
Mississippi



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002

MISSISSIPPI



Fiscal Year Ended June 30, 2002

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

Gary Anderson
Executive Director



This book has been printed on recycled materials.



STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR

RONNIE MUSGROVE
GOVERNOR



January 9, 2003

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

It is our pleasure to present Mississippi's Comprehensive Annual Financial Report for the year ended June 30, 2002. This report is the first for the State of Mississippi that incorporates a new financial reporting model for state and local governments. The report provides you with an overview and detailed information regarding the fiscal activity of our state government.

Like every other state in the nation, Mississippi has been affected by a sluggish national economy. Revenue collections have not met the estimate, and as a result, difficult decisions have been made. However, we have dealt with the challenges before us in a fiscally responsible manner, without raising taxes on the working people of this state.

We continue to commit ourselves to the full funding of education. From sending our children to school ready to learn to adult learning programs, our investment in education is an investment in our future. That investment must be kept strong.

Quality education also means quality jobs. Our focus on creating quality, high-paying jobs for our people is still intense. Our efforts to recruit and retain industry in all areas of the state are paying off. Every day, the world looks at Mississippi and realizes we are competing as never before.

Ensuring the access to quality health care for every Mississippian will always be a priority. We are dedicated to making our health care programs the most efficient and effective in the nation, and health care professionals in the state have our support through medical malpractice reform.

Homeland security is on the forefront of people's minds as we struggle to bring an end to terrorism and the threats of terrorism. We have brought together agencies and officials from every level of government to construct emergency response plans, and we are ready.

There continue to be, and always will be, challenges for us. Our job is to turn those challenges into opportunities for the people of Mississippi. That's what we've been doing, and the work isn't slowing down.

Very truly yours,

A handwritten signature in black ink that reads "Ronnie Musgrove". The signature is fluid and cursive, with a long, sweeping underline that extends to the left and then loops back under the name.

RONNIE MUSGROVE



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MISSISSIPPI

Introduction



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

GARY ANDERSON
EXECUTIVE DIRECTOR



January 9, 2003

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

It is my pleasure to transmit to you the Comprehensive Annual Financial Report (CAFR) of the State of Mississippi for the year ended June 30, 2002 as provided in Section 27-104-4, Mississippi Code Annotated (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the financial statements, including all disclosures, rests with the State's management. I believe the information as presented is accurate in all material respects and is presented in a manner which sets forth the financial position and changes in financial position of the State in conformity with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain maximum understanding of the State's financial activities have been included.

The 2002 CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory Section contains this letter, a list of state officials and an organization chart of state government. The Financial Section includes the State Auditor's report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and combining financial statements. The Statistical Section sets forth selected unaudited economic, financial trend and demographic information for the State on a multi-year basis.

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

Profile of the Government

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

The financial statements present information on the financial position and operations of state government as a single comprehensive reporting entity. The State's various agencies, commissions, departments and boards that

comprise the State's reporting entity are included in this report in accordance with criteria established by the Governmental Accounting Standards Board (GASB). The State's reporting entity is also comprised of its discretely presented component units for which the State is financially accountable or the State believes is misleading to exclude from the entity. The criteria used in defining the State's reporting entity are fully discussed in Note 1 to the financial statements.

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

Budgetary Process and Control

Mississippi state law requires both the Governor and the Legislative Budget Office to submit an overall balanced budget at the beginning of each annual session for the ensuing fiscal year. Budgeted special fund expenditures may not exceed the aggregate of estimated revenues plus funds expected to be on hand at the beginning of the year, while budgeted General Fund expenditures may not exceed 98 percent of its aggregate. The Legislature legally enacts an annual state budget through passage of specific departmental appropriation bills. The Governor has the power to approve or veto each line item appropriation; however, vetoes are subject to legislative override.

For the majority of the appropriations, the legal level of budgetary control is at the agency level by activity or function as well as by major expenditure classification. For those appropriations that are not delineated as to major expenditure classification, the lowest level of budgetary control is activity or function. For the General Fund, allotments are established at or below the level of appropriation for each budgetary activity or function. Special fund allotments may be escalated in excess of the original appropriation if revenues from federal funding sources exceed original estimates. Budgetary control is maintained by a formal appropriation and allotment system monitored by the Department of Finance and Administration (DFA). Unexpended appropriations at June 30 are available for subsequent expenditure if they have been encumbered and are presented for payment during the succeeding two-month lapse period.

The Budget Reform Act of 1992 created the Working Cash Stabilization Reserve Account (Account) and required that 100 percent of the unencumbered General Fund cash balance be deposited into the Account at the close of each fiscal year until the balance reached \$40,000,000. Thereafter, 50 percent of the unencumbered General Fund ending cash balance must be deposited into the Account until it reaches 7.5 percent of General Fund appropriations for the current fiscal year. As required by law, the Account is not considered as a surplus or available funds when adopting a balanced budget. In fiscal year 2003, \$4,089,000, the entire 50 percent, was transferred from the General Fund to the Account for fiscal year 2002.

If at the end of October, or any month thereafter, General Fund revenue collections for the fiscal year fall below 98 percent of the sine die estimate, DFA is required to balance the General Fund budget. One action that may be taken is to reduce allotted expenditure authority to general fund agencies by the amount necessary so that expenditures do not exceed the actual General Fund receipts for the fiscal year. Also, the Account balance, in excess of \$40,000,000, may be permanently transferred to the General Fund to cover such deficits up to a maximum of \$50,000,000 in any one fiscal year. These transfers are restored to the Account out of future annual General Fund ending cash balances until the 7.5 percent maximum is again attained.

Mississippi has utilized fiscal restraint in maintaining control over the budget. DFA and the State Treasurer's Office meet monthly to analyze, for cash flow needs and investment purposes, the amount of cash in the General Fund. In spite of these difficult budget times, the State has not raised taxes to continue its operations and has worked with available resources.

Economic Conditions

Mississippi's economy is still struggling to regain its footing after near-zero growth in 2001. Economic indicators showed only modest improvement in 2002, with overall employment remaining unchanged. However, the unemployment rate rose 1 percent during the same period. Retail sales and state revenue collections increased somewhat, but not at the pace characteristic of previous recoveries. Indexes of consumer and business confidence, in line with these indicators, remained flat over the course of 2002, reflecting a wait-and-see mood.

In contrast with the rest of the nation, the number of persons employed in construction in the state was up substantially in 2002. Based on data through September, there were 5 percent more persons employed in this sector in 2002 than during the same period in 2001. Besides construction, another sector showing improvement was manufacturing, where employment rose from January through June 2002 before slipping slightly. Despite its declining share in total employment, manufacturing still provides work for 17 percent of all persons employed in the state. Mississippi's top manufacturing exports in 2001, accounting for over 60 percent of the total, were transportation equipment (largely marine transport), chemicals, and machinery.

Overall, payroll employment was down 0.4 percent in the first three quarters of 2002 compared to the same period in 2001. Increased employment in services (0.4 percent), wholesale trade (1.8 percent), government (1.6 percent) and construction (4.9 percent), was offset by drops in retail trade and manufacturing. However, a few manufacturing industries began to rebound in 2002 in line with national trends. Full economic recovery in the state depends upon further strengthening of this sector.

The nationwide slowdown in tourism contributed to a drop of about 3 percent in hotels and lodging employment in 2002. While gaming revenues continued to rise in 2002, the slow growth in business was reflected in the relatively low 2 percent increase in state funds from gaming taxes in fiscal year 2002, and in the low 0.9 percent increase in amusements employment in 2002.

Short-term Outlook

Mississippi experienced only slow growth of output and employment in 2002, as did the Southern region as a whole. A return to the State's long-term growth path awaits the recovery of the manufacturing sector. This recovery is now expected both nationally and in the state in mid-2003. Gross state product (GSP) is forecast to rise 1.9 percent in 2003, somewhat above the estimated growth rate of 1.4 percent experienced in 2002. By 2004, the growth rate is forecast to be 2.3 percent and rising. Wage and salary employment, which stabilized in 2002 after dropping in 2001, is expected to reach a positive growth rate of close to 1.0 percent in 2003, and 1.5 percent in 2004. Personal income in the state grew 4.0 percent in 2001, and in 2002 increased at an estimated 3.6 percent rate.

Tax Commission collections for the General Fund reflect the slow growth of income. In fiscal year 2002, revenues were down 1.4 percent from fiscal year 2001. Based on data through October of fiscal year 2003, overall revenues are up a modest 3.1 percent in comparison to the same period in fiscal year 2002.

For the southeastern region as a whole, the outlook is for a gradual return to growth rates of 3.0 percent and more. According to the Economic Forecasting Center of Georgia State University, gross regional product (GRP) is forecast to increase only about 1.3 percent in 2002 and 2.3 percent in 2003. It is expected that both the region and the nation will again be enjoying real growth rates above 3 percent by 2004, although the risks associated with possible military action in Iraq increase the uncertainties associated with this prediction.

Major Initiatives

Mississippi is continuing to make a mark as a leader in education. On the heels of a historic teacher pay package that will lift our average teacher salary from 49th to 19th in the nation, the State is setting the standard in other areas of education. The State was the first in the nation with an Internet-accessible computer in every classroom, a fact verified by the National Governors Association along with their comment that Mississippi is "at the head of the wave of technological innovation." The State's test scores are up, and the Princeton Review ranked the testing system as the sixth best in the nation. Approximately 62 percent of the State's high school graduates, the tenth highest number in the country, are going to college. Mississippi is holding on to its national ranking of sixth in the number of nationally board certified teachers. The focus on education must continue with a budget that fully funds the programs necessary to ensure a strong foundation for our future.

Mississippi's work in economic development has also continued without ceasing. Before the Nissan plant is even completed, the company announced an expansion of the facility to boost the total investment to nearly \$1.5 billion and more than 5,000 jobs. This is a great sign of confidence in the work we are doing. At the other end of the spectrum, Mississippi was also listed as one of the top ten states for small business survival in the nation. Reforms to the civil justice and medical malpractice systems are further evidence that the State is, and always has been, open for business.

Key to any effort to better education and better jobs is better health care. The State is continuing to make the Medicaid program the most effective and efficient program in the nation. Aggressive efforts are being made to end the debilitating effects of diabetes and heart disease while working toward a healthier Mississippi.

Internal Controls

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 is compiled to allow preparation of financial statements in conformity with GAAP. Internal 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 controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Pension Benefits

The Public Employees' Retirement System of Mississippi (System) administers four defined benefit pension trust funds. 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. Separate municipal retirement and fire and police disability and relief systems participate in the Municipal Retirement Systems (MRS). The System is actuarially sound and the funding levels are managed to provide participants with a financially sound retirement. Further information on the System can be found in Note 17 to the financial statements.

Debt Administration

The State Bond Commission, composed of the Governor, the Attorney General and the State Treasurer, approves and authorizes the sale and issuance of state bonds and notes in accordance with authorizing legislation and within the defined constitutional debt limit. This limit is one and one-half times the sum of certain revenues collected by the State during any one of the four preceding fiscal years, whichever may be higher. The State's long-term indebtedness is comprised of general obligation and revenue bonds issued to finance specific programs and projects. Further information on the State's long-term debt can be found in Notes 9 and 11 to the financial statements.

Cash Management

As more fully explained in Note 4 to the financial statements, excess cash not needed to meet immediate requirements of the State is controlled by the State Treasurer and invested in compliance with state law. The majority of the cash controlled by the State Treasurer is managed in pooled investment funds to safeguard assets and maximize interest earnings. The State Treasurer invests the cash, including the cash float, in short-term securities and other investments such as certificates of deposit, repurchase agreements, obligations of the U. S. government, and certain other management type investment accounts with specifically defined portfolios. The State Treasurer is also required to maintain an inventory of collateral pledged by state depositories to secure public funds for all governmental entities. The market value of the collateral securities is recorded and monitored daily for changing market conditions.

Risk Management

The State has elected to finance most exposure to risks for health and life benefits, tort liability, unemployment benefits and workers' compensation benefits through the retention of risk. To assure that the State's exposure to risk is minimized, the State incorporates various methods of loss control, statutory protection, limitation of liability, and contractually established performance criteria for the claims administrators. Further information about risk management can be found in Note 19 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, of the State's basic financial statements. 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 a report on compliance and internal control over compliance on all federal funds expended by state government. This report, along with the report on compliance and internal control over financial reporting, 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 the State of Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully yours,

A handwritten signature in black ink that reads "Gary Anderson". The signature is written in a cursive, flowing style.

Gary Anderson

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Officials of State Government

Executive Branch

Governor
Ronnie Musgrove

Lieutenant Governor
Amy Tuck

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
Richard (Dick) Hall
Wayne Brown
Zack Stewart

Public Service Commissioners
Nielsen Cochran
Dorlos (Bo) Robinson
Michael Callahan

State Fiscal Officer
Gary Anderson

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
Travis L. Little

Secretary of Senate
John Gilbert

Clerk of the House of Representatives
Felix Edwin (Ed) Perry

Legislative Budget Office
Lee Lindell, Director

**Joint Legislative Committee on
Performance Evaluation and
Expenditure Review**
Max Arinder, Director

Judicial Branch

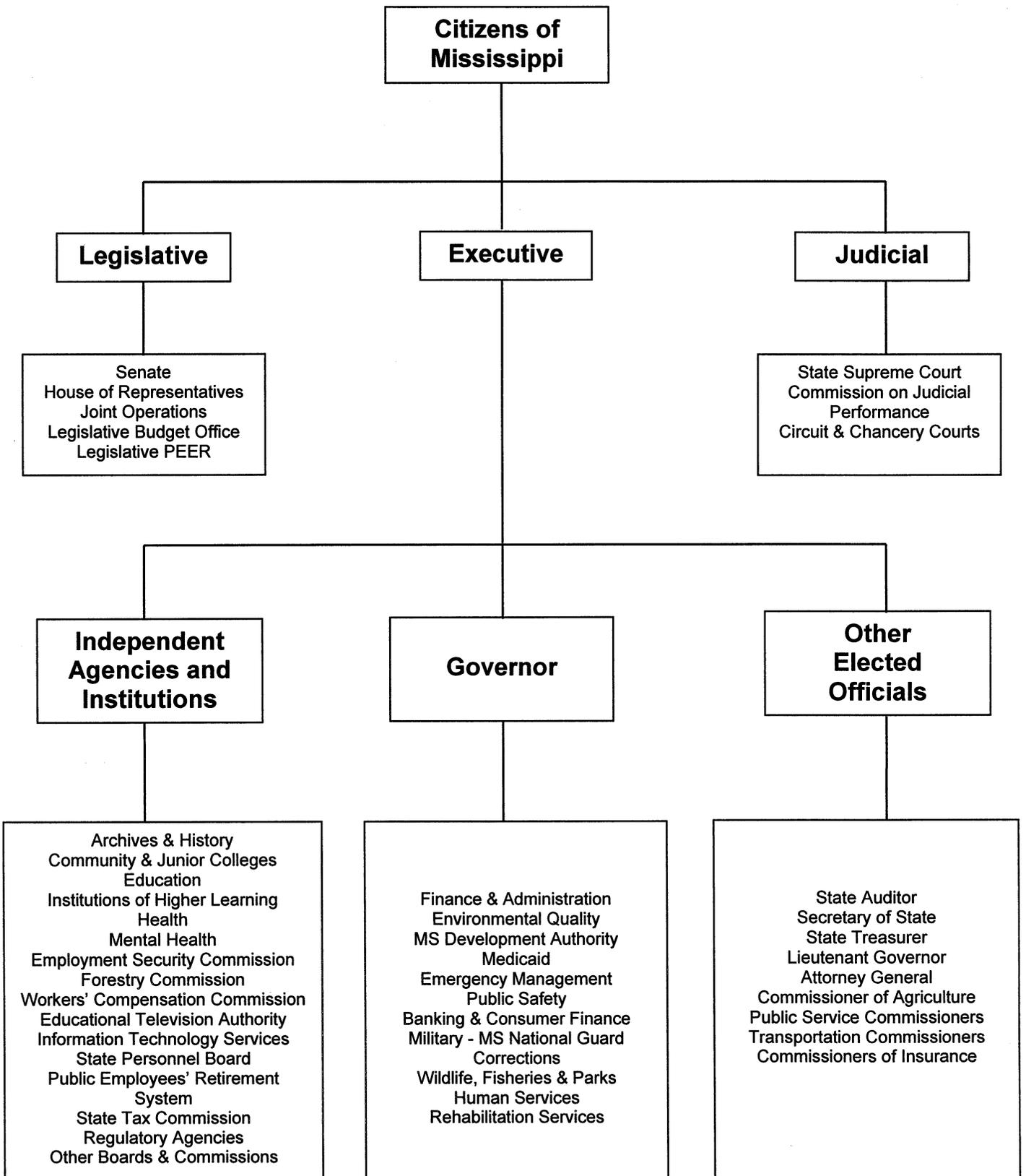
Supreme Court of Mississippi

Chief Justice
Edwin Lloyd Pittman

Presiding Justices
James W. Smith, Jr.
C. R. (Chuck) McRae

Justices
George C. Carlson, Jr.
James E. Graves, Jr.
William L. Waller, Jr.
Kay B. Cobb
Oliver E. Diaz, Jr.
Charles D. Easley, Jr.

Clerk of the Supreme Court
Betty Sephton



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, 2001

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.



William Patrick Pate
President

Jeffrey L. Esser
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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi, as of and for the year ended June 30, 2002, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

■ Government-wide Financial Statements

● Governmental Activities

- the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund and the State Agencies Self-Insured Workers' Compensation Trust Fund which, in the aggregate, represent 7% and 2%, respectively, of the assets and revenues of the Governmental Activities;

● Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and Allied Enterprises within the Department of Rehabilitation Services which, in the aggregate, represent 32% and 13%, respectively, of the assets and revenues of the Business-type Activities;

● Component Units

- the nonmajor component units which represent 5% and 2%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund which represents 8% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 99% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

- Proprietary Funds
 - the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
 - the Veterans' Home Purchase Board and the Allied Enterprises Fund which, in the aggregate, represent 67% and 49%, respectively, of the assets and revenues of the nonmajor enterprise funds;
 - the State Agencies Self-Insured Workers' Compensation Trust Fund which represents 25% and 3%, respectively, of the assets and revenues of the Internal Service Funds;
- Fiduciary Funds
 - the Pension Trust Funds;
 - the Mississippi Affordable College Savings Program which represents 86% and 96%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Mississippi, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the basic financial statements, the State of Mississippi adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*; Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, for the year ended June 30, 2002.

In accordance with *Government Auditing Standards*, our report dated January 9, 2003, 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 March, 2003. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

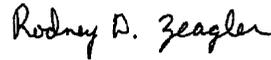
The Management's Discussion and Analysis on pages 21 through 29, the Budgetary Comparison Schedule and corresponding notes on pages 92 through 94, and the Schedule of Funding Progress and corresponding notes on page 95 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The combining and individual fund financial statements and related schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and related schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



PHIL BRYANT
State Auditor



RODNEY D. ZEAGLER, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
January 9, 2003

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Management's Discussion and Analysis

The following discussion and analysis of the State of Mississippi's financial performance provides an overview of the State's financial activities for the fiscal year ended June 30, 2002. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the State's financial statements, which immediately follow this discussion and analysis. The new reporting requirements implemented for these statements result in a significantly different content and structure from the presentation of previous fiscal years. Consequently, for 2002, the presentation of comparative data is not readily available; however, comparative data will be presented in future financial reports.

