Industries, Inc. During fiscal year 1997, Ingalls' loan repayment was used by the state to retire \$8,030,000 of port development bonds. The \$8,410,000 port development bonds outstanding at June 30, 1997 are 5% term bonds, maturing December 1, 1997. The bond resolution requires annual deposits of payments from Ingalls to a sinking fund for the retirement of such bonds and the payment of semiannual interest. The obligation of Ingalls to make payments is unconditional so long as the bonds are outstanding and is guaranteed by Litton Industries, Inc. These bonds are also backed by the full faith and credit of the state.

During fiscal year 1997, the state issued \$79,850,000 of general obligation refunding bonds to advance refund a portion of two issues reported in the general long-term obligations account group. The advance refunding was undertaken to reduce debt service payments over the next 18 years by \$2,815,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,473,000.

The net proceeds of the refunding issue were deposited in an irrevocable trust for the purpose of generating resources for future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term obligations account group. At June 30, 1997, \$623,266,000 of outstanding general obligation bonds and \$75,673,000 of outstanding limited obligation bonds (including prior years' refundings) are considered defeased.

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At June 30, 1997, the primary government's outstanding general obligation bonds are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
<b>Enterprise Funds:</b>			
Port Improvement (Gulfport)	\$ 35,485	4% - 6.75%	Nov. 2011
<b>General Long-term Obligations Account Group:</b>			
Capital Improvement	532,725	3.75% - 10%	Sept. 2016
Correctional Facilities Projects	5,230	6.6% - 6.7%	Aug. 1998
Institution of Higher Learning Facilities	3,390	6.8% - 6.9%	Aug. 1998
Mississippi Business Investment Act	60,710	4.65% - 9.6%	Sept. 2016
Mississippi Major Economic Impact Act	53,220	4.0% - 9.6%	Sept. 2016
Mississippi Small Enterprise Development Finance Act	81,183	4.3% - 8.25%	Dec. 2011
Port Development	8,410	5%	Dec. 1997
Public School Construction	9,200	5% - 6.2%	May 2001
State Aid Road Construction	4,865	5.2% - 8%	Sept. 2000
Mississippi Farm Reform Act	66,105	4.65% - 9.6%	Sept. 2016
Economic Development Highway Act	41,560	5.1% - 8.9%	Mar. 2012
General Obligation Refunding Bonds	336,105	3.75% - 6.2%	Dec. 2014
Small Business Assistance	20,645	4.65% - 7.05%	Sept. 2010
Magnolia Venture Capital	18,325	6.9% - 8%	Aug. 2009
Local Governments Capital Improvements Revolving Loan Program	72,520	4.5% - 9.6%	May 2017
Local Governments Water System Improvement Revolving Loan Program	14,630	4.5% - 7%	May 2017
Local Governments Rail Revolving Loan Program	5,000	7% - 9.6%	Sept. 2016
Mississippi Home Corporation Act	5,560	7.875% - 8.9%	Oct. 2009
Community and Jr. College Telecommunications Network	22,310	5% - 6.25%	May 2011
	1,361,693		
	<u>\$ 1,397,178</u>		

At June 30, 1997, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
1998	\$ 86,438	\$ 79,591	\$ 166,029
1999	80,725	74,555	155,280
2000	81,748	69,826	151,574
2001	84,861	65,045	149,906
2002	83,704	60,132	143,836
Thereafter	979,702	360,886	1,340,588
	<u>\$ 1,397,178</u>	<u>\$ 710,035</u>	<u>\$ 2,107,213</u>

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At June 30, 1997, the component units reported outstanding general obligation bonds for university funds of \$810,000. The final maturity date for these bonds is April 1999, with interest rates ranging from 4.75 to 5.3 percent.

At June 30, 1997, future general obligation debt service requirements of the component units are (amounts expressed in thousands)

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
1998	\$	445 \$	42 \$	487
1999		365	19	384
	\$	810 \$	61 \$	871

Changes in general obligation bonds recorded in the primary government's general long-term obligations account group during the year ended June 30, 1997, are summarized in Note 12.



## Note 10 - 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, 1997, revenue bonds and notes outstanding, net of unamortized discounts and premiums are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
<b>Primary Government</b>			
Enterprise:			
Mississippi Fair Commission	\$ 1,045	8.9% - 9.45%	Dec. 2005
<b>Total Primary Government</b>	<u>\$ 1,045</u>		
<b>Component Units</b>			
University:			
Alcorn State University	\$ 857	2.875% - 3.5%	Nov. 2002
Jackson State University	11,333	3%	Apr. 2021
Mississippi State University	23,732	2.5% - 11%	Dec. 2021
Mississippi Valley State University	399	3.375% - 5.321%	July 2002
University of Mississippi	28,789	2.75% - 9.25%	Apr. 2027
University Medical Center	79,677	3.875% - 9%	Dec. 2013
University of Southern Mississippi	7,259	3% - 10.25%	Mar. 2016
Delta State University	<u>1,808</u>	5% - 6.78%	Dec. 2011
	<u>153,854</u>		
Pat Harrison Waterway District:			
Bonds	1,701	4%-5%	May 2005
Notes	<u>2,896</u>	3.137%-8%	Jan. 2018
	<u>4,597</u>		
<b>Total Component Units</b>	<u>\$ 158,451</u>		

At June 30, 1997, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Primary Government Enterprise			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
1998	\$ 85	\$ 93	\$ 178	\$ 8,409	\$ 8,507	\$ 16,916
1999	90	85	175	7,444	7,983	15,427
2000	95	77	172	7,297	7,812	15,109
2001	105	68	173	6,314	7,273	13,587
2002	115	57	172	6,137	7,023	13,160
Thereafter	555	108	663	122,850	73,869	196,719
	<u>\$ 1,045</u>	<u>\$ 488</u>	<u>\$ 1,533</u>	<u>\$ 158,451</u>	<u>\$ 112,467</u>	<u>\$ 270,918</u>

**Note 11 - Other Long-term Obligations**

- A. **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 legislature are considered noncancellable leases for financial reporting purposes.

At June 30, 1997, machinery and equipment recorded under capital leases included in the general fixed assets account group were \$31,679,000. Machinery and equipment recorded under capital leases included in internal service funds were \$7,873,000 before accumulated depreciation of \$1,978,000. A building recorded under a capital lease included in the general fixed assets account group was \$9,570,000. The discretely presented component units recorded capital leases of \$17,761,000.

At June 30, 1997, future minimum commitments under capital leases by fund type are (amounts expressed in thousands):

Year Ending June 30	Internal Service	General Long-term Obligations	Total Primary Government	Component Unit
1998	\$ 1,607	\$ 8,023	\$ 9,630	3,727
1999		1,289	5,997	2,887
2000		694	3,413	2,661
2001		576	2,664	1,217
2002		576	2,542	390
Thereafter			10,957	1,000
Total Minimum Lease Payments	4,742	33,596	38,338	11,882
Less Interest	496	7,681	8,177	1,002
Present Value of Net Minimum Lease Payments	\$ 4,246	\$ 25,915	\$ 30,161	10,880

- B. **Compensated Absences** - The state of Mississippi's liability for compensated absences reported in the primary government's general long-term obligations account group at June 30, 1997 was \$69,236,000. The component units reported a liability of \$43,340,000 for compensated absences, of which \$43,063,000 was for the university funds. 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-N).
- C. **Claims and Judgments** - The state of Mississippi's liability for claims and judgments reported in the primary government's general long-term obligations account group at June 30, 1997 was \$507,000. This debt represents the long-term portion of a U. S. Department of Labor judgment relating to a Job Training Partnership Act (JTPA) program disallowance.

Changes in capital lease commitments, compensated absences and claims and judgments recorded in the primary government's general long-term obligations account group during the year ended June 30, 1997 are summarized in Note 12.

**Note 12 - Changes in Long-term Obligations**

Changes in long-term obligations recorded in the primary government's general long-term obligations account group for the year ended June 30, 1997 are summarized below (amounts expressed in thousands):

	<b>General Obligation Bonds (Note 9)</b>	<b>Capital Lease Obligations (Note 11)</b>	<b>Accrued Compensated Absences (Note 11)</b>	<b>Claims and Judgments (Note 11)</b>	<b>Total</b>
Balance at July 1, 1996	\$ 1,205,498	\$ 19,767	\$ 68,841		\$ 1,294,106
Bonds issued	317,560				317,560
Compensated absences earned			40,022		40,022
Increase in claims and judgments				507	507
Increase in lease obligations		12,592			12,592
Principal retirements and defeased bonds	(161,365)				(161,365)
Compensated absences taken			(39,627)		(39,627)
Decrease in lease obligations		(6,444)			(6,444)
Balance at June 30, 1997	\$ 1,361,693	\$ 25,915	\$ 69,236	507	\$ 1,457,351



## Note 13 - Bonds Authorized But Unissued

At June 30, 1997, authorized but unissued bond indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized Bonds	Authorized But Unissued
<b>General Obligation Bonds:</b>		
Public School Construction	\$ 100,000	\$ 90,800
Mississippi Farm Reform Act	95,000	13,000
Mississippi Business Investment Act	225,000	77,643
Small Enterprise Development Finance	140,000	28,835
Major Economic Impact	244,170	146,020
Public Facilities Capital Improvement	175,053	13,003
Institutions of Higher Learning Equipment	15,000	15,000
Economic Development Highway	85,000	38,100
Port Improvement (Gulfport)	80,000	64,450
Soil and Water Commission	3,000	2,500
Community and Jr. College Telecommunications Network	42,950	19,600
Juvenile Correctional Facilities	19,950	900
Gaming Counties Infrastructure	325,000	325,000
Metro Parkway	20,000	14,268
Zoo Improvement	5,600	4,000
Advance Education Center	19,650	3,650
Telecommunication Center	17,500	17,500
Capitol Complex	44,200	1,200
Equine Training Facility	3,000	500
Institutions of Higher Learning Facilities	191,300	93,950
Juvenile Offender Facilities	11,000	3,000
Strategic Petroleum Reserve	30,000	30,000
Local Governments Water System Improvement	20,000	5,000
Local Governments Rail Program	15,000	10,000
Development Bank	5,000	5,000
Education Technology	55,000	55,000
Fairground Renovation	4,500	1,500
Mental Health Capital Improvements	16,500	6,500
Stennis Space Center	3,000	3,000
	2,011,373	1,088,919
<b>Limited Obligation Bonds:</b>		
Highway 4-Lane Program	200,000	200,000
Fire Academy	2,500	300
Education Technology	60,000	60,000
	262,500	260,300
<b>Revenue Bonds:</b>		
Mississippi Fair Commission	4,000	1,525
Veterans' Home Purchase Board	20,000	20,000
Seed Laboratory	800	800
	24,800	22,325
	\$ 2,298,673	\$ 1,371,544

## Note 14 - Segment Information - Enterprise Funds

Financial information by enterprise fund segment as of and for the year ended June 30, 1997 is as follows (amounts expressed in thousands):

	<b>Fair Commission</b>	<b>Veterans' Home Purchase Board</b>	<b>Veterans' Memorial Stadium Commission</b>	<b>Port Authority at Gulfport</b>
	(a)	(b)	(c)	(d)
Operating revenues	\$ 3,703	\$ 6,006	\$ 1,033	\$ 14,128
Depreciation	306	8	265	2,141
Operating income (loss)	70	5,445	(216)	7,362
Operating transfers in				1,991
Operating transfers out			(1)	
Nonoperating revenues	36	518	20	1,679
Nonoperating expenses	110			1,966
Net income (loss)	(4)	5,963	(197)	9,066
Property, plant and equipment:				
Additions	6,008	1	23	5,150
Deletions	10			85
Net working capital	1,054	10,320	354	14,500
Total assets	12,372	102,474	2,039	87,584
Bonds and other long-term liabilities payable from operating revenues	960			31,902
Total equity	10,988	101,385	2,011	50,253

	<b>Department of Agriculture and Commerce</b>	<b>Department of Corrections</b>		
	Farmers' Central Market Board	Restaurants	Commissary	Prison Agricultural Enterprises
	(h)	(i)	(j)	(k)
Operating revenues	\$ 364	\$ 308	\$ 2,740	\$ 1,467
Depreciation	38	4	20	219
Operating income (loss)	33	(15)	243	(1,169)
Operating transfers in				1,446
Operating transfers out			(210)	
Nonoperating revenues	9	2	4	
Nonoperating expenses	13			15
Net income (loss)	29	(13)	37	262
Property, plant and equipment:				
Additions	9		40	380
Deletions	6		1	
Net working capital	(53)	94	269	1,894
Total assets	951	174	661	5,787
Bonds and other long-term liabilities payable from operating revenues				123
Total equity	825	142	347	5,281

The following types of goods or services are provided by the enterprise funds:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>(a) State fair and coliseum activities</li> <li>(b) Home mortgage loans to veterans</li> <li>(c) Concessions and ticket sales to sporting events</li> <li>(d) Port facilities</li> <li>(e) Port facilities</li> <li>(f) Miscellaneous goods and services provided by handicapped citizens</li> <li>(g) Prepaid affordable college tuition</li> </ul> | <ul style="list-style-type: none"> <li>(h) Processing, storing and marketing agricultural products</li> <li>(i) Food services</li> <li>(j) Groceries</li> <li>(k) Agricultural products and services</li> <li>(l) Tree planting</li> <li>(m) Federal property distribution</li> </ul> |
|---|---|

<b>Yellow Creek Inland Port Authority</b>	<b>Department of Rehabilitation Services</b>		<b>State Treasurer</b>	Prepaid Affordable College Tuition
	(e)	(f)	(g)	
\$	824	\$ 7,659	\$	787
	404			
	(12)	(5,692)		171
		6,094		
	421	40		
	409	442		171
	333			1
	34			
	4,476	3,074		10,995
	14,368	3,544		12,137
	9,401			10,825
	4,933	3,074		171

<b>Forestry Commission</b>	<b>Department of Finance and Administration</b>		<b>Total</b>
	(l)	(m)	
\$	88	\$ 815	\$ 39,922
		43	3,448
	42	(6)	6,256
			9,531
			(211)
		41	2,770
		1	2,105
	42	34	16,241
		32	11,977
		2	138
	51	288	47,316
	51	699	242,841
			53,211
	51	574	180,035

## Note 15 - Deferred Compensation Plan

The state offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term “employee” means any person, whether appointed, elected or under contract, providing services for the state of Mississippi, state agencies, universities, counties, municipalities, or other political subdivisions, for which compensation is paid. The plan permits employees to defer a portion of their income until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held for the exclusive benefit of participants and their beneficiaries. The state has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

At June 30, 1997, total plan assets aggregated \$377,052,000 and are reported as an expendable trust fund. Of this amount, \$93,376,000 was applicable to the primary government; \$25,201,000 was applicable to the discretely presented component units, and the remaining \$258,475,000 represents the assets of other jurisdictions participating in the plan.

## Note 16 - Retirement Plans

### Plan Description

#### A. General

In accordance with state statutes, Public Employees’ Retirement System (PERS) Board of Trustees (System) administers the state's three defined benefit plans and the state's defined contribution plan. The defined benefit plans are the PERS, a cost-sharing multiple-employer public employee retirement system established in 1953, Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958, and Supplemental Legislative Retirement Plan (SLRP), a single-employer public employee retirement system established in fiscal year 1990. The defined contribution plan is the Optional Retirement Plan (ORP), a multiple-employer public employee retirement plan established in 1990. Any political subdivision or juristic entity within the state of Mississippi may elect to have its employees covered by PERS.

By statute, the System is also responsible for administration of the Municipal Retirement System (MRS), which are agent multiple-employer defined benefit public employee retirement systems. MRS are composed of 19 separate municipal retirement and fire and police disability and relief systems. MRS net assets held in trust for pension benefits (aggregating \$184,580,000) are included in the accompanying financial statements. The state neither contributes to this plan nor assumes any liability for benefits payable to members but does have the duty of due care required of an ordinary prudent investor.

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 in the trust and agency fund type. The purpose of these plans is to provide pension benefits for all state employees, uniformed 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, ORP and SLRP, that is available from Public Employees’ Retirement System of Mississippi.

#### B. Membership and Benefit Provisions

**Public Employees’ Retirement System:** Membership in PERS is a condition of employment; eligibility is granted upon hiring for all 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 the plan by the System's Board of Trustees. If approved, membership is a condition of employment and eligibility is granted upon hiring. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

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Participating employees who retire at or after age 60 with four years of credited service or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 1-7/8 percent of their average compensation for each year of credited service up to and including 25 years and 2 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect an option for a reduced 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 four years of credited service. PERS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the state incurs no expense for postretirement health benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

Retirees and beneficiaries, who on December 1 of each year have been receiving a retirement allowance for at least one full fiscal year, are entitled to an additional payment equal to the annual percentage change of the consumer price index not to exceed 2-1/2 percent of the annual retirement allowance for each full fiscal year of retirement. These persons also may receive an additional amount, as determined by the System's Board of Trustees (contingent on sufficient funding), calculated in increments of 1/4 of 1 percent, not to exceed 1-1/2 percent of the annual retirement allowance for each full year of retirement. For the year ended June 30, 1997, the total additional annual payments of \$84,961,000 were related entirely to the change in the consumer price index.

**Mississippi Highway Safety Patrol Retirement System:** Membership in MHSPRS is a condition of employment; eligibility is 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 uniformed officers of the highway patrol in the enforcement of the traffic laws of the state of Mississippi or in the driver's license division. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who withdraw from service at or after age 55 with at least five years of credited service or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2-1/2 percent of their average compensation for each year of credited service. Average compensation is based on the four highest compensated consecutive years of credited service. Employees with at least 20 years of credited service may retire between ages 45 and 54 and receive a reduced retirement benefit. Benefits vest upon reaching five years of credited service. MHSPRS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the state incurs no expense for postretirement health benefits. Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

Retirees and beneficiaries of MHSPRS may receive additional amounts identical to PERS' retirees and beneficiaries, as previously described. For the year ended June 30, 1997, the total additional annual payments of \$2,706,000 were related entirely to the change in the consumer price index.

**Municipal Retirement Systems:** Membership in the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems was granted to all municipal employees, firemen, and policemen 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. Employees hired after these periods automatically become members of PERS. MRS were fully closed to new members July 1, 1987. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who retire regardless of age with at least 20 years of credited 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 over 20 years not to exceed 66-2/3 percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement Systems and for 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 also provide certain death and disability benefits. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Annotated (1972) and annual local and private legislation. Statutes may be amended only by the state legislature.



For certain employers, the retirees and beneficiaries, who on December 1 of each year have been receiving a retirement allowance for at least one full fiscal year, may be entitled to an additional payment equal to the annual percentage change in the consumer price index not to exceed 2-1/2 percent of the annual retirement allowance for each full fiscal year of retirement. These additional payments will only be made when funded by the employers. For the year ended June 30, 1997, the total additional annual payments were \$444,000.

**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 the SLRP became effective on July 1, 1989, had 30 days to waive membership. Those elected after July 1, 1989, automatically become members. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

The supplemental retirement allowance of an elected senator or representative of the state legislature or of the president of the senate consists of 50 percent of an amount equal to the retirement allowance determined by credited service payable by PERS. However, in no case shall the aggregate amount of an individual's retirement allowance from SLRP and PERS exceed 100 percent of the average compensation as defined by PERS. Benefits vest upon completion of four years of credited service. SLRP also provides certain death and disability benefits. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

Retirees and beneficiaries of SLRP may receive additional amounts identical to PERS' retirees and beneficiaries, as previously described. For the year ended June 30, 1997, the total additional annual payments of \$13,000 were related entirely to the change in the consumer price index.

**Optional Retirement Plan:** Membership in ORP is composed of teachers and administrators of the institutions of higher learning appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Membership is offered as a recruitment tool for the institutions of higher learning.

ORP participants direct the investment of their funds among three investment vendors. The employer is responsible for forwarding funds to these vendors as instructed by the ORP participants. The vendors are responsible for individual accounting and other financial and performance reporting. The System is responsible for the general administration and operation of ORP. As such, the combined balance sheet in the accompanying financial statements does not include financial information relating to ORP.

Participating employees who withdraw from service or retire may elect to receive an annuity from one of three participating annuity providers. Benefits are determined based on the value of the member's account(s) at the time of distribution. Benefit provisions are established by Section 25-11-401 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

### C. Actuarial Asset Valuation

By statute, actuarial valuations of PERS, MHSPRS and SLRP must be performed at least once in each two-year period as of June 30, with the most recent being June 30, 1997. An actuarial valuation of MRS is required to be performed at least once in each four-year period as of September 30, with the most recent being September 30, 1996. All plans presently have actuarial valuations performed annually. Each valuation may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

## D. Funding Policy and Annual Pension Costs

Contribution provisions for PERS, MHSPRS and SLRP are established by state statute and may be amended only by the state legislature. Contribution provisions for MRS are established by state statute, annual local and private legislation and may be amended only by the state legislature.

The following table provides information concerning funding policies and annual pension costs (amounts expressed in thousands):

	PERS	MHSPRS	MRS	SLRP
Contribution rates:				
State	9.75%	26.16%		6.33%
Other employers			1.26 - 11.00 mills	
Plan members	7.25%	6.50%	7.00 - 10.00%	3.00% *
Annual pension cost	\$ 310,566	\$ 5,171	\$ 21,681	\$ 274
Employer contributions made	\$ 326,623	\$ 5,185	\$ 20,347	\$ 337
Actuarial valuation date	6/30/97	6/30/97	9/30/96	6/30/97
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll contributions, open	Level percentage of payroll contributions, open	Level percentage of assessed property valuation, closed	Level percentage of payroll contributions, open
Remaining amortization period	13.4 years	16.2 years	24.0 years	17.7 years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	8.00%	8.00%	8.00%	8.00%
Projected salary increases**	4.00%	4.00%	4.50%	4.00%
Additional projected salary increases***	0.10% - 5.80%	1.50% - 6.20%	1.00%	1.00%
Increase in benefits after retirement****	2.50%	2.50%	2.50%	2.50%

\*In addition to 7.25% required by PERS.

\*\*Compounded annually and attributable to inflation. MRS individual systems pay cost-of-living increases, if funding is available.

\*\*\*Compounded annually and attributable to seniority/merit.

\*\*\*\*Calculated on a simple interest basis.

**E. Three-Year Trend Information**

The following table provides an analysis of funding progress for the last three fiscal years (amounts expressed in thousands):

Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
<b>PERS</b>			
6/30/95	\$ 279,319	100%	\$ 0
6/30/96	290,478	100%	0
6/30/97	310,566	100%	0
<b>MHSPRS</b>			
6/30/95	4,417	100%	0
6/30/96	4,968	100%	0
6/30/97	5,171	100%	0
<b>MRS</b>			
9/30/94	23,045	71.7%	6,522
9/30/95	22,205	81.3%	11,198
9/30/96	21,681	93.8%	13,428
<b>SLRP</b>			
6/30/95	275	100%	0
6/30/96	285	100%	0
6/30/97	274	100%	0

**Note 17 - Commitments**

**A. Operating Leases**

The state of Mississippi 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. Future minimum commitments due under operating leases for land and buildings as of June 30, 1997 were as follows (amounts expressed in thousands):

<b>Year Ending June 30</b>	<b>Amount</b>
1998	\$ 13,054
1999	8,087
2000	4,284
2001	2,809
2002	1,210
Thereafter	2,594
Total Minimum Commitments	<u>\$ 32,038</u>

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 1997 amounted to \$16,450,000.

**B. Contracts**

At June 30, 1997, the Department of Transportation had long-term contracts outstanding of approximately \$580,244,000 with performance continuing during fiscal year 1998. These contracts will be paid through the General Fund. Approximately 40 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 and gaming taxes.

The State Aid Road Division had long-term contracts of \$48,815,000 outstanding at June 30, 1997 for construction of state and county roads. These contracts will be paid through the General Fund. Approximately 37 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 contracts of \$156,220,000 at June 30, 1997. These contracts will be paid from capital projects funds. The Military Department had outstanding construction contracts of \$4,672,000 at June 30, 1997. These contracts will be paid primarily from proceeds of federal grants.

At June 30, 1997, the Port Authority at Gulfport, an enterprise fund, had outstanding construction contracts of \$6,838,000. These contracts will be paid from restricted assets of the enterprise fund.

Certain discretely presented universities have contracted for the construction of various facilities. At June 30, 1997, contracts of \$85,062,000 were outstanding. These contracts will be paid through the university funds with proceeds from long-term financing and institutional funds.

## 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 internal service Risk Management Fund to account for these activities.

**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 benefit coverage through this plan. All state and state retiring employees must be offered benefits through the life benefit plan.

The benefits are financed through collection of premiums, based on an actuarial estimate, thereby providing a stable cash flow for payment of claims. Additional financial stability is provided through contractual pricing with various networks of medical providers.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined using the development method. This method uses past observed patterns of time between claim incurral 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 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 made through a case-by-case review of all claims.

**Unemployment Benefits:** Unemployment benefits are established in statute and administered by the Mississippi Employment Security Commission. 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. The exposure of risk 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.



The following table provides a reconciliation of changes in the liabilities for claims for fiscal years 1996 and 1997 (amounts expressed in thousands):

	Health and Life Benefits		Tort Claims		Unemployment Benefits		Workers' Compensation Benefits		Total Risk Management Fund	
<b>1996</b>										
Beginning Balance	\$	50,849	\$	1,417	\$	2,550	\$	11,289	\$	66,105
Current Year Claims/Changes in Estimates		234,898		1,757		821		9,181		246,657
Claims Payments		(232,776)		(1,309)		(719)		(5,656)		(240,460)
Ending Balance	\$	52,971	\$	1,865	\$	2,652	\$	14,814	\$	72,302
<b>1997</b>										
Beginning Balance	\$	52,971	\$	1,865	\$	2,652	\$	14,814	\$	72,302
Current Year Claims/Changes in Estimates		261,826		2,284		929		9,972		275,011
Claims Payments		(265,513)		(1,398)		(981)		(6,671)		(274,563)
Ending Balance	\$	49,284	\$	2,751	\$	2,600	\$	18,115	\$	72,750

## Note 19 - Component Unit Funds

Condensed financial statements for the component unit funds for the fiscal year ended June 30, 1997 are as follows (amounts expressed in thousands):

### Condensed Balance Sheet - Component Units

	Governmental Fund Types				Proprietary Fund Types			Total
	Pat Harrison Waterway District	Pearl River Valley Water Supply District	Other	Mississippi Coast Coliseum Commission	Other	University		
<b>Assets:</b>								
Current assets	\$ 1,422	\$ 5,249	\$ 3,526	\$ 3,862	\$ 11,170	\$ 532,449	\$ 557,678	
Due from other funds						44,809	44,809	
Due from primary government					77	14,276	14,353	
Inventories	5		42		459	17,021	17,527	
Loans and notes receivable						73,275	73,275	
Restricted assets	349		24	7,176			7,549	
Property, plant and equipment	21,461	52,004	20,974	19,739	1,293	1,578,580	1,694,051	
Other assets	366			120	37	14,721	15,244	
Amounts to be provided	4,311	833	77				5,221	
Total assets	\$ 27,914	\$ 58,086	\$ 24,643	\$ 30,897	\$ 13,036	\$ 2,275,131	\$ 2,429,707	
<b>Liabilities:</b>								
Current liabilities	\$ 343	\$ 591	\$ 62	\$ 135	\$ 275	\$ 98,127	\$ 99,533	
Due to other funds						44,809	44,809	
Due to primary government					5	3,669	3,674	
Deferred revenues						28,022	28,022	
Liabilities payable from restricted assets				120			120	
Bonds and notes payable	4,597					154,664	159,261	
Other liabilities	66	833	77	135	182	21,585	22,878	
Total liabilities	5,006	1,424	139	390	462	350,876	358,297	
<b>Equity:</b>								
Investment in general fixed assets	21,461	44,358	20,974			1,414,817	1,501,610	
Contributed capital		8,227		4,264	5,292		17,783	
Retained earnings		1,381		26,243	7,282		34,906	
Fund balances	1,447	2,696	3,530			509,438	517,111	
Total equity	22,908	56,662	24,504	30,507	12,574	1,924,255	2,071,410	
Total liabilities and equity	\$ 27,914	\$ 58,086	\$ 24,643	\$ 30,897	\$ 13,036	\$ 2,275,131	\$ 2,429,707	



**Condensed Statement of Revenues, Expenditures, and Changes in Fund Equity - Governmental Fund Types - Component Units**

	<b>Pat Harrison Waterway District</b>	<b>Pearl River Valley Water Supply District</b>	<b>Other</b>	<b>Total</b>
Revenues	\$ 4,662	\$ 4,930	\$ 2,404	\$ 11,996
Expenditures:				
Operating and other	3,224	5,681	2,297	11,202
Debt service	620	76		696
Excess of revenues over (under) expenditures	818	(827)	107	98
Net income from proprietary operations		500		500
Net changes in equity	818	(327)	107	598
Fund equity July 1	628	4,404	3,423	8,455
Increase in Reserve for inventory	1			1
Fund equity June 30	\$ 1,447	\$ 4,077	\$ 3,530	\$ 9,054

**Condensed Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Fund Types - Component Units**

	<b>Mississippi Coast Coliseum Commission</b>	<b>Other</b>	<b>Total</b>
Operating revenues	\$ 3,347	\$ 4,409	\$ 7,756
Operating expenses:			
Depreciation	730	157	887
Other	3,594	3,854	7,448
Operating income (loss)	(977)	398	(579)
Nonoperating revenues	709	504	1,213
Nonoperating expenses	(51)	(12)	(63)
Net income (loss)	(319)	890	571
Retained Earnings July 1	26,562	6,392	32,954
Retained Earnings June 30	\$ 26,243	\$ 7,282	\$ 33,525

## Note 20 - 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.
- B. **Litigation** - The state has several actions filed against it by out-of-state insurance companies to seek substantial tax refunds. These cases are being held in abeyance pending adjudication of similar cases in the courts of other states. If the court should rule that collection of the tax was unconstitutional, the tax rate by statute shall be increased for a period of six years to fund any losses.

The state is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the state with respect to the various proceedings; however, the state's legal counsel believes that any ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the state.

## Note 21 - Subsequent Events

Subsequent to year end, the state issued the following bonds:

Tax-exempt, General Obligation Bonds, Capital Improvements Issue, Series 1997 A totaling \$140,505,000 dated July 1, 1997. The bonds mature serially through the year 2017 at interest rates ranging from 5 percent to 6 percent.

Tax-exempt, General Obligation Bonds, Mississippi Small Enterprise Development Finance Act Issue, 1997 Series A through H totaling \$7,660,000 dated August 1, 1997. The bonds mature serially through the year 2012 at interest rates ranging from 4.5 percent to 6.75 percent.

Department of Education Tech-Prep General Obligation Bonds, Series A, Mississippi Major Economic Impact Act General Obligation Bonds, Series H, and Local Governments Capital Improvements Revolving Loan Program General Obligation Bonds, Series G totaling \$47,490,000 dated November 1, 1997. The bonds mature serially through the year 2007 at interest rates ranging from 5 percent to 5.5 percent.

Mississippi Business Investment Act General Obligation Bonds, Series T totaling \$19,000,000 dated November 1, 1997. The bonds are taxable and mature serially through the year 2012 at interest rates ranging from 6.5 percent to 7.5 percent.

Tax-exempt, General Obligation Bonds, Development Bonds, totaling \$5,000,000 dated November 1, 1997. The bonds mature serially through the year 2004 at interest rates ranging from 4.2 percent to 4.75 percent.

# MISSISSIPPI

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**Required Supplementary Information**

**June 30, 1997**

**Schedule of Funding Progress**

*(Amounts Expressed in Thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ( (b - a) / c )
<b>Public Employees' Retirement System of Mississippi</b>						
1995	\$ 6,972,743	\$ 10,018,512	\$ 3,045,769	69.6 %	\$ 2,979,260	102.2 %
1996	8,025,533	10,572,035	2,546,502	75.9	3,185,289	79.9
1997	9,351,842	11,681,476	2,329,634	80.1	3,294,731	70.7
<b>Mississippi Highway Safety Patrol Retirement System</b>						
1995	\$ 134,659	\$ 166,301	\$ 31,642	81.0 %	\$ 18,992	166.6 %
1996	149,448	178,005	28,557	84.0	19,766	144.5
1997	168,270	189,901	21,631	88.6	19,460	111.2
<b>Municipal Retirement Systems*</b>						
1994	\$ 107,573	\$ 346,753	\$ 239,180	31.0 %	\$ 18,139	1,318.6 %
1995	117,406	355,195	237,789	33.1	15,105	1,574.2
1996	130,425	358,703	228,278	36.4	13,253	1,722.5
<b>Supplemental Legislative Retirement Plan</b>						
1995	\$ 2,876	\$ 5,510	\$ 2,634	52.2 %	\$ 4,504	58.5 %
1996	3,564	5,846	2,282	61.0	4,322	52.8
1997	4,482	6,970	2,488	64.3	5,277	47.1

\*Valuation information furnished for MRS is as of September 30. The value of net assets available for benefits at June 30, 1997, does not differ materially from the value as of September 30, 1996.

See Notes to Required Supplementary Information.

## **Notes to Required Supplementary Information**

The actuarial accrued liability is a measure intended to help users assess the PERS, MHSPRS, MRS and SLRP funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. Beginning with the June 30, 1995, actuarial valuation for PERS, MHSPRS and SLRP and the September 30, 1995, valuation for MRS, the actuarial value of assets will be determined on a market-related basis that recognizes 20 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20 percent of the prior years' unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the plan's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. For additional information regarding this schedule, refer to the separately issued Comprehensive Annual Financial Report of the Public Employees' Retirement System for 1997.

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**General Fund**

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The General Fund accounts for resources obtained and used for those services traditionally provided by state government which are not required to be accounted for in another fund.

# MISSISSIPPI

## General Fund

### Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	June 30, 1997	June 30, 1996
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,044,867	\$ 944,342
Investments	592,744	557,856
Receivables, net:		
Taxes	353,138	361,681
Interest	15,995	18,184
Other	59,072	44,189
Due from other governments	483,489	451,385
Due from other funds	10,428	7,660
Due from component units	3,584	2,351
Food stamp and commodity inventory	90,054	127,777
Inventories	45,527	29,843
Loans and notes receivable	148,668	147,138
Loans to other funds		809
Total Assets	\$ 2,847,566	\$ 2,693,215
<b>Liabilities:</b>		
Warrants payable	\$ 90,278	\$ 80,113
Accounts payable and accruals	291,234	257,889
Contracts payable	45,900	52,206
Retainage payable	18,850	16,998
Income tax refunds payable	104,000	97,100
Due to other governments	140,495	153,390
Due to other funds	24,517	26,407
Due to component units	13,835	10,208
Deferred revenues	141,031	185,462
Total Liabilities	870,140	879,773
<b>Fund Balance:</b>		
Reserved for:		
Encumbrances	39,903	40,326
Inventories	45,527	29,843
Long-term portion of loans and notes receivable	137,363	137,693
Long-term portion of due from other governments	235,535	196,248
Distribution to local governments	46,608	36,591
Unreserved:		
Designated for debt service	12,623	13,128
Designated for road and highway construction	317,493	351,419
Designated for working cash stabilization reserve account	212,802	206,190
Designated for special treasury accounts	461,825	384,821
Undesignated	467,747	417,183
Total Fund Balance	1,977,426	1,813,442
Total Liabilities and Fund Balance	\$ 2,847,566	\$ 2,693,215

# MISSISSIPPI

## General Fund

### Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	<b>For the Year Ended</b>	
	June 30, 1997	June 30, 1996
<b>Revenues:</b>		
Taxes:		
Sales and use	\$ 1,920,884	\$ 1,847,589
Gasoline and other motor fuel	353,216	349,104
Privilege	65,288	67,630
Motor vehicle registration	25,406	24,700
Individual income	790,805	730,035
Alcoholic beverage	42,530	41,270
Corporate income and franchise	292,827	262,728
Severance	31,841	29,057
Inheritance	12,638	14,208
Tobacco	57,201	55,121
Insurance	107,224	101,472
Nuclear power	20,000	20,000
Other	16,503	15,619
Licenses, fees and permits:		
Gaming	158,454	148,010
User fees	12,807	11,999
Drivers' licenses	19,409	17,264
Other	59,002	45,266
Federal government	2,521,568	2,485,760
Interest	96,382	98,675
Charges for sales and services:		
Intergovernmental	12,885	10,968
Non-state government	194,497	180,308
Rentals	8,990	10,591
Other	205,339	171,133
Total Revenues	7,025,696	6,738,507
<b>Expenditures:</b>		
Current:		
General government	858,218	817,625
Education	1,741,910	1,768,298
Health and social services	2,621,315	2,519,253
Law, justice and public safety	315,432	273,112
Recreation and resources development	147,074	139,821
Transportation	694,895	651,044
Debt service:		
Principal	38,061	26,578
Interest and other fiscal charges	51,171	31,900
Total Expenditures	6,468,076	6,227,631
Excess of Revenues over Expenditures	557,620	510,876
<b>Other Financing Sources (Uses):</b>		
Proceeds of bonds and notes issued	131,710	125,245
Proceeds of capital leases	12,592	976
Operating transfers in	37,225	36,301
Operating transfers out	(136,448)	(140,684)
Operating transfers to component units	(454,399)	(454,747)
Net Other Financing Uses	(409,320)	(432,909)
Excess of Revenues and Other Sources over Expenditures and Other Uses	148,300	77,967
Fund Balance July 1	1,813,442	1,733,189
Increase in Reserve for Inventories	15,684	2,286
Fund Balance June 30	\$ 1,977,426	\$ 1,813,442

# MISSISSIPPI

## General Fund

### Schedule of Current Expenditures by Function and Department For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	<b>For the Year Ended</b>	
	June 30, 1997	June 30, 1996
<b>General Government:</b>		
Legislative (includes Legislative Budget Office and Legislative Office of Performance Evaluation and Expenditure Review)	\$ 18,190	\$ 15,240
Governor's Office and Mansion	2,582	2,603
Secretary of State	6,577	6,639
Department of Audit	9,219	9,439
Department of Finance and Administration	23,608	25,160
Treasurer	1,552	2,409
Tax Commission	227,764	221,767
Department of Archives and History	5,495	5,226
Department of Insurance	4,446	4,598
Diversion to Counties and Cities	546,982	512,509
Gaming Commission	8,925	9,167
Other	2,878	2,868
Total General Government	858,218	817,625
<b>Education:</b>		
Department of Education	1,569,280	1,602,371
Junior Colleges	147,967	146,841
Educational Television Authority	13,711	10,273
Library Commission	10,952	8,813
Total Education	1,741,910	1,768,298
<b>Health and Social Services:</b>		
Department of Health	178,204	175,848
Division of Medicaid (Governor's Office)	1,520,203	1,421,247
Department of Mental Health and Related Institutions	287,201	272,226
Department of Human Services	581,029	609,170
Department of Rehabilitation Services	42,981	33,412
Other	11,697	7,350
Total Health and Social Services	2,621,315	2,519,253
<b>Law, Justice and Public Safety:</b>		
Attorney General	10,364	10,402
Circuit and Chancery Judges and District Attorneys	15,317	11,718
Department of Corrections	182,167	150,252
Military Department	13,440	14,067
Department of Public Safety	56,995	53,933
Bureau of Narcotics	7,731	7,537
Supreme Court	26,709	22,621
Other	2,709	2,582
Total Law, Justice and Public Safety	315,432	273,112
<b>Recreation and Resources Development:</b>		
Department of Agriculture and Commerce	13,671	9,204
Department of Economic and Community Development	60,452	60,575
Forestry Commission	27,733	28,831
Department of Environmental Quality	35,862	32,629
Department of Wildlife, Fisheries and Parks	4,782	4,458
Other	4,574	4,124
Total Recreation and Resources Development	147,074	139,821
<b>Transportation:</b>		
Department of Transportation	694,895	651,044
Total Expenditures by Function and Department	\$ 6,378,844	\$ 6,169,153

**Special Revenue Funds**

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Significant Special Revenue Funds Descriptions**

The numerous special revenue funds used by the state have been grouped by organizational unit and combined into specific functions.

**Health and Social Services**

<b>Department of Human Services</b>	<b>Community Services Fund</b> - accounts for federal grant monies received to provide services and programs for children and youth, aging adults and economically disadvantaged citizens.
<b>Department of Rehabilitation Services</b>	<p><b>Rehabilitation Services Fund</b> - accounts for federal and state monies used to provide vocational rehabilitation programs for the blind.</p> <p><b>Disability Determination Fund</b> - accounts for funds received from the federal government for the specific purpose of evaluating applicants for Social Security benefits consistent with laws and regulations pertaining to disability eligibility.</p>
<b>Employment Security Commission</b>	<b>Employment Services Fund</b> - accounts for monies received from the federal government for administering the Unemployment Compensation Act.
<b>Department of Mental Health</b>	<b>Alcohol Abuse Program Fund</b> - accounts for a three percent tax on alcoholic beverages collected by and transferred from the General Fund for the purpose of administering alcohol abuse treatment and rehabilitation programs. Expenditures consist primarily of grants for regional alcohol treatment programs, vocational rehabilitation services, inpatient treatment programs and alcohol rehabilitation programs for the Department of Corrections.