Financial Highlights - Primary Government

Government-wide - The assets of the State exceeded its liabilities at the close of the fiscal year by \$9,105,319,000 (reported as "net assets"). Of this amount, \$871,436,000 was reported as "unrestricted net assets", which may be used to meet the government's ongoing obligations to citizens and creditors. Governmental activities' net assets increased during the fiscal year by \$167,860,000, while business-type activities' net assets increased by \$45,118,000, resulting in a total net assets increase of \$212,978,000.

Fund Level - As of the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$3,031,441,000, with \$2,355,137,000 reported as unreserved fund balance. The remaining balance of \$676,304,000 was reserved for specific purposes. The General Fund unreserved fund balance was \$1,169,275,000, which included the Working Cash Stabilization Reserve Account fund balance of \$99,399,000. The proprietary funds reported total net assets of \$1,031,946,000.

Long-term Debt - The State's total debt rose to \$2,909,986,000, an increase of \$143,792,000. This increase represents the net difference between new issuances, payments, and refunding of outstanding debt. During fiscal year 2002, the State issued bonds of \$778,370,000, and notes of \$2,231,000.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the State's finances. These statements consist of the statement of net assets and the statement of activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This financial reporting is similar to most private-sector companies, meaning they take into account all revenues and expenses connected with the fiscal year, regardless of when cash is received or paid.

The statement of net assets presents information on all of the State's nonfiduciary assets and liabilities, with the differences between the two reported as "net assets". Over time, increases or decreases in the State's net assets may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

The government-wide financial statements report three types of activities:

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



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

Component Units - Component units are legally separate organizations for which the State is either financially accountable, or the nature and significance of their relationship with the State is such that their exclusion would cause the State's financial statements to be misleading or incomplete. Component units comprise a wide range of activities including providing services to small businesses and communities, management and maintenance of water districts, and the administration of the State's eight universities.

Fund Financial Statements

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

Governmental Funds - Most of the State's general activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. This approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the State's near-term financing requirements. Governmental funds include the General Fund, the Health Care Fund, and the Capital Projects Fund, which are presented separately as major funds. Debt service funds, permanent funds and nonmajor special revenue funds are combined into a single column on the governmental fund financial statements, with individual fund data provided in the combining financial statements.

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

Proprietary Funds - The State maintains two types of proprietary funds: enterprise and internal service. Enterprise funds charge fees for services to outside customers. They are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting, and are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds provide personnel, insurance, and information technology services to other state agencies on a cost reimbursement basis. Because these services primarily benefit governmental rather than business-type functions, they have been included in governmental activities on the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Unemployment Compensation Fund, the Port Authority at Gulfport Fund, and the Prepaid Affordable College Tuition Fund are presented separately as major funds, with the nonmajor enterprise funds combined into a single column. The internal service funds are presented in a single column on the proprietary fund statements as well. The eleven nonmajor enterprise funds and the three internal service funds are presented in detail in the combining financial statements.

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

Component Units - Component units are reported as part of the basic financial statements with the Universities presented separately as the major fund and the nonmajor component units combined into one column. Individual data on the nonmajor component units can be found in the combining financial statements. In the government-wide financial statements, all of the component units are presented in a single, aggregated column. Each component unit has separately issued audit reports.

Notes to the Financial Statements

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



Other Information

This report also contains the following required supplementary information (RSI): the Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds and the Schedule of Funding Progress for the pension trust funds, along with the accompanying notes. The combining financial statements are presented as supplementary information immediately following the RSI.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled \$9,105,319,000 for the year ended June 30, 2002.

Net Assets

The largest portion of the State's net assets, 75.2 percent, consists of its investment in capital assets such as land, buildings, machinery and equipment, and infrastructure, less any debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets, representing resources that are subject to externally imposed restrictions, comprise 15.3 percent of total net assets. The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors; however, internally imposed designations of certain resources further limit the purposes for which those net assets may be used. The State is able to report positive balances in all three categories of net assets for the state as a whole, as well as both governmental and business-type activities.

Net Assets as of June 30, 2002
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 4,653,999	\$ 1,065,372	\$ 5,719,371
Capital assets	7,924,199	163,040	8,087,239
Total Assets	<u>12,578,198</u>	<u>1,228,412</u>	<u>13,806,610</u>
Noncurrent liabilities	2,701,015	168,109	2,869,124
Other liabilities	1,803,810	28,357	1,832,167
Total Liabilities	<u>4,504,825</u>	<u>196,466</u>	<u>4,701,291</u>
Net assets:			
Invested in capital assets, net of related debt	6,723,549	120,786	6,844,335
Restricted	601,879	787,669	1,389,548
Unrestricted	747,945	123,491	871,436
Total Net Assets	<u>\$ 8,073,373</u>	<u>\$ 1,031,946</u>	<u>\$ 9,105,319</u>



Changes in Net Assets

As a result of the excess of revenues over expenses, the State's net assets increased by \$212,978,000 during fiscal year 2002. Taxes provided \$4,468,143,000, or approximately 43.4 percent of the State's total revenue, while 37.3 percent resulted from operating grants and contributions and 14.4 percent from charges for services. Health and social services made up \$4,219,675,000 or 41.9 percent of the State's expenses, with 29.4 percent spent for education (other than universities), and 10.7 percent for general government.

**Change in Net Assets
for Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)**

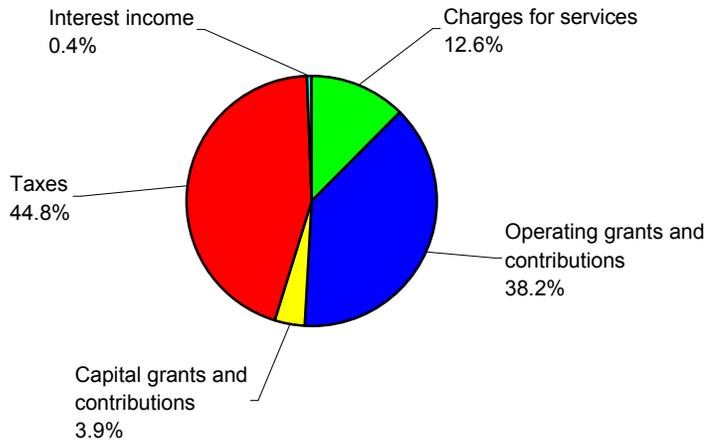
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	\$ 1,256,641	\$ 227,124	\$ 1,483,765
Operating grants and contributions	3,812,409	30,002	3,842,411
Capital grants and contributions	391,670	13,257	404,927
General revenues:			
Taxes	4,468,143		4,468,143
Gain on sale of assets	420		420
Interest and investment income	42,572	45,890	88,462
Total Revenues	<u>9,971,855</u>	<u>316,273</u>	<u>10,288,128</u>
Expenses:			
General government	1,082,176		1,082,176
Education	2,959,707		2,959,707
Health and social services	4,219,675		4,219,675
Law, justice and public safety	509,295		509,295
Recreation and resource development	379,325		379,325
Regulation of business and professions	29,960		29,960
Transportation	433,730		433,730
Interest on long-term debt	179,102		179,102
Unemployment compensation		218,517	218,517
Port Authority at Gulfport		11,223	11,223
Prepaid affordable college tuition		12,528	12,528
Other business-type		39,912	39,912
Total Expenses	<u>9,792,970</u>	<u>282,180</u>	<u>10,075,150</u>
Increase in Net Assets before Transfers	178,885	34,093	212,978
Transfers	(11,025)	11,025	
Change in Net Assets	<u>167,860</u>	<u>45,118</u>	<u>212,978</u>
Net Assets - Beginning, as restated	7,905,513	986,828	8,892,341
Net Assets - Ending	<u>\$ 8,073,373</u>	<u>\$ 1,031,946</u>	<u>\$ 9,105,319</u>



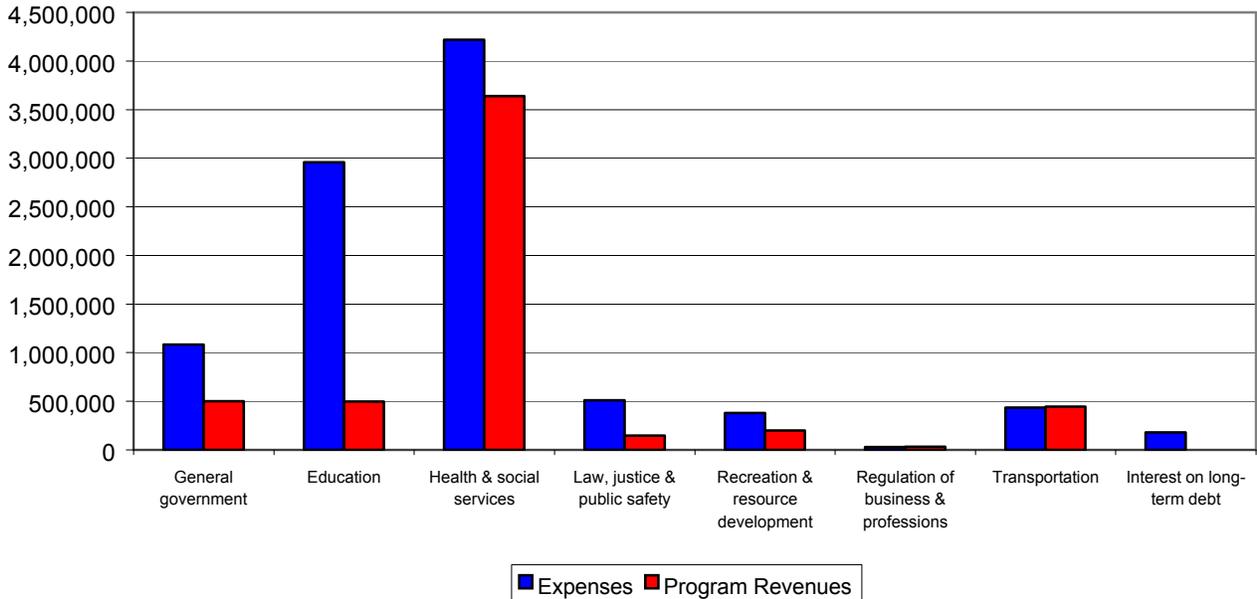
Governmental Activities

Governmental activities increased the State's net assets by \$167,860,000. This accounted for 78.8 percent of the total growth in net assets for the State. While expenses exceeded program revenues by \$4,332,250,000, general revenues (primarily taxes) of \$4,511,135,000 were adequate to cover the remaining expenses.

Governmental Activities - Revenues by Source



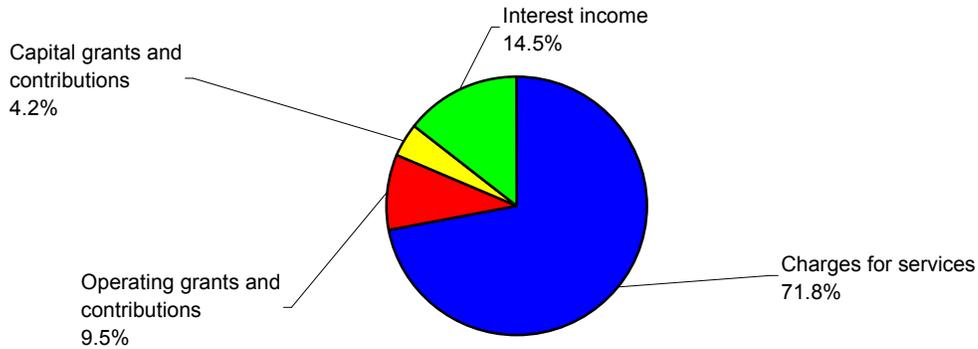
**Governmental Activities - Expenses and Program Revenues
(amounts expressed in thousands)**



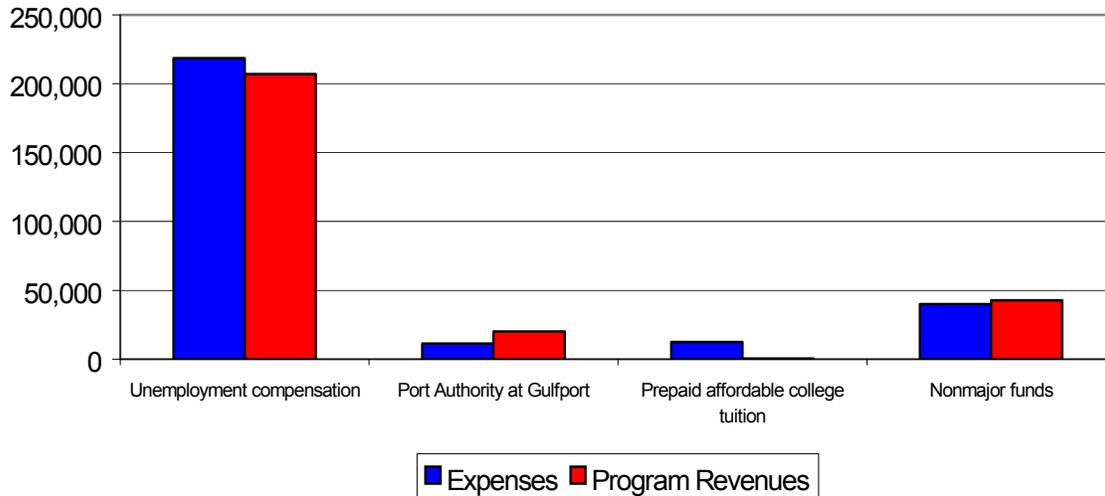
Business-type Activities

Business-type activities increased the State's net assets by \$45,118,000. Expenses exceeded program revenues by \$11,797,000, but general revenues for business-type activities amounted to \$45,890,000. The increase in net assets was related primarily to an increase of \$31,806,000 in net assets for the State's Unemployment Compensation Fund. The Unemployment Compensation Fund in fiscal year 2002 received additional revenues from the federal government totaling \$27,048,000.

Business-type Activities - Revenues by Sources



Business-type Activities - Expenses and Program Revenues (amounts expressed in thousands)





Financial Analysis of the State's Individual Funds

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

Governmental Funds

The governmental funds reported combined fund balances of \$3,031,441,000 as of June 30, 2002. Of this total amount, \$2,355,137,000, or 77.7 percent, constituted unreserved fund balance. A significant portion of the unreserved balance, \$2,155,212,000, was not available for new spending because it was designated through internally imposed limitations for specific purposes such as debt service, road and highway construction, future capital projects, and health care.

The General Fund is the chief operating fund of the State. The General Fund reported an ending fund balance of \$1,781,373,000, which reflects a decrease of \$177,812,000. The ending fund balance consisted of \$612,098,000 reserved for specific purposes and \$1,169,275,000 unreserved. While General Fund revenues reported a slight increase, there were significant increases in expenditures for education (23.8 percent), health and social services (14.7 percent), transportation (15.7 percent) and debt service (16.4 percent) during the year.

The Health Care Fund's ending fund balance of \$605,816,000 reflected a decrease of \$15,095,000. A decline in investment income and an increase in disbursements for health care services were the primary causes of the reduction in fund balance.

The Capital Projects Fund reported an ending fund balance of \$407,681,000. While total revenues decreased slightly and total expenditures increased slightly during the year, revenues exceeded expenditures by \$9,968,000, resulting in an increase in net assets.

Proprietary Funds

As noted previously, the Unemployment Compensation Fund posted an increase in net assets of \$31,806,000. While benefits paid increased from the prior year by 44.5 percent, revenues from assessments increased by 78.4 percent.

The Port Authority at Gulfport Fund reported ending net assets of \$107,955,000. Although both total revenues and total expenses experienced a decline during the year, revenues exceeded expenses by \$13,349,000, resulting in an increase in net assets.

The Prepaid Affordable College Tuition Fund experienced a decrease in net assets of \$19,317,000. This was due to a substantial decrease in the market value of investments, as well as a 94.9 percent increase from the prior year in benefits paid. Benefits paid rose as a result of an increase in the number of students in the program and higher tuition costs.

General Fund Budgetary Highlights

The original budget amounts for General Fund revenues were not revised during fiscal year 2002; however, actual General Fund revenues were \$250,194,000 less than the budget amounts. The net change from the original expenditure budget amounts as compared to the final budget was a decrease of \$147,802,000, while actual expenditures totaled \$6,604,000 less than the final budget.

The following summarizes the significant items impacting the budgetary amounts:

Tax revenues for sales, individual income, corporate income, and use taxes were \$245,854,000 below their budgeted amounts.

The Governor authorized the maximum transfer of \$50,000,000 from the Working Cash Stabilization Reserve Account Fund to the General Fund to cover the deficit in revenues.

General Fund budget reductions totaling \$150,554,000 were mandated by the Department of Finance and Administration because of the shortfall in General Fund revenue collections.



Capital Assets and Debt Administration

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounted to \$10,847,019,000, less accumulated depreciation of \$2,759,780,000, resulting in a net book value of \$8,087,239,000. This reflected a net increase in the State's investment in capital assets for the current fiscal year of \$522,513,000. Depreciation charges for fiscal year 2002 totaled \$262,238,000 for both governmental and business-type activities.

Major capital asset events during fiscal year 2002 included the following:

Construction in progress additions for governmental activities were \$640,922,000 related to roads, highways and bridges; \$21,367,000 on the new Archives and History Building; \$26,556,000 added to the Lockheed Martin project at the Stennis Space Center; and \$9,923,000 for several other projects. These other projects include renovation of the Sillers Office Building, a new pedestrian mall, and a new justice court facility, which will be part of the capital complex when completed.

Construction in progress additions for business-type activities were primarily related to the Port Authority at Gulfport for pier expansion and new berth facilities in the amount of \$13,371,000.

Additions were made to governmental activities infrastructure in the amount of \$688,194,000 for completed roads, highways and bridges.

Completed projects added to buildings for governmental activities included the Woolfolk Office Building at a cost of \$34,287,000.

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

Capital Assets, Net of Depreciation, as of June 30, 2002 (amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Land	\$ 177,305	\$ 12,597	\$ 189,902
Buildings	907,013	81,092	988,105
Land improvements	40,622	20,086	60,708
Machinery and equipment	139,637	5,854	145,491
Infrastructure	3,855,695	19,949	3,875,644
Construction in progress	2,803,927	23,462	2,827,389
Total	\$ 7,924,199	\$ 163,040	\$ 8,087,239



Debt Administration

The total general obligation bond debt outstanding for the State as of June 30, 2002 was \$2,494,998,000. General Obligation Refunding (\$914,678,000), Capital Improvement (\$678,207,000), and Gaming Highway Improvement (\$308,705,000) bonds comprise 76.2 percent of the outstanding bond total. These bonds were issued to refund current outstanding bonds; for capital improvements; and for highway, road, bridge, and related improvements in the counties where legal gaming is being conducted. During the fiscal year 2002, the State issued \$365,135,000 in general obligation refunding bonds.

Mississippi has a rating of "AA" from both Standard & Poor's Rating Group, a division of The McGraw Hill Companies, and Fitch Investors Service, L. P., and a rating of "Aa3" from Moody's Investors Service. These ratings are based upon the State's historic fiscal conservatism, manageable debt levels, favorable effects of various budgetary reform and its potential for future economic diversification. Over the years the State has been able to borrow money at very competitive interest rates due to its strong credit rating.

The State's constitutional debt limit is established at one and one-half times the sum of all revenues collected by the State during any one of the four preceding fiscal years, whichever may be higher. Current practice restricts revenues included in the computation of this debt limitation to the following: taxes; licenses, fees and permits; investment income; rental income; service charges including net income from the Alcoholic Beverage Control Division; and fines, forfeitures and penalties. As of June 30, 2002, the State had established a constitutional legal debt limit of \$8,142,318,000, which significantly exceeds the amount of debt applicable to the debt limit. Additional information about the State's long-term debt can be found in Notes 9 through 14 to the financial statements.

Outstanding Long-term Bonded Debt as of June 30, 2002 (amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
General obligation bonds	\$ 2,442,581	\$ 52,417	\$ 2,494,998
Limited obligation bonds	151,535		151,535
Revenue bonds and notes		555	555
Total	<u>\$ 2,594,116</u>	<u>\$ 52,972</u>	<u>\$ 2,647,088</u>

Economic Factors and Next Year's Budget

The State's unemployment rate increased from the calendar year 2001 average of 5.5 percent to an average of 6.5 percent for the twelve months ending November 2002. The national rates for the same 2001 and 2002 time periods were 4.8 percent and 5.8 percent, respectively. Current inflationary trends in the region compare favorably to national indexes.

Following the precedent set in fiscal year 2002, the Governor asked state agencies to budget only 45.0 percent of their allotment for the first half of the fiscal year 2003 as a precautionary measure against revenue shortfalls. General Fund revenues (cash basis) fell below the required 98 percent of the revenue estimate for the first six months of the year, requiring budgets to be adjusted to reflect the decline in revenues. All General Fund agencies, except education related agencies, were directed to execute General Fund budget reductions totaling 1.6 percent or \$21,954,000 for the first half of fiscal year 2003.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State of Mississippi's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact: Department of Finance and Administration, Bureau of Financial Reporting, P. O. Box 1060, Jackson, MS 39205.

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Basic Financial Statements



Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Equity in internal investment pool	\$ 1,667,735	\$ 16,579	\$ 1,684,314	\$ 16,245
Cash and cash equivalents	117,063	737,008	854,071	224,651
Investments	1,364,770	34,162	1,398,932	100,379
Receivables, net	515,647	57,495	573,142	163,164
Due from other governments, net	316,998	3,426	320,424	391
Internal balances	845	(845)		
Due from component units	877	122	999	
Due from primary government				40,107
Inventories	79,139	697	79,836	22,922
Prepaid items		138	138	10,017
Loans and notes receivable, net	19,668	4,263	23,931	10,761
Other assets				12,103
Total Current Assets	4,082,742	853,045	4,935,787	600,740
Restricted assets:				
Equity in internal investment pool		458	458	
Cash and cash equivalents		286	286	92,504
Investments		21,026	21,026	117,199
Interest receivable, net		6	6	
Due from other governments		32	32	
Total Restricted Assets		21,808	21,808	209,703
Noncurrent assets:				
Investments		76,752	76,752	175,446
Receivables, net	22,192		22,192	
Due from other governments, net	356,603		356,603	103
Loans and notes receivable, net	159,803	115,561	275,364	86,095
Interfund loans	1,794	(1,794)		
Deferred charges	23,195		23,195	
Capital assets:				
Land and construction in progress	2,981,232	36,059	3,017,291	240,077
Other capital assets, net	4,942,967	126,981	5,069,948	1,313,247
Other assets	7,670		7,670	8,945
Total Noncurrent Assets	8,495,456	353,559	8,849,015	1,823,913
Total Assets	\$ 12,578,198	\$ 1,228,412	\$ 13,806,610	\$ 2,634,356

(Continued on Next Page)



Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities:				
Warrants payable	\$ 146,834	\$ 1,502	\$ 148,336	\$ 75
Accounts payable and other liabilities	435,132	2,950	438,082	122,191
Contracts payable	121,692		121,692	
Retainage payable		543	543	
Income tax refunds payable	169,267		169,267	
Due to other governments	252,610	2,577	255,187	
Due to component units	40,102	5	40,107	
Due to primary government				999
Claims and benefits payable	128,974	11,452	140,426	
Deposits		1,055	1,055	2,144
Deferred revenues	104,107	1,796	105,903	33,097
Bonds and notes payable	393,063	5,135	398,198	11,742
Certificates of participation	100		100	
Lease obligations payable	11,929	90	12,019	5,937
Total Current Liabilities	1,803,810	27,105	1,830,915	176,185
Liabilities payable from restricted assets:				
Accounts payable and other liabilities		939	939	
Retainage payable		179	179	
Deposits		134	134	
Total Liabilities Payable from Restricted Assets		1,252	1,252	
Noncurrent liabilities:				
Due to other governments		9,151	9,151	
Claims and benefits payable		110,285	110,285	
Deposits				2,210
Bonds and notes payable	2,462,825	47,837	2,510,662	314,959
Certificates of participation	2,805		2,805	
Lease obligations payable	150,460	193	150,653	16,318
Other liabilities	84,925	643	85,568	91,773
Total Noncurrent Liabilities	2,701,015	168,109	2,869,124	425,260
Total Liabilities	4,504,825	196,466	4,701,291	601,445
Net Assets				
Invested in capital assets, net of related debt	6,723,549	120,786	6,844,335	1,206,326
Restricted for:				
Capital projects	403,660		403,660	
Debt service	129,771		129,771	
Other purposes	22,140	20,556	42,696	10,490
Permanent trusts:				
Expendable	3,447		3,447	359,416
Nonexpendable	42,861		42,861	80,941
Unemployment compensation benefits		767,113	767,113	
Unrestricted	747,945	123,491	871,436	375,738
Total Net Assets	\$ 8,073,373	\$ 1,031,946	\$ 9,105,319	\$ 2,032,911

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

MISSISSIPPI

Statement of Activities

For the Year Ended June 30, 2002 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,082,176	\$ 491,132	\$ 8,247	\$
Education	2,959,707	29,399	467,412	
Health and social services	4,219,675	542,157	3,097,872	
Law, justice and public safety	509,295	58,130	89,073	188
Recreation and resource development	379,325	55,919	143,964	10
Regulation of business and professions	29,960	29,364	2,446	
Transportation	433,730	50,540	3,395	391,472
Interest on long-term debt	179,102			
Total Governmental Activities	9,792,970	1,256,641	3,812,409	391,670
Business-type activities:				
Unemployment compensation	218,517	177,048	30,002	
Port Authority at Gulfport	11,223	19,706		440
Prepaid affordable college tuition	12,528	488		
Other business-type	39,912	29,882		12,817
Total Business-type Activities	282,180	227,124	30,002	13,257
Total Primary Government	\$ 10,075,150	\$ 1,483,765	\$ 3,842,411	\$ 404,927
Component units:				
Universities	\$ 1,830,294	\$ 775,595	\$ 523,902	\$ 15,433
Nonmajor	25,629	20,750	3,486	3,350
Total Component Units	\$ 1,855,923	\$ 796,345	\$ 527,388	\$ 18,783

General revenues:

Taxes:

- Sales and use
- Gasoline and other motor fuel
- Individual income
- Corporate income and franchise
- Insurance
- Other

- Gain on sale of assets
- Interest and investment income
- Other

- Payment from State of Mississippi
- Contributions to permanent endowments
- Transfers

Total General Revenues, Contributions and Transfers

Change in Net Assets

Net Assets - Beginning, as restated

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government				Component Units
Governmental Activities	Business-type Activities	Total		
\$ (582,797)	\$	\$ (582,797)		
(2,462,896)		(2,462,896)		
(579,646)		(579,646)		
(361,904)		(361,904)		
(179,432)		(179,432)		
1,850		1,850		
11,677		11,677		
(179,102)		(179,102)		
<u>(4,332,250)</u>		<u>(4,332,250)</u>		
	(11,467)	(11,467)		
	8,923	8,923		
	(12,040)	(12,040)		
	2,787	2,787		
	<u>(11,797)</u>	<u>(11,797)</u>		
<u>(4,332,250)</u>	<u>(11,797)</u>	<u>(4,344,047)</u>		
			\$ (515,364)	
			1,957	
			<u>(513,407)</u>	
2,378,956		2,378,956		
409,536		409,536		
989,877		989,877		
255,532		255,532		
131,763		131,763		
302,479		302,479		
420		420		
42,572	45,890	88,462	13,431	
			23,327	
			620,706	
			5,755	
<u>(11,025)</u>	<u>11,025</u>			
4,500,110	56,915	4,557,025	663,219	
167,860	45,118	212,978	149,812	
7,905,513	986,828	8,892,341	1,883,099	
<u>\$ 8,073,373</u>	<u>\$ 1,031,946</u>	<u>\$ 9,105,319</u>	<u>\$ 2,032,911</u>	

MISSISSIPPI

Governmental Funds

Balance Sheet

June 30, 2002 (Expressed in Thousands)

	General	Health Care	Capital Projects	Nonmajor Funds	Totals
Assets					
Equity in internal investment pool	\$ 1,423,487	\$ 21,787	\$ 73,174	\$ 129,828	\$ 1,648,276
Cash and cash equivalents	37,881	67,718		10,211	115,810
Investments	290,764	517,802	362,022	94,090	1,264,678
Receivables, net	521,381	1,666	1,983	7,541	532,571
Due from other governments, net	632,175			41,341	673,516
Due from other funds	7,958	1,610	2,046	15,997	27,611
Due from component units	828				828
Inventories	77,993			1,146	79,139
Loans and notes receivable, net	178,134			1,337	179,471
Loans to other funds	1,800				1,800
Other assets	7,670				7,670
Total Assets	\$ 3,180,071	\$ 610,583	\$ 439,225	\$ 301,491	\$ 4,531,370
Liabilities and Fund Balances					
Liabilities:					
Warrants payable	\$ 123,463	\$ 1,343	\$ 1,909	\$ 18,304	\$ 145,019
Accounts payable and accruals	374,004	526		19,454	393,984
Contracts payable	92,057		29,635		121,692
Income tax refunds payable	169,267				169,267
Due to other governments	247,420			5,189	252,609
Due to other funds	23,531	2,898		4,359	30,788
Due to component units	39,541			555	40,096
Deferred revenues	114,415			16,830	131,245
Loans from other funds				6	6
Notes payable	215,000				215,000
Other liabilities				223	223
Total Liabilities	1,398,698	4,767	31,544	64,920	1,499,929
Fund balances:					
Reserved for:					
Ayers Endowment Trust	15,000				15,000
Distribution to local governments	22,116				22,116
Education and vocational training				37,317	37,317
Ellisville State School				2,025	2,025
Encumbrances	33,807	197		8,263	42,267
Inventories	32,678			1,146	33,824
Loans to other funds	1,800				1,800
Long-term portion of due from other governments	347,791			8,812	356,603
Long-term portion of loans and notes receivable	158,881			922	159,803
Scholarships and books	25				25
Wildlife conservation				5,524	5,524
Unreserved - designated, reported in:					
General fund	1,067,628				1,067,628
Special revenue funds		605,619		9,071	614,690
Capital projects funds			407,681		407,681
Debt service funds				65,213	65,213
Unreserved - undesignated, reported in:					
General fund	101,647				101,647
Special revenue funds				94,851	94,851
Permanent funds				3,427	3,427
Total Fund Balances	1,781,373	605,816	407,681	236,571	3,031,441
Total Liabilities and Fund Balances	\$ 3,180,071	\$ 610,583	\$ 439,225	\$ 301,491	\$ 4,531,370

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



Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

Total fund balances for governmental funds \$ 3,031,441

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

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

Land	\$	177,305	
Buildings		1,153,180	
Land improvements		68,028	
Machinery and equipment		384,770	
Infrastructure		6,015,925	
Construction in progress		2,803,927	
Accumulated depreciation		<u>(2,686,099)</u>	7,917,036

Some of the State's revenues will be collected after year-end but are not
available soon enough to pay for the current period's expenditures and
therefore are deferred in the funds. 28,588

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

General obligation bonds	(2,442,581)	
Limited obligation bonds	(151,535)	
Capital lease obligations	(160,768)	
Accrued compensated absences	(88,713)	
Notes payable	(6,891)	
Certificates of participation	(2,905)	
Unamortized charges	23,195	
Unamortized premiums	(39,881)	
Accrued interest payable	<u>(26,288)</u>	(2,896,367)

Internal service funds are used by management to charge the costs of
certain activities, such as insurance and telecommunications, to individual
funds. The assets and liabilities of the internal service funds are included
in governmental activities in the statement of net assets. (7,325)

Net assets of governmental activities \$ 8,073,373

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

MISSISSIPPI

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2002 (Expressed in Thousands)

	General	Health Care	Capital Projects	Nonmajor Funds	Totals
Revenues					
Taxes:					
Sales and use	\$ 2,364,112	\$	\$	\$	\$ 2,364,112
Gasoline and other motor fuel	399,135			8,800	407,935
Individual income	980,284				980,284
Corporate income and franchise	254,785				254,785
Insurance	131,763				131,763
Other	302,479				302,479
Licenses, fees and permits	344,012			58,866	402,878
Federal government	3,941,231			262,848	4,204,079
Interest and other investment income (loss), net	64,831	(56,961)	18,402	11,081	37,353
Charges for sales and services	260,140			7,958	268,098
Rentals	9,844			5,310	15,154
Court assessments and settlements	21,453	218,056			239,509
Other	277,890		11,121	28,252	317,263
Total Revenues	9,351,959	161,095	29,523	383,115	9,925,692
Expenditures					
Current:					
General government	1,133,606				1,133,606
Education	2,774,053		78,575	82	2,852,710
Health and social services	3,952,977	173,228		85,861	4,212,066
Law, justice and public safety	398,879			108,783	507,662
Recreation and resources development	212,196			168,868	381,064
Regulation of business and professions				30,175	30,175
Transportation	875,165				875,165
Debt service:					
Principal	127,964			152,626	280,590
Interest and other fiscal charges	105,196		118	49,116	154,430
Capital outlay			103,940		103,940
Total Expenditures	9,580,036	173,228	182,633	595,511	10,531,408
Excess of Revenues over (under) Expenditures	(228,077)	(12,133)	(153,110)	(212,396)	(605,716)
Other Financing Sources (Uses)					
Bonds and notes issued	242,231		171,235	2,000	415,466
Capital leases issued	5,039			31	5,070
Refunding bonds issued	364,033				364,033
Payments to refunded bond escrow agent	(381,313)				(381,313)
Premiums on bonds issued	31,562		9,996		41,558
Transfers in	59,879		11,993	280,560	352,432
Transfers out	(271,166)	(2,962)	(30,146)	(51,265)	(355,539)
Net Other Financing Sources (Uses)	50,265	(2,962)	163,078	231,326	441,707
Net Change in Fund Balances	(177,812)	(15,095)	9,968	18,930	(164,009)
Fund Balances - Beginning, as restated	1,963,899	620,911	397,713	217,918	3,200,441
Decrease in Reserve for Inventories	(4,714)			(277)	(4,991)
Fund Balances - Ending	\$ 1,781,373	\$ 605,816	\$ 407,681	\$ 236,571	\$ 3,031,441

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



Governmental Funds

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

For the Year Ended June 30, 2002 (Expressed in Thousands)

Net change in fund balances - total governmental funds \$ (164,009)

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

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

Capital outlay	\$ 747,055	
Depreciation expense	(256,468)	490,587

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue of the internal service funds is reported with governmental activities. 3,473

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 28,588

In the statement of activities, only the gain on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (1,330)

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

Premiums on bonds issued	(41,558)	
Bonds and notes issued	(415,466)	
Refunding bonds issued	(364,033)	
Capital leases issued	(5,070)	
Payments of debt principal	280,590	
Payments to refunded bond escrow agent	381,313	
Accrued interest payable	(26,288)	
Deferred issuance costs	644	(189,868)

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

Donations of equipment	7,033	
Change in inventories	(4,991)	
Change in compensated absences	(2,658)	
Amortization of deferred charges and premiums	1,035	419

Change in net assets of governmental activities \$ 167,860

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



Proprietary Funds

Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

	Business-type Activities -		
	Employment Security Commission	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Assets			
Current assets:			
Equity in internal investment pool	\$	\$	\$ 618
Cash and cash equivalents	720,081	7,047	2,086
Investments		32,291	1,871
Receivables, net:			
Accounts	11,259	1,514	
Assessments	41,063		
Interest and dividends		225	433
Due from federal government	1,709		
Due from other governments	1,670		
Due from other funds	265		
Due from component units	120		
Inventories			
Prepaid items		111	
Loans and notes receivable			
Total Current Assets	776,167	41,188	5,008
Restricted assets:			
Equity in internal investment pool		458	
Cash and cash equivalents		286	
Investments		21,026	
Interest receivable, net		6	
Due from other governments		32	
Total Restricted Assets		21,808	
Noncurrent assets:			
Investments			76,752
Loans and notes receivable			
Loans to other funds	6		
Capital assets, net		101,424	
Total Noncurrent Assets	6	101,424	76,752
Total Assets	\$ 776,173	\$ 164,420	\$ 81,760

Enterprise Funds

Nonmajor Funds		Totals	Governmental Activities - Internal Service Funds		
\$	15,961	\$	16,579	\$	19,459
	7,794		737,008		1,253
			34,162		60,720
	1,902		14,675		101
			41,063		
	526		1,184		282
			1,709		
	47		1,717		85
	1,079		1,344		2,843
	2		122		49
	697		697		
	27		138		
	4,263		4,263		
	32,298		854,661		84,792
			458		
			286		
			21,026		
			6		
			32		
			21,808		
			76,752		39,372
	115,561		115,561		
			6		
	61,616		163,040		7,163
	177,177		355,359		46,535
\$	209,475	\$	1,231,828	\$	131,327

(Continued on Next Page)

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Proprietary Funds

Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Employment Security Commission	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Liabilities			
Current liabilities:			
Warrants payable	\$	\$	\$
Accounts payable and other liabilities	77	1,963	134
Retainage payable		543	120
Due to other governments	2,575		
Due to other funds	243		
Due to component units			
Claims and benefits payable	4,673		6,779
Deposits			
Bonds payable		5,010	
Deferred revenues	1,492		
Lease obligations payable			
Total Current Liabilities	9,060	7,693	7,033
Liabilities payable from restricted assets:			
Accounts payable and other liabilities		939	
Retainage payable		179	
Deposits		134	
Total Liabilities Payable from Restricted Assets		1,252	
Noncurrent liabilities:			
Due to other governments			
Loans from other funds			
Claims and benefits payable			110,285
Bonds payable		47,407	
Lease obligations payable			
Other liabilities		113	21
Total Noncurrent Liabilities		47,520	110,306
Total Liabilities	9,060	56,465	117,339
Net Assets			
Invested in capital assets, net of related debt		62,049	
Restricted for other purposes		20,556	
Restricted for unemployment compensation benefits	767,113		
Unrestricted (deficit)		25,350	(35,579)
Total Net Assets	\$ 767,113	\$ 107,955	\$ (35,579)

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

Enterprise Funds

Nonmajor Funds		Totals	Governmental Activities- Internal Service Funds
\$	1,191	\$ 1,502	\$ 1,815
	790	2,950	3,535
		543	
	2	2,577	1
	1,373	1,616	259
	5	5	6
		11,452	128,974
	1,055	1,055	
	125	5,135	
	304	1,796	1,450
	90	90	1,064
	4,935	28,721	137,104
		939	
		179	
		134	
		1,252	
	9,151	9,151	
	1,800	1,800	
		110,285	
	430	47,837	
	193	193	557
	509	643	991
	12,083	169,909	1,548
	17,018	199,882	138,652
	58,737	120,786	5,542
		20,556	
		767,113	
	133,720	123,491	(12,867)
\$	192,457	\$ 1,031,946	\$ (7,325)