**Law, Justice and Public Safety**

<b>Department of Corrections</b>	<b>Community Services Fund</b> - provides alternative diversionary programs which subject individuals to the minimum supervision and control that the inmate requires in lieu of incarceration within the penitentiary. Revenue is provided by probation release fees.
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**Department of Public Safety**      **Public Safety Planning Fund** - accounts for federal grant monies received to provide for criminal justice planning, national highway traffic safety and drug-free communities.

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**Military Department**      **National Guard Facility and Training Fund** - accounts for monies received from the federal government to maintain, expand, and improve facilities within the state and to pay the salaries of state employees working at training sites.

**Camp Shelby Operations Fund** - accounts for federal monies received for the specific purpose of training troops. The fund also accounts for funds received from sale of timber, mineral leases on lands, and store sales. Expenditures are for the maintenance of Camp Shelby.

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**Emergency Management**      **Emergency Management Fund** - accounts for grant monies received from the federal government and transfers from the General Fund. Expenditures are restricted by the various grant agreements but all pertain to emergency management programs and their administration.

## Recreation and Resources Development

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**Department of Agriculture and Commerce**      **Rice and Soybean Promotion Fund** - accounts for fees charged for the sale of rice and soybeans. This revenue is expended to promote the rice and soybean industries, through research, education, and advertising.

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**Department of Economic and Community Development**      **Community Development Fund** - accounts for federal grant monies received to provide various community development programs including job development and training.

**Energy Conservation Fund** - accounts for state and federal monies and other revenues used to coordinate the state's energy activities, needs, and programs.

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**Department of Wildlife, Fisheries and Parks**      **Fisheries and Wildlife Fund** - accounts for expenditures of enforcing laws for the preservation and protection of the state's wildlife resources and enhancing their environments. Additional responsibilities and expenses of this fund are enforcement of boating safety on state lakes and streams and enforcement of hunter safety. The Fisheries and Wildlife Fund also shares in administrative costs of the Department of Wildlife, Fisheries and Parks through operating transfers to the administrative fund. Revenues are derived from the sale of hunting and fishing licenses, fees and permits, taxes and federal grants.

**Parks and Recreation Fund** - accounts for expenditures to support the varied activities to promote, operate and maintain the twenty-seven park sites located throughout the state. Funding is provided by user fees, federal grants and transfers from the General Fund.

**Motor Vehicle Fund** - accounts for the purchase of motor vehicles for the Department of Wildlife, Fisheries and Parks. Funding is provided primarily by eight percent of the proceeds from the sale of hunting and fishing licenses, fees and permits.

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<b>Department of Marine Resources</b>	<b>Marine Resources Fund</b> - accounts for expenditures of conserving and protecting marine resources and of administering coastal zone, liaison and statistical programs as directed by the National Office of Marine Fisheries. Funding is provided by transfers from the General Fund and by federal grants.
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## Regulation of Business and Professions

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<b>Public Service Commission</b>	<b>Public Service Commission Fund</b> - accounts for the costs of regulating all for-hire transportation and communication, electric, gas, water and sewer utilities. Revenue is derived principally from motor carrier application and registration fees and utilities tax assessments.
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<b>Workers' Compensation Commission</b>	<b>Workers' Compensation Commission Fund</b> - accounts for expenditures relating to administering the provisions of the Mississippi Workers' Compensation Law, which include cooperating with other state and federal authorities for the prevention of injuries and occupational diseases and, in the event of such injuries and diseases, coordinating the rehabilitation or restoration to health and vocational opportunity of the affected worker.
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<b>Department of Banking and Consumer Finance</b>	<b>Banking and Consumer Finance Fund</b> - accounts for assessment fees charged to banks to fund the regulation and supervision of banks operating within the state. This fund also accounts for funds collected in the examining and licensing of motor vehicle finance organizations and small loan organizations.
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<b>Oil and Gas Board</b>	<b>Oil and Gas Board Fund</b> - accounts for fees imposed on producing wells, drilling and operations. Funds are used to protect public and private interests against waste in the production and use of oil and gas, to obtain full development in oil production within the state and to maintain records of all oil and gas wells drilled and producing.
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<b>Other Regulatory Agencies</b>	<b>Other Regulatory Agencies Fund</b> - provides for the control and regulation of various professions by boards and commissions established for this purpose. Revenue is provided by examination and license renewal fees. Each board or commission has its own account within this fund to account for its operation.
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## Special Revenue Funds

### Combining Balance Sheet June 30, 1997

*(Amounts Expressed in Thousands)*

	<b>Health and Social Services</b>	<b>Law, Justice and Public Safety</b>	<b>Recreation and Resources Development</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,428	\$ 18,301	\$ 19,583
Investments	90	350	24,832
Receivables, net:			
Interest	2	1	156
Other	1,594	419	1,195
Due from other governments	10,610	15,383	17,563
Due from other funds	3,562	205	5,690
Inventories	73	915	617
Loans and notes receivable			1,236
Total Assets	\$ 22,359	\$ 35,574	\$ 70,872
<b>Liabilities:</b>			
Warrants payable	\$ 2,106	\$ 1,742	\$ 3,962
Accounts payable and accruals	2,831	5,156	3,317
Due to other governments	136	775	1,006
Due to other funds	1,353	1,187	1,321
Due to component units	26	92	373
Deferred revenues	7,106	7,537	1,888
Loans from other funds	44		
Other liabilities			
Total Liabilities	13,602	16,489	11,867
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	1,675	959	2,105
Inventories	73	915	617
Long-term portion of loans and notes receivable			828
Long-term portion of due from other governments			9,184
Disaster relief assistance		3,404	
Unreserved:			
Designated for municipalities crime prevention		2,965	
Designated for future loans			3,478
Designated for energy programs			12,643
Undesignated	7,009	10,842	30,150
Total Fund Balances	8,757	19,085	59,005
Total Liabilities and Fund Balances	\$ 22,359	\$ 35,574	\$ 70,872

<b>Totals</b>			
<b>Regulation of Business and Professions</b>			
	June 30, 1997		June 30, 1996
\$ 27,007	\$ 71,319	\$	78,927
3,800	29,072		31,839
10	169		216
318	3,526		4,573
683	44,239		34,670
3,800	13,257		11,919
	1,605		1,654
	1,236		1,249
<b>\$ 35,618</b>	<b>\$ 164,423</b>	<b>\$</b>	<b>165,047</b>
\$ 815	\$ 8,625	\$	10,444
182	11,486		11,147
	1,917		3,139
74	3,935		3,278
	491		348
124	16,655		18,262
	44		57
253	253		143
<b>1,448</b>	<b>43,406</b>		<b>46,818</b>
312	5,051		6,538
	1,605		1,654
	828		847
	9,184		6,952
	3,404		4,906
	2,965		2,965
	3,478		3,765
	12,643		13,437
<b>33,858</b>	<b>81,859</b>		<b>77,165</b>
<b>34,170</b>	<b>121,017</b>		<b>118,229</b>
<b>\$ 35,618</b>	<b>\$ 164,423</b>	<b>\$</b>	<b>165,047</b>

# MISSISSIPPI

## Special Revenue Funds

### Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development
<b>Revenues:</b>			
Taxes	\$	\$	\$ 5,650
Licenses, fees and permits		258	22,296
Federal government	105,462	62,311	88,092
Interest		22	2,595
Charges for services		838	2,931
Rentals			152
Court assessments			210
Other	3,703	4,179	617
Total Revenues	110,283	70,905	122,543
<b>Expenditures:</b>			
Current:			
Health and social services	115,200		
Law, justice and public safety		70,654	
Recreation and resources development			119,559
Regulation of business and professions			
Debt service:			
Principal		204	
Interest		13	
Total Expenditures	115,200	70,871	119,559
Excess of Revenues over (under) Expenditures	(4,917)	34	2,984
<b>Other Financing Sources (Uses):</b>			
Proceeds of capital lease			
Operating transfers in	16,254	4,078	12,803
Operating transfers out	(8,156)	(5,705)	(17,026)
Net Other Financing Sources (Uses)	8,098	(1,627)	(4,223)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	3,181	(1,593)	(1,239)
Fund Balances July 1	5,592	20,750	60,205
Increase (Decrease) in Reserve for Inventories	(16)	(72)	39
Fund Balances June 30	\$ 8,757	\$ 19,085	\$ 59,005

Regulation of Business and Professions	Totals for the Year Ended	
	June 30, 1997	June 30, 1996
\$	\$ 5,650	\$ 5,000
23,633	48,915	47,899
1,081	256,946	243,806
254	3,352	2,766
175	5,150	3,488
	152	
	210	2,732
166	8,665	6,091
25,309	329,040	311,782
	115,200	114,618
	70,654	66,684
	119,559	109,612
22,518	22,518	22,734
	204	103
	13	22
22,518	328,148	313,773
2,791	892	(1,991)
		1,090
154	33,289	30,590
(457)	(31,344)	(33,910)
(303)	1,945	(2,230)
2,488	2,837	(4,221)
31,682	118,229	122,147
	(49)	303
\$ 34,170	\$ 121,017	\$ 118,229

## Special Revenue Funds

### Combining Balance Sheet Health and Social Services June 30, 1997

*(Amounts Expressed in Thousands)*

	<u>Department of</u>		<u>Department of</u>	
	<u>Human Services</u>		<u>Rehabilitation Services</u>	
	Community Services	Rehabilitation Services	Disability Determination	
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,335	\$ 40	\$ 2,086	
Investments		90		
Receivables, net:				
Interest		2		
Other	1,343			25
Due from other governments	8,749	236		1,013
Due from other funds	1,350	96		3
Inventories				
Total Assets	<u>\$ 12,777</u>	<u>\$ 464</u>	<u>\$ 3,127</u>	
<b>Liabilities:</b>				
Warrants payable	\$ 949	\$	\$ 934	
Accounts payable and accruals	1,473	2		539
Due to other governments				
Due to other funds	985			205
Due to component units				
Deferred revenues	6,711			
Loans from other funds				
Total Liabilities	<u>10,118</u>	<u>2</u>	<u>1,678</u>	
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	100			1,249
Inventories				
Unreserved:				
Undesignated	2,559	462		200
Total Fund Balances	<u>2,659</u>	<u>462</u>		<u>1,449</u>
Total Liabilities and Fund Balances	<u>\$ 12,777</u>	<u>\$ 464</u>	<u>\$ 3,127</u>	

**Employment  
Security**

<b>Commission</b>	<b>Department of Mental Health</b>			<b>Totals</b>	
Employment Services	Alcohol Abuse Program	Social Services	June 30, 1997	June 30, 1996	
\$ 1,878	\$ 853	\$ 236	\$ 6,428	\$ 7,531	
			90	116	
			2	2	
185		41	1,594	2,173	
612			10,610	5,570	
1,861	251	1	3,562	2,609	
73			73	88	
<b>\$ 4,609</b>	<b>\$ 1,104</b>	<b>\$ 278</b>	<b>\$ 22,359</b>	<b>\$ 18,089</b>	
\$ 71	\$ 152		\$ 2,106	\$ 2,975	
531	276	10	2,831	3,158	
136			136	85	
19	134	10	1,353	899	
26			26	118	
395			7,106	5,205	
44			44	57	
1,222	562	20	13,602	12,497	
326			1,675	1,933	
73			73	88	
2,988	542	258	7,009	3,571	
3,387	542	258	8,757	5,592	
<b>\$ 4,609</b>	<b>\$ 1,104</b>	<b>\$ 278</b>	<b>\$ 22,359</b>	<b>\$ 18,089</b>	

## Special Revenue Funds

**Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses,  
and Changes in Fund Balances  
Health and Social Services  
For the Year Ended June 30, 1997**

*(Amounts Expressed in Thousands)*

	<u>Department of Human Services</u>	<u>Department of Rehabilitation Services</u>	<u>Employment Security Commission</u>	
	Community Services	Rehabilitation Services	Disability Determination	Employment Services
<b>Revenues:</b>				
Licenses, fees and permits	\$	\$	\$	\$
Federal government	54,493	1,342	17,931	31,696
Interest	1	10		9
Charges for services	4	50	145	
Other	194	70	1,842	1,579
Total Revenues	54,692	1,472	19,918	33,284
<b>Expenditures:</b>				
Health and social services	49,851	1,397	18,122	42,352
Excess of Revenues over (under) Expenditures	4,841	75	1,796	(9,068)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	3,051			9,669
Operating transfers out	(6,080)		(736)	(253)
Net Other Financing Sources (Uses)	(3,029)		(736)	9,416
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,812	75	1,060	348
Fund Balances July 1	847	387	389	3,055
Increase (decrease) in Reserve for Inventories				(16)
Fund Balances June 30	\$ 2,659	\$ 462	\$ 1,449	\$ 3,387

**Department of Mental Health Totals for the Year Ended**

Alcohol Abuse Program		Social Services		June 30, 1997	June 30, 1996
\$		\$	258	\$	274
				105,462	102,776
			2	22	33
	90		549	838	799
	17		1	3,703	1,968
	107		810	110,283	105,850
	2,745		733	115,200	114,618
	(2,638)		77	(4,917)	(8,768)
	3,492		42	16,254	15,551
	(1,087)			(8,156)	(7,341)
	2,405		42	8,098	8,210
	(233)		119	3,181	(558)
	775		139	5,592	6,138
				(16)	12
\$	542	\$	258	\$	8,757
				\$	5,592

## Special Revenue Funds

### Combining Balance Sheet Law, Justice and Public Safety June 30, 1997

(Amounts Expressed in Thousands)

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
<b>Assets:</b>				
Cash and cash equivalents	\$ 56	\$ 1,403	\$ 1,837	\$ 3,353
Investments				
Receivables, net:				
Interest				
Other		1	397	8
Due from other governments	3		50	2,326
Due from other funds	3	20	162	
Inventories				
Total Assets	\$ 62	\$ 1,424	\$ 2,446	\$ 5,687
<b>Liabilities:</b>				
Warrants payable	\$ 53	\$ 58	\$ 1	\$ 426
Accounts payable and accruals	9	154	356	787
Due to other governments				
Due to other funds			285	729
Due to component units				64
Deferred revenues				337
Total Liabilities	62	212	642	2,343
<b>Fund Balances (Deficit):</b>				
Reserved for:				
Encumbrances	20	107	382	69
Inventories				
Disaster relief assistance				
Unreserved:				
Designated for municipalities crime prevention				2,965
Undesignated	(20)	1,105	1,422	310
Total Fund Balances		1,212	1,804	3,344
Total Liabilities and Fund Balances	\$ 62	\$ 1,424	\$ 2,446	\$ 5,687

<b>Military Department</b>				<b>Totals</b>	
National Guard					
Facility and Training	Camp Shelby Operations	Emergency Management	Other	June 30, 1997	June 30, 1996
\$ 748	\$ 1,110	\$ 8,295	\$ 1,499	\$ 18,301	\$ 26,068
	350			350	350
	1			1	2
	13			419	302
8,353	3,876	775		15,383	9,708
20				205	281
	915			915	987
\$ 9,121	\$ 6,265	\$ 9,070	\$ 1,499	\$ 35,574	\$ 37,698
\$ 340	\$ 548	\$ 316	\$ 1	\$ 1,742	\$ 2,420
2,791	872	186		5,156	4,953
114	168	493		775	901
97		76		1,187	955
14		14		92	78
4,734	2,424	42		7,537	7,641
8,090	4,012	1,127	1	16,489	16,948
120	171	90		959	3,277
	915			915	987
		3,404		3,404	4,906
				2,965	2,965
911	1,167	4,449	1,498	10,842	8,615
1,031	2,253	7,943	1,498	19,085	20,750
\$ 9,121	\$ 6,265	\$ 9,070	\$ 1,499	\$ 35,574	\$ 37,698

# MISSISSIPPI

## Special Revenue Funds

### Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Law, Justice and Public Safety For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
<b>Revenues:</b>				
Licenses, fees and permits	\$	\$ 2,419	\$	\$
Federal government	633			10,402
Interest		4	49	7
Charges for services				
Other		13	2,969	236
Total Revenues	633	2,436	3,018	10,645
<b>Expenditures:</b>				
Current:				
Law, justice and public safety	779	2,296	2,247	11,134
Debt service:				
Principal			204	
Interest			13	
Total Expenditures	779	2,296	2,464	11,134
Excess of Revenues over (under) Expenditures	(146)	140	554	(489)
<b>Other Financing Sources (Uses):</b>				
Proceeds of capital lease				
Operating transfers in	148	316	249	1,495
Operating transfers out		(531)	(1,656)	(1,336)
Net Other Financing Sources (Uses)	148	(215)	(1,407)	159
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	2	(75)	(853)	(330)
Fund Balances (Deficit) July 1	(2)	1,287	2,657	3,674
Increase (Decrease) in Reserve for Inventories				
Fund Balances June 30	\$ 0	\$ 1,212	\$ 1,804	\$ 3,344

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<u>Military Department</u>					<u>Totals for the Year Ended</u>		
National Guard					June 30, 1997	June 30, 1996	
Facility and Training	Camp Shelby Operations	Emergency Management	Other				
\$	\$	\$	12	\$	297	\$ 2,728	\$ 2,439
28,694	18,374	4,208				62,311	54,748
	17	385		19		481	451
	1,206					1,206	1,132
155	178	472		156		4,179	3,654
28,849	19,775	5,077		472		70,905	62,424
28,958	19,702	5,488		50		70,654	66,684
						204	103
						13	22
28,958	19,702	5,488		50		70,871	66,809
(109)	73	(411)		422		34	(4,385)
640		1,230				4,078	1,090
		(1,182)		(1,000)		(5,705)	3,216
							(7,509)
640		48		(1,000)		(1,627)	(3,203)
531	73	(363)		(578)		(1,593)	(7,588)
500	2,252	8,306		2,076		20,750	28,269
	(72)					(72)	69
\$ 1,031	\$ 2,253	\$ 7,943	\$ 1,498	\$ 19,085	\$ 20,750		

## Special Revenue Funds

### Combining Balance Sheet Recreation and Resources Development June 30, 1997

*(Amounts Expressed in Thousands)*

	Department of Agriculture and Commerce	Department of Economic and Community Development			Department of Finance and Administration
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,278	\$ 1,447	\$ 907	\$ 92	\$
Investments	850		12,796	230	1,032
Receivables, net:					
Interest		17	23	3	
Other	421	455			
Due from other governments		15,818	74	5	
Due from other funds	90				
Inventories					
Loans and notes receivable			1,236		
Total Assets	\$ 2,639	\$ 17,737	\$ 15,036	\$ 330	\$ 1,032
<b>Liabilities:</b>					
Warrants payable	\$ 97	\$ 1,439	\$ 71	\$	\$
Accounts payable and accruals	342	1,741	50		
Due to other governments		996	1		
Due to other funds	1	1,057	5		
Due to component units	119	21	22		
Deferred revenues		854			
Total Liabilities	559	6,108	149		
<b>Fund Balances (Deficit):</b>					
Reserved for:					
Encumbrances		57	90		
Inventories					
Long-term portion of loans and notes receivable			828		
Long-term portion of due from other governments		9,184			
Unreserved:					
Designated for future loans		2,562	916		
Designated for energy programs			12,643		
Undesignated	2,080	(174)	410	330	1,032
Total Fund Balances	2,080	11,629	14,887	330	1,032
Total Liabilities and Fund Balances	\$ 2,639	\$ 17,737	\$ 15,036	\$ 330	\$ 1,032

<b>Department of Wildlife, Fisheries and Parks</b>					<b>Department of Marine Resources</b>		<b>Totals</b>	
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other	Resources	Other	June 30, 1997	June 30, 1996	
\$ 7,615	\$ 1,918	\$ 1,557	\$ 1,648	\$ 2,401	\$ 720	\$ 19,583	\$ 21,444	
3,000	200	175	5,896		653	24,832	26,173	
8			91		14	156	190	
199	83	9	2	26		1,195	1,910	
1,151				515		17,563	18,731	
5,100				500		5,690	5,267	
170	447					617	579	
						1,236	1,249	
<b>\$ 17,243</b>	<b>\$ 2,648</b>	<b>\$ 1,741</b>	<b>\$ 7,637</b>	<b>\$ 3,442</b>	<b>\$ 1,387</b>	<b>\$ 70,872</b>	<b>\$ 75,543</b>	
\$ 1,370	\$ 779	\$	\$ 56	\$ 150	\$	\$ 3,962	\$ 3,951	
552	409		74	149		3,317	2,464	
5	4					1,006	2,153	
35	223					1,321	1,274	
204	1			6		373	145	
952		82				1,888	5,351	
3,118	1,416	82	130	305		11,867	15,338	
386	192	1,026	354			2,105	1,070	
170	447					617	579	
						828	847	
						9,184	6,952	
						3,478	3,765	
						12,643	13,437	
13,569	593	633	7,153	3,137	1,387	30,150	33,555	
14,125	1,232	1,659	7,507	3,137	1,387	59,005	60,205	
<b>\$ 17,243</b>	<b>\$ 2,648</b>	<b>\$ 1,741</b>	<b>\$ 7,637</b>	<b>\$ 3,442</b>	<b>\$ 1,387</b>	<b>\$ 70,872</b>	<b>\$ 75,543</b>	

# MISSISSIPPI

## Special Revenue Funds

### Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Recreation and Resources Development For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Department of Agriculture and Commerce	Department of Economic and Community Development			Department of Finance and Administration
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
<b>Revenues:</b>					
Taxes	\$	\$	\$	\$	\$
Licenses, fees and permits	1,928			5	
Federal government		74,838	271		
Interest	37	665	764	12	60
Charges for services	1,456	89		121	
Rentals					
Court assessments					210
Other	1	282	14		
Total Revenues	3,422	75,874	1,049	138	270
<b>Expenditures:</b>					
Recreation and resources development	3,393	60,305	2,300	56	
Excess of Revenues over (under) Expenditures	29	15,569	(1,251)	82	270
<b>Other Financing Sources (Uses):</b>					
Operating transfers in		107	896		
Operating transfers out		(14,789)	(358)	(50)	(873)
Net Other Financing Sources (Uses)		(14,682)	538	(50)	(873)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	29	887	(713)	32	(603)
Fund Balances July 1	2,051	10,742	15,600	298	1,635
Increase in Reserve for Inventories					
Fund Balances June 30	\$ 2,080	\$ 11,629	\$ 14,887	\$ 330	\$ 1,032

<b>Department of Wildlife, Fisheries and Parks</b>					<b>Totals for the Year Ended</b>				
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other	Department of Marine Resources	Other	June 30, 1997	June 30, 1996		
\$ 5,000	\$	\$	\$	\$ 650	\$	\$ 5,650	\$ 5,000		
11,047	5,930	852	801	846	887	22,296	21,969		
10,994	338			1,651		88,092	85,249		
554	89	71	301		42	2,595	1,989		
754	78	264	40	20	109	2,931	1,442		
33	29			90		152			
						210	2,732		
117	72		23	57	51	617	419		
28,499	6,536	1,187	1,165	3,314	1,089	122,543	118,800		
29,048	14,588	176	305	9,254	134	119,559	109,612		
(549)	(8,052)	1,011	860	(5,940)	955	2,984	9,188		
46	6,810			4,911	33	12,803	11,823		
(113)				(55)	(788)	(17,026)	(18,399)		
(67)	6,810			4,856	(755)	(4,223)	(6,576)		
(616)	(1,242)	1,011	860	(1,084)	200	(1,239)	2,612		
14,713	2,463	648	6,647	4,221	1,187	60,205	57,371		
28	11					39	222		
\$ 14,125	\$ 1,232	\$ 1,659	\$ 7,507	\$ 3,137	\$ 1,387	\$ 59,005	\$ 60,205		

## Special Revenue Funds

**Combining Balance Sheet  
Regulation of Business and Professions  
June 30, 1997**

*(Amounts Expressed in Thousands)*

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
<b>Assets:</b>			
Cash and cash equivalents	\$ 12,388	\$ 2,195	\$ 2,467
Investments		3,800	
Receivables, net:			
Interest		10	
Other	6	303	
Due from other governments	678		
Due from other funds	3,757		
Total Assets	\$ 16,829	\$ 6,308	\$ 2,467
<b>Liabilities:</b>			
Warrants payable	\$ 260	\$ 169	\$ 102
Accounts payable and accruals	80	39	
Due to other funds	1	4	4
Due to component units			
Deferred revenues			
Other liabilities		253	
Total Liabilities	341	465	106
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances			
Unreserved:			
Undesignated	16,488	5,843	2,361
Total Fund Balances	16,488	5,843	2,361
Total Liabilities and Fund Balances	\$ 16,829	\$ 6,308	\$ 2,467

		<u>Totals</u>		
Oil and Gas Board	Other Regulatory Agencies		June 30, 1997	June 30, 1996
\$ 1,152	\$ 8,805	\$ 27,007	\$ 23,884	
		3,800	5,200	
		10	22	
6	3	318	188	
5		683	661	
43		3,800	3,762	
<u>\$ 1,206</u>	<u>\$ 8,808</u>	<u>\$ 35,618</u>	<u>\$ 33,717</u>	
<hr/>				
\$ 46	\$ 238	\$ 815	\$ 1,098	
22	41	182	572	
1	64	74	150	
			7	
	124	124	65	
		253	143	
<u>69</u>	<u>467</u>	<u>1,448</u>	<u>2,035</u>	
<hr/>				
13	299	312	258	
1,124	8,042	33,858	31,424	
1,137	8,341	34,170	31,682	
<u>\$ 1,206</u>	<u>\$ 8,808</u>	<u>\$ 35,618</u>	<u>\$ 33,717</u>	

# MISSISSIPPI

## Special Revenue Funds

**Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses,  
and Changes in Fund Balances  
Regulation of Business and Professions  
For the Year Ended June 30, 1997**

*(Amounts Expressed in Thousands)*

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
<b>Revenues:</b>			
Licenses, fees and permits	\$ 8,907	\$ 3,493	\$ 2,530
Federal government	981		
Interest		184	
Charges for services	16	45	
Other	123	3	1
Total Revenues	10,027	3,725	2,531
<b>Expenditures:</b>			
Regulation of business and professions	7,901	3,819	2,170
Excess of Revenues over (under) Expenditures	2,126	(94)	361
<b>Other Financing Sources (Uses):</b>			
Operating transfers in			
Operating transfers out		(455)	
Net Other Financing Sources (Uses)		(455)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,671	(94)	361
Fund Balances July 1	14,817	5,937	2,000
Fund Balances June 30	\$ 16,488	\$ 5,843	\$ 2,361

		<u>Totals for the Year Ended</u>					
<b>Oil and Gas Board</b>	<b>Other Regulatory Agencies</b>		June 30, 1997	June 30, 1996			
\$	1,463	\$	7,240	\$	23,633	\$	23,217
	100				1,081		1,033
			70		254		293
			114		175		115
	1		38		166		50
	1,564		7,462		25,309		24,708
	1,699		6,929		22,518		22,734
	(135)		533		2,791		1,974
			154		154		
			(2)		(457)		(661)
			152		(303)		(661)
	(135)		685		2,488		1,313
	1,272		7,656		31,682		30,369
\$	1,137	\$	8,341	\$	34,170	\$	31,682

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**Debt Service Fund**

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The debt service fund accounts for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations which have been authorized and issued to provide funds for constructing and improving state-owned facilities (including ports, university facilities, public schools, parks, bridges and roads), to provide loans to facilitate and promote further economic development and for the purpose of refunding outstanding bonds of the state. The obligations are backed by the full faith, credit and taxing power of the state.

# MISSISSIPPI

## Debt Service Fund

### Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	June 30, 1997	June 30, 1996
<b>Assets:</b>		
Cash and cash equivalents	\$ 8,638	\$ 6,630
Investments	2,587	1,919
Interest receivable	253	202
Due from other funds		49
Loan receivable	8,410	16,440
Total Assets	\$ 19,888	\$ 25,240
<b>Liabilities:</b>		
Warrants payable	\$	\$ 5
Accounts payable	107	28
Due to other funds	3,930	3,219
Total Liabilities	4,037	3,252
<b>Fund Balance:</b>		
Reserved for long-term receivable		8,410
Unreserved, designated for future debt service	15,851	13,578
Total Fund Balance	15,851	21,988
Total Liabilities and Fund Balance	\$ 19,888	\$ 25,240

## Debt Service Fund

### Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	For the Year Ended	
	June 30, 1997	June 30, 1996
<b>Revenues:</b>		
Interest and other investment income, net	\$ 4,422	\$ 6,427
<b>Expenditures:</b>		
Debt service:		
Bond principal retirement	45,859	42,149
Interest and other fiscal charges	35,272	33,575
Total Expenditures	81,131	75,724
Excess of Revenue under Expenditures	(76,709)	(69,297)
<b>Other Financing Sources (Uses):</b>		
Proceeds of refunding bonds	79,421	
Payment to refunded bond escrow agent	(79,334)	
Operating transfers in	72,487	62,911
Operating transfers out	(2,002)	(18)
Net Other Financing Sources	70,572	62,893
Excess of Revenues and Other Sources under Expenditures and Other Uses	(6,137)	(6,404)
Fund Balance July 1	21,988	28,392
Fund Balance June 30	\$ 15,851	\$ 21,988

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**Capital Projects Fund**

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The capital projects fund accounts for the acquisition and construction of major governmental general fixed assets. Funding is provided principally by long-term bonds. Other revenue is provided by state and local funding. The revenue is used for the construction, renovation and repair of buildings and the purchase of equipment to be used by various state agencies and educational institutions. Expenditures other than capital outlay are on behalf of organizations outside the state reporting entity, such as community colleges, cities, counties or school districts.

# MISSISSIPPI

## Capital Projects Fund

### Balance Sheet June 30, 1997

*(Amounts Expressed in Thousands)*

	June 30, 1997	June 30, 1996
<b>Assets:</b>		
Cash and cash equivalents	\$ 150,180	\$ 153,981
Investments	193,160	243,667
Interest receivable	4,732	284
Due from other funds	2,901	1,866
Total Assets	\$ 350,973	\$ 399,798
<b>Liabilities:</b>		
Warrants payable	\$ 2,409	\$ 4,093
Contracts payable	21,085	12,502
Retainage payable	12,690	26,247
Due to other funds		11
Total Liabilities	36,184	42,853
<b>Fund Balance:</b>		
Unreserved, designated for debt service	9,161	3,767
Unreserved, designated for future capital projects	305,628	353,178
Total Fund Balance	314,789	356,945
Total Liabilities and Fund Balance	\$ 350,973	\$ 399,798

## Capital Projects Fund

### Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	For the Year Ended	
	June 30, 1997	June 30, 1996
<b>Revenues:</b>		
Interest	\$ 18,237	\$ 14,814
Other	5,425	5,516
Total Revenues	23,662	20,330
<b>Expenditures:</b>		
Current:		
Education	23,566	24,802
Debt service:		
Bond issuance costs	50	79
Capital outlay	86,435	126,592
Total Expenditures	110,051	151,473
Excess of Revenues under Expenditures	(86,389)	(131,143)
<b>Other Financing Sources (Uses):</b>		
Proceeds from general obligation bond issues	106,238	163,500
Operating transfers in	30,678	47,274
Operating transfers out	(13,845)	(11,540)
Operating transfers from component units	7,764	4,380
Operating transfers to component units	(86,602)	(64,148)
Net Other Financing Sources	44,233	139,466
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(42,156)	8,323
Fund Balance July 1	356,945	348,622
Fund Balance June 30	\$ 314,789	\$ 356,945

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## Enterprise Funds

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

### Enterprise Funds Descriptions

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#### Fair Commission

**Fair Commission Fund** - accounts for expenses of the Fair Commission's operation of the coliseum, Dixie National Livestock Show and Industrial Showcase Building, including payment of maturing bond interest and principal. 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 operating transfers from the General Fund and proceeds from bond issues.

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#### Veterans' Home Purchase Board

**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.

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#### Veterans' Memorial Stadium Commission

**Veterans' Memorial Stadium Commission Fund** - accounts for operations of the Veterans' Memorial Stadium in Jackson. Funding is provided by admission fees and concessions.

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#### Port Authority at Gulfport

**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 interest income. Expenses include port operation, construction and the payment of maturing bond interest and principal.

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**Yellow Creek  
Inland Port Authority**

**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, including construction costs and the payment of maturing bond interest and principal. Funding is provided by gross receipts from port operations, proceeds from bond issues and interest income.

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**Department of  
Rehabilitation Services**

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

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**State Treasurer**

**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 interest on investments.

## Other Enterprise Operations

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**Department of  
Agriculture and Commerce**

**Farmers' Central Market Board Fund** - accounts for the construction, maintenance and operation of facilities for processing, storing and marketing agricultural products. Funding is derived from rental income.

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**Department of Corrections**

**Restaurants Fund** - accounts for operations of two restaurants maintained for the convenience of Department of Corrections penitentiary employees.

**Commissary Fund** - accounts for operations of the commissary. Profits are used for the special benefit of the penitentiary's residents.

**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

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**Forestry Commission**

**Tree Seedling Fund** - accounts for the production or purchase of forest tree seedlings for resale to Mississippi landowners.

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**Department of Finance  
and Administration**

**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.

# MISSISSIPPI

## All Enterprise Funds

### Combining Balance Sheet June 30, 1997

*(Amounts Expressed in Thousands)*

	<b>Fair Commission</b>	<b>Veterans' Home Purchase Board</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 1,324	\$ 7,224
Investments		
Receivables, net:		
Accounts	154	
Interest		445
Due from other governments		
Due from other funds		
Due from component units		
Inventories		
Prepaid expenses		
Loans and notes receivable, current portion		3,740
Total Current Assets	1,478	11,409
Restricted assets:		
Cash and cash equivalents		
Investments		
Interest receivable, net		
Total Restricted Assets		
Loans receivable, net of current portion		91,045
Fixed Assets:		
Land	945	
Buildings and improvements, net	9,828	
Machinery and equipment, net	121	20
Construction in progress		
Total Fixed Assets	10,894	20
Total Assets	\$ 12,372	\$ 102,474

Veterans' Memorial Stadium Commission	Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services		State Treasurer		Totals	
			Allied Enterprises	Prepaid Affordable College Tuition	Other	June 30, 1997	June 30, 1996	
\$ 26	\$ 10,395	\$ 1,241	\$ 1,919	\$ 2,226	\$ 2,491	\$ 26,846	\$ 26,565	
350	8,303	3,162		9,910		21,725	8,382	
	900	80	1,235		179	2,548	2,206	
6	184	24			43	659	589	
			110		332	43	165	
			280		1	442	267	
					477	1	2	
	12	3				757	689	
						15	578	
						3,740	3,387	
382	19,794	4,510	3,544	12,136	3,523	56,776	42,830	
	186					186	715	
	4,085					4,085	6,743	
	11					11	4	
	4,282					4,282	7,462	
						91,045	80,784	
143	7,362	2,198			138	10,786	10,275	
1,348	52,196	5,763			900	70,035	59,903	
166	2,013	1,274		1	1,758	5,353	5,758	
	1,937	623			2,004	4,564	6,412	
1,657	63,508	9,858		1	4,800	90,738	82,348	
\$ 2,039	\$ 87,584	\$ 14,368	\$ 3,544	\$ 12,137	\$ 8,323	\$ 242,841	\$ 213,424	

(Continued on Next Page)

## All Enterprise Funds

### Combining Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

(Continued from Previous Page)

	<b>Fair Commission</b>	<b>Veterans' Home Purchase Board</b>
<b>Liabilities:</b>		
Current Liabilities:		
Warrants payable	\$ 63	\$ 375
Accounts payable and accruals	145	708
Retainage payable		
Due to other governments, current portion	4	1
Due to other funds	127	3
Tuition benefits payable, current portion		
Current portion of long-term general obligation bonds		
Current portion of long-term revenue bonds	85	
Deferred revenues		2
Notes payable		
Lease obligations payable, current portion		
Total Current Liabilities	424	1,089
Current Liabilities Payable from Restricted Assets:		
Customer deposits		
Long-Term Liabilities:		
Due to other governments, net of current portion		
Tuition benefits payable, net of current portion		
Deferred revenues, net of current portion		
General obligation bonds payable, net of current portion and unamortized discount		
Revenue bonds payable, net of current portion and unamortized discount	960	
Lease obligations payable, net of current portion		
Total Long-Term Liabilities	960	
Total Liabilities	1,384	1,089
<b>Fund Equity:</b>		
Contributed capital	5,946	9,600
Retained earnings:		
Reserved for bond retirement		
Unreserved (deficit)	5,042	91,785
Total Fund Equity	10,988	101,385
Total Liabilities and Fund Equity	\$ 12,372	\$ 102,474

Veterans' Memorial Stadium Commission	Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Prepaid Affordable College Tuition	Other	Totals	
			Allied Enterprises				June 30, 1997	June 30, 1996
\$ 12	\$ 16	\$ 1,236 75	\$ 33	\$ 231	\$ 61 63	\$ 164 461	\$ 675 2,893 75	\$ 1,401 2,514
			1		501 516	30 163	35 795 516	87 405
		3,583					3,583	3,626
		400		239			85 641	80 630
						89 73	89 73	105 106
	28	5,294	34	470	1,141	980	9,460	8,954
		135					135	133
			9,401		10,825		9,401 10,825	9,401 400
		31,902					31,902 960	35,485 1,045
						123	123	158
		31,902	9,401		10,825	123	53,211	46,489
	28	37,331	9,435	470	11,966	1,103	62,806	55,576
	3,170	12,624	1,191			14	32,545	26,974
	(1,159)	462 37,167	3,742	3,074	171	7,206	462 147,028	462 130,412
	2,011	50,253	4,933	3,074	171	7,220	180,035	157,848
\$ 2,039	\$ 87,584	\$ 14,368	\$ 3,544	\$ 12,137	\$ 8,323	\$ 242,841	\$ 213,424	



## All Enterprise Funds

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission	Port Authority at Gulfport
<b>Operating Revenues:</b>				
Charges for sales and services	\$ 3,560	\$	\$ 1,024	\$ 14,088
Interest		5,919		
Rentals				
Fees		69		
Excess of tuition receipts over present value of related benefits payable				
Other	143	18	9	40
Total Operating Revenues	3,703	6,006	1,033	14,128
<b>Operating Expenses:</b>				
Cost of sales and services				
General and administrative	1,014	400	205	1,626
Contractual services	2,126	140	729	2,407
Commodities	186	13	50	238
Depreciation	306	8	265	2,141
Loss due to employee fraud				
Other	1			354
Total Operating Expenses	3,633	561	1,249	6,766
Operating Income (Loss)	70	5,445	(216)	7,362
<b>Nonoperating Revenues:</b>				
Gain on disposal of assets	2			
Federal grant				
Revenue from counties				790
Interest and other investment income, net	5	518	20	889
Other	29			
Total Nonoperating Revenues	36	518	20	1,679
<b>Nonoperating Expenses:</b>				
Loss on disposal of assets	10			24
Interest	100			1,942
Total Nonoperating Expenses	110			1,966
Income (Loss) Before Operating Transfers	(4)	5,963	(196)	7,075
Operating Transfers In				1,991
Operating Transfers Out			(1)	
Net Income (Loss)	(4)	5,963	(197)	9,066
Add Depreciation on Contributed Assets				375
Increase (Decrease) in Retained Earnings	(4)	5,963	(197)	9,441
Retained Earnings (Deficit) July 1	5,046	85,822	(962)	28,188
Retained Earnings (Deficit) June 30	\$ 5,042	\$ 91,785	\$ (1,159)	\$ 37,629

(Thousands)

Yellow Creek Inland Port Authority	Department of Rehabilitation Services		State Treasurer		Totals for the Year Ended	
		Allied Enterprises	Prepaid Affordable College Tuition	Other	June 30, 1997	June 30, 1996
\$ 752	\$ 7,597	\$	\$ 5,084	\$ 32,105	\$ 29,991	
		14		5,933	5,553	
72			644	716	544	
		433		502	59	
			340	340		
	62		54	326	286	
824	7,659	787	5,782	39,922	36,433	
	7,215		2,884	10,099	9,300	
326	4,973	91	1,853	10,488	10,092	
86	1,112	503	714	7,817	6,877	
20	44	22	863	1,436	1,023	
404			324	3,448	3,297	
	7			7	64	
			16	371	244	
836	13,351	616	6,654	33,666	30,897	
(12)	(5,692)	171	(872)	6,256	5,536	
6				8	3	
					95	
					905	
185	40		19	1,676	1,751	
230			37	296	17	
421	40		56	2,770	2,771	
			7	41		
			22	2,064	2,056	
			29	2,105	2,056	
409	(5,652)	171	(845)	6,921	6,251	
	6,094		1,446	9,531	10,961	
			(210)	(211)	(258)	
409	442	171	391	16,241	16,954	
				375	351	
409	442	171	391	16,616	17,305	
3,333	2,632		6,815	130,874	113,569	
\$ 3,742	\$ 3,074	\$ 171	\$ 7,206	\$ 147,490	\$ 130,874	