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Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Business-type Activities -		
	Employment Security Commission	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Operating Revenues			
Charges for sales and services/premiums	\$	\$ 18,684	\$
Assessments	177,048		
Interest and other investment income (loss), net			(7,277)
Federal agencies	27,048		
Rentals			
Fees			484
Other			4
Total Operating Revenues	204,096	18,684	(6,789)
Operating Expenses			
Cost of sales and services			
General and administrative		2,496	244
Contractual services		4,076	1,094
Commodities		476	36
Depreciation		2,625	
Claims and benefits	218,517		1,939
Excess of present value of related benefits payable over tuition receipts			9,215
Other		37	
Total Operating Expenses	218,517	9,710	12,528
Operating Income (Loss)	(14,421)	8,974	(19,317)
Nonoperating Revenues			
Federal grant	2,954		
Revenue from counties		1,022	
Interest and other investment income, net	43,273	2,107	
Total Nonoperating Revenues	46,227	3,129	
Nonoperating Expenses			
Loss on disposal of assets		1	
Interest		1,512	
Other			
Total Nonoperating Expenses		1,513	
Income (Loss) before Capital Contributions and Transfers	31,806	10,590	(19,317)
Capital Contributions		440	
Transfers In		2,369	
Transfers Out		(50)	
Change in Net Assets	31,806	13,349	(19,317)
Total Net Assets - Beginning, as restated	735,307	94,606	(16,262)
Total Net Assets - Ending	\$ 767,113	\$ 107,955	\$ (35,579)

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

Enterprise Funds

Enterprise Funds		Governmental Activities - Internal Service Funds	
Nonmajor Funds	Totals		
\$ 27,480	\$ 46,164	\$	476,195
	177,048		
7,137	(140)		
	27,048		
1,375	1,375		
50	534		
977	981		2,502
37,019	253,010		478,697
17,842	17,842		
11,375	14,115		13,143
6,781	11,951		45,389
1,825	2,337		789
1,821	4,446		1,324
	220,456		413,651
	9,215		
82	119		
39,726	280,481		474,296
(2,707)	(27,471)		4,401
	2,954		
	1,022		
650	46,030		5,219
650	50,006		5,219
59	60		28
116	1,628		63
11	11		
186	1,699		91
(2,243)	20,836		9,529
12,817	13,257		1,862
10,007	12,376		482
(1,301)	(1,351)		(8,400)
19,280	45,118		3,473
173,177	986,828		(10,798)
\$ 192,457	\$ 1,031,946	\$	(7,325)



Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Business-type Activities -		
	Employment Security Commission	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Cash Flows from Operating Activities			
Cash receipts from federal agencies	\$ 25,339	\$	
Cash receipts/premiums from interfund services provided			
Cash receipts/premiums from customers		18,816	18,566
Cash receipts from assessments	167,881		
Cash payments to suppliers for goods and services		(6,732)	(1,133)
Cash payments to employees for services		(2,478)	(229)
Cash payments for claims and benefits	(217,229)		(1,939)
Other operating cash receipts			
Income received on tuition receipts			1,244
Principal and interest received on program loans			
Issuance of program loans			
Net Cash Provided by (Used for) Operating Activities	(24,009)	9,606	16,509
Cash Flows from Noncapital Financing Activities			
Transfers in		2,369	
Transfers out		(50)	
Operating grants received	2,919		
Interfund loan repayments received	8		
Revenues from counties		1,022	
Net Cash Provided by (Used for) Noncapital Financing Activities	2,927	3,341	
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets		(14,181)	
Proceeds from sales of capital assets			
Principal paid on bonds and capital assets contracts		(5,733)	
Interest paid on bonds and capital assets contracts		(1,630)	
Net Cash Used for Capital and Related Financing Activities		(21,544)	
Cash Flows From Investing Activities			
Proceeds from sales of investments		53,610	70,335
Purchases of investments		(49,414)	(87,159)
Interest and other investment income	43,273	2,168	
Net Cash Provided by (Used for) Investing Activities	43,273	6,364	(16,824)
Net Increase (Decrease) in Cash and Cash Equivalents	22,191	(2,233)	(315)
Cash and Cash Equivalents - Beginning	697,890	10,024	3,019
Cash and Cash Equivalents - Ending	\$ 720,081	\$ 7,791	\$ 2,704

Enterprise Funds

Nonmajor Funds		Totals	Governmental Activities - Internal Service Funds
\$	\$	25,339	\$
			179,415
28,515		65,897	297,040
		167,881	
(26,194)		(34,059)	(46,923)
(11,259)		(13,966)	(13,039)
		(219,168)	(411,055)
906		906	2,502
		1,244	
19,271		19,271	
(15,950)		(15,950)	
(4,711)		(2,605)	7,940
10,034		12,403	562
(1,301)		(1,351)	(8,400)
		2,919	
		8	
		1,022	
8,733		15,001	(7,838)
(3,717)		(17,898)	(1,019)
1		1	
(483)		(6,216)	(667)
(117)		(1,747)	(63)
(4,316)		(25,860)	(1,749)
3,743		127,688	9,846
		(136,573)	(21,616)
683		46,124	3,944
4,426		37,239	(7,826)
4,132		23,775	(9,473)
19,623		730,556	30,185
\$ 23,755	\$	754,331	\$ 20,712

(Continued on Next Page)

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Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2002 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Employment Security Commission	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating income (loss)	\$ (14,421)	\$ 8,974	\$ (19,317)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		2,625	
Net depreciation in fair value of investments			8,525
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable, net	(10,893)	157	
Assessments receivable	(7,693)		
Interest receivable			(8)
Due from federal government	(1,709)		
Due from other governments	(160)	12	
Interfund receivables	9,580		(1)
Inventories			
Prepaid items		(5)	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			47
Accounts payable and other liabilities	(27)	442	(21)
Due to other governments	536	(2,599)	
Interfund payables	66		
Claims and benefits payable	712		27,284
Deferred revenues			
Total adjustments	(9,588)	632	35,826
Net Cash Provided by (Used for) Operating Activities	\$ (24,009)	\$ 9,606	\$ 16,509
Noncash Capital and Related Financing and Investing Activities			
New capital leases			
Federal noncash assistance	650		
Capital contributions		440	
Loss on disposal of capital assets		1	
Change in market value of investments		267	(8,525)

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

Enterprise Funds

Nonmajor Funds	Totals	Governmental Activities - Internal Service Funds
\$ (2,707)	\$ (27,471)	\$ 4,401
1,821	4,446	1,324
	8,525	
(549)	(11,285)	(58)
	(7,693)	
2	(6)	
	(1,709)	
20	(128)	(58)
(107)	9,472	217
335	335	
28	23	
(4,428)	(4,428)	
520	567	(208)
(45)	349	(361)
(4)	(2,067)	1
427	493	(20)
	27,996	2,550
(24)	(24)	152
(2,004)	24,866	3,539
\$ (4,711)	\$ (2,605)	\$ 7,940

73	73	1,773
	650	
12,817	13,257	1,862
59	60	
	(8,258)	1,236

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Fiduciary Funds

Statement of Fiduciary Net Assets

June 30, 2002 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds	Agency Funds
Assets			
Equity in internal investment pool	\$ 1,903	\$ 1,311	\$ 9,277
Cash and cash equivalents	451,658	13	10,864
Investments:			
Investments, at fair value	14,736,511	7,526	
Securities lending	1,985,457		
Receivables, net:			
Employer contributions	29,292		
Employee contributions	24,871		
Investment proceeds	571,520		
Interest and dividends	82,195	19	1
Other	2,055	3	841
Due from other funds	10	41	6,282
Commodity inventory			2,376
Capital assets, net	4,251		
Total Assets	<u>17,889,723</u>	<u>8,913</u>	<u>\$ 29,641</u>
Liabilities			
Warrants payable	256	6	396
Accounts payable and accruals	1,086,914	49	339
Due to other governments			7,092
Due to other funds		79	5,389
Amounts held in custody for others	1,138		16,425
Obligations under securities lending	1,974,227		
Total Liabilities	<u>3,062,535</u>	<u>134</u>	<u>\$ 29,641</u>
Net Assets			
Held in trust for pension benefits and trust beneficiaries	<u>\$ 14,827,188</u>	<u>\$ 8,779</u>	

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



Fiduciary Funds

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 448,386	\$
Plan participant	371,256	7,317
Total Contributions	819,642	7,317
Net Investment Income:		
Net change in fair value of investments	(1,512,060)	(444)
Interest and other investment income, net	468,659	91
Securities lending:		
Income from securities lending	50,192	
Interest expense and trading costs from securities lending	(42,055)	
Managers' fees and trading costs	(21,827)	
Net Investment Loss	(1,057,091)	(353)
Other Additions:		
Rent income	68	
Administrative fees	529	300
License tag fees		212
Other	1	19
Total Other Additions	598	531
Total Additions (Reductions)	(236,851)	7,495
Deductions		
Benefits	919,370	307
Refunds to terminated employees	62,193	
Administrative expenses	8,641	327
Depreciation	182	
Total Deductions	990,386	634
Change in Net Assets	(1,227,237)	6,861
Net Assets - Beginning, as restated	16,054,425	1,918
Net Assets - Ending	\$ 14,827,188	\$ 8,779

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



Component Units

Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

	Universities	Nonmajor	Totals
Assets			
Current assets:			
Equity in internal investment pool	\$ 14,226	\$ 2,019	\$ 16,245
Cash and cash equivalents	210,707	13,944	224,651
Investments	80,488	19,891	100,379
Receivables, net	161,456	1,708	163,164
Due from other governments		391	391
Due from primary government	39,901	206	40,107
Inventories	22,452	470	22,922
Prepaid items	9,735	282	10,017
Loans and notes receivable, net	10,753	8	10,761
Other assets	12,098	5	12,103
Total Current Assets	561,816	38,924	600,740
Restricted assets:			
Cash and cash equivalents	92,504		92,504
Investments	109,986	7,213	117,199
Total Restricted Assets	202,490	7,213	209,703
Noncurrent assets:			
Investments	175,446		175,446
Due from other governments		103	103
Loans and notes receivable, net	86,095		86,095
Capital assets, net	1,476,591	76,733	1,553,324
Other assets	8,945		8,945
Total Noncurrent Assets	1,747,077	76,836	1,823,913
Total Assets	2,511,383	122,973	2,634,356
Liabilities			
Current liabilities:			
Warrants payable	75		75
Accounts payable and other liabilities	102,685	2,420	105,105
Due to primary government	999		999
Deposits		2,144	2,144
Deferred revenues	33,097		33,097
Bonds and notes payable	10,873	869	11,742
Lease obligations payable	5,830	107	5,937
Other liabilities	17,055	31	17,086
Total Current Liabilities	170,614	5,571	176,185
Noncurrent liabilities:			
Deposits	2,210		2,210
Bonds and notes payable	311,976	2,983	314,959
Lease obligations payable	15,668	650	16,318
Other liabilities	91,395	378	91,773
Total Noncurrent Liabilities	421,249	4,011	425,260
Total Liabilities	591,863	9,582	601,445
Net Assets			
Invested in capital assets, net of related debt	1,134,237	72,089	1,206,326
Restricted for:			
Other purposes		10,490	10,490
Permanent endowments:			
Expendable	359,416		359,416
Nonexpendable	80,941		80,941
Unrestricted	344,926	30,812	375,738
Total Net Assets	\$ 1,919,520	\$ 113,391	\$ 2,032,911

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

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Component Units

Statement of Activities

For the Year Ended June 30, 2002 (Expressed in Thousands)

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Universities	Nonmajor	Total
Universities	\$ 1,830,294	\$ 775,595	\$ 523,902	\$ 15,433	\$ (515,364)	\$	\$ (515,364)
Nonmajor	25,629	20,750	3,486	3,350		1,957	1,957
Total	\$ 1,855,923	\$ 796,345	\$ 527,388	\$ 18,783	(515,364)	1,957	(513,407)
General revenues:							
					11,787	1,644	13,431
					22,361	966	23,327
					620,706		620,706
					5,755		5,755
				Total General Revenues and Contributions	660,609	2,610	663,219
				Change in Net Assets	145,245	4,567	149,812
				Net Assets - Beginning, as restated	1,774,275	108,824	1,883,099
				Net Assets - Ending	\$ 1,919,520	\$ 113,391	\$ 2,032,911

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

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Notes to the Financial Statements

June 30, 2002

Note 1 - Significant Accounting Policies

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

- A. Basis of Presentation** - The accompanying financial statements of the State have been prepared in conformity with 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.
- B. Financial Reporting Entity** - For GAAP financial reporting purposes, the State's reporting entity includes all funds of the State's various commissions, departments, boards, elected officials, universities, and other organizational units (hereinafter referred to collectively as "agencies"). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government.

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 five pension trust funds and one agency fund are reported as part of the State using the blended component method. The funds were audited by independent auditors for the period ended June 30, 2002, and their report, dated October 28, 2002, 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 a separate column of the government-wide financial statements. The State reports the following major discretely presented component unit:

Universities - The Board of Trustees of State Institutions of Higher Learning (IHL), appointed by the primary government, consists of Alcorn State University, Delta State University, Jackson State University, Mississippi State University, Mississippi University for Women, Mississippi Valley State University, the University of Southern Mississippi and the University of Mississippi. IHL is a body politic and corporate. IHL is funded through state appropriations, tuition, federal grants, and private donations and grants.

The State reports the following nonmajor discretely presented component units:

Mississippi Business Finance Corporation - 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. However, MBFC and the State work together, providing support, one to the other, in developing the state economically. Therefore, it would be misleading not to include this entity as a discretely presented component unit.

Mississippi Coast Coliseum Commission - This is a political subdivision of the state. Expenditures are subject to legislative budget approvals. The commission is responsible for establishing, promoting, developing, locating, constructing, maintaining and operating a multi-purpose coliseum and related facilities within Harrison County, Mississippi.



Mississippi Development Bank - This is a legally separate entity created and established as a body corporate and politic. The primary government is not able to impose its will on the bank and there is not a financial benefit/burden relationship. However, the bank and the State work together, providing support, one to the other, in developing the state economically. Therefore, it would be misleading not to include this entity as a discretely presented component unit.

Mississippi Prison Industries - 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 - 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 - 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 - 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 - 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.

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 related organizations, but the primary government's accountability for these related organizations does not extend beyond making the appointments. These related organizations are Mississippi Hospital Equipment and Facilities Authority, Mississippi Home Corporation and Mississippi Industries for the Blind.

C. Government-wide and Fund Financial Statements

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

The Statement of Net Assets is a statement of position, which presents all of the State's nonfiduciary assets and liabilities, with the difference reported as net assets. GAAP requires that net assets be subdivided into three categories:

Invested in capital assets, net of related debt - capital assets net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - assets that are not classified as invested in capital assets, net of related debt or restricted net assets.



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

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

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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

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

The State reports the following major governmental funds:

The General Fund is the principal operating fund of the State. It accounts for 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. 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.

The Health Care Fund accounts for monies received from the settlement of a lawsuit against tobacco companies by the state. The principal and income derived from investments are expended exclusively for health care purposes by various agencies.

The Capital Projects Fund accounts for transactions related to resources obtained and used for acquisition, construction or improvement of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and operating transfers from the General Fund.

The State reports the following major enterprise funds:

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

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

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

Additionally, the State reports the following fund types:

Governmental Funds:

Special Revenue Funds account for transactions related to resources obtained from specific revenue sources that are legally restricted to expenditures for specific purposes such as, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service Funds account for transactions related to resources obtained and accumulated to pay interest and principal on general long-term debt.

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

Proprietary Funds:

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

Internal Service Funds account for the operations of state agencies that render services and provide goods to other state agencies or governmental units on a cost-reimbursement basis. These activities include personnel services, information technology, and risk management. In the government-wide financial statements, Internal Service funds are included with governmental activities.

Fiduciary Funds:

Pension Trust Funds account for transactions, assets, liabilities and net assets available for plan benefits of the State's Public Employee Retirement Systems and the State's Deferred Compensation Plan.

Private-purpose Trust Funds account for resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

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.

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

In accordance with IHL policy, U. S. Government securities and agencies, and repurchase agreements with a maturity date within 90 days of the date acquired are included as cash and cash equivalents for the Universities, a major component unit.

- F. Investments** - Investments are recorded at fair value in accordance with GASB Statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned.

Investments of the pension trust funds are stated at fair 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 fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the Public Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the fair 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 the Statement of Fiduciary Net Assets. 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 fair value and are included in the categories of U. S. Government securities and agencies and corporate and international obligations in the Note 4 disclosure.

- G. **Receivables** - Receivables represent amounts due to the State for revenues earned that will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as "current" and amounts expected to be collected beyond the next fiscal year are classified as "noncurrent." Receivables are reported net of allowances for uncollectible accounts where applicable.
- H. **Interfund Activity** - In general, eliminations have been made to minimize the double-counting of internal activity, including internal service fund type activity on the government-wide financial statements. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

- I. **Interfund Balances** - Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities. Fiduciary funds' receivables and payables have been reclassified to accounts receivable and accounts payable, respectively, on the government-wide Statement of Net Assets.
- J. **Inventories** - Inventories of supplies and materials are stated at cost, generally using the first-in, first-out method. Cost of inventories held for use by the Department of Transportation is determined by weighted average methods. Inventories of supplies and materials of governmental funds are recorded as expenditures when purchased rather than when consumed. 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** - Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.
- L. **Capital Assets** - Capital assets are reported, net of depreciation, in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their fair market value on the date of donation. Classes of capital assets and their related capitalization thresholds are: land - cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$5,000, infrastructure - \$100,000, and construction in progress - based on the project's class. Infrastructure, such as highways and bridges, is capitalized for the first time in fiscal year 2002. The costs of normal maintenance and repairs that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the estimated service lives of the respective assets. Estimated service lives include 40 years for buildings, 20 years for land improvements, 5 to 15 years for machinery and equipment, 3 years for computer equipment, 5 to 15 years for heavy and outdoor equipment, and 3 to 10 years for vehicles. The estimated service life varies from 8 to 50 years for infrastructure, based on the individual asset.

- M. **Risk Management - Claims Payable** - 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. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments due to immateriality.



- 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 for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported as "Other Liabilities" in the government-wide financial statements, as well as proprietary and fiduciary fund financial statements. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The State uses the last-in, first-out method of recognizing use of compensated absences. The reported liability applicable to all funds includes the related fringe benefits that the State as employer is required to pay when the accrued compensated absences are liquidated.

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

- O. Deferred Revenue** - In the government-wide and proprietary fund financial statements, deferred revenue is recognized when assets are received prior to being earned, as when grant monies are received prior to the incurrence of qualifying expenditures or for food stamps held pending distribution. In the governmental fund financial statements, deferred revenue is recognized when revenue is unearned or unavailable.
- P. Claims and Benefits Payable** - Claims and benefits payable represents the current and long-term portions of the actuarially determined present value of future tuition obligations in the Prepaid Affordable College Tuition Fund. The Unemployment Compensation Fund reports a current liability for amounts incurred prior to the reporting date.
- Q. Net Assets/Fund Balance** - The difference between fund assets and liabilities is "Net Assets" on government-wide, proprietary, and fiduciary fund financial statements, and "Fund Balance" on governmental fund financial statements.

Fund balances of governmental funds 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. Examples include reserves for encumbrances, inventories and long-term portion of due from other governments. Unreserved fund balances reflect the balances available for appropriation for the general purposes of the fund.

Designations of unreserved fund balances of governmental funds are established to reflect tentative plans for future utilization of current financial resources. These balances are not available for appropriation by the State Legislature unless enabling legislation is approved. Examples include debt service, special treasury accounts and Working Cash Stabilization Reserve Account.

- R. 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.
- S. Bond Premiums/Discounts** - Bond proceeds, premiums and discounts are reported as an other financing source or use in the governmental fund financial statements. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable unamortized bond premium or discount.