## All Enterprise Funds

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 3,743	\$ 10	\$ 1,024
Cash payments to suppliers for goods and services	(2,365)	(204)	(787)
Cash payments to employees for services	(1,007)	(380)	(206)
Other operating cash receipts	1	101	9
Other operating cash payments			
Loss from employee fraud			
Interest received on tuition receipts			
Principal and interest received on program loans		14,724	
Issuance of program loans		(19,955)	
Net Cash Provided by (Used for) Operating Activities	372	(5,704)	40
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating transfers in			
Operating transfers out			(1)
Loans from other funds			
Operating grants received			
Revenues from counties			
Net Cash Provided by (Used for) Noncapital Financing Activities			(1)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(34)	(1)	(23)
Proceeds from sale of capital assets	2		
Principal paid on bonds and equipment contracts	(80)		
Interest paid on bonds and equipment contracts	(100)		
Net Cash Used for Capital and Related Financing Activities	(212)	(1)	(23)
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sales of investments			
Purchases of investments			(214)
Interest on investments	5	518	14
Net Cash Provided by (Used for) Investing Activities	5	518	(200)
Net Increase (Decrease) in Cash and Cash Equivalents	165	(5,187)	(184)
Cash and Cash Equivalents July 1	1,159	12,411	210
Cash and Cash Equivalents June 30	\$ 1,324	\$ 7,224	\$ 26

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services		State Treasurer		Totals for the Year Ended	
		Allied Enterprises	Prepaid Affordable College Tuition	Other	June 30, 1997	June 30, 1996	
\$ 13,706	\$ 869	\$ 7,277	\$ 12,115	\$ 5,829	\$ 44,573	\$ 29,220	
(1,854)	(120)	(8,384)	(422)	(4,894)	(19,030)	(18,566)	
(1,577)	(316)	(4,928)	(70)	(1,748)	(10,232)	(9,854)	
40		62		52	265	194	
(350)		(7)			(350)	(160)	
			14		(7)	(64)	
					14		
					14,724	13,283	
					(19,955)	(11,677)	
9,965	433	(5,980)	11,637	(761)	10,002	2,376	
1,991		6,094		1,167	9,252	10,960	
				(192)	(193)	(257)	
			500		500	95	
790					790	905	
2,781		6,094	500	975	10,349	11,703	
(5,067)	(103)		(1)	(419)	(5,648)	(7,030)	
	40				42	12	
(3,626)				(84)	(3,790)	(3,678)	
(1,996)				(23)	(2,119)	(2,325)	
(10,689)	(63)		(1)	(526)	(11,515)	(13,021)	
9,804	6,093				15,897	14,875	
(10,211)	(6,246)		(9,910)		(26,581)	(12,972)	
821	182	41		19	1,600	1,684	
414	29	41	(9,910)	19	(9,084)	3,587	
2,471	399	155	2,226	(293)	(248)	4,645	
8,110	842	1,764		2,784	27,280	22,635	
\$ 10,581	\$ 1,241	\$ 1,919	\$ 2,226	\$ 2,491	\$ 27,032	\$ 27,280	

(Continued on Next Page)

## All Enterprise Funds

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission	Port Authority at Gulfport
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating income (loss)	\$ 70	\$ 5,445	\$ (216)	\$ 7,362
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	306	8	265	2,141
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	25			(14)
Increase in interest receivable on loans				
(Increase) decrease in due from other governments	5	10		36
(Increase) decrease in interfund receivables	12			
Increase in inventories				
(Increase) decrease in prepaid expenses				534
Increase in loans and notes receivable, net		(10,614)		
Increase (decrease) in warrants payable	(38)	(600)	2	
Increase (decrease) in accounts payable and accruals	1	46	(8)	306
Increase (decrease) in due to other governments	(2)	1		
Increase (decrease) in interfund payables	(7)		(3)	
Increase in tuition benefits payable				
Increase (decrease) in deferred revenue				(400)
Total adjustments	302	(11,149)	256	2,603
Net Cash Provided by (Used for) Operating Activities	\$ 372	\$ (5,704)	\$ 40	\$ 9,965

**Noncash Capital and Related Financing Activities:**

During the fiscal year ended June 30, 1997, Fair Commission received machinery and equipment of \$29,000 from other state agencies and received contributed capital of \$5,946,000 from another state agency. Yellow Creek Inland Port Authority made a noncash entry for \$230,000 to adjust land to actual.

Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Prepaid Affordable College Tuition	Other	Totals for the Year Ended	
	Allied Enterprises				June 30, 1997	June 30, 1996
\$ (12)	\$ (5,692)	\$	171	\$ (872)	\$ 6,256	\$ 5,536
404				324	3,448	3,297
45	(338)			(60)	(342)	(431)
				70	121	(50)
	6			88	106	(89)
	(10)			(59)	(69)	(108)
28					562	(559)
					(10,614)	(4,254)
			61	(152)	(727)	183
(32)	46		63	65	487	(448)
				(50)	(51)	24
	(3)		1	(115)	(127)	18
			11,341		11,341	
	11				(389)	(711)
445	(288)		11,466	111	3,746	(3,160)
\$ 433	\$ (5,980)	\$	11,637	\$ (761)	\$ 10,002	\$ 2,376

## Other Enterprise Funds

### Combining Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Corrections		
	Farmers' Central Market Board		Restaurants	Commissary	Prison Agricultural Enterprises
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 65		\$ 112	\$ 188	\$ 1,774
Accounts receivable, net	8		6	109	
Due from other governments					
Due from other funds				41	279
Due from component units					
Inventories			8	245	224
Total Current Assets	73		126	583	2,277
Land	38				
Buildings and improvements, net	796		22		
Machinery and equipment, net	44		26	78	1,506
Construction in progress					2,004
Total Assets	\$ 951	\$ 174	\$ 661	\$ 5,787	
<b>Liabilities:</b>					
Current liabilities:					
Warrants payable	\$ 17		\$		\$ 110
Accounts payable and accruals	20		32	151	200
Due to other governments					
Due to other funds				163	
Notes payable	89				
Lease obligations payable, current portion					73
Total Current Liabilities	126		32	314	383
Lease obligations payable, net of current portion					123
Total Liabilities	126		32	314	506
<b>Fund Equity:</b>					
Contributed capital	8		6		
Retained earnings	817		136	347	5,281
Total Fund Equity	825		142	347	5,281
Total Liabilities and Fund Equity	\$ 951	\$ 174	\$ 661	\$ 5,787	

Forestry Commission	Department of Finance and Administration		Totals	
	Tree Seedling	Office of Surplus Property	June 30, 1997	June 30, 1996
\$ 51	\$ 301	\$ 2,491	\$ 2,784	
	56	179	118	
	43	43	114	
	12	332	139	
	1	1	2	
		477	418	
51	413	3,523	3,575	
	100	138	138	
	82	900	942	
	104	1,758	1,864	
		2,004	1,729	
\$ 51	\$ 699	\$ 8,323	\$ 8,248	
\$	\$ 37	\$ 164	\$ 316	
	58	461	393	
	30	30	80	
		163	261	
		89	105	
		73	106	
	125	980	1,261	
		123	158	
	125	1,103	1,419	
		14	14	
51	574	7,206	6,815	
51	574	7,220	6,829	
\$ 51	\$ 699	\$ 8,323	\$ 8,248	

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## Other Enterprise Funds

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Department of Agriculture and Commerce	Department of Corrections		
	Farmers' Central Market Board	Restaurants	Commissary	Prison Agricultural Enterprises
<b>Operating Revenues:</b>				
Charges for sales and services	\$	\$ 267	\$ 2,727	\$ 1,187
Rentals	364			280
Other		41	13	
Total Operating Revenues	364	308	2,740	1,467
<b>Operating Expenses:</b>				
Cost of sales and services		219	2,021	644
General and administrative	199	47	407	674
Contractual services	86	18	17	374
Commodities	8	19	32	725
Depreciation	38	4	20	219
Other		16		
Total Operating Expenses	331	323	2,497	2,636
Operating Income (Loss)	33	(15)	243	(1,169)
<b>Nonoperating Revenues:</b>				
Gain on disposal of assets				
Interest		2	4	
Other	9			
Total Nonoperating Revenues	9	2	4	
<b>Nonoperating Expenses:</b>				
Loss on disposal of assets	6			
Interest	7			15
Total Nonoperating Expenses	13			15
Income (Loss) Before Operating Transfers	29	(13)	247	(1,184)
Operating Transfers In				1,446
Operating Transfers Out			(210)	
Net Income (Loss)	29	(13)	37	262
Retained Earnings July 1	788	149	310	5,019
Retained Earnings June 30	\$ 817	\$ 136	\$ 347	\$ 5,281

Forestry Commission	Department of Finance and Administration		Totals for the Year Ended	
	Tree Seedling	Office of Surplus Property	June 30, 1997	June 30, 1996
\$ 88	\$ 815	\$ 5,084	\$ 4,831	
		644	528	
		54	54	
88	815	5,782	5,413	
		2,884	3,005	
	526	1,853	1,693	
	219	714	679	
46	33	863	476	
	43	324	290	
		16	23	
46	821	6,654	6,166	
42	(6)	(872)	(753)	
			3	
	13	19	15	
	28	37		
	41	56	18	
	1	7		
		22	28	
	1	29	28	
42	34	(845)	(763)	
		1,446	2,423	
		(210)	(258)	
42	34	391	1,402	
9	540	6,815	5,413	
\$ 51	\$ 574	\$ 7,206	\$ 6,815	

## Other Enterprise Funds

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	<b>Department of Agriculture and Commerce</b>	<b>Department of Corrections</b>	
	Farmers' Central Market Board	Restaurants	Commissary
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 367	\$ 274	\$ 2,702
Cash payments to suppliers for goods and services	(108)	(274)	(2,213)
Cash payments to employees for services	(203)	(45)	(398)
Other operating cash receipts		40	12
Net Cash Provided by (Used for) Operating Activities	56	(5)	103
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating transfers in			
Operating transfers out			(192)
Net Cash Provided by (Used for) Noncapital Financing Activities			(192)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets			(40)
Proceeds from sale of capital assets			
Principal paid on bonds and equipment contracts	(16)		
Interest paid on bonds and equipment contracts	(7)		
Net Cash Used for Capital and Related Financing Activities	(23)		(40)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments		2	4
Net Cash Provided by Investing Activities		2	4
Net Increase (Decrease) in Cash and Cash Equivalents	33	(3)	(125)
Cash and Cash Equivalents July 1	32	115	313
Cash and Cash Equivalents June 30	\$ 65	\$ 112	\$ 188

		<b>Department of Forestry</b>		<b>Finance and Administration</b>		<b>Totals for the Year Ended</b>			
Prison Agricultural Enterprises		Tree Seedling		Office of Surplus Property		June 30, 1997		June 30, 1996	
\$	1,468	\$	88	\$	930	\$	5,829	\$	5,262
	(1,929)		(46)		(324)		(4,894)		(4,199)
	(601)				(501)		(1,748)		(1,677)
							52		54
	(1,062)		42		105		(761)		(560)
	1,167						1,167		2,422
							(192)		(257)
	1,167						975		2,165
	(375)				(4)		(419)		(1,488)
									12
	(68)						(84)		(90)
	(16)						(23)		(27)
	(459)				(4)		(526)		(1,593)
					13		19		14
					13		19		14
	(354)		42		114		(293)		26
	2,128		9		187		2,784		2,758
\$	1,774	\$	51	\$	301	\$	2,491	\$	2,784

*(Continued on Next Page)*

## Other Enterprise Funds

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

*(Continued from Previous Page)*

	Department of Agriculture and Commerce		Department of Corrections
	Farmers' Central Market Board		Restaurants      Commissary
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$            33	\$	(15) \$            243
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	38		4            20
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	2		(6)            (26)
(Increase) decrease in due from other governments			
(Increase) decrease in interfund receivables			12            1
(Increase) decrease in inventories			3            (39)
Increase (decrease) in warrants payable	3		
Increase (decrease) in accounts payable and accruals	(18)		(3)            14
Increase (decrease) in due to other governments			
Increase (decrease) in interfund payables	(2)		(110)
Total adjustments	23		10            (140)
Net Cash Provided by (Used for) Operating Activities	\$            56	\$	(5) \$            103

**Noncash Capital and Related Financing Activities:**

During the fiscal year ended June 30, 1997, Farmers Central Market Board received machinery and equipment of \$9,000 from another state agency and Office of Surplus Property received machinery and equipment of \$28,000 from donations.

	Forestry Commission		Department of Finance and Administration		Totals for the Year Ended	
	Prison Agricultural Enterprises	Tree Seedling	Office of Surplus Property	June 30, 1997	June 30, 1996	
\$	(1,169)	\$ 42	\$ (6)	\$ (872)	\$ (753)	
	219		43	324	290	
			(30)	(60)	(22)	
			70	70	(5)	
			75	88	(71)	
	(104)		81	(59)	(104)	
	(76)		(79)	(152)	56	
	68		4	65	(21)	
			(50)	(50)	22	
			(3)	(115)	48	
	107		111	111	193	
\$	(1,062)	\$ 42	\$ 105	\$ (761)	\$ (560)	

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**Internal Service Funds**

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Internal service funds account for the operations of state agencies that provide services or goods to other state agencies or governmental units on a cost reimbursement basis.

**Internal Service Funds Descriptions**

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**Personnel Board**

**Personnel Board Fund** - accounts for the expenses of establishing personnel policies, regulating the pay of state employees and testing and validating new hires. Revenues consist of assessments charged to state agencies based on the number of authorized positions.

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**Information  
Technology Services**

**Information Technology Services Fund** - accounts for the centralized data processing and information devices, expenses related to planning and policies for the development of data processing capabilities and for the state's central telephone system, the universities' central telephone systems and other governmental units' telephone systems. Revenues consist of charges to user agencies, universities and governmental units for services and equipment. Other revenue consists of commissions from the usage of public utility companies' pay telephones located on state properties.

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**Department of  
Finance and  
Administration**

**Risk Management 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. Employees' premiums are funded by the state and local school districts with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. This fund also accounts for unemployment benefits paid to eligible former state employees and for resources and transactions pertaining to the state's self-insured workers' compensation program. Funding is provided by premiums collected from the state's operating fund and participating state agencies. In addition, the fund accounts for resources and transactions pertaining to the state's self-insured tort claims program. Funding is provided by assessment of state agencies. Tort claims filed against the state agencies and state employees are paid from this fund, as well as administrative expenses.

## Internal Service Funds

### Combining Balance Sheet June 30, 1997

*(Amounts Expressed in Thousands)*

	Personnel Board	Information Technology Services
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 1,608	\$ 5,870
Investments		
Receivables, net:		
Accounts	1	256
Interest		
Due from other governments	3	66
Due from other funds	87	2,152
Due from component units		89
Total Current Assets	1,699	8,433
Long-term investments		
Machinery and equipment, net	196	8,456
Total Assets	\$ 1,895	\$ 16,889
<b>Liabilities:</b>		
Current liabilities:		
Warrants payable	\$ 118	\$ 862
Accounts payable and accruals	247	1,117
Due to other governments		18
Due to other funds	30	6
Due to component units	5	22
Claims liability		
Deferred revenues		
Lease obligations payable, current portion		1,408
Total Current Liabilities	400	3,433
Lease obligations payable, net of current portion		2,838
Total Liabilities	400	6,271
<b>Fund Equity:</b>		
Retained earnings, unreserved	1,495	10,618
Total Liabilities and Fund Equity	\$ 1,895	\$ 16,889

<b>Department of Finance and Administration</b>	<b>Totals</b>		
Risk Management	June 30, 1997	June 30, 1996	
\$ 4,643	\$ 12,121	\$ 12,871	
126,454	126,454	146,534	
1	258	3,077	
449	449	769	
2	71	83	
	2,239	5,521	
	89	146	
131,549	141,681	169,001	
1,840	1,840		
68	8,720	5,660	
\$ 133,457	\$ 152,241	\$ 174,661	
\$ 1,165	\$ 2,145	\$ 981	
2,670	4,034	4,140	
	18	8	
274	310	410	
	27	35	
72,750	72,750	72,302	
210	210	180	
	1,408	922	
77,069	80,902	78,978	
	2,838	658	
77,069	83,740	79,636	
56,388	68,501	95,025	
\$ 133,457	\$ 152,241	\$ 174,661	

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## Internal Service Funds

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Personnel Board	Information Technology Services
<b>Operating Revenues:</b>		
Charges for goods and services/premiums	\$ 4,626	\$ 20,034
Other		4
Total Operating Revenues	4,626	20,038
<b>Operating Expenses:</b>		
Personal services:		
Salaries, wages and fringe benefits	2,451	6,520
Travel	29	85
Contractual services	1,640	11,165
Commodities	152	317
Benefit payments		
Depreciation	83	1,641
Total Operating Expenses	4,355	19,728
Operating Income (Loss)	271	310
<b>Nonoperating Revenues:</b>		
Gain on disposal of assets		410
Interest and other investment income		
Other		24
Total Nonoperating Revenues		434
<b>Nonoperating Expenses:</b>		
Loss on disposal of assets	2	
Interest		81
Total Nonoperating Expenses	2	81
Income (Loss) Before Operating Transfers	269	663
Operating Transfers In		2,523
Operating Transfers Out		
Operating Transfers from Component Units		270
Net Income (Loss)	269	3,456
Retained Earnings July 1, as restated	1,226	7,162
Retained Earnings June 30	\$ 1,495	\$ 10,618

<b>Department of Finance and Administration</b>		<b>Totals for the Year Ended</b>	
Risk Management	June 30, 1997	June 30, 1996	
\$ 258,640	\$ 283,300	\$ 280,837	
	4	359	
258,640	283,304	281,196	
1,408	10,379	9,956	
22	136	136	
20,332	33,137	28,997	
99	568	519	
274,966	274,966	246,824	
18	1,742	2,003	
296,845	320,928	288,435	
(38,205)	(37,624)	(7,239)	
	410		
8,002	8,002	8,701	
	24	4	
8,002	8,436	8,705	
	2	251	
	81	171	
	83	422	
(30,203)	(29,271)	1,044	
	2,523		
(46)	(46)	(175)	
	270		
(30,249)	(26,524)	869	
86,637	95,025	94,156	
\$ 56,388	\$ 68,501	\$ 95,025	

## Internal Service Funds

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Personnel Board	Information Technology Services
<b>Cash Flows from Operating Activities:</b>		
Cash receipts/premiums from quasi-external operating transactions with other funds	\$ 4,547	\$ 18,811
Cash receipts/premiums from customers	45	1,368
Cash payments to suppliers for goods and services	(1,811)	(12,126)
Cash payments to employees for services	(2,448)	(6,519)
Cash payments for benefits		
Other operating cash receipts		4
Net Cash Provided by (Used for) Operating Activities	333	1,538
<b>Cash Flows from Noncapital Financing Activities:</b>		
Operating transfers in		2,793
Operating transfers out		
Net Cash Provided by (Used for) Noncapital Financing Activities		2,793
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(90)	(746)
Principal paid on capital lease contracts		(869)
Interest paid on capital lease contracts		(81)
Net Cash Used for Capital and Related Financing Activities	(90)	(1,696)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of investments		
Purchases of investments		
Interest on investments		
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	243	2,635
Cash and Cash Equivalents July 1	1,365	3,235
Cash and Cash Equivalents June 30	\$ 1,608	\$ 5,870

**Department of  
Finance and  
Administration**

**Totals for the Year Ended**

Risk Management	June 30, 1997	June 30, 1996
\$ 92,180	\$ 115,538	\$ 119,906
172,550	173,963	158,098
(18,880)	(32,817)	(30,390)
(1,408)	(10,375)	(9,881)
(274,563)	(274,563)	(240,460)
	4	454
(30,121)	(28,250)	(2,273)
	2,793	
(46)	(46)	(166)
(46)	2,747	(166)
(23)	(859)	(911)
	(869)	(932)
	(81)	(171)
(23)	(1,809)	(2,014)
246,361	246,361	183,233
(228,122)	(228,122)	(183,127)
8,323	8,323	9,095
26,562	26,562	9,201
(3,628)	(750)	4,748
8,271	12,871	8,123
\$ 4,643	\$ 12,121	\$ 12,871

*(Continued on Next Page)*

## Internal Service Funds

### Combining Statement of Cash Flows

**For the Year Ended June 30, 1997**

*(Continued From Previous Page)*

*(Amounts Expressed in Thousands)*

	<b>Personnel Board</b>		<b>Information Technology Services</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ 271	\$	310
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	83		1,641
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net			(193)
(Increase) decrease in due from other governments	(2)		15
(Increase) decrease in interfund receivables	(32)		323
Increase (decrease) in warrants payable	12		396
Increase (decrease) in accounts payable and accruals	8		(909)
Increase (decrease) in due to other governments			10
Decrease in interfund payables	(7)		(55)
Increase in claims liability			
Increase (decrease) in deferred revenues			
Total adjustments	62		1,228
Net Cash Provided by (Used for) Operating Activities	\$ 333	\$	1,538

**Noncash Capital and Related Financing Activities:**

During the fiscal year ended June 30, 1997, Information Technology Services entered into a capital lease agreement totaling \$3,522,000. Payments on the new lease included principal payments of \$620,000 and interest payments of \$45,000. Information Technology Services received donated machinery and equipment of \$1,000 and received machinery and equipment of \$23,000 from another state agency.