Note 2 - Other Accounting Disclosures

- A. Deficit Fund Balance/Net Assets** - At June 30, 2002, the Prepaid Affordable College Tuition Fund (a major enterprise fund) has deficit net assets of \$35,579,000. The deficit is a result of actuarial accruals of benefits exceeding tuition receipts and a result of the continuing decline in the stock market's performance. Within the Risk Management Fund (an internal service fund), the health and life benefits account has deficit net assets of \$24,810,000 as a result of actuarial accruals of claims exceeding revenues from previous years. The tort claims account and the unemployment benefits account also have deficit net assets of \$36,000 and \$59,000, respectively. These deficits are the result of transfers mandated by the State Legislature. The other risk management accounts have positive net assets of \$5,000,000 creating net deficit assets of \$19,905,000 in the Risk Management Fund. The Alcohol Abuse Program Fund (a nonmajor special revenue fund) has a deficit fund balance of \$122,000. This deficit is a result of fund expenditures in excess of fund revenues.



B. Fund Balances - Fund balances, unreserved - designated on the Governmental Funds Balance Sheet are explained as follows (amounts expressed in thousands):

	Governmental Funds				Total
	General	Health Care	Capital Projects	Nonmajor Funds	
Fund balances, unreserved - designated:					
Debt service	\$ 60,537	\$	\$ 4,021	\$ 65,213	\$ 129,771
Education	2,458				2,458
Road and highway construction	487,716				487,716
Future capital projects			403,660		403,660
Working cash stabilization reserve	99,399				99,399
Special treasury accounts	344,372				344,372
Future loans	66,592			3,667	70,259
Energy programs				5,404	5,404
Port improvements	6,554				6,554
Health care		605,619			605,619
Total	\$ 1,067,628	\$ 605,619	\$ 407,681	\$ 74,284	\$ 2,155,212

C. Restatements of Fund Balance/Net Assets - During fiscal year 2002, the State implemented the following standards issued by GASB:

GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*

GASB Statement No. 35 - *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*

GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*

GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*

GASB Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

Statement No. 34, as amended by Statement No. 37, establishes new financial reporting standards for state and local governments. The new requirements represent significant changes in the financial reporting model used by state governments, including changes to reporting funds and financial statement formats. As a result, fund reclassifications and adjustments to the fund equities reported in the prior year financial statements were required. In addition, governments are also required to report government-wide financial statements, prepared using the accrual basis of accounting and the economic resources measurement focus.

Statement No. 35 establishes accounting and financial reporting standards for public colleges and universities within the reporting guidelines of Statement No. 34.

Statement No. 38 requires certain note disclosures when Statement No. 34 is implemented.

Interpretation No. 6 clarifies the application of existing standards for modified accrual recognition of certain liabilities and expenditures in the governmental fund financial statements.

The provisions of these new standards have been incorporated into the financial statements and accompanying notes. Changes to previously reported fund equities were made primarily due to the implementation of the new standards.

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The following table summarizes the reclassifications and adjustments to the fund equities (amounts expressed in thousands):

	June 30, 2001 As Previously Reported	Fund and Account Group Reclassifications	Prior Period Adjustments	June 30, 2001 As Restated
Governmental Funds and Governmental Activities				
Major Funds:				
General	\$ 1,963,805	\$ 94	\$	\$ 1,963,899
Health Care		620,911		620,911
Capital Projects	397,713			397,713
Nonmajor Funds:				
Special Revenue	760,571	(620,911)		139,660
Debt Service	33,872			33,872
Permanent		44,387	(1)	44,386
Total Governmental Funds	3,155,961	44,481	(1)	3,200,441
Governmental Activities:				
Capital assets, net		1,888,938	5,531,808	7,420,746
Long-term liabilities		(2,704,876)		(2,704,876)
Internal service		(10,798)		(10,798)
Total Governmental Funds and Governmental Activities	\$ 3,155,961	\$ (782,255)	\$ 5,531,807	\$ 7,905,513
Proprietary Funds and Business-type Activities				
Major Enterprise Funds:				
Unemployment Compensation	\$	\$ 727,715	\$ 7,592	\$ 735,307
Port Authority at Gulfport	97,350		(2,744)	94,606
Prepaid Affordable College Tuition	(16,262)			(16,262)
Nonmajor Enterprise Funds	178,217		(5,040)	173,177
Internal Service Funds	(10,798)	10,798		0
Total Proprietary Funds and Business-type Activities	\$ 248,507	\$ 738,513	\$ (192)	\$ 986,828
Fiduciary Funds				
Expendable Trust:				
Deferred Compensation Plan	\$ 606,418	\$ (606,418)	\$	\$ 0
Unemployment Compensation	727,715	(727,715)		0
Affordable College Savings	865	(865)		0
Other	33	(33)		0
Total Expendable Trust	1,335,031	(1,335,031)		0
Nonexpendable Trust:				
Education Improvement Trust	38,432	(38,432)		0
Other	7,069	(7,069)		0
Total Nonexpendable Trust	45,501	(45,501)		0
Pension Trust:				
Deferred Compensation Plan		606,418		606,418
Other	15,448,007			15,448,007
Total Pension Trust	15,448,007	606,418		16,054,425
Private-purpose Trust:				
Affordable College Savings		865		865
Memorial Burn Center		1,053		1,053
Total Private-purpose Trust		1,918		1,918
Total Fiduciary Funds	\$ 16,828,539	\$ (772,196)	\$ 0	\$ 16,056,343

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	June 30, 2001 As Previously Reported	Fund and Account Group Reclassifications	Prior Period Adjustments	June 30, 2001 As Restated
Accounts Groups				
General Fixed Assets	\$ 1,888,938	\$ (1,888,938)		\$ 0
General Long-term Obligations	(2,704,876)	2,704,876		0
Total Account Groups	<u>\$ (815,938)</u>	<u>\$ 815,938</u>	<u>0</u>	<u>\$ 0</u>
Component Units	<u>\$ 2,714,026</u>		<u>\$ (830,927)</u>	<u>\$ 1,883,099</u>

Note 3 - Interfund Transactions

At June 30, 2002, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Due From	Due To				
	General	Health Care	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds
Governmental Funds:					
General	\$	\$ 1,610	\$ 49	\$ 12,806	\$ 2,724
Health Care	2,898				
Nonmajor Governmental Funds	1,603		1,997	151	113
Internal Service Funds					2
Proprietary Funds:					
Unemployment Compensation				243	
Nonmajor Enterprise Funds	403			966	4
Fiduciary Funds	3,054			1,831	
Total	<u>\$ 7,958</u>	<u>\$ 1,610</u>	<u>\$ 2,046</u>	<u>\$ 15,997</u>	<u>\$ 2,843</u>

(Continued Below)

Due From	Due To			
	Unemployment Compensation	Nonmajor Enterprise Funds	Fiduciary Funds	Total
Governmental Funds:				
General	\$	\$ 30	\$ 6,312	\$ 23,531
Health Care				2,898
Nonmajor Governmental Funds	8	476	11	4,359
Internal Service Funds	257			259
Proprietary Funds:				
Unemployment Compensation				243
Nonmajor Enterprise Funds				1,373
Fiduciary Funds		573	10	5,468
Total	<u>\$ 265</u>	<u>\$ 1,079</u>	<u>\$ 6,333</u>	<u>\$ 38,131</u>

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

Not included in the table above are the following interfund loans: \$1,800,000 due from the Yellow Creek Inland Port Authority Fund (a nonmajor enterprise fund) to the General Fund for construction of a new building and \$6,000 from the Employment Services Fund (a nonmajor governmental fund) to the Unemployment Compensation Fund for the renovation of an office building. These amounts are not expected to be repaid within one year.

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At June 30, 2002, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

Due From	Due To						
	Primary Government				Component Units		
	General	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Universities	Nonmajor	Total
Primary Government:							
General	\$	\$	\$	\$	\$ 39,383	\$ 158	\$ 39,541
Nonmajor Governmental Funds					518	37	555
Internal Service Funds Nonmajor Enterprise Funds						6	6
						5	5
Component Units:							
Universities	828	120	2	49			999
Total	\$ 828	\$ 120	\$ 2	\$ 49	\$ 39,901	\$ 206	\$ 41,106

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

At June 30, 2002, interfund transfers consisted of (amounts expressed in thousands):

Transfer From	Transfer To						Total
	General	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Port Authority at Gulfport	Nonmajor Enterprise Funds	
Governmental Funds:							
General	\$	\$ 10,118	\$ 250,391	\$ 482	\$ 2,369	\$ 7,806	\$ 271,166
Health Care	1,262	1,700					2,962
Capital Projects	3,844		26,302				30,146
Nonmajor Governmental Funds	46,312		2,752			2,201	51,265
Internal Service Funds	8,400						8,400
Proprietary Funds:							
Port Authority at Gulfport	50						50
Nonmajor Enterprise Funds	11	175	1,115				1,301
Total	\$ 59,879	\$ 11,993	\$ 280,560	\$ 482	\$ 2,369	\$ 10,007	\$ 365,290

Interfund transfers are primarily used to 1) move revenues from funds required to collect them to funds required to expend them, 2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) transfer capital facility construction and debt service expenditures to the funds making the payments.

During fiscal year 2002, the State Legislature authorized the following transfers to subsidize lower than expected revenues:

\$2,500,000 from the Banking and Consumer Finance Fund (nonmajor governmental fund) to the General Fund,
 \$5,400,000 from the Other Regulatory Agencies Fund (nonmajor governmental funds) to the General Fund, and
 \$8,400,000 from the Risk Management Fund (an internal service fund) to the General Fund.

Also, the State Legislature mandated that \$2,066,000 be transferred from the General Fund to the Emergency Management Fund (nonmajor governmental fund) for disaster assistance.



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.

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. 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 mortgagors. In essence, as principal payments are made, cash is received, and the par value of the securities is reduced.

Funds in the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account are invested by the State Treasurer as authorized by Sections 27-103-203 and 7-9-103, respectively, Mississippi Code Ann. (1972). As a result of the settlement of the State of Mississippi's lawsuit against tobacco companies, House Bill 519 General Laws of the 1999 Legislative Session created the Health Care Trust Fund Board (the Board) and named the State Treasurer as chairman. The Board is authorized to invest funds in the Health Care Trust Account under Section 43-13-409, Mississippi Code Ann. (1972). The Public Employees' Retirement System (the System) is authorized to invest funds under Section 25-11-121, Mississippi Code Ann. (1972). The State Treasurer, for the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account; the Board; and the System are authorized 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 A or better as rated by Standard & Poor's Corporation or by Moody's Investors Service. The Board and the System may invest in corporate bonds of Grade BBB/Baa 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;

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



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.

In addition, the Board and the System are authorized to invest in the following:

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

Shares of stock, common and/or preferred, of corporations created by or existing under the laws of the 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 and the System.

Public Employees' Retirement System - During fiscal year 2002, the System invested exclusively in asset/liability based derivatives such as interest-only strips, principal-only strips and collateralized mortgage obligations. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields. Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are sensitive to prepayments by mortgagors which may result from a decline in interest rates.

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 fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

Asset-backed securities are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, asset-backed securities have been structured as pass-throughs and as structures with multiple bond classes.

Credit risk for derivatives held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System. The System's policy requires that the credit quality of the underlying asset must be rated A or better by Moody's Investors Service or Standard and Poor's Corporation.

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 for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2002, 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 fair value and accrued income of the securities lent. In the event the collateral fair value falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. 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 the securities lent. All securities on loan can be terminated on demand by either the System or the borrower, although the average term of these loans was 85 days at June 30, 2002. 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 368 days with a duration (a calculation based on timing of expected future cash flows) of 54 days.

Securities lent at year end for cash collateral are presented as unclassified in the following schedule of custodial credit risk; securities lent for non-cash collateral are classified according to the credit risk 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 owed the borrowers exceeded the amount the borrowers owed the System. At June 30, 2002, the aggregate cost of securities lending holdings, including accrued interest was \$1,981,231,000 (fair value of \$1,988,176,000) and the aggregate fair value, including accrued interest, of the underlying securities lent was \$1,892,163,000. The value of the collateral pledged by borrowers at year end was \$1,979,951,000.

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

Effective July 1, 2001, Section 27-105-5, Mississippi Code Ann. (1972) authorized the State Treasurer to implement a statewide collateral pool program which secures all state and local public funds deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured.

Section 27-105-5, Mississippi Code Ann. (1972) establishes the requirements for a financial institution to be approved as a qualified public funds depository. Generally, financial institutions make annual application to the State Treasurer for state funds by signing a contract and supplying the financial report as provided to its regulatory authority to assure the statutory required 5 1/2 percent primary capital to total assets ratio. When so approved by the State Treasurer, the financial institution is required to place on deposit with the State Treasurer collateral equal to at least 105 percent of the amount of public funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Collateral may be held by a third party custodian, with approval of the State Treasurer, if conditions are met which protect the State's interests.

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

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

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Under the criteria established by the Guaranty Pool Board, an approved guaranty pool member may meet its 105 percent security requirement by depositing eligible collateral with the State Treasurer (or an approved custodian) equal to at least 75 percent of the average daily balance of the public funds on deposit in excess of the portion insured by the FDIC and entering into an agreement of contingent liability with the State Treasurer for the remaining 30 percent. The agreement provides that if a loss to a public depositor in the guaranty pool is not covered by deposit insurance and the proceeds from the sale of securities pledged by the defaulting depository, the difference will be provided by an assessment against other guaranty pool members on a pro rata basis.

The carrying amount of the primary government's total cash deposits as of June 30, 2002, was \$1,212,474,000 and the corresponding bank balances which are represented by collected funds, were \$1,218,898,000.

The statewide collateral pool cash deposits reported by the financial institutions as of June 30, 2002, was \$3,905,703,000. Of this amount, \$2,130,367,000 was covered by federal depository insurance, the guaranty pool described above, or by collateral held by the State's agent in the name of the state. In addition, \$1,774,329,000 was collateralized with securities held by a pledging financial institution's agent in the State's name, while \$1,007,000 was uninsured and uncollateralized.

The carrying amount of the primary government's cash deposits within the statewide collateral pool, as of June 30, 2002, was \$756,451,000 and the corresponding bank balances, which are represented by collected funds, were \$760,365,000.

The carrying amount of the component units' cash deposits within the statewide collateral pool, as of June 30, 2002, was \$304,261,000, and the corresponding bank balances, which are represented by collected funds, were \$345,696,000.

The carrying amount of the primary government's cash deposits, which are not included in the statewide collateral pool, as of June 30, 2002, was \$456,023,000 and the corresponding bank balances, which are represented by collected funds, were \$458,533,000. 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 \$4,422,000. In addition, \$17,781,000 was collateralized with securities held by a pledging financial institution's agent in the primary government's name, while \$436,330,000 was collateralized with securities held by a pledging financial institution not in the primary government's name.

Investments

The following tables present the fair value of investments by type and categorizes the fair value as follows:

Category 1 are those that are insured or registered, or securities held by the State or its agent in the State's name;

Category 2 are those that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name;

Category 3 are those that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

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At June 30, 2002, the primary government's investments consisted of (amounts expressed in thousands):

	Category			Fair Value
	1	2	3	
Investments:				
Commercial paper	\$ 125,218		\$ 1,227,163	\$ 1,352,381
Repurchase agreements	394,681	748,306		1,142,987
U. S. Government securities and agencies	5,004,131	24,218	739,528	5,767,877
International currency			18,766	18,766
Mortgage and asset backed securities	7,417			7,417
Corporate and international obligations	137,679	5,435		143,114
Corporate and international equities	8,263,296			8,263,296
Municipal obligations	5,926			5,926
	<u>\$ 13,938,348</u>	<u>\$ 777,959</u>	<u>\$ 1,985,457</u>	16,701,764
Investments in mutual funds				117,630
Investments held by broker - dealers under securities loans with cash collateral:				
U. S. Government securities and agencies				1,252,772
Equity securities				210,815
International equity securities				418,657
International group equity trust				138,860
Deferred compensation plan pooled investments:				
Fixed and variable investments				324,562
Balanced asset fund				23,851
Fixed income fund				17,461
Life insurance contracts				633
International equity fund				93,061
Mutual funds				10,360
Total Investments				<u>\$ 19,310,426</u>

In addition to the deposits and investments described above, the primary government had approximately \$719,723,000 on deposit with the United States Government. These funds represent unemployment insurance taxes collected from employers that are held by the U. S. Treasury.

At June 30, 2002, the component units' investments consisted of (amounts expressed in thousands):

	Category			Fair Value
	1	2	3	
Investments:				
U. S. Government securities and agencies	\$ 75,495	\$ 78,972	\$ 992	\$ 155,459
Corporate equities	15,062	2,092	7,122	24,276
Other debt securities	14,085	1,000		15,085
Real estate	3,340			3,340
Money market funds	533			533
Investment management funds	7,738	12,149		19,887
	<u>\$ 116,253</u>	<u>\$ 94,213</u>	<u>\$ 8,114</u>	218,580
Investments in mutual funds				40,233
Investments in money market funds				2,001
Investment management funds				66,491
Land grant				606
Total Investments				<u>\$ 327,911</u>

In addition to the deposits and investments described above, the component units' reported \$77,678,000 as cash and cash equivalents consisting of \$48,285,000 in United States Government securities and repurchase agreements that were uninsured and unregistered with securities held by the counterparty's trust department or agent in the name of the component unit, and \$29,393,000 in mutual funds.