<b>Department of Finance and Administration</b>	<b>Totals for the Year Ended</b>	
Risk Management	June 30, 1997	June 30, 1996
\$ (38,205)	\$ (37,624)	\$ (7,239)
18	1,742	2,003
3,013	2,820	(2,821)
(2)	11	(30)
3,049	3,340	664
757	1,165	(669)
816	(85)	279
	10	(1)
(45)	(107)	(214)
448	448	6,197
30	30	(442)
8,084	9,374	4,966
\$ (30,121)	\$ (28,250)	\$ (2,273)

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## Trust and Agency Funds

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Trust and agency funds account for assets held by the state in a fiduciary capacity.

### Significant Trust and Agency Funds Descriptions

#### Expendable Trust Funds

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##### Public Employees' Retirement System

**Deferred Compensation Plan Fund** - accounts for deposits of gross compensation deferred by employees of the state and its political subdivisions. These deposits are invested until retirement, severance from public service, death or extreme hardship of the individual participants.

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##### Employment Security Commission

**Unemployment Compensation Fund** - accounts for the collection of unemployment insurance taxes from employers and the payment of unemployment benefits to eligible claimants. Funds are also provided by the federal government and interest income. Administrative expenses incurred by the Employment Security Commission are accounted for in a special revenue fund.

#### Nonexpendable Trust Funds

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##### Treasurer

**Oil and Gas Taxes on State-owned Land Fund** - accounts for oil and gas royalties collected on state-owned lands. The principal is required by statute to remain inviolate. Income derived from investment of the principal may be appropriated by the legislature for specific uses.

#### Pension Trust Funds

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##### Public Employees' Retirement System

**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.

**Mississippi Highway Safety Patrol Retirement System Fund** - provides retirement and disability benefits to uniformed officers of the Department of Public Safety. Benefits are funded by contributions from the members and the state and by investment income.

**Municipal Retirement Systems Fund** - provides retirement and disability benefits to employees, firemen, and policemen of participating municipalities. Benefits are funded by contributions from the members and the municipalities and by investment income.

**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.

## Agency Funds

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**Local Government Distributive Fund** - serves as a clearing mechanism for funds distributed to the various counties and municipalities of the state.

**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.

**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.

## Trust and Agency Funds

### Combining Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	Trust				Totals	
	Expendable	Nonexpendable	Pension	Agency	June 30, 1997	June 30, 1996
<b>Assets:</b>						
Cash and cash equivalents	\$ 3,408	\$ 1,228	\$ 237,550	\$ 15,097	\$ 257,283	\$ 215,752
Amount on deposit with U.S. Treasury	562,843				562,843	559,124
Investments	372,178	23,300	13,317,697	7,107	13,720,282	11,552,681
Receivables, net						
Taxes	22,736				22,736	24,585
Investment proceeds			48,203		48,203	88,082
Interest and dividend	93	304	82,073	4	82,474	86,016
Contributions	2,627		39,504		42,131	49,924
Other	224		76	14,776	15,076	15,611
Due from other governments	1,237				1,237	1,492
Due from other funds	13,715	10	390,429	7,779	411,933	355,493
Commodity inventory				47	47	27
Loans to other funds	44				44	57
Land			508		508	508
Buildings, net			2,549		2,549	2,639
Improvements other than buildings, net			75		75	79
Machinery and equipment, net			2,276		2,276	2,667
<b>Total Assets</b>	<b>\$ 979,105</b>	<b>\$ 24,842</b>	<b>\$ 14,120,940</b>	<b>\$ 44,810</b>	<b>\$ 15,169,697</b>	<b>\$ 12,954,737</b>
<b>Liabilities:</b>						
Warrants payable	\$	\$	\$ 253	\$ 91	\$ 344	\$ 235
Accounts payable and accrual	3,097	18	222,914	937	226,966	288,855
Due to other governments	1,311			7,926	9,237	9,183
Due to other funds	90	475	389,628	17,520	407,713	349,045
Amounts held in custody for other:			1,138	18,336	19,474	313,511
Obligations under securities lending			1,855,057		1,855,057	1,667,103
Deferred revenues	3,729				3,729	4,055
Loans from other funds						809
<b>Total Liabilities</b>	<b>8,227</b>	<b>493</b>	<b>2,468,990</b>	<b>44,810</b>	<b>2,522,520</b>	<b>2,632,796</b>
<b>Fund Balances:</b>						
Reserved for:						
Employees' pension benefit			11,651,950		11,651,950	9,705,486
Unemployment compensation benefits	593,931				593,931	592,639
Loans to other funds	44				44	57
Deferred compensation benefits and administrative expense	376,885				376,885	
Educational and Vocational Training Memorial Burn Center and other		23,022			23,022	22,259
		380			380	276
Unreserved:						
Undesignated	18	947			965	1,224
<b>Total Fund Balances</b>	<b>970,878</b>	<b>24,349</b>	<b>11,651,950</b>		<b>12,647,177</b>	<b>10,321,941</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 979,105</b>	<b>\$ 24,842</b>	<b>\$ 14,120,940</b>	<b>\$ 44,810</b>	<b>\$ 15,169,697</b>	<b>\$ 12,954,737</b>

# MISSISSIPPI

## Expendable Trust Funds

### Combining Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission	Totals		
	Deferred Compensation Plan	Unemployment Compensation	Other	June 30, 1997	June 30, 1996
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,154	\$ 1,236	\$ 18	\$ 3,408	\$ 1,203
Amount on deposit with U.S. Treasury		562,843		562,843	559,124
Investments	372,178			372,178	742
Receivables, net:					
Taxes		22,736		22,736	24,585
Interest and dividends	93			93	
Contributions	2,627			2,627	
Other		224		224	262
Due from other governments		1,237		1,237	1,492
Due from other funds		13,715		13,715	14,241
Loans to other funds		44		44	57
Total Assets	\$ 377,052	\$ 602,035	\$ 18	\$ 979,105	\$ 601,706
<b>Liabilities:</b>					
Accounts payable and accruals	\$ 166	\$ 2,931	\$	\$ 3,097	\$ 2,624
Due to other governments		1,311		1,311	1,384
Due to other funds	1	89		90	112
Deferred revenues		3,729		3,729	4,055
Loans from other funds					809
Total Liabilities	167	8,060		8,227	8,984
<b>Fund Balances:</b>					
Reserved for:					
Unemployment compensation benefit:		593,931		593,931	592,639
Loans to other funds		44		44	57
Deferred compensation benefits and administrative expenses	376,885			376,885	
Unreserved:					
Undesignated			18	18	26
Total Fund Balances	376,885	593,975	18	970,878	592,722
Total Liabilities and Fund Balances	\$ 377,052	\$ 602,035	\$ 18	\$ 979,105	\$ 601,706

# MISSISSIPPI

## Expendable Trust Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission	Totals for the Year Ended		
	Deferred Compensation Plan	Unemployment Compensation	Other	June 30, 1997	June 30, 1996
<b>Revenues:</b>					
Taxes	\$	\$ 83,734	\$	\$ 83,734	\$ 100,805
Federal government		3,556		3,556	3,284
Participant Contributions	35,789			35,789	
Interest and other investment income, net	53,770	37,523	336	91,629	38,478
Total Revenues	89,559	124,813	336	214,708	142,567
<b>Expenditures:</b>					
General government:					
Benefits	7,561			7,561	
Administrative Expenses	1,126			1,126	
Health and social services:					
Benefits		123,534		123,534	130,437
Total Expenditures	8,687	123,534		132,221	130,437
Excess of Revenues over Expenditures:	80,872	1,279	336	82,487	12,130
<b>Other Financing Uses:</b>					
Operating transfers out			344	344	
Net Other Financing Uses:			344	344	
Excess of Revenues over (under) Expenditures and Other Uses	80,872	1,279	(8)	82,143	12,130
Fund Balances July 1, restated	296,013	592,696	26	888,735	580,592
Fund Balances June 30	\$ 376,885	\$ 593,975	\$ 18	\$ 970,878	\$ 592,722

# MISSISSIPPI

## Nonexpendable Trust Funds

### Combining Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	Treasurer		Totals	
	Oil and Gas Taxes on State- owned Land	Other	June 30, 1997	June 30, 1996
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 857	\$ 371	\$ 1,228	\$ 765
Investments	6,468	16	6,484	6,505
Interest receivable	303	1	304	339
Due from other funds		10	10	10
Total Current Assets	7,628	398	8,026	7,619
Long-term investments	16,778	38	16,816	16,381
Total Assets	\$ 24,406	\$ 436	\$ 24,842	\$ 24,000
<b>Liabilities:</b>				
Accounts payable and accruals	\$ 18	\$	\$ 18	\$ 14
Due to other funds	475		475	253
Total Liabilities	493		493	267
<b>Fund Balances:</b>				
Reserved for:				
Scholarships		20	20	20
Books and historical manuscript		5	5	5
Education and vocational training	23,022		23,022	22,259
Memorial Burn Center		355	355	251
Unreserved	891	56	947	1,198
Total Fund Balances	23,913	436	24,349	23,733
Total Liabilities and Fund Balances	\$ 24,406	\$ 436	\$ 24,842	\$ 24,000

## Nonexpendable Trust Funds

### Combining Statement of Revenues, Expenses and Changes in Fund Balances For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Treasurer		Totals for the Year Ended	
	Oil and Gas Taxes on State- owned Land	Other	June 30, 1997	June 30, 1996
<b>Operating Revenues:</b>				
Interest and other investment income, net	\$ 1,296	\$ 21	\$ 1,317	\$ 1,300
Fees	1	104	105	94
Oil and gas royalties	732		732	642
Donations	30		30	23
Total Operating Revenues	2,059	125	2,184	2,059
<b>Operating Expenses:</b>				
Administrative	62	13	75	57
Total Operating Expenses	62	13	75	57
Operating Income Before Operating Transfers	1,997	112	2,109	2,002
Operating Transfers Out	(1,493)		(1,493)	(1,452)
Net Income	504	112	616	550
Fund Balances July 1	23,409	324	23,733	23,183
Fund Balances June 30	\$ 23,913	\$ 436	\$ 24,349	\$ 23,733

## Nonexpendable Trust Funds

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Treasurer		Totals for the Year Ended	
	Oil and Gas Taxes on State- owned Land	Other	June 30, 1997	June 30, 1996
<b>Cash Flows from Operating Activities:</b>				
Cash payments to suppliers	\$ (58)	\$	\$ (58)	\$ (54)
Other operating cash receipts	762	104	866	770
Other operating cash payments		(13)	(13)	(3)
Net Cash Provided by Operating Activities	704	91	795	713
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating transfers out		(1,271)	(1,271)	(1,198)
Net Cash Used for Noncapital Financing Activities		(1,271)	(1,271)	(1,198)
<b>Cash Flows from Investing Activities:</b>				
Proceeds from sale of investments	13,425		13,425	31,042
Purchases of investments	(13,837)	(1)	(13,838)	(31,216)
Interest and other investment income, net	1,331	21	1,352	1,185
Net Cash Provided by Investing Activities	919	20	939	1,011
Net Increase in Cash and Cash Equivalents	352	111	463	526
Cash and Cash Equivalents July 1	505	260	765	239
Cash and Cash Equivalents June 30	\$ 857	\$ 371	\$ 1,228	\$ 765

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income	\$ 1,997	\$ 112	\$ 2,109	\$ 2,002
Adjustments to reconcile operating income to net cash provided by operating activities				
Interest and other investment income, net	(1,331)	(21)	(1,352)	(1,185)
Changes in assets and liabilities:				
Decrease in accounts receivable, net				12
(Increase) decrease in interest receivable	34		34	(115)
Increase in interfund receivable				(2)
Increase in warrants payable	4		4	
Increase in accounts payable and accruals				1
Total adjustments	(1,293)	(21)	(1,314)	(1,289)
Net Cash Provided by Operating Activities	\$ 704	\$ 91	\$ 795	\$ 713

# MISSISSIPPI

## Pension Trust Funds

### Statement of Plan Net Assets June 30, 1997

(Amounts Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Assets:</b>			
Cash and cash equivalents	\$ 237,542	\$ 4	\$ 4
Investments:			
Investments, at fair value	11,447,071		
Securities lending	1,807,258	32,604	29,894
Receivables:			
Employer contributions	21,745	643	450
Employee contributions	16,404	160	100
Investment proceeds	48,203		
Interest and dividends	82,073		
Other	76		
Due from other funds	25	201,259	183,795
Land	508		
Buildings, net	2,549		
Improvements other than buildings, net	75		
Machinery and equipment, net	2,276		
Total Assets	13,665,805	234,670	214,243
<b>Liabilities:</b>			
Warrants payable	253		
Accounts payable and accruals	222,902	2	9
Due to other funds	389,605	13	9
Amounts held in custody for others	1,138		
Obligations under securities lending	1,792,217	32,332	29,645
Total Liabilities	2,406,115	32,347	29,663
<b>Net Assets Held in Trust for Pension Benefits</b>	\$ 11,259,690	\$ 202,323	\$ 184,580

**Totals**

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<b>Supplemental Legislative Retirement Plan</b>	June 30, 1997	June 30, 1996
\$	\$ 237,550	\$ 200,842
	11,447,071	9,554,187
870	1,870,626	1,676,158
1	22,839	27,102
1	16,665	19,557
	48,203	88,082
	82,073	85,590
	76	
5,350	390,429	332,633
	508	508
	2,549	2,639
	75	79
	2,276	2,667
6,222	14,120,940	11,990,044
	253	154
1	222,914	285,467
1	389,628	330,696
	1,138	1,138
863	1,855,057	1,667,103
865	2,468,990	2,284,558
\$ 5,357	\$ 11,651,950	\$ 9,705,486

# MISSISSIPPI

## Agency Funds

### Combining Balance Sheet June 30, 1997

(Amounts Expressed in Thousands)

	Local Government			Totals	
	Distributive	Program	Institutional	June 30, 1997	June 30, 1996
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,471	\$ 10,767	\$ 2,859	\$ 15,097	\$ 12,942
Investments	3,337	3,378	392	7,107	298,708
Receivables, net:					
Interest and dividends	1		3	4	87
Contributions					3,265
Other		14,750	26	14,776	15,349
Due from other funds	4,478	3,293	8	7,779	8,609
Commodity inventory		47		47	27
Total Assets	\$ 9,287	\$ 32,235	\$ 3,288	\$ 44,810	\$ 338,987
<b>Liabilities:</b>					
Warrants payable	\$ 3	\$ 88	\$	\$ 91	\$ 81
Accounts payable and accruals	935	2		937	750
Due to other governments	5,778	2,148		7,926	7,799
Due to other funds	143	17,085	292	17,520	17,984
Amounts held in custody for others	2,428	12,912	2,996	18,336	312,373
Total Liabilities	\$ 9,287	\$ 32,235	\$ 3,288	\$ 44,810	\$ 338,987

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# MISSISSIPPI

## All Agency Funds

### Combining Statement of Changes in Assets and Liabilities For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

Fund	Assets						Total Assets
	Cash and Cash Equivalents	Investments	Receivables	Due from Other Funds	Commodity Inventory		
<b>Local Government Distributive:</b>							
Balance July 1, 1996	\$ 1,005	\$ 3,527	\$ 20	\$ 3,910	\$	\$	8,462
Additions	34,292	2,530	1	4,478			41,301
Deductions	33,826	2,720	20	3,910			40,476
Balance June 30, 1997	1,471	3,337	1	4,478			9,287
<b>Program:</b>							
Balance July 1, 1996	7,404	3,197	16,010	4,632	27		31,270
Additions	152,527	973	4,253	2,155	10,589		170,497
Deductions	149,164	792	5,513	3,494	10,569		169,532
Balance June 30, 1997	10,767	3,378	14,750	3,293	47		32,235
<b>Institutional:</b>							
Balance July 1, 1996	2,804	269	53	4			3,130
Additions	14,594	396	252	8			15,250
Deductions	14,539	273	276	4			15,092
Balance June 30, 1997	2,859	392	29	8			3,288
<b>Total - All Agency Funds:</b>							
Balance July 1, 1996	11,213	6,993	16,083	8,546	27		42,862
Additions	201,413	3,899	4,506	6,641	10,589		227,048
Deductions	197,529	3,785	5,809	7,408	10,569		225,100
Balance June 30, 1997	\$ 15,097	\$ 7,107	\$ 14,780	\$ 7,779	\$ 47	\$	\$ 44,810

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**Liabilities**

Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Due to Other Funds	Amounts Held In Custody for Others	Total Liabilities
\$ 45	\$ 149	\$ 4,314	\$ 126	\$ 3,828	\$ 8,462
29,196	13,581	14,985	143	1,111	59,016
29,238	12,795	13,521	126	2,511	58,191
3	935	5,778	143	2,428	9,287
36	477	3,485	17,558	9,714	31,270
29,738	2,506	2,347	25,007	115,906	175,504
29,686	2,981	3,684	25,480	112,708	174,539
88	2	2,148	17,085	12,912	32,235
	13		299	2,818	3,130
	115		1,001	14,518	15,634
	128		1,008	14,340	15,476
			292	2,996	3,288
81	639	7,799	17,983	16,360	42,862
58,934	16,202	17,332	26,151	131,535	250,154
58,924	15,904	17,205	26,614	129,559	248,206
\$ 91	\$ 937	\$ 7,926	\$ 17,520	\$ 18,336	\$ 44,810

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**General Fixed Assets Account Group**

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The General Fixed Assets Account Group accounts for fixed assets acquired for general governmental purposes. These include all fixed assets except those accounted for in the proprietary and fiduciary fund types.

# MISSISSIPPI

## General Fixed Assets

### Schedule of General Fixed Assets by Function

June 30, 1997

(Amounts Expressed in Thousands)

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General government	\$ 9,191	\$ 77,425	\$ 3,020	\$ 30,550	\$ 120,186
Education	224	7,500	1,091	162,343	171,158
Health and social services	2,817	131,279	11,360	105,015	250,471
Law, justice and public safety	4,411	254,402	14,652	60,523	333,988
Recreation and resources development	51,737	109,401	26,122	89,917	277,177
Regulation of business and professions		1,503	56	5,229	6,788
Transportation	6,713	62,058		118,574	187,345
<b>Total General Fixed Assets Allocated to Functions</b>	<b>\$ 75,093</b>	<b>\$ 643,568</b>	<b>\$ 56,301</b>	<b>\$ 572,151</b>	<b>1,347,113</b>
Construction in progress					241,495
<b>Total General Fixed Assets</b>					<b>\$ 1,588,608</b>

## General Fixed Assets

### Schedule of Changes in General Fixed Assets

For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Land	\$ 70,936	\$ 4,589	\$ 432	\$ 75,093
Buildings	623,152	21,720	1,304	643,568
Improvements other than buildings	57,197	1,565	2,461	56,301
Machinery and equipment	525,243	85,165	38,257	572,151
Construction in progress	175,567	89,455	23,527	241,495
<b>Total</b>	<b>\$ 1,452,095</b>	<b>\$ 202,494</b>	<b>\$ 65,981</b>	<b>\$ 1,588,608</b>

## General Fixed Assets

### Schedule of Changes in General Fixed Assets by Function

For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
General government	\$ 117,899	\$ 4,594	\$ 2,307	\$ 120,186
Education	155,425	25,373	9,640	171,158
Health and social services	243,908	19,503	12,940	250,471
Law, justice and public safety	312,915	29,138	8,065	333,988
Recreation and resources development	265,284	18,624	6,731	277,177
Regulation of business and professions	6,444	548	204	6,788
Transportation	174,653	15,259	2,567	187,345
<b>Total by Function</b>	<b>1,276,528</b>	<b>113,039</b>	<b>42,454</b>	<b>1,347,113</b>
Construction in progress	175,567	89,455	23,527	241,495
<b>Total</b>	<b>\$ 1,452,095</b>	<b>\$ 202,494</b>	<b>\$ 65,981</b>	<b>\$ 1,588,608</b>

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**Component Units**

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Component Units are organizations which are legally separate from the state for which the state is financially accountable, or 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. They are presented here in three separate reporting groups: governmental, proprietary and university fund types.