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Note 5 - Receivables

At June 30, 2002, receivables consisted of (amounts expressed in thousands):

	Governmental Funds					Fiduciary Receivables Reclass	Total Governmental Activities
	General	Health Care	Capital Projects	Nonmajor Funds	Internal Service		
Accounts	\$ 107,341	\$ 172	\$	\$ 5,886	\$ 101	\$ 4,885	\$ 118,385
Taxes:							
Sales	207,813						207,813
Income	103,406						103,406
Gasoline	35,689						35,689
Other	105,619						105,619
Interest and dividends	7,844	1,494	1,983	1,655	282		13,258
Other	407						407
Gross receivables	568,119	1,666	1,983	7,541	383	4,885	584,577
Allowance for uncollectibles	(46,738)						(46,738)
Receivables, net	\$ 521,381	\$ 1,666	\$ 1,983	\$ 7,541	\$ 383	\$ 4,885	\$ 537,839
Amounts not scheduled for collection in subsequent year	\$ 22,192						\$ 22,192

	Business-type Activities					Total Business- type Activities
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor Funds	Fiduciary Receivables Reclass	
Accounts	\$ 11,313	\$ 1,514	\$	\$ 2,009	\$ 573	\$ 15,409
Assessments	46,746					46,746
Interest and dividends		231	433	526		1,190
Gross receivables	58,059	1,745	433	2,535	573	63,345
Allowance for uncollectibles	(5,737)			(107)		(5,844)
Receivables, net	\$ 52,322	\$ 1,745	\$ 433	\$ 2,428	\$ 573	\$ 57,501

	Component Units		
	Universities	Nonmajor	Total
Accounts	\$ 1,147,933	\$ 1,565	\$ 1,149,498
Interest	843	143	986
Gross receivables	1,148,776	1,708	1,150,484
Allowance for uncollectibles	(987,320)		(987,320)
Receivables, net	\$ 161,456	\$ 1,708	\$ 163,164



Note 6 - Due From Other Governments

At June 30, 2002, due from other governments consisted of (amounts expressed in thousands):

	<u>Governmental Funds</u>			<u>Total Governmental Activities</u>
	<u>General</u>	<u>Nonmajor Funds</u>	<u>Internal Service</u>	
Due from other governments	\$ 632,194	\$ 41,341	\$ 85	\$ 673,620
Allowance for uncollectibles	(19)			(19)
Due from other governments, net	<u>\$ 632,175</u>	<u>\$ 41,341</u>	<u>\$ 85</u>	<u>\$ 673,601</u>
Amounts not scheduled for collection in subsequent year	<u>\$ 347,791</u>	<u>\$ 8,812</u>		<u>\$ 356,603</u>

Note 7 - Loans and Notes Receivable

At June 30, 2002, loans and notes receivables consisted of (amounts expressed in thousands):

	<u>Governmental Activities</u>		
	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Loans and notes receivable	\$ 178,134	\$ 1,876	\$ 180,010
Allowance for uncollectibles		(539)	(539)
Loan and notes receivable, net	<u>\$ 178,134</u>	<u>\$ 1,337</u>	<u>\$ 179,471</u>
Amounts not scheduled for collection in subsequent year	<u>\$ 158,881</u>	<u>\$ 922</u>	<u>\$ 159,803</u>

	<u>Component Units</u>		
	<u>Universities</u>	<u>Nonmajor</u>	<u>Total</u>
Loans and notes receivable	\$ 110,392	\$ 8	\$ 110,400
Allowance for uncollectibles	(13,544)		(13,544)
Loans and notes receivable, net	<u>\$ 96,848</u>	<u>\$ 8</u>	<u>\$ 96,856</u>
Amounts not scheduled for collection in subsequent year	<u>\$ 86,095</u>		<u>\$ 86,095</u>



Note 8 - Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2002, was as follows (expressed in thousands):

	Beginning Balance as restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 169,424	\$ 9,960	\$ 2,079	\$ 177,305
Construction in progress	2,913,121	739,727	848,921	2,803,927
Total capital assets not being depreciated	3,082,545	749,687	851,000	2,981,232
Capital assets being depreciated:				
Buildings	1,018,020	135,571	411	1,153,180
Land improvements	61,651	6,797	420	68,028
Machinery and equipment	388,453	33,694	19,782	402,365
Infrastructure	5,435,281	688,194	107,550	6,015,925
Total capital assets being depreciated	6,903,405	864,256	128,163	7,639,498
Less accumulated depreciation for:				
Buildings	225,503	20,922	258	246,167
Land improvements	25,553	2,056	203	27,406
Machinery and equipment	240,877	38,273	16,422	262,728
Infrastructure	2,069,342	198,438	107,550	2,160,230
Total accumulated depreciation	2,561,275	259,689	124,433	2,696,531
Total capital assets being depreciated, net	4,342,130	604,567	3,730	4,942,967
Governmental activities capital assets, net	\$ 7,424,675	\$ 1,354,254	\$ 854,730	\$ 7,924,199
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,597	\$	\$	\$ 12,597
Construction in progress	16,507	16,661	9,706	23,462
Total capital assets not being depreciated	29,104	16,661	9,706	36,059
Capital assets being depreciated:				
Buildings	80,795	18,998	1,536	98,257
Land improvements	30,388	1,619		32,007
Machinery and equipment	14,716	2,441	100	17,057
Infrastructure	41,078	1,831		42,909
Total capital assets being depreciated	166,977	24,889	1,636	190,230
Less accumulated depreciation for:				
Buildings	15,019	3,477	1,331	17,165
Land improvements	10,731	1,190		11,921
Machinery and equipment	10,488	802	87	11,203
Infrastructure	19,792	3,168		22,960
Total accumulated depreciation	56,030	8,637	1,418	63,249
Total capital assets being depreciated, net	110,947	16,252	218	126,981
Business-type activities capital assets, net	\$ 140,051	\$ 32,913	\$ 9,924	\$ 163,040

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

Governmental activities:

General government	\$	4,187
Education		4,155
Health and social services		11,207
Law, justice and public safety		17,213
Recreation and resources development		11,110
Regulation of business and profession		362
Transportation		208,234
Depreciation on capital assets held by the government's internal service funds is charged to the various functions based on their usage of the assets		1,324
Total depreciation expense - governmental activities	\$	257,792

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

	Project Authorization	Expended To Date	Outstanding Commitment
Governmental activities:			
Department of Transportation	\$ 4,265,583	\$ 2,581,948	\$ 1,684,042
Military Department	25,586	11,916	13,670
Department of Finance and Administration	105,077	64,697	29,551
Educational Television	10,314	2,232	6,579
Department of Corrections	33,910	28,834	5
East Mississippi State Hospital	10,864	10,575	27
Mississippi State Hospital	24,244	2,171	15,590
Department of Education	21,616	15,240	6,110
Department of Archives and History	26,911	21,367	5,024
Mississippi Development Authority	30,943	26,576	4,175
Other projects less than \$10 million	64,341	38,371	20,031
Total governmental activities	4,619,389	2,803,927	1,784,804
Business-type activities:			
Port Authority at Gulfport	32,249	19,538	13,558
Other projects less than \$10 million	4,079	3,924	155
Total business-type activities	36,328	23,462	13,713
Total construction in progress	\$ 4,655,717	\$ 2,827,389	\$ 1,798,517

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Component Units

Capital asset activity for the year ended June 30, 2002, was as follows (expressed in thousands):

	Beginning Balance as restated	Increases	Decreases	Ending Balance
Universities:				
Capital assets not being depreciated:				
Land	\$ 34,599	\$ 2,805	\$ 6	\$ 37,398
Construction in progress	231,862	135,223	179,615	187,470
Total capital assets not being depreciated	266,461	138,028	179,621	224,868
Capital assets being depreciated:				
Buildings	1,093,011	211,939	3,105	1,301,845
Land improvements	139,839	22,925	32,776	129,988
Machinery and equipment	543,561	57,897	21,620	579,838
Total capital assets being depreciated	1,776,411	292,761	57,501	2,011,671
Less accumulated depreciation for:				
Buildings	318,885	28,298	450	346,733
Land improvements	26,509	5,267	3,102	28,674
Machinery and equipment	345,406	46,488	7,353	384,541
Total accumulated depreciation	690,800	80,053	10,905	759,948
Total capital assets being depreciated, net	1,085,611	212,708	46,596	1,251,723
Universities capital assets, net	\$ 1,352,072	\$ 350,736	\$ 226,217	\$ 1,476,591
Nonmajor component units:				
Capital assets not being depreciated:				
Land	\$ 15,018	\$	\$	\$ 15,018
Construction in progress	117	74		191
Total capital assets not being depreciated	15,135	74		15,209
Capital assets being depreciated:				
Buildings	53,607	880	1,120	53,367
Land improvements	39,493	3,840		43,333
Machinery and equipment	30,663	1,436	97	32,002
Total capital assets being depreciated	123,763	6,156	1,217	128,702
Less accumulated depreciation for:				
Buildings	21,032	1,520		22,552
Land improvements	26,913	907		27,820
Machinery and equipment	15,531	1,366	91	16,806
Total accumulated depreciation	63,476	3,793	91	67,178
Total capital assets being depreciated, net	60,287	2,363	1,126	61,524
Nonmajor component units capital assets, net	\$ 75,422	\$ 2,437	\$ 1,126	\$ 76,733

Collections

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



Note 9 - General Obligation and Defeased Bonds and Notes

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 and notes 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 and notes have also been issued to refund certain outstanding bonds of the State in advance and to provide loans to facilitate and promote further economic development in the state. General obligation bonds and notes issued by the State are not subject to variable rates of interest.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U. S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. The State must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt statuses. As of June 30, 2002, no arbitrage rebate liability existed.

Short-Term Financing

During fiscal year 2002, the State issued \$215,000,000 in short-term general obligation notes to provide financial assistance for the Nissan project in Madison County, Mississippi, and to refinance the Taxable General Obligation Notes, Series 2001A. At June 30, 2002, the outstanding short-term notes were \$215,000,000. The final maturity date for these notes is March 2003 with an interest rate of 2.85 percent. Because this short-term debt does not meet long-term financing criteria, it is classified among the liabilities of the primary government's general fund. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2002 are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Mississippi Major Economic Impact Act 2001A	\$ 145,000	\$	\$ 145,000	\$ 0
Mississippi Major Economic Impact Act 2002A		215,000		215,000
	<u>\$ 145,000</u>	<u>\$ 215,000</u>	<u>\$ 145,000</u>	<u>\$ 215,000</u>

Long-Term Financing

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 business-type activities and is therefore recorded in these funds, the State remains contingently liable for its payment. 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, 2002, the Port of Pascagoula's outstanding general obligation bonds are \$4,730,000.

During fiscal year 2002, the State issued three general obligation refunding bonds.

The State issued \$254,915,000 of general obligation refunding bonds to advance refund a portion of five issues. Of this refunding issue, \$253,813,000 is reported in governmental activities and \$1,102,000 is reported in business-type activities. The advance refunding was undertaken to reduce debt service payments over the next 17 years by \$7,291,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$6,362,000.

The State issued \$58,580,000 of taxable general obligation refunding bonds to advance refund a portion of seven issues reported in governmental activities. The advance refunding was undertaken to reduce debt service payments over the next nine years by \$3,912,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$3,841,000.

The State issued \$51,640,000 of general obligation refunding bonds to advance refund a portion of one issue reported in governmental activities. The advance refunding was undertaken to reduce debt service payments over the next six years by \$3,332,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$3,242,000.

The net proceeds of the refunding issues were deposited in an irrevocable trust for the purpose of generating resources for future debt service payments of the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2002, \$1,060,845,000 of outstanding general obligation bonds (including prior years' refundings) are considered defeased.

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At June 30, 2002, the primary government's outstanding general obligation bonds as presented in governmental activities and business-type activities are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Governmental Activities:				
Mississippi Development Bank	\$ 2,365	4.2% - 4.35%	Nov. 2004	\$ 5,000
Archusa Water Park	375	5%	Aug. 2008	481
Port Improvement	15,015	5%	Aug. 2008	19,976
Tech Prep	39,005	5% - 5.5%	Aug. 2008	55,024
Spillway Road Act	4,575	5.75% - 6.25%	Feb. 2011	4,950
Stennis Space Center	32,980	5.75% - 6.5%	Feb. 2011	38,700
Community and Jr. College Telecommunications Network	7,905	5% - 5.25%	May 2011	29,969
Mississippi Land, Water, and Timber Resources	10,000	3.7% - 5.22%	Nov. 2011	10,000
Mississippi Small Municipalities and Limited Population Counties	10,000	3.7% - 5.22%	Nov. 2011	10,000
Mississippi Telecommunication Conference and Training Center Act	2,000	3.7% - 5.22%	Nov. 2011	2,000
Economic Development Highway Act	62,795	5.75% - 8.1%	Sept. 2013	93,862
Mississippi Small Enterprise Development Finance Act	81,883	4.15% - 7.5%	July 2016	176,570
Local Governments Rail Revolving Loan Program	4,360	7% - 8.3%	Sept. 2016	5,000
Mississippi Farm Reform Act	31,945	3.7% - 8.3%	Sept. 2016	88,838
Mississippi Major Economic Impact Act	63,400	5% - 8.3%	Sept. 2016	116,390
Local Governments Water System Improvement Revolving Loan Program	15,636	5.9% - 7.75%	May 2017	20,000
Mississippi Gaming Highway Improvement	308,705	4% - 5.5%	July 2018	325,000
Major Energy Project Development	27,595	5.6% - 6.75%	Oct. 2018	30,000
Mississippi Business Investment Act	79,148	3.7% - 8.3%	Oct. 2018	135,715
Small Business Assistance	11,706	5.6% - 7.125%	Oct. 2018	32,000
Local Governments Capital Improvements Revolving Loan Program	38,303	5% - 8.3%	Nov. 2019	85,000
General Obligation Refunding Bonds	914,678	2.43% - 6%	Dec. 2019	1,034,570
Capital Improvement	678,207	4% - 7.5%	Nov. 2021	1,594,100
Total Governmental Activities	<u>2,442,581</u>			<u>3,913,145</u>
Business-type Activities:				
Port Improvement (Gulfport)	52,417	4% - 6.4%	Dec. 2019	98,355
Total General Obligation Bonds	<u>\$ 2,494,998</u>			<u>\$ 4,011,500</u>

At June 30, 2002, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 155,964	\$ 127,907	\$ 5,010	\$ 2,495
2004	167,141	120,455	5,208	2,241
2005	170,170	111,577	2,494	2,052
2006	174,694	101,999	2,685	1,930
2007	176,178	92,555	2,906	1,796
2008-2012	842,273	319,092	14,675	6,692
2013-2017	558,734	125,326	13,206	3,281
2018-2022	197,427	18,959	6,233	322
	<u>\$ 2,442,581</u>	<u>\$ 1,017,870</u>	<u>\$ 52,417</u>	<u>\$ 20,809</u>



Note 10 - Limited Obligation Bonds

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

In prior years, the State defeased certain outstanding limited obligation bonds of the primary government by depositing the net proceeds of refunding bonds and additional monies from debt service funds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2002, \$100,657,000 of outstanding limited obligation bonds (including prior years' refundings) are considered defeased.

At June 30, 2002, the outstanding limited obligation bonds presented in governmental activities were \$151,535,000. The final maturity date for these bonds is June 2009, with interest rates ranging from 5 to 5.25 percent. The original issue amount of these bonds is \$200,000,000. None of the limited obligation bonds of the state carry variable rates of interest.

At June 30, 2002, future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2003	\$ 19,145	\$ 7,908	\$ 27,053
2004	19,875	6,950	26,825
2005	20,670	5,907	26,577
2006	21,525	4,822	26,347
2007	22,440	3,692	26,132
2008-2009	47,880	3,798	51,678
	<u>\$ 151,535</u>	<u>\$ 33,077</u>	<u>\$ 184,612</u>

Note 11 - Revenue Bonds and Notes

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

At June 30, 2002, revenue bonds and notes outstanding, net of unamortized discounts and premiums are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Primary Government				
Business-type activities:				
Fair Commission bonds	\$ 555	9.3% - 9.45%	Dec. 2005	\$ 1,650
Total Primary Government	<u>\$ 555</u>			<u>\$ 1,650</u>
Component Units				
Universities:				
Bonds	\$ 319,634	0% - 8%	July 2031	\$ 401,326
Notes	3,215	0% - 8.2%	Nov. 2023	4,139
Nonmajor Component Units:				
Bonds	701	3% - 4%	May 2005	5,000
Notes	3,151	3.137% - 6.5%	Jan. 2018	5,153
Total Component Units	<u>\$ 326,701</u>			<u>\$ 415,618</u>

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At June 30, 2002, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Primary Government Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2003	\$ 125	\$ 46	\$ 11,742	\$ 17,128
2004	135	34	11,933	15,578
2005	145	21	12,119	15,098
2006	150	7	13,366	14,589
2007			13,580	13,982
2008-2012			72,528	59,928
2013-2017			73,405	40,562
2018-2022			67,957	22,407
2023-2027			35,276	8,102
2028-2031			14,795	2,037
	<u>\$ 555</u>	<u>\$ 108</u>	<u>\$ 326,701</u>	<u>\$ 209,411</u>

Note 12 - Other Long-term Liabilities

- 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 State Legislature are considered non-cancellable leases for financial reporting purposes.

At June 30, 2002, assets recorded under capital leases are as follows (amounts expressed in thousands):

Asset:	Governmental	Business-type
	Activities	Activities
Buildings	\$ 153,907	\$
Machinery and equipment	16,504	455
Less: accumulated depreciation	(6,847)	(134)
Total	<u>\$ 163,564</u>	<u>\$ 321</u>

Internal service funds predominately serve the governmental funds. Accordingly, internal service capital assets of \$2,340,000 less \$503,000 accumulated depreciation are included in the governmental activities column. The discretely presented component units recorded capital assets acquired through capital leases of \$8,995,000.

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At June 30, 2002, future minimum commitments under capital leases are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
2003	\$ 20,523	\$ 103	\$ 20,626	\$ 6,950
2004	20,259	101	20,360	5,106
2005	17,319	71	17,390	3,959
2006	16,113	30	16,143	2,248
2007	15,158	3	15,161	2,329
2008-2012	72,831		72,831	4,339
2013-2017	61,038		61,038	1,524
2018-2020	14,432		14,432	
Total Minimum Lease Payments	237,673	308	237,981	26,455
Less Interest	75,284	25	75,309	4,200
Present Value of Net Minimum Lease Payments	\$ 162,389	\$ 283	\$ 162,672	\$ 22,255

Internal service future minimum lease payments of \$1,693,000 less interest of \$72,000 are included in the governmental activities column.

- B. Compensated Absences** - The State's liability for compensated absences at June 30, 2002 was \$89,727,000 for governmental activities and \$703,000 for business-type activities. Internal service compensated absences of \$1,014,000 are included in governmental activities. The component units reported a liability of \$61,922,000 for compensated absences, of which \$61,381,000 was for the Universities. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-N).
- C. Notes Payable and Certificates of Participation** - The State's liabilities for notes payable and certificates of participation at June 30, 2002 were \$6,891,000 and \$2,905,000, respectively, for governmental activities. These notes payable were issued for financing software development and energy efficiency improvements. Certificates of participation were issued for the purchase of a building.

At June 30, 2002, future debt service requirements for notes payable and certificates of participation are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities			
	Certificates of Participation		Notes Payable	
	Principal	Interest	Principal	Interest
2003	\$ 100	\$ 157	\$ 2,954	\$ 264
2004	105	150	602	189
2005	115	142	629	162
2006	125	134	658	133
2007	130	126	636	102
2008-2012	770	521	960	269
2013-2017	990	293	452	39
2018	570	15		
	\$ 2,905	\$ 1,538	\$ 6,891	\$ 1,158



Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2002 are summarized below (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds (Note 9)	\$ 2,274,822	\$ 777,268	\$ 609,509	\$ 2,442,581	\$ 155,964
Limited Obligation Bonds (Note 10)	165,535		14,000	151,535	19,145
Capital Lease Obligations (Note 12)	166,554	6,844	11,009	162,389	11,929
Accrued Compensated Absences (Note 12)	87,047	53,206	50,526	89,727	5,025
Notes Payable (Note 12)	9,425	2,231	4,765	6,891	2,954
Certificates of Participation (Note 12)	3,000		95	2,905	100
	<u>\$ 2,706,383</u>	<u>\$ 839,549</u>	<u>\$ 689,904</u>	<u>\$ 2,856,028</u>	<u>\$ 195,117</u>
Business-type Activities:					
General Obligation Bonds (Note 9)	\$ 58,150	\$ 1,102	\$ 6,835	\$ 52,417	\$ 5,010
Revenue Bonds (Note 11)	670		115	555	125
Accrued Compensated Absences (Note 12)	693	160	150	703	60
Capital Lease Obligations (Note 12)	284	73	74	283	90
Notes Payable (Note 12)	14		14	0	
	<u>\$ 59,811</u>	<u>\$ 1,335</u>	<u>\$ 7,188</u>	<u>\$ 53,958</u>	<u>\$ 5,285</u>

Internal service funds predominantly serve the governmental funds. Therefore, long-term liabilities for internal service funds are included in the governmental activities totals. The beginning and ending balances of governmental activities capital lease obligations include \$515,000 and \$1,621,000, respectively, of internal service funds. The beginning and ending balances of governmental activities accrued compensated absences include \$992,000 and \$1,014,000, respectively, of internal service funds. Also, for the governmental activities, accrued compensated absences are generally paid out of the general fund and special revenue funds.



Note 14 - Bonds and Notes Authorized But Unissued

At June 30, 2002, authorized but unissued bond and note indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized	Authorized But Unissued
General Obligation Bonds and Notes:		
Business Investment Act	\$ 260,000	\$ 45,223
Children's Museums	4,500	2,000
Cultural Development	11,000	6,000
Deer Island Project	10,000	10,000
Economic Development Highway	157,000	63,100
Farish Street Historic District Loans	6,000	6,000
Farm Reform	123,000	22,000
Heritage Preservation	11,750	8,000
Historical Properties	3,700	1,955
Hospitality Station (Coahoma County)	2,500	2,500
Institutions of Higher Learning Equipment	15,000	15,000
Institutions of Higher Learning Facilities	173,550	6,701
Land, Water and Timber Resources	28,000	18,000
Landmark Grant Program	700	700
Local Governments Capital Improvements	108,000	8,000
Local Governments Rail Program	15,000	10,000
Major Economic Impact	533,860	184,470
Master Planned Communities	23,000	23,000
Parks Improvement	20,925	7,773
Pollution Control Loan Program	1,110	1,110
Port Improvement (Gulfport)	80,000	39,085
Port of Gulfport Rail Line	20,000	20,000
Public Facilities Capital Improvement	466,601	203,503
Single Family Residential Housing Loan Program	5,000	5,000
Small Enterprise Development Finance	140,000	58,117
Small Municipalities and Limited Population Counties	20,000	10,000
Soil and Water Commission	8,000	5,500
Telecommunication Center	17,500	15,500
	2,265,696	798,237
Limited Obligation Bonds:		
Education Technology	60,000	60,000
Pascagoula River Bridge	30,000	30,000
State Fire Academy	2,500	300
	92,500	90,300
Revenue Bonds:		
Mississippi Fair Commission	4,000	1,525
Port of Gulfport Rail Line	20,000	20,000
Seed Laboratory	800	800
Veterans' Home Purchase Board	20,000	20,000
	44,800	42,325
	\$ 2,402,996	\$ 930,862



Note 15 - Segment Information

The government issues revenue bonds to finance the Fair Commission, which operates the state fair and coliseum activities. Investors rely on the revenues generated by the Fair Commission's activities for repayment. Summary financial information for the Fair Commission is presented below for the year ended June 30, 2002 (amounts expressed in thousands):

CONDENSED STATEMENT OF NET ASSETS

Assets	
Due from other funds	\$ 19
Due from component units	1
Other current assets	472
Capital assets, net	19,559
Total Assets	<u>20,051</u>
Liabilities	
Due to other funds	128
Other current liabilities	344
Noncurrent liabilities	522
Total Liabilities	<u>994</u>
Net Assets	
Invested in capital assets, net of related debt	18,961
Unrestricted	96
Total Net Assets	<u>\$ 19,057</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Charges for sales and services (pledged against bonds)	\$ 3,943
Other operating revenues	122
Depreciation	(460)
Other operating expenses	(4,242)
Operating Loss	<u>(637)</u>
Nonoperating expenses:	
Interest	(57)
Other	(11)
Capital contributions	2,756
Change in Net Assets	<u>2,051</u>
Total Net Assets - Beginning, as restated	17,006
Total Net Assets - Ending	<u>\$ 19,057</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash used for:	
Operating activities	\$ (169)
Capital and related financing activities	(182)
Net Decrease	<u>(351)</u>
Cash and Cash Equivalents - Beginning	773
Cash and Cash Equivalents - Ending	<u>\$ 422</u>



Note 16 - 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, 2002, total plan assets aggregated \$582,447,000 and are reported as a pension trust fund. Of this amount, \$151,695,000 was applicable to the primary government; \$33,240,000 was applicable to the discretely presented component units, and the remaining \$397,512,000 represents the assets of other jurisdictions participating in the plan.

Note 17 - Retirement Plans

Plan Description

A. General

In accordance with state statutes, Public Employees' Retirement System (PERS) Board of Trustees (System) administers four defined benefit plans. The defined benefit plans are the PERS, a cost-sharing multiple-employer public employee retirement system established in 1953, Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958, the Municipal Retirement Systems (MRS), which are agent multiple-employer defined benefit public employee retirement systems composed of 19 separate municipal retirement and fire and police disability and relief systems, and Supplemental Legislative Retirement Plan (SLRP), a single-employer public employee retirement system established in fiscal year 1990. PERS also administers the Optional Retirement Plan (ORP), a defined contribution plan, but as explained in Note 17B, that plan is not part of the State's reporting entity.

PERS, MHSPRS, MRS and SLRP are considered part of the State of Mississippi's financial reporting entity and are included in the accompanying financial statements as pension trust funds. The purpose of these plans is to provide pension benefits for all state employees, 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 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.

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 5 years and 2 percent for each year of credited service from 5 through 25 years, plus 2 1/4 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.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2002, the total additional annual payments were \$152,477,000.

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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 laws of the State of Mississippi. 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.

Participating employees who withdraw from service at or after age 55 with at least five years of credited service, or after reaching age 45 with at least 20 years of creditable service, or with 25 years of service at any age are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2 1/2 percent of their average compensation during the four highest consecutive years of earnings reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. 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 receive an additional amount equal to 2 1/2 percent of the annual retirement allowance for each full fiscal year of retirement. The System's Board of Trustees may grant an additional percentage in increments of 1/4 percent, up to a maximum of 1 1/2 percent. For the year ended June 30, 2002, the total additional annual payments were \$4,453,000.

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, firefighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. 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.

The retirees and beneficiaries of Municipal plans with provisions for additional payments, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to an additional payment. This payment is equal to the annual percentage change of the Consumer Price Index not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain Municipal plans may adopt an annual adjustment other than one linked to the change in the Consumer Price Index. These additional payments will only be made when funded by the employers. For the year ended June 30, 2002, the total additional annual payments were \$1,248,000.

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, 2002, the total additional annual payments were \$44,000.

Optional Retirement Plan: The membership of 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 in ORP is offered as a recruitment tool for the institutions of higher learning.



Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System will provide for the administration of the ORP program. ORP participants direct the investment of their funds among three investment vendors. Benefits payable to plan participants are not obligations of the State of Mississippi. Such benefits and other rights of participants or their beneficiaries are the liability of the vendors and are governed solely by the terms of the annuity contracts issued by them. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

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, 2002. 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, 2001. 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 and actuarial policies (amounts expressed in thousands):

	PERS	MHSPRS	MRS	SLRP
Contribution rates:				
State	9.75%	26.16%	N/A	6.33%
Other employers	7.75%	N/A	.49 - 9.19 mills	N/A
Plan members	7.25%	6.50%	7.00 - 10.00%	3.00% *
Annual pension cost	\$ 428,122	\$ 5,710	\$ 11,276	\$ 380
Employer contributions made	\$ 428,122	\$ 5,710	\$ 14,197	\$ 380
Actuarial valuation date	June 30, 2002	June 30, 2002	Sept. 30, 2001	June 30, 2002
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	22.5 years	27.3 years	33 years	13.1 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%
Wage inflation rates	4.00%	4.00%	4.00%	4.00%
Projected salary increases	1.00% - 14.00%	5.5% - 10.20%	6.00%	5.00%
Increase in benefits after retirement	3.00% ~	3.00% @	2.00% - 3.75% #	3.00% ~

* In addition to 7.25% required by PERS.

@ Calculated on simple interest basis.

~ Calculated 3% simple interest to age 55, compounded each year thereafter.

Varies depending on municipality.



E. Three-Year Trend Information

The following table provides the employer contribution to PERS, MHSPRS, MRS, and SLRP for the last three fiscal years (amounts expressed in thousands):

	PERS	MHSPRS	MRS*	SLRP
Contributions:				
2000	\$ 407,595	\$ 5,649	\$ 13,775	\$ 411
2001	418,281	5,835	14,157	382
2002	428,122	5,710	14,197	380

* Information furnished for MRS is for the years ended September 30, 1999, 2000 and 2001, respectively.

The annual pension cost is equal to the employer contributions made to the Plans, except for MRS. For each year the contributions met or exceeded the required contributions, except for MRS where the percent contributed was 99.8% and 114.5% of the required contributions for the years ended September 30, 1999 and 2000, respectively. The State makes no contributions to the MRS; therefore, any NPO would belong to the respective municipal entity. For the years ended September 30, 1999, 2000, and 2001, the MRS net pension obligation or net pension asset was not significant.

Note 18 - 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, 2002 were as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2003	\$ 15,011
2004	10,163
2005	5,418
2006	3,684
2007	2,359
2008 - 2012	5,676
2013 - 2017	938
2018 - 2022	308
2023 - 2027	301
2028 - 2032	235
Thereafter	205
Total Minimum Commitments	\$ 44,298

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2002 amounted to \$15,777,000.

B. Contracts

At June 30, 2002, the Department of Transportation had long-term contracts outstanding of approximately \$1,216,820,000 with performance continuing during fiscal year 2003. 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 gasoline and gaming taxes.

The State Aid Road Division had long-term contracts of \$55,803,000 outstanding at June 30, 2002 for construction of state and county roads. These contracts will be paid through the General Fund. Approximately 53 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 \$190,420,000 at June 30, 2002. These contracts will be paid from capital projects funds.



The Military Department had outstanding construction contracts of \$13,670,000 at June 30, 2002. Approximately 56 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 paid through the General Fund.

Certain discretely presented component units have contracted for the construction of various facilities. At June 30, 2002, contracts of \$124,691,000 were outstanding. These contracts will be paid through the Universities with proceeds from long-term financing and institutional funds.

Note 19 - 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 and life benefit coverage through this plan.

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. Although the health and life benefits accounts have deficits as described in Note 2A, the collection of premiums, based on an actuarial estimate, have provided an adequate cash flow for the payment of claims.

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

Claims payments are financed through an annual assessment to all state agencies based on amount of payroll and past loss history. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, as well as the experience of similar programs in other states. Although the tort claims accounts have deficits as described in Note 2A, the collection of premiums, based on an actuarial estimate, have provided an adequate cash flow for the payment of 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. Although the unemployment benefits accounts have deficits as described in Note 2A, the collection of premiums, based on an actuarial estimate, have provided an adequate cash flow for the payment of claims.

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.

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The following table provides a reconciliation of changes in the liabilities for claims for fiscal years 2001 and 2002 (amounts expressed in thousands):

	Health and Life Benefits	Tort Claims	Unemployment Benefits	Workers' Compensation Benefits	Total Risk Management Fund
2001					
Beginning Balance	\$ 74,523	\$ 14,955	\$ 2,920	\$ 23,380	\$ 115,778
Current Year Claims/Changes in Estimates	369,475	5,561	595	12,910	388,541
Claims Payments	(365,026)	(2,360)	(811)	(9,698)	(377,895)
Ending Balance	<u>\$ 78,972</u>	<u>\$ 18,156</u>	<u>\$ 2,704</u>	<u>\$ 26,592</u>	<u>\$ 126,424</u>
2002					
Beginning Balance	\$ 78,972	\$ 18,156	\$ 2,704	\$ 26,592	\$ 126,424
Current Year Claims/Changes in Estimates	397,777	2,882	1,103	11,843	413,605
Claims Payments	(396,852)	(2,768)	(999)	(10,436)	(411,055)
Ending Balance	<u>\$ 79,897</u>	<u>\$ 18,270</u>	<u>\$ 2,808</u>	<u>\$ 27,999</u>	<u>\$ 128,974</u>

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 is party to various legal proceedings that arise in the normal course of governmental operations. The State's legal counsel believes that they will be successful in defending the state and its agencies in a majority of these cases. In the event that they are not successful in defending such cases, they do not believe that the total liability will exceed \$18,643,000. In the opinion of the State, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the state.

Note 21 - Endowments

The State of Mississippi Board of Trustees of the Institutions of Higher Learning (IHL) has established an investment policy regarding endowment funds in accordance with Section 79-11-601 through 79-11-617, Miss. Code Ann. (1972), otherwise known as the Uniform Management of Institutional Funds Act (UMIFA). The UMIFA allows the board to appropriate for expenditure the portion of the net appreciation, realized and unrealized, in the fair value of the assets over the historic dollar value of the fund(s) as is prudent under the facts and circumstances prevailing at the time of the action or decision. In so doing, the law states in part, "they shall consider long and short-term needs of the institution in carrying out its educational, religious, charitable or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions."

In addition to an investment otherwise authorized by law or by applicable gift instrument, and without restriction to investments a fiduciary may make, the IHL Board, subject to any specific limitations as set forth in the applicable gift instrument or in the applicable law other than law relating to investments by a fiduciary, may invest the funds in any other pooled or common fund available for investment, including shares or interests in regulated investment companies, mutual funds, common trust funds, investment partnerships, real estate investment trusts or similar organizations in which funds are commingled and investment determinations are made by persons other than the IHL Board.

The net appreciation of investments of donor-restricted endowments available for expenditure approximated \$4,277,000 at June 30, 2002, and is reported as restricted, expendable net assets in the Universities, a major component unit.



Note 22 - Subsequent Events

During 2002, Mississippi has experienced lower than anticipated revenues, primarily related to individual income tax and interest on investments. As a result, General Fund revenue collections through December of fiscal year 2003 fell below 98 percent of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment. Therefore, pursuant to state law, the Department of Finance and Administration reduced allotments of appropriations for several general fund agencies by 1.6 percent. These budget revisions are expected to reduce the General Fund budget by .625 percent or approximately \$22,000,000 for fiscal year 2003.

The Working Cash Stabilization Reserve Account may be used for cash flow needs throughout the year when the General Fund experiences cash flow deficiencies. As of January 9, 2003, the General Fund has accumulated borrowings outstanding of \$23,952,000 from the Working Cash-Stabilization Reserve Account leaving a balance of \$93,228,000 of which \$19,000,000 is statutorily required to be maintained in this account. In order to comply with state law, the Working Cash Stabilization Reserve Account will be reimbursed by the end of the fiscal year.

Effective July 2002, the State Treasurer is authorized to borrow funds from the Working Cash Stabilization Reserve Account and/or from special funds to offset any temporary cash flow deficiencies in the Budget Contingency Fund. The amount borrowed cannot exceed \$119,200,000 in the aggregate. As of January 9, 2003, the Budget Contingency Fund has accumulated borrowings of \$61,313,000 from special funds. The borrowed funds will be reimbursed from Budget Contingency Fund monies.

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

Tax-exempt, General Obligation Refunding Bonds, Series 2002D totaling \$77,340,000 dated September 1, 2002. The bonds mature serially through the year 2018 at interest rates ranging from 1.6 percent to 5.5 percent.

Tax-exempt, General Obligation Bonds, Capital Improvements Issue, Series 2002 totaling \$162,585,000 dated November 1, 2002. The bonds mature serially through the year 2022 at interest rates ranging from 5 percent to 5.25 percent.

Tax-exempt, General Obligation Bonds, Mississippi Telecommunication Conference and Training Center Act Issue, Series B totaling \$15,500,000 dated November 1, 2002. The bonds mature serially through the year 2017 at interest rates ranging from 3 percent to 5.25 percent.

Tax-exempt, General Obligation Bonds, Deer Island Project Issue totaling \$8,800,000 dated November 1, 2002. The bonds mature serially through the year 2012 at interest rates ranging from 2.75 percent to 3.75 percent.

Taxable, General Obligation Bonds, Mississippi Business Investment Act Issue, Series Y, Small Municipalities and Limited Population Counties Fund, and Land, Water and Timber Resources Fund Projects totaling \$25,250,000 dated November 1, 2002. The bonds mature serially through the year 2012 at interest rates ranging from 3 percent to 4.83 percent.

Taxable, General Obligation Notes, Mississippi Major Economic Impact Act Issue, Series 2002B totaling \$305,000,000 dated December 19, 2002. The notes mature December 1, 2003 at an interest rate of 1.64 percent payable on December 1, 2003.

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Required Supplementary Information

Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds For the Year Ended June 30, 2002 (Expressed in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Sales tax	\$ 1,461,000	\$ 1,461,000	\$ 1,409,318	\$ (51,682)
Individual income tax	1,141,000	1,141,000	994,255	(146,745)
Corporate income and franchise taxes	293,000	293,000	254,304	(38,696)
Use and wholesale compensating taxes	167,000	167,000	158,269	(8,731)
Tobacco, beer and wine taxes	84,200	84,200	86,239	2,039
Insurance tax	106,600	106,600	117,798	11,198
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	45,000	45,000	44,789	(211)
Inheritance tax	28,000	28,000	30,154	2,154
Other taxes	17,000	17,000	19,391	2,391
Interest	40,000	40,000	21,677	(18,323)
Auto privilege, tag and title fees	14,900	14,900	14,035	(865)
Gaming fees	181,200	181,200	164,758	(16,442)
Highway Safety Patrol fees	22,000	22,000	21,387	(613)
Other fees and services	12,400	12,400	15,131	2,731
Miscellaneous	3,000	3,000	4,601	1,601
Court assessments and settlements			10,000	10,000
Special Fund revenues				
Total Revenues	3,616,300	3,616,300	3,366,106	(250,194)
Expenditures by Major Budgetary Function				
Legislative	21,823	21,743	20,393	(1,350)
Judiciary and justice	45,654	44,423	43,967	(456)
Executive and administrative	3,370	3,206	3,139	(67)
Fiscal affairs	68,077	64,915	64,874	(41)
Public education	1,478,134	1,421,225	1,418,139	(3,086)
Higher education	584,617	552,201	552,192	(9)
Public health	34,496	32,771	32,197	(574)
Hospitals and hospital schools	208,489	197,682	197,668	(14)
Agriculture, commerce and economic development	94,846	91,320	91,221	(99)
Conservation and recreation	57,390	55,220	55,154	(66)
Insurance and banking	48	46	37	(9)
Corrections	242,744	230,607	230,299	(308)
Interdepartmental service				
Social welfare	340,233	327,927	327,885	(42)
Public protection and veterans assistance	66,653	63,450	63,224	(226)
Local assistance	76,300	73,442	73,442	
Motor vehicle and other regulatory agencies	1,300	1,145	1,145	
Miscellaneous	1,497	1,591	1,590	(1)
Public works	20,031	19,005	19,005	
Debt service	196,139	192,120	191,864	(256)
Total Expenditures	3,541,841	3,394,039	3,387,435	(6,604)
Excess of Revenues over (under) Expenditures	74,459	222,261	(21,329)	(243,590)
Other Financing Sources (Uses)				
Transfers in	18,200	18,200	54,531	36,331
Transfers out			(36,289)	(36,289)
Investments sold, net				
Other uses of cash			(43)	(43)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	92,659	240,461	(3,130)	(243,591)
Budgetary Fund Balances - Beginning	15,474	15,474	15,474	
Reclassification Between Budgetary/Nonbudgetary Funds, Net				
Budgetary Fund Balances - Beginning, as Reclassified	15,474	15,474	15,474	
Budgetary Fund Balances (Deficits) - Ending	\$ 108,133	\$ 255,935	\$ 12,344	\$ (243,591)

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

Education Enhancement Fund				Special Fund			
Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
\$ 193,337	\$ 193,337	\$ 191,690	\$ (1,647)	\$	\$	\$	\$
17,969	17,969	17,819	(150)				
		71	71				
				5,856,847	6,791,517	5,888,076	(903,441)
211,306	211,306	209,580	(1,726)	5,856,847	6,791,517	5,888,076	(903,441)
				34,595	37,956	26,049	(11,907)
				7,990	13,372	12,994	(378)
				46,551	48,111	33,585	(14,526)
145,610	145,610	139,337	(6,273)	688,539	795,079	692,820	(102,259)
68,073	68,458	65,323	(3,135)	65,881	65,390	57,124	(8,266)
				192,060	211,202	182,765	(28,437)
				252,880	270,136	247,332	(22,804)
3,863	3,822	3,625	(197)	147,603	158,218	136,639	(21,579)
125	125		(125)	166,028	191,277	133,971	(57,306)
				39,582	43,252	28,458	(14,794)
				15,692	40,117	32,041	(8,076)
				37,629	37,763	32,802	(4,961)
	2,065	1,725	(340)	2,737,783	3,433,206	3,031,257	(401,949)
				232,637	248,718	164,548	(84,170)
				22,060	22,663	20,303	(2,360)
450	450	430	(20)	1,575	3,188	2,582	(606)
	101	101		1,092,705	1,081,812	951,172	(130,640)
				75,057	90,057	81,003	(9,054)
218,121	220,631	210,541	(10,090)	5,856,847	6,791,517	5,867,445	(924,072)
(6,815)	(9,325)	(961)	8,364			20,631	20,631
		2,150	2,150			38,192	38,192
						(50,630)	(50,630)
		(435)	(435)			3,215	3,215
(6,815)	(9,325)	754	10,079			11,408	11,408
		786	786			845,684	845,684
						(19,722)	(19,722)
		786	786			825,962	825,962
\$ (6,815)	\$ (9,325)	\$ 1,540	\$ 10,865	\$ 0	\$ 0	\$ 837,370	\$ 837,370



Required Supplementary Information

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

For the Year Ended June 30, 2002

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2002 is presented below (amounts expressed in thousands):

GAAP Funds	Perspective Differences (1)							Total GAAP Excess/ Change in Net Assets
	Budgetary Funds			Total Budgetary Excess	Entity (2) Differences	Basis (3) Differences	Timing (4) Differences	
	General	Education Enhancement	Special					
Major Governmental:								
General	\$ (3,130)	\$ 1,075	\$ 12,289	\$ 10,234	\$ (80,727)	\$ (249,673)	\$ 142,354	\$ (177,812)
Health Care			2	2	(16,533)	(3,201)	4,637	(15,095)
Capital Projects		(101)	4,752	4,651	13,521	(7,145)	(1,059)	9,968
Nonmajor								
Governmental			(4,101)	(4,101)	35,342	(10,267)	(2,044)	18,930
Enterprise			2,426	2,426	46,480	(3,502)	(286)	45,118
Internal Service			(6,560)	(6,560)	(1,741)	11,896	(122)	3,473
Pension Trust			45	45	(81,755)	(1,146,280)	753	(1,227,237)
Private-purpose Trust			(27)	(27)	217	6,668	3	6,861
Component Units		(220)	2,582	2,362	4,567	138,292	4,591	149,812
Totals	\$ (3,130)	\$ 754	\$ 11,408	\$ 9,032	\$ (80,629)	\$ (1,263,212)	\$ 148,827	\$ (1,185,982)

Notes:

- (1) Perspective differences occur when the budgetary fund structure differs from the financial reporting fund structure.
- (2) Entity differences occur when there are funds that are part of the budgetary reporting but not the financial reporting entity, or vice versa.
- (3) Basis differences occur when the basis of budgeting differs from the financial (GAAP) basis of accounting.
- (4) Timing differences occur when the period used for budgetary reporting differs from the period used for financial reporting.