**Component Units Descriptions**

**Governmental Fund Types**

<b>Pat Harrison Waterway District</b>	Accounts for resources used to bring about the full beneficial use of surface and overflow waters of the Pascagoula River Basin.
<b>Pearl River Basin Development District</b>	Accounts for resources used to preserve, conserve, store and regulate the waters of the Pearl River and its tributaries and their overflows.
<b>Pearl River Valley Water Supply District</b>	Accounts for the operation and maintenance of the Ross Barnett Reservoir and surrounding lands, to provide water supply, flood reduction and recreation opportunities.
<b>Tombigbee River Valley Water Management District</b>	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.

**Proprietary Fund Types**

<b>Mississippi Coast Coliseum Commission</b>	Accounts for the promoting, developing, maintenance and operation of a multi-purpose coliseum and related facilities located in Harrison County, Mississippi.
<b>Mississippi Business Finance Corporation</b>	Coordinates and oversees the delivery of services to small business communities of Mississippi.
<b>Mississippi Prison Industries Corporation</b>	Accounts for a printing and book bindery operation, a garment and glove operation, a woodworking operation, a metal fabrication operation and an equine tack operation. Revenue is generated from the charges for goods and services.

## University Funds

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<b>Current Funds</b>	<b>Unrestricted Fund</b> - accounts for currently expendable resources which may be either designated or not designated by the universities for specific purposes.  <b>Restricted Fund</b> - accounts for resources restricted by the donor or external agency for a specific use or program.
<b>Loan Funds</b>	Accounts for resources provided by the federal government, private gifts and other university funds which are available for loans to students.
<b>Endowment Funds</b>	Accounts for resources which are invested in accordance with donor restrictions.
<b>Plant Funds</b>	Accounts for the various unexpended resources to finance the acquisition and/or repair or replacement of long-lived plant facilities, for renewal and replacement of those facilities constructed from bond proceeds which remain governed under a related bond indenture of trust, for the resources restricted to interest and principal payments and other debt service charges related to plant indebtedness and for all long-lived assets in the service of the universities and all construction in progress and their associated liabilities.
<b>Agency Funds</b>	Accounts for amounts held in custody for students, university-related organizations and others.

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# MISSISSIPPI

## Component Units

### Combining Balance Sheet

June 30, 1997

(Amounts Expressed in Thousands)

	Governmental Fund Types		
	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,328	\$ 160	\$ 2,240
Investments		724	2,962
Receivables, net	21	8	47
Due from other governments	73	142	
Due from other funds			
Due from primary government			
Inventories	5		
Prepaid expenses	14		
Loans and notes receivable			
Restricted assets:			
Cash and cash equivalents	349	24	
Investments			
Property, plant and equipment, net of depreciation where applicable	21,461	5,836	52,004
Deferred charges and other assets			
Amount available, designated for debt service	352		
Amounts to be provided for retirement of other obligations	4,311	27	833
Total Assets, Amounts Available and Amounts to be Provided for Retirement of Long-Term Obligations	\$ 27,914	\$ 6,921	\$ 58,086
<b>Liabilities:</b>			
Warrants payable	\$	\$	\$
Accounts payable and accruals	343	53	591
Due to other governments			
Due to other funds			
Due to primary government			
Amounts held in custody for others			
Deferred revenues			
Liabilities payable from restricted assets			
General obligation bonds			
Revenue bonds and notes payable	4,597		
Lease obligation bonds			
Other liabilities	66	27	833
Total Liabilities	5,006	80	1,424
<b>Fund Equity and Other Credits:</b>			
Investment in fixed assets	21,461	5,836	44,358
Contributed capital			8,227
Retained earnings:			
Reserved for Commission trust fund			
Unreserved			1,381
Fund balances:			
Reserved for:			
Encumbrances	4	20	
Inventories	5		
Research projects			
Student loans			
Endowments			
Prepaid expenses	14		
Flood control		24	
Land management		52	
Contractual agreements			
Temporarily restricted funds			
Continuing education			
Athletics			
Bad debts			
Unreserved:			
Designated for debt service	352		
Designated for future capital projects			
Undesignated	1,072	909	2,696
Total Fund Equity and Other Credits	22,908	6,841	56,662
Total Liabilities and Fund Equity and Other Credits	\$ 27,914	\$ 6,921	\$ 58,086

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		Proprietary Fund Types					Totals		
Tombigbee River Valley Water Management District		Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	University	June 30, 1997		June 30, 1996	
\$	2,364	\$ 136	\$ 1,130	\$ 415	\$ 247,255	\$ 255,028	\$ 252,307		
	89	3,475	8,530	847	158,341	174,879	169,393		
	39	251	107	141	95,999	96,663	53,261		
					30,854	31,108	44,813		
					44,809	44,809	24,623		
	42			77	14,276	14,353	10,591		
				459	17,021	17,527	16,258		
		120		37	11,087	11,258	9,350		
					73,275	73,275	68,091		
						373	276		
		7,176				7,176	7,200		
	15,138	19,739	9	1,284	1,578,580	1,694,051	1,507,188		
					3,634	3,634	2,815		
						352	253		
	50					5,221	5,327		
\$	17,722	\$ 30,897	\$ 9,776	\$ 3,260	\$ 2,275,131	\$ 2,429,707	\$ 2,171,746		
\$	9	\$ 135	\$ 106	\$ 169	\$ 3,736	\$ 3,736	\$ 4,300		
					94,391	95,797	92,822		
							52		
					44,809	44,809	24,623		
			5		3,669	3,674	2,499		
		47			9,166	9,213	9,146		
					28,022	28,022	21,529		
		120				120	165		
					810	810	1,440		
					153,854	158,451	132,455		
					10,880	10,880	8,521		
	50	88	182		1,539	2,785	1,340		
	59	390	293	169	350,876	358,297	298,892		
	15,138				1,414,817	1,501,610	1,342,820		
		4,264	4,995	297		17,783	17,390		
		7,000				7,000	7,000		
		19,243	4,488	2,794		27,906	26,835		
	4				49,165	49,193	34,135		
						5	4		
					21,925	21,925	21,101		
					88,090	88,090	90,794		
					36,625	36,625	34,701		
						14	110		
						24	23		
						52	52		
					529	529	718		
					1,368	1,368	1,392		
					287	287	362		
							122		
							1,811		
					41,807	42,159	29,269		
					108,843	108,843	128,765		
	2,521				160,799	167,997	135,450		
	17,663	30,507	9,483	3,091	1,924,255	2,071,410	1,872,854		
\$	17,722	\$ 30,897	\$ 9,776	\$ 3,260	\$ 2,275,131	\$ 2,429,707	\$ 2,171,746		

# MISSISSIPPI

## Component Units

### Combining Balance Sheet University Funds June 30, 1997

(Amounts Expressed in Thousands)

	Current Funds			Endowment and Similar
	Unrestricted	Restricted	Loan	
<b>Assets:</b>				
Cash and cash equivalents	\$ 163,352	\$ 6,120	\$ 9,512	\$ 4,124
Investments	52,790			31,131
Accounts receivable, net	74,556	1,330	162	7
Due from other governments	603	30,104	147	
Due from other funds	35,739	3,267	112	
Due from primary government	2,757	5,349	6,170	
Inventories	17,021			
Prepaid expenses	9,554	36		23
Loans and notes receivable, net	17		73,258	
Land				
Buildings				
Improvements other than buildings				
Furniture, machinery and equipment				
Construction in progress				
Books and films				
Assets under capital lease				
Livestock				
Other assets				1,340
Total Assets	\$ 356,389	\$ 46,206	\$ 89,361	\$ 36,625
<b>Liabilities:</b>				
Warrants payable	\$ 3,736			\$
Accounts payable and accruals	81,971	5,302		361
Due to other funds	28,614	15,055		890
Due to primary government	3,669			
Deferred revenue	24,012	3,924		20
General obligation bonds payable				
Revenue bonds and notes payable				
Obligations under capital lease				
Amount held in custody for others				
Other liabilities	1,539			
Total Liabilities	143,541	24,281	1,271	
<b>Fund Balances:</b>				
Investment in fixed assets				
Reserved for:				
Encumbrances	49,165			
Research projects		21,925		
Student loans			88,090	
Endowments				36,625
Contractual agreements	529			
Temporarily restricted funds	1,368			
Continuing education	287			
Athletics				
Bad debts				
Unreserved:				
Designated for debt service				
Designated for future capital projects	700			
Undesignated	160,799			
Total Fund Balances	212,848	21,925	88,090	36,625
Total Liabilities and Fund Balances	\$ 356,389	\$ 46,206	\$ 89,361	\$ 36,625

<b>Plant Funds</b>					<b>Totals</b>		
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Agency Fund	June 30, 1997	June 30, 1996	
\$ 42,070	\$ 8,972	\$ 8,998	\$	\$ 4,107	\$ 247,255	\$ 243,130	
46,407	18,270	5,002		4,741	158,341	155,921	
19,417	8	3		516	95,999	52,482	
					30,854	44,600	
5,085	475			131	44,809	24,623	
					14,276	10,544	
					17,021	15,761	
1,271		203			11,087	9,036	
					73,275	68,091	
			22,022		22,022	19,237	
			707,207		707,207	678,048	
			81,146		81,146	77,855	
			396,340		396,340	351,792	
			207,202		207,202	112,179	
			146,902		146,902	136,216	
			17,761		17,761	19,801	
			1,705		1,705	1,474	
			76	513	1,929	1,341	
\$ 114,250	\$ 27,725	\$ 14,206	\$ 1,580,361	\$ 10,008	\$ 2,275,131	\$ 2,022,131	
\$ 6,041	\$ 124	\$	\$	\$ 592	\$ 3,736	\$ 4,300	
				250	94,391	91,766	
					44,809	24,623	
66					3,669	2,499	
					28,022	21,529	
			810		810	1,440	
			153,854		153,854	127,460	
			10,880		10,880	8,521	
				9,166	9,166	9,080	
					1,539	497	
6,107	124		165,544	10,008	350,876	291,715	
			1,414,817		1,414,817	1,259,181	
					49,165	34,033	
					21,925	21,101	
					88,090	90,794	
					36,625	34,701	
					529	718	
					1,368	1,392	
					287	362	
						122	
						1,811	
	27,601	14,206			41,807	29,016	
108,143					108,843	128,762	
					160,799	128,423	
108,143	27,601	14,206	1,414,817		1,924,255	1,730,416	
\$ 114,250	\$ 27,725	\$ 14,206	\$ 1,580,361	\$ 10,008	\$ 2,275,131	\$ 2,022,131	

# MISSISSIPPI

## Component Units

### Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	Governmental Fund Types		
	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District
<b>Revenues:</b>			
Licenses, fees and permits	\$	\$	\$ 767
Interest	37	35	151
Charges for sales and services	1,927	79	3
Rentals			2,315
Other	2,698	726	1,694
Total Revenues	4,662	840	4,930
<b>Expenditures:</b>			
Current:			
Recreation and resources development	3,224	792	5,681
Debt service:			
Principal	398		63
Interest and other fiscal charges	222		13
Total Expenditures	3,844	792	5,757
 Excess of Revenues over (under) Expenditures	 818	 48	 (827)
 Net income from proprietary operations			 500
 Fund Balances July 1	 628	 957	 4,404
Increase in Reserve for Inventories	1		
Fund Balances June 30	\$ 1,447	\$ 1,005	\$ 4,077

1

<b>Totals for the Year Ended</b>			
Tombigbee River Valley Water Management District		June 30, 1997	June 30, 1996
\$		\$ 767	\$ 757
	113	336	311
		2,009	1,928
		2,315	2,133
	1,451	6,569	4,775
	1,564	11,996	9,904
	1,505	11,202	9,196
		461	428
		235	250
	1,505	11,898	9,874
	59	98	30
		500	287
	2,466	8,455	8,137
		1	1
\$	2,525	\$ 9,054	\$ 8,455

# MISSISSIPPI

## Component Units

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 1997

(Amounts Expressed in Thousands)

	Proprietary Fund Types		
	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation
<b>Operating Revenues:</b>			
Charges for sales and services	\$ 3,347	\$	\$ 3,755
Interest			
Fees		654	
Total Operating Revenues	3,347	654	3,755
<b>Operating Expenses:</b>			
Costs of sales and services			1,631
General and administrative	3,594	841	1,369
Depreciation	730	5	152
Other			13
Total Operating Expenses	4,324	846	3,165
Operating Income (Loss)	(977)	(192)	590
Nonoperating Revenues	709	468	36
Nonoperating Expenses	(51)		(12)
Net Income (Loss)	(319)	276	614
Retained Earnings July 1	26,562	4,212	2,180
Retained Earnings June 30	\$ 26,243	\$ 4,488	\$ 2,794

**Totals for the Year Ended**

<u>June 30, 1997</u>		<u>June 30, 1996</u>	
\$	7,102	\$	5,410
			6
	654		550
	<u>7,756</u>		<u>5,966</u>
	1,631		1,444
	5,804		4,635
	887		655
	13		2
	<u>8,335</u>		<u>6,736</u>
	(579)		(770)
	1,213		1,239
	<u>(63)</u>		<u>(52)</u>
	571		417
	<u>32,954</u>		<u>32,537</u>
\$	<u>33,525</u>	\$	<u>32,954</u>

## Component Units

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

	<b>Proprietary Fund Types</b>		
	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 3,327	\$ 645	\$ 3,900
Cash payments to suppliers for goods and services	(2,172)	(139)	(2,257)
Cash payments to employees for services	(1,335)	(695)	(733)
Principal and interest received on program loans		44	
Net Cash Provided by (Used for) Operating Activities	(180)	(145)	910
<b>Cash Flows from Noncapital Financing Activities:</b>			
Contribution to other government		(92)	
Net Cash Used for Noncapital Financing Activities		(92)	
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(775)	(4)	(173)
Proceeds from sale of capital assets			
Net Cash Used for Capital and Related Financing Activities	(775)	(4)	(173)
<b>Cash Flows from Investing Activities:</b>			
Proceeds from the sale of investments	420	14,039	1,274
Purchases of investments		(15,980)	(1,716)
Interest on investments	692	452	36
Net Cash Provided by (Used for) Investing Activities	1,112	(1,489)	(406)
Net Increase (Decrease) in Cash and Cash Equivalents	65	(1,638)	331
Cash and Cash Equivalents July 1	71	2,768	84
Cash and Cash Equivalents June 30	\$ 136	\$ 1,130	\$ 415

**Totals for the Year Ended**

<u>June 30, 1997</u>		<u>June 30, 1996</u>	
\$	7,872	\$	5,795
	(4,568)		(3,979)
	(2,763)		(2,125)
	44		33
	<u>585</u>		<u>(276)</u>
	(92)		
	<u>(92)</u>		
	(952)		(1,752)
			1
	<u>(952)</u>		<u>(1,751)</u>
	15,733		17,622
	(17,696)		(15,563)
	1,180		1,280
	<u>(783)</u>		<u>3,339</u>
	(1,242)		1,312
	2,923		1,611
\$	<u>1,681</u>	\$	<u>2,923</u>

*(Continued on Next Page)*

## Component Units

### Combining Statement of Cash Flows For the Year Ended June 30, 1997

*(Amounts Expressed in Thousands)*

*(Continued from Previous Page)*

	<b>Proprietary Fund Types</b>		
	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ (977)	\$ (192)	\$ 590
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	730	5	152
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	(20)		188
(Increase) decrease in interfund receivables			(29)
(Increase) decrease in inventories			(8)
(Increase) decrease in prepaid expenses	36		8
Decrease in loans and notes receivable		44	
Increase (decrease) in accounts payable and accruals	51	(7)	9
Increase (decrease) in interfund payables		5	
Total Adjustment:	797	47	320
Net Cash Provided by (Used for) Operating Activities	\$ (180)	\$ (145)	\$ 910

**Totals for the Year Ended**

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	June 30, 1997	June 30, 1996
\$	(579)	\$ (770)
	887	655
	168	(294)
	(29)	153
	(8)	65
	44	(113)
	44	27
	53	3
	5	(2)
	1,164	494
\$	585	\$ (276)

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## Statistical and Economic Data

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The accompanying statistical tables of the state of Mississippi reflect social and economic data to allow a broader understanding of the environment in which the state operates, as well as historical perspectives and financial trends to assess the fiscal capacity of state government. Statistical tables differ from financial statements because they usually cover more than two fiscal years and present certain nonaccounting data.

## Expenditures by Function

### All Governmental Fund Types For the Last Ten Fiscal Years

**Table I**

*(Amounts Expressed in Thousands)*

Function	1997	1996	1995	1994
General government	\$ 858,218	\$ 817,625	\$ 727,065	\$ 616,453
Education	1,765,476	1,793,100	1,677,577	1,479,242
Health and social services	2,736,515	2,633,871	2,583,972	2,393,508
Law, justice and public safety	386,086	339,796	282,667	258,928
Recreation and resources development	266,633	249,433	228,555	204,695
Regulation of business and professions	22,518	22,734	22,319	20,240
Transportation	694,895	651,044	532,217	497,877
Other				
Debt service	170,631	134,406	214,495	107,682
Capital outlay	86,435	126,592	56,134	11,330
<b>Total Expenditures - All Governmental Fund Types</b>	<b>\$ 6,987,407</b>	<b>\$ 6,768,601</b>	<b>\$ 6,325,001</b>	<b>\$ 5,589,955</b>

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

## Revenues by Source

### All Governmental Fund Types For the Last Ten Fiscal Years

**Table II**

*(Amounts Expressed in Thousands)*

Source	1997	1996	1995	1994
State taxes	\$ 3,742,103	\$ 3,563,533	\$ 3,351,746	\$ 3,126,925
Licenses, fees and permits	298,497	270,438	250,994	208,240
Federal government	2,778,514	2,729,566	2,717,589	2,518,279
Interest on investments	122,393	122,682	112,186	52,194
Charges for services	212,532	194,764	184,284	186,888
Rentals	9,142	10,591	10,175	
Court assessments	210	2,732		
Other	219,429	182,740	216,057	191,328
<b>Total Revenues - All Governmental Fund Types</b>	<b>\$ 7,382,820</b>	<b>\$ 7,077,046</b>	<b>\$ 6,843,031</b>	<b>\$ 6,283,854</b>

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

## State Tax Revenues by Source

### All Governmental Fund Types For the Last Ten Fiscal Years

**Table III**

*(Amounts Expressed in Thousands)*

Source	1997	1996	1995	1994
Sales and use	\$ 1,920,884	\$ 1,847,589	\$ 1,721,214	\$ 1,585,132
Gasoline and other motor fuel	358,866	354,104	347,015	339,876
Privilege	65,288	67,630	57,060	58,197
Motor vehicle registration	25,406	24,700	23,949	23,951
Individual income	790,805	730,035	663,292	630,168
Alcoholic beverage	42,530	41,270	41,667	41,291
Corporate income and franchise	292,827	262,728	264,638	219,838
Severance	31,841	29,057	28,059	32,387
Inheritance	12,638	14,208	12,513	10,886
Tobacco	57,201	55,121	57,483	54,498
Insurance	107,224	101,472	100,043	97,215
Nuclear power	20,000	20,000	20,000	19,999
Other	16,593	15,619	14,813	13,487
<b>Total Tax Revenues - All Governmental Fund Types</b>	<b>\$ 3,742,103</b>	<b>\$ 3,563,533</b>	<b>\$ 3,351,746</b>	<b>\$ 3,126,925</b>

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

Thousands)

	1993	1992	1991	1990	1989	1988
\$	555,839	\$ 534,695	\$ 502,922	\$ 503,451	\$ 580,595	\$ 552,040
	1,389,598	1,338,587	1,247,374	1,258,523	1,172,932	1,079,385
	2,226,713	2,096,952	1,730,372	1,512,829	1,304,660	1,210,533
	199,389	187,192	187,964	171,819	156,893	141,321
	182,746	184,081	180,033	158,759	86,744	76,166
	18,406	18,399	15,596	14,855	13,463	12,529
	507,738	502,580	451,903	378,542	381,578	368,512
					6,044	
	105,784	113,027	87,100	78,020	78,563	69,851
	22,797	18,047	12,305	26,988	34,275	39,803
\$	5,209,010	\$ 4,993,560	\$ 4,415,569	\$ 4,103,786	\$ 3,815,747	\$ 3,550,140

Thousands)

	1993	1992	1991	1990	1989	1988
\$	2,859,833	\$ 2,494,487	\$ 2,394,092	\$ 2,303,886	\$ 2,246,035	\$ 2,108,761
	153,971	98,946	88,455	72,834	70,254	67,951
	2,390,803	2,280,181	1,898,506	1,662,310	1,495,329	1,466,437
	34,185	44,373	62,461	67,455	63,008	51,286
	183,798	171,041	165,740	159,413	151,959	144,438
	174,238	143,258	61,589	59,599	42,935	41,863
\$	5,796,828	\$ 5,232,286	\$ 4,670,843	\$ 4,325,497	\$ 4,069,520	\$ 3,880,736

Thousands)

	1993	1992	1991	1990	1989	1988
\$	1,410,372	\$ 1,174,950	\$ 1,114,670	\$ 1,094,136	\$ 1,036,729	\$ 998,279
	319,670	307,135	291,749	293,252	281,007	267,456
	55,317	37,993	39,488	42,653	42,890	35,746
	23,111	22,560	26,987	27,648	27,278	25,541
	571,860	499,196	468,747	429,847	404,417	354,683
	38,483	38,437	37,702	36,907	36,203	37,443
	210,896	189,459	186,895	160,670	190,448	166,391
	41,666	42,322	50,792	45,319	45,394	51,266
	9,411	11,235	7,413	10,256	13,375	15,984
	53,025	51,995	51,161	50,539	53,167	53,450
	93,677	90,467	90,759	87,496	90,547	78,026
	20,001	20,000	20,039	19,193	19,196	19,487
	12,344	8,738	7,690	5,970	5,384	5,009
\$	2,859,833	\$ 2,494,487	\$ 2,394,092	\$ 2,303,886	\$ 2,246,035	\$ 2,108,761

## Net General Long-term Bonded Debt Per capita

For the Last Ten Fiscal Years

Table IV

Fiscal Year	Population	General Long-term Bonded Debt <i>(Amounts Expressed in Thousands)</i>			Net	Net General Long-term Debt Per capita
		Principal Outstanding	Less: Debt Service Fund			
1997	2,730,000	\$ 1,361,693	\$ 145,623	\$ 1,216,070	\$ 445	
1996	2,716,000	1,205,498	143,191	1,062,307	391	
1995	2,696,000	981,058	142,997	838,061	311	
1994	2,668,000	824,151	230,795	593,356	222	
1993	2,639,000	677,906	220,165	457,741	173	
1992	2,612,000	634,933	229,296	405,637	155	
1991	2,592,000	646,662	230,650	416,012	160	
1990	2,577,000	584,058	221,595	362,463	141	
1989	2,574,000	523,638	194,169	329,469	128	
1988	2,580,000	498,227	193,373	304,854	118	

Source: Population Fiscal Years 1988-1996 -- U.S. Department of Commerce, Bureau of the Census, Fiscal Year 1997 - Estimated -- Mississippi Econometric Model  
 General Long-term Bonded Debt -- State Treasurer  
 Debt Service Funds Available -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

- (1) Total general long-term bonded debt and notes exclude general obligation bonds payable from enterprise and university funds.
- (2) Debt service fund represents the amount available, designated for debt service and the amount to be provided from future collections of long-term loans as reflected in the Mississippi Comprehensive Annual Financial Report.

## Ratio of Annual Debt Service for General Long-term Bonded Debt to Total Revenues and Expenditures

For the Last Ten Fiscal Years

Table V

Fiscal Year	<i>(Amounts Expressed in Thousands)</i>				
	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
1997	\$ 170,631	\$ 7,382,820	2.3	\$ 6,987,407	2.4
1996	134,406	7,077,046	1.9	6,768,601	2.0
1995	127,283	6,843,031	1.9	6,325,001	2.0
1994	107,682	6,283,854	1.7	5,589,955	1.9
1993	105,784	5,796,829	1.8	5,209,011	2.0
1992	108,611	5,232,286	2.1	4,993,561	2.2
1991	87,100	4,670,842	1.9	4,415,569	2.0
1990	78,020	4,325,497	1.8	4,103,787	1.9
1989	78,563	4,069,520	1.9	3,815,747	2.1
1988	69,851	3,880,737	1.8	3,550,140	1.9

Source: Total Debt Service, Revenues and Expenditures -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Total debt service represents principal and interest paid on general and limited obligation bonds.

## Computation of Legal Debt Margin

**June 30, 1997**

**Table VI**

*(Amounts Expressed in Thousands)*

Legal debt limit (1 1/2 times revenue collected during any one of the four preceding years, whichever is higher) (1)		\$	6,537,125
Amount of debt applicable to debt limit (2)		\$	1,361,693
Less: amounts available for debt service			<u>134,566</u>
Net amount of debt applicable to debt limit			<u>1,227,127</u>
Legal Debt Margin			<u>\$ 5,309,998</u>

Notes:

- (1) 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 governmental fund 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 Governmental Fund Revenues
1996	\$ 4,358,083
1995	4,021,673
1994	3,647,481
1993	3,284,323

- (2) The legal debt limit applies to total general long-term bonded debt which excludes general obligation bonds payable from enterprise and university funds.

## Revenue Bond Coverage

**For the Last Ten Fiscal Years**

**Table VII**

*(Amounts Expressed in Thousands)*

MISSISSIPPI FAIR COMMISSION

Fiscal Year				Debt Service Requirements					
				Principal	Interest	Total	Coverage		
Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service							
1997	\$ 3,703	\$ 3,327	\$ 376	\$ 80	\$ 100	\$ 180	2.09		
1996	3,580	3,087	493	75	107	182	2.71		
1995	3,390	2,983	407	70	112	182	2.23		
1994	3,274	2,936	338	65	118	183	1.85		
1993	2,840	2,775	65	60	123	183	.35		
1992	2,803	2,724	79	55	128	183	.43		
1991	2,642	2,561	81	50	132	182	.44		
1990	2,507	2,450	57	45	138	183	.31		
1989	2,530	2,363	167	40	139	179	.93		
1988	2,524	2,178	346	257	154	411	.84		

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

- (1) Total operating revenues and nonoperating interest income.  
 (2) Total operating expenses exclusive of interest and depreciation.

# MISSISSIPPI

## Demographic Statistics

**For the Last Ten Calendar Years**

**Table VIII**

Calendar Year	Population	Per Capita Income (Current \$)	Public School Enrollment	Unemployment Rate
1996	2,716,000	17,471	503,602	6.1%
1995	2,696,000	16,684	503,301	6.1
1994	2,668,000	15,890	503,374	6.6
1993	2,639,000	14,830	504,229	6.4
1992	2,612,000	14,172	501,577	8.2
1991	2,592,000	13,390	500,122	8.7
1990	2,577,000	12,731	502,020	7.6
1989	2,574,000	12,025	503,326	7.8
1988	2,580,000	11,313	505,550	8.4
1987	2,589,000	10,615	498,639	10.2

Source: Population -- U.S. Department of Commerce, Bureau of the Census  
 Per Capita Income -- Mississippi Econometric Model  
 Public Schools -- Kindergarten - Grade 12 -- Academic Year -- Mississippi State Department of Education  
 Unemployment Rate -- Mississippi Employment Security Commission

## Economic Characteristics

**For the Last Ten Calendar Years**

**Table IX**

*(Amounts Expressed in Thousands)*

Calendar Year	Gross State Product (Current \$)	Gross State Product (Inflation- Adjusted \$)	Personal Income (Current \$)	Personal Income (Inflation- Adjusted \$)	Average Annual Consumer Price Index
1996	\$ 55,349,000	\$ 35,276,600	\$ 47,452,000	\$ 30,243,500	156.9
1995	52,985,000	34,767,000	44,998,000	29,526,200	152.4
1994	50,587,000	34,134,300	42,458,000	28,649,100	148.2
1993	46,062,000	31,876,800	39,196,000	27,125,300	144.5
1992	43,317,000	30,874,600	37,059,000	26,414,100	140.3
1991	40,067,000	29,417,800	34,706,000	25,481,600	136.2
1990	37,963,000	29,045,900	32,757,000	25,062,700	130.7
1989	36,647,000	29,554,000	30,859,000	24,886,300	124.0
1988	35,029,000	29,610,300	28,976,000	24,493,700	118.3
1987	33,110,000	29,146,100	27,132,000	23,883,800	113.6

Source: Gross State Product (GSP) -- Mississippi Econometric Model  
 Gross State Product (Inflation Adjusted) -- GSP divided by Average Annual Consumer Price Index (CPI)  
 Personal Income (PI) -- Mississippi Econometric Model  
 Personal Income (Inflation Adjusted) -- PI divided by CPI  
 Average Annual Consumer Price Index -- U.S. Department of Labor, Bureau of Labor Statistics

# MISSISSIPPI

## Bank Deposits, Retail Sales, Median Household Disposable Income

For the Last Ten Calendar Years

Table X

Calendar Year	(Amounts Expressed in Thousands)			Individual IRS Collections	Median Household Disposable (Aftertax) Income
	Bank Deposits	Retail Sales			
1996	\$ 24,802,701	\$ 24,643,485	\$	6,477,768	\$ 25
1995	23,960,825	25,796,258		6,005,092	24
1994	22,832,705	24,059,806		5,426,511	27
1993	20,493,525	21,240,615		4,852,941	25
1992	19,700,197	19,778,000		4,480,498	23
1991	19,068,256	19,108,000		4,295,655	22
1990	18,501,795	18,631,000		4,149,090	20
1989	17,219,683	17,883,000		3,074,403	18
1988	16,511,181	17,207,000		3,477,964	17
1987	15,829,544	17,400,000		3,108,726	17

Source: Bank Deposits -- Mississippi Department of Banking and Consumer Finance  
 Retail Sales -- Mississippi State Tax Commission  
 Individual IRS Collections -- Internal Revenue Service  
 Median Household Disposable (Aftertax) Income -- Sales and Marketing Management, Survey of Buying Power

## Population and Employment

For the Last Ten Calendar Years

Table XI

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Population	2,716,000	2,696,000	2,668,000	2,639,000	2,612,000	2,592,000	2,577,000	2,574,000	2,580,000	2,589,000
Employed	1,184,900	1,182,400	1,169,800	1,138,200	1,093,700	1,086,000	1,093,500	1,076,000	1,046,000	1,034,000
Unemployed	77,400	77,100	82,900	78,300	97,700	104,100	90,100	91,000	96,000	117,000
Total Labor Force	1,262,300	1,259,500	1,252,700	1,216,500	1,191,400	1,190,100	1,183,600	1,167,000	1,142,000	1,151,000
Mississippi Unemployment Rate	6.1%	6.1%	6.6%	6.4%	8.2%	8.7%	7.6%	7.8%	8.4%	10.2%
U.S. Unemployment Rate	5.4%	5.6%	6.1%	6.9%	7.5%	6.8%	5.6%	5.3%	5.5%	6.2%

Source: Population -- U.S. Department of Commerce, Bureau of the Census  
 Employed, Unemployed, Mississippi Unemployment Rate -- Mississippi Employment Security Commission  
 U.S. Unemployment Rate -- U. S. Department of Labor, Bureau of Labor Statistics

## Principal Industrial Employers

(Ranked by Number of Employees)

Table XII

Company	Number of Plants	Number of Employees
Litton Industries	2	13,921
Tyson Foods	8	4,730
Sanderson Farms, Inc.	7	3,769
International Paper Company	8	3,613
Georgia-Pacific Corporation	19	3,401
Sara Lee Corporation	4	3,384
B. C. Rogers, Inc.	4	3,133
Peavey Electronics Corporation	4	2,900
Sunbeam Corporation	6	2,634
Interco, Incorporated	4	2,615
General Motors Corporation	5	2,609
Lennox International	3	2,580
Choctaw Maid Farms, Inc.	4	2,362
MTD Products, Inc.	3	2,000
Howard Industries	2	1,825
Weyerhaeuser Company	7	1,762
Delta Pride Catfish, Inc.	3	1,719
Leggett & Platt, Inc.	8	1,719
Masco Industries	9	1,681
Kellwood Company	6	1,660
Cooper Industries, Inc.	6	1,577
KLH Industries	3	1,560
Peco Foods, Inc.	3	1,535
MagnaTek, Inc.	3	1,468
La-Z-Boy Chair Company	2	1,452

Source: Mississippi Department of Economic and Community Development - 1996/97 Mississippi Manufacturers' Directory

# MISSISSIPPI

## Mississippi Average Annual Employment by Sector

**For the Last Ten Calendar Years**

**Table XIII**

Employment by Sector	1996	1995	1994	1993
Manufacturing	245,700	257,800	261,000	255,700
Construction	48,700	45,400	43,500	39,600
Mining	5,200	4,900	5,100	5,200
Trade	232,600	228,200	219,400	209,800
Services	246,600	232,400	224,700	196,700
Finance, insurance and real estate	40,900	40,000	39,700	38,800
Transportation and public utilities	52,700	51,100	48,600	46,300
Government	217,900	214,700	213,700	210,100

Source: Mississippi Employment Security Commission

## Mississippi Average Annual Wages by Sector

**For the Last Ten Calendar Years**

**Table XIV**

Wages by Sector	1996	1995	1994	1993
Agriculture, forestry and fisheries	\$ 16,501	\$ 16,153	\$ 15,276	\$ 14,457
Manufacturing	24,323	23,301	22,593	21,768
Construction	23,294	22,188	21,928	20,782
Mining	31,661	30,025	29,175	27,829
Wholesale trade	28,275	27,179	26,275	25,226
Retail trade	12,747	12,369	12,053	11,691
Services	21,222	20,569	19,416	18,713
Finance, insurance and real estate	26,707	25,916	24,748	24,112
Transportation, communication and utilities	30,406	29,520	28,983	27,952
Government	20,731	19,923	18,965	18,156

Source: Mississippi Employment Security Commission

<b>1992</b>	<b>1991</b>	<b>1990</b>	<b>1989</b>	<b>1988</b>	<b>1987</b>
251,900	246,900	246,500	243,600	238,800	228,600
35,400	34,800	37,200	35,900	35,200	33,900
5,200	5,700	6,000	6,000	6,300	6,000
201,000	196,800	198,400	196,000	191,400	185,200
175,500	165,800	161,000	153,900	145,400	138,800
38,400	38,700	38,800	38,900	38,900	38,400
45,000	45,000	45,300	45,100	44,200	42,400
207,900	203,900	203,400	199,800	196,000	191,100

<b>1992</b>	<b>1991</b>	<b>1990</b>	<b>1989</b>	<b>1988</b>	<b>1987</b>
14,395 \$	13,758 \$	12,889 \$	11,951 \$	11,673 \$	11,410
21,119	20,022	19,385	18,637	18,341	17,824
19,961	19,237	18,906	17,926	16,959	16,454
27,367	26,245	25,490	24,223	23,702	23,070
24,545	23,495	22,343	21,341	20,575	19,864
11,536	10,987	10,511	10,164	10,048	9,919
18,302	17,718	17,009	16,425	15,581	14,713
23,198	21,546	20,837	20,070	19,424	18,891
27,710	26,285	25,526	24,168	23,219	22,728
17,540	17,410	16,498	15,801	15,194	14,325

# MISSISSIPPI

## Public School Enrollment

**For the Last Ten Academic Years**

**Table XV**

Grade	1996/1997	1995/1996	1994/1995	1993/1994
Kindergarten	40,511	40,559	39,545	38,523
Grades 1-3	120,952	118,376	117,407	117,362
Grades 4-6	113,212	114,646	116,375	118,755
Grades 7-9	122,732	123,903	125,306	123,797
Grades 10-12	90,311	89,375	88,419	88,936
Special Education	16,249	16,743	16,249	16,001
Total Enrollment	503,967	503,602	503,301	503,374

Source: Mississippi State Department of Education

## Full-time Equivalent Student Enrollment - Community and Junior Colleges

**For the Last Ten Academic Years**

**Table XVI**

Community and Junior College	1996/1997	1995/1996	1994/1995	1993/1994
Coahoma Community College	1,457	1,576	1,410	1,332
Copiah-Lincoln Community College	2,984	2,941	2,790	2,597
East Central Community College	2,358	4,404	1,800	1,647
East Mississippi Community College	3,426	2,896	1,876	1,331
Hinds Community College	10,745	10,290	10,668	10,065
Holmes Community College	2,968	2,492	2,549	2,465
Itawamba Community College	4,302	3,957	4,122	3,989
Jones County Junior College	5,128	5,073	4,828	4,772
Meridian Community College	3,213	2,963	2,868	3,059
Mississippi Delta Community College	3,576	3,343	3,931	3,515
Mississippi Gulf Coast Community College	10,203	10,550	12,393	13,852
Northeast Mississippi Community College	4,044	3,879	3,915	3,634
Northwest Mississippi Community College	5,276	4,653	4,889	4,566
Pearl River Community College	3,049	2,840	3,038	3,109
Southwest Mississippi Community College	1,900	1,792	1,549	1,638
Total Community and Junior Colleges	64,629	63,649	62,626	61,571

Source: Mississippi State Board for Community and Junior Colleges

## Full-time Equivalent Student Enrollment - Universities

**For the Last Ten Academic Years**

**Table XVII**

University	1996/1997	1995/1996	1994/1995	1993/1994
Alcorn State University	3,073	2,989	2,756	2,671
Delta State University	4,015	3,288	3,199	3,298
Jackson State University	6,218	5,479	5,273	5,477
Mississippi State University	14,859	12,185	11,680	11,894
Mississippi University for Women	3,277	2,055	2,060	1,945
Mississippi Valley State University	2,199	2,145	2,177	2,299
University of Mississippi	10,993	9,449	9,253	9,516
University of Southern Mississippi	14,117	11,689	10,516	10,429
Total Universities	58,751	49,279	46,914	47,529
University of Mississippi Medical School	1,806	2,450	2,045	2,377

Source: Office of Planning and Budget, Institutions of Higher Learning, State of Mississippi

<b>1992/1993</b>	<b>1991/1992</b>	<b>1990/1991</b>	<b>1989/1990</b>	<b>1988/1989</b>	<b>1987/1988</b>
37,077	36,954	37,810	37,302	37,825	37,920
119,904	121,500	124,205	127,678	129,254	128,742
121,097	122,108	121,426	119,277	117,844	115,624
121,260	118,497	116,436	114,854	112,438	113,426
88,962	88,322	87,961	90,526	93,998	98,190
15,929	14,196	12,284	12,383	11,967	11,648
504,229	501,577	500,122	502,020	503,326	505,550

<b>1992/1993</b>	<b>1991/1992</b>	<b>1990/1991</b>	<b>1989/1990</b>	<b>1988/1989</b>	<b>1987/1988</b>
818	1,216	1,840	1,737	1,685	1,669
2,542	2,618	2,350	2,341	2,084	2,035
2,112	1,568	1,677	1,437	1,467	1,422
1,493	1,388	984	1,034	966	1,336
10,508	10,078	9,804	9,083	8,712	8,988
2,173	2,074	1,865	1,832	1,790	1,519
3,934	3,954	3,748	3,658	3,328	3,111
4,937	4,435	4,285	4,046	3,887	3,290
3,047	2,805	2,608	2,511	2,677	2,463
3,723	3,622	3,278	3,042	2,793	2,440
10,266	10,203	10,034	8,836	8,545	8,042
3,817	3,587	3,483	3,409	3,205	3,224
4,319	3,919	4,037	3,793	3,834	3,343
3,083	3,101	3,083	2,907	2,807	2,725
1,536	1,561	1,574	1,548	1,425	1,337
58,308	56,129	54,650	51,214	49,205	46,944

<b>1992/1993</b>	<b>1991/1992</b>	<b>1990/1991</b>	<b>1989/1990</b>	<b>1988/1989</b>	<b>1987/1988</b>
2,872	3,204	2,790	2,744	2,525	2,377
3,205	3,454	3,358	3,193	3,075	2,951
5,506	5,946	6,144	6,308	6,081	5,396
12,232	12,192	12,407	12,286	11,646	11,081
1,959	1,942	1,833	1,597	1,524	1,451
2,217	2,051	1,908	1,692	1,715	1,829
9,948	10,207	10,231	9,869	9,069	8,633
10,742	11,254	11,296	10,927	10,044	9,295
48,681	50,250	49,967	48,616	45,679	43,013
2,272	2,311	2,254	2,076	1,404	1,412

## Miscellaneous Statistics

**June 30, 1997**

**Table XVIII**

<b>Date Entered Union</b>	December 10, 1817
<b>Form of Government</b>	Legislative - Executive - Judicial
<b>Miles of State Highway</b>	10,653
<b>Land Area</b>	47,233 Square Miles

**State Highway Patrol:**

Number of Stations	9
Number of Sworn Officers	535

**Higher Education (Universities and Community and Junior Colleges):**

Number of Campuses in State	53
Number of Educators	7,094
Number of Students	125,186

**Recreation:**

Number of State Parks	29	
Area of State Parks	24,489	Acres
Area of State Forests	133,118	Acres

**State Employees:**

Full-Time	29,718
Part-Time(Permanent)	1,019

Source: Mississippi Statistical Abstract  
 Mississippi Department of Transportation  
 Mississippi Department of Public Safety  
 Board of Trustees of State Institutions of Higher Learning, State of Mississippi  
 Mississippi State Board for Community and Junior Colleges  
 Mississippi Department of Wildlife, Fisheries and Parks  
 Mississippi Forestry Commission  
 Mississippi State Personnel Board