MISSISSIPPI

Required Supplementary Information

Schedule of Funding Progress

June 30, 2002 (Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (b - a)	Percent Funded (a / b)	Annual Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Annual Covered Payroll ((b - a) / c)
Public Employees' Retirement System of Mississippi						
2000	\$ 14,899,074	\$ 18,052,096	\$ 3,153,022	82.5 %	\$ 4,090,596	77.1 %
2001	16,191,631	18,494,207	2,302,576	87.5	4,112,238	56.0
2002	16,823,185	20,180,347	3,357,162	83.4	4,220,539	79.5
Mississippi Highway Safety Patrol Retirement System						
2000	\$ 244,331	\$ 251,937	\$ 7,606	97.0 %	\$ 21,314	35.7 %
2001	259,713	250,621	(9,092)	103.6	21,972	(41.4)
2002	263,255	285,548	22,293	92.2	20,339	109.6
Municipal Retirement Systems *						
1999	\$ 235,222	\$ 369,118	\$ 133,896	63.7 %	\$ 9,440	1,418.4 %
2000	253,713	373,484	119,771	67.9	8,485	1,411.6
2001	262,260	381,782	119,522	68.7	7,350	1,626.1
Supplemental Legislative Retirement Plan						
2000	\$ 8,199	\$ 9,973	\$ 1,774	82.2 %	\$ 5,856	30.3 %
2001	9,124	10,302	1,178	88.6	5,941	19.8
2002	9,730	11,328	1,598	85.9	5,988	26.7

* Valuation information furnished for MRS is as of September 30. The value of net assets available for benefits at June 30, 2002, does not differ materially from the value as of September 30, 2001.

Notes to Schedule of Funding Progress

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. The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service is based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, are the same as used to determine the plan's annual required contribution between entry age and assumed exit age. Entry age is established by subtracting credited service from current age on the valuation date. For additional information regarding this schedule, refer to the separately issued PERS Comprehensive Annual Financial Report for 2002 by writing to Public Employees' Retirement System of Mississippi, 429 Mississippi Street, Jackson, MS 39201-1005.

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Nonmajor Governmental Funds

Significant Nonmajor Governmental Funds Descriptions

Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The numerous special revenue funds used by the state have been grouped by organizational unit and combined into specific functions.

Health and Social Services

Department of Rehabilitation Services - The **Rehabilitation Services Fund** accounts for federal and state monies used to provide vocational rehabilitation programs for the blind. The **Disability Determination Fund** 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.

Employment Security Commission - The **Employment Services Fund** accounts for monies received from the federal government for administering the Unemployment Compensation Act.

Department of Mental Health - The **Alcohol Abuse Program Fund** 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

Department of Corrections - The **Community Services Fund** 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.

Department of Public Safety - The **Public Safety Planning Fund** accounts for federal grant monies received to provide for criminal justice planning, national highway traffic safety and drug-free communities.

Military Department - The **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. The **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.

Emergency Management - The **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

Department of Agriculture and Commerce - The **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.

Mississippi Development Authority - The **Community Development Fund** accounts for federal grant monies received to provide various community development programs including job development and training. The **Energy Conservation Fund** accounts for state and federal monies and other revenues used to coordinate the state's energy activities, needs and programs.

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

Department of Marine Resources - The **Marine Resources Fund** 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.

Regulation of Business and Professions

Public Service Commission - The **Public Service Commission Fund** 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.

Workers' Compensation Commission - The **Workers' Compensation Commission Fund** 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.

Department of Banking and Consumer Finance - The **Banking and Consumer Finance Fund** 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.

Oil and Gas Board - The **Oil and Gas Board Fund** accounts for fees imposed on oil and gas drilling, production and storage. 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.

Other Regulatory Agencies - The **Other Regulatory Agencies Fund** 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.



Debt Service Funds

Debt Service Funds account for transactions related to resources obtained and accumulated to pay principal and interest on general long-term debt 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.

Permanent Funds

Permanent Funds account for transactions related to resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government, such as, funds received in royalties and lease of state-owned land that will be used for education improvement, and wildlife endowment funds to be used to acquire land.

MISSISSIPPI

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2002 (Expressed in Thousands)

	Nonmajor Special Revenue				Totals
	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	
Assets					
Equity in internal investment pool	\$ 13,558	\$ 24,291	\$ 33,306	\$ 28,204	\$ 99,359
Cash and cash equivalents	984	6,773	1,661	79	9,497
Investments	115		14,176		14,291
Receivables:					
Interest	1		285	7	293
Other	3,240	545	1,797	304	5,886
Due from other governments	3,156	10,746	26,573	866	41,341
Due from other funds	3,335	1,061	8,980	1,184	14,560
Inventories		918	228		1,146
Loans receivable, net			1,337		1,337
Total Assets	\$ 24,389	\$ 44,334	\$ 88,343	\$ 30,644	\$ 187,710
Liabilities					
Warrants payable	\$ 2,555	\$ 6,177	\$ 8,324	\$ 1,243	\$ 18,299
Accounts payable and accruals	5,505	5,246	8,419	266	19,436
Due to other governments	379	2,885	1,925		5,189
Due to other funds	820	783	397	82	2,082
Due to component units	92	202	261		555
Deferred revenues	462	10,468	4,725	1,175	16,830
Loans from other funds	6				6
Other liabilities				223	223
Total Liabilities	9,819	25,761	24,051	2,989	62,620
Fund Balances					
Reserved for:					
Education and vocational training					
Ellisville State School	2,025				2,025
Encumbrances	259	5,505	2,237	262	8,263
Inventories		918	228		1,146
Long-term portion of due from other governments	6		8,806		8,812
Long-term portion of loans receivable			922		922
Wildlife conservation					
Unreserved:					
Designated for debt service					
Designated for energy programs			5,404		5,404
Designated for future loans			3,667		3,667
Undesignated	12,280	12,150	43,028	27,393	94,851
Total Fund Balances	14,570	18,573	64,292	27,655	125,090
Total Liabilities and Fund Balances	\$ 24,389	\$ 44,334	\$ 88,343	\$ 30,644	\$ 187,710

Debt Service	Permanent	Totals
\$ 22,378	\$ 8,091	\$ 129,828
	714	10,211
42,535	37,264	94,090
911	451	1,655
		5,886
		41,341
1,437		15,997
		1,146
		1,337
<u>\$ 67,261</u>	<u>\$ 46,520</u>	<u>\$ 301,491</u>
\$	\$ 5	\$ 18,304
	18	19,454
		5,189
2,048	229	4,359
		555
		16,830
		6
		223
<u>2,048</u>	<u>252</u>	<u>64,920</u>
	37,317	37,317
		2,025
		8,263
		1,146
		8,812
		922
	5,524	5,524
65,213		65,213
		5,404
		3,667
	3,427	98,278
<u>65,213</u>	<u>46,268</u>	<u>236,571</u>
<u>\$ 67,261</u>	<u>\$ 46,520</u>	<u>\$ 301,491</u>

MISSISSIPPI

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Nonmajor Special Revenue				Totals
	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	
Revenues					
Gasoline and other motor fuel taxes	\$	\$	\$ 8,800	\$	\$ 8,800
Licenses, fees and permits	292	6,252	24,478	27,517	58,539
Federal government	58,155	84,492	117,755	2,446	262,848
Interest and other investment income	247	443	1,793	202	2,685
Charges for sales and services	1,549	1,199	5,138	72	7,958
Rentals			5,297	13	5,310
Other	19,357	6,655	571	595	27,178
Total Revenues	79,600	99,041	163,832	30,845	373,318
Expenditures					
Current:					
Education					
Health and social services	85,861				85,861
Law, justice and public safety		108,783			108,783
Recreation and resources development			168,868		168,868
Regulation of business and professions				30,175	30,175
Debt service:					
Principal		630			630
Interest		134			134
Total Expenditures	85,861	109,547	168,868	30,175	394,451
Excess of Revenues over (under) Expenditures	(6,261)	(10,506)	(5,036)	670	(21,133)
Other Financing Sources (Uses)					
Capital leases issued				31	31
Notes issued		2,000			2,000
Transfers in	9,645	8,688	9,527		27,860
Transfers out	(2,291)	(6,141)	(3,557)	(11,062)	(23,051)
Net Other Financing Sources (Uses)	7,354	4,547	5,970	(11,031)	6,840
Net Change in Fund Balances	1,093	(5,959)	934	(10,361)	(14,293)
Fund Balances - Beginning, as restated	13,560	24,659	63,425	38,016	139,660
Decrease in Reserve for Inventories	(83)	(127)	(67)		(277)
Fund Balances - Ending	\$ 14,570	\$ 18,573	\$ 64,292	\$ 27,655	\$ 125,090

Debt Service	Permanent	Totals
\$	\$	\$
	327	8,800
		58,866
		262,848
5,890	2,506	11,081
		7,958
		5,310
357	717	28,252
6,247	3,550	383,115
	82	82
		85,861
		108,783
		168,868
		30,175
151,996		152,626
48,982		49,116
200,978	82	595,511
(194,731)	3,468	(212,396)
		31
		2,000
252,700		280,560
(26,628)	(1,586)	(51,265)
226,072	(1,586)	231,326
31,341	1,882	18,930
33,872	44,386	217,918
		(277)
\$ 65,213	\$ 46,268	\$ 236,571

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Balance Sheet Health and Social Services

June 30, 2002 (Expressed in Thousands)

	Department of Rehabilitation Services		Employment Security Commission
	Rehabilitation Services	Disability Determination	Employment Services
Assets			
Equity in internal investment pool	\$ 1,543	\$ 6,575	\$ 2,838
Cash and cash equivalents		5	453
Investments	115		
Receivables, net:			
Interest	1		
Other		4	3,150
Due from other governments	66	920	2,170
Due from other funds	1,384	23	1,579
Total Assets	\$ 3,109	\$ 7,527	\$ 10,190
Liabilities			
Warrants payable	\$ 172	\$ 835	\$ 1,332
Accounts payable and accruals	268	658	4,182
Due to other governments		8	371
Due to other funds	349	67	12
Due to component units		25	67
Deferred revenues			462
Loans from other funds			6
Total Liabilities	789	1,593	6,432
Fund Balances			
Reserved for:			
Ellisville State School			
Encumbrances		35	224
Long-term portion of due from other governments			6
Unreserved:			
Undesignated	2,320	5,899	3,528
Total Fund Balances	2,320	5,934	3,758
Total Liabilities and Fund Balances	\$ 3,109	\$ 7,527	\$ 10,190

Department of Mental Health

Alcohol Abuse Program	Social Services	Totals
\$ 488	\$ 2,114	\$ 13,558
	526	984
		115
		1
	86	3,240
		3,156
346	3	3,335
\$ 834	\$ 2,729	\$ 24,389
\$ 216	\$	2,555
365	32	5,505
		379
375	17	820
		92
		462
		6
956	49	9,819
	2,025	2,025
		259
		6
(122)	655	12,280
(122)	2,680	14,570
\$ 834	\$ 2,729	\$ 24,389

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Health and Social Services

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Department of Rehabilitation Services		Employment Security Commission
	Rehabilitation Services	Disability Determination	Employment Services
Revenues			
Licenses, fees and permits	\$	\$	\$
Federal government	280	21,822	36,053
Interest	10	167	1
Charges for services	(170)	241	61
Other	(6)	2,267	17,059
Total Revenues	114	24,497	53,174
Expenditures			
Health and social services	2,941	22,531	54,757
Excess of Revenues over (under) Expenditures	(2,827)	1,966	(1,583)
Other Financing Sources (Uses)			
Transfers in	3,167	87	2,055
Transfers out	(269)	(944)	(109)
Net Other Financing Sources (Uses)	2,898	(857)	1,946
Net Change in Fund Balances	71	1,109	363
Fund Balances - Beginning, as restated	2,249	4,825	3,478
Decrease in Reserve for Inventories			(83)
Fund Balances - Ending	\$ 2,320	\$ 5,934	\$ 3,758

Department of Mental Health

Alcohol Abuse Program	Social Services	Totals
\$	\$ 292	\$ 292
		58,155
	69	247
	1,417	1,549
	37	19,357
	1,815	79,600
3,973	1,659	85,861
(3,973)	156	(6,261)
4,336		9,645
(969)		(2,291)
3,367		7,354
(606)	156	1,093
484	2,524	13,560
		(83)
\$ (122)	\$ 2,680	\$ 14,570

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Balance Sheet
Law, Justice and Public Safety
 June 30, 2002 (Expressed in Thousands)

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
Assets				
Equity in internal investment pool	\$ 93	\$ 2,351	\$ 50	\$ 7,817
Cash and cash equivalents		116	4,679	
Receivables:				
Other		3	270	272
Due from other governments	27			3,648
Due from other funds	14	91	956	
Inventories				
Total Assets	\$ 134	\$ 2,561	\$ 5,955	\$ 11,737
Liabilities				
Warrants payable	\$ 38	\$ 348	\$	\$ 2,694
Accounts payable and accruals	57	6	103	1,519
Due to other governments			15	
Due to other funds		1	135	391
Due to component units				191
Deferred revenues				5,721
Total Liabilities	95	355	253	10,516
Fund Balances				
Reserved for:				
Encumbrances	8	28	253	39
Inventories				
Unreserved:				
Undesignated	31	2,178	5,449	1,182
Total Fund Balances	39	2,206	5,702	1,221
Total Liabilities and Fund Balances	\$ 134	\$ 2,561	\$ 5,955	\$ 11,737

Military Department

National Guard		Camp Shelby		Emergency		Other		Totals	
Facility and Training		Operations		Management					
\$	4,613	\$	1,153	\$	7,974	\$	240	\$	24,291
			471				1,507		6,773
									545
	4,334		10		2,727				10,746
									1,061
	918								918
\$	9,865	\$	1,634	\$	10,701	\$	1,747	\$	44,334
\$	2,383	\$	138	\$	576	\$		\$	6,177
	2,714		260		215		372		5,246
	1				2,869				2,885
	3		7		246				783
					11				202
	4,303		444						10,468
	9,404		849		3,917		372		25,761
	4,864		285		28				5,505
	918								918
	(5,321)		500		6,756		1,375		12,150
	461		785		6,784		1,375		18,573
\$	9,865	\$	1,634	\$	10,701	\$	1,747	\$	44,334

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Law, Justice and Public Safety

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
Revenues				
Licenses, fees and permits	\$	\$	\$	\$
Federal government	1,163	5,791		17,532
Interest		2	39	179
Charges for services				
Other		152	3,680	648
Total Revenues	1,163	5,945	3,719	18,359
Expenditures				
Current:				
Law, justice and public safety	1,404	7,603	1,666	16,687
Debt service:				
Principal		84	546	
Interest		13	121	
Total Expenditures	1,404	7,700	2,333	16,687
Excess of Revenues over (under) Expenditures	(241)	(1,755)	1,386	1,672
Other Financing Sources (Uses)				
Notes issued			2,000	
Transfers in	280	415	1,233	615
Transfers out		(795)	(1,814)	(2,415)
Net Other Financing Sources (Uses)	280	(380)	1,419	(1,800)
Net Change in Fund Balances	39	(2,135)	2,805	(128)
Fund Balances - Beginning		4,341	2,897	1,349
Decrease in Reserve for Inventories				
Fund Balances - Ending	\$ 39	\$ 2,206	\$ 5,702	\$ 1,221

Military Department

National Guard				
Facility and Training	Camp Shelby Operations	Emergency Management	Other	Totals
\$	\$	\$	\$	\$
33,855	1,907	18	443	6,252
	10	30,035		84,492
108	1,091	182	31	443
488	69	899	719	1,199
34,451	3,077	31,134	1,193	6,655
				99,041
38,735	4,410	37,141	1,137	108,783
				630
				134
38,735	4,410	37,141	1,137	109,547
(4,284)	(1,333)	(6,007)	56	(10,506)
				2,000
754	573	4,818		8,688
		(18)	(1,099)	(6,141)
754	573	4,800	(1,099)	4,547
(3,530)	(760)	(1,207)	(1,043)	(5,959)
4,118	1,545	7,991	2,418	24,659
(127)				(127)
\$ 461	\$ 785	\$ 6,784	\$ 1,375	\$ 18,573

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Balance Sheet Recreation and Resources Development

June 30, 2002 (Expressed in Thousands)

	Department of Agriculture and Commerce				Mississippi Development Authority			State Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Other	Court Assessments and Settlements		
Assets								
Equity in internal investment pool	\$ 906	\$ 3,056	\$ 2,928	\$ 344	\$			
Cash and cash equivalents	288			86				
Investments	400		8,616					680
Receivables:								
Interest		53	12					1
Other	560	1,215	8					
Due from other governments		24,758	309					
Due from other funds								
Inventories								
Loans receivable, net			1,337					
Total Assets	\$ 2,154	\$ 29,082	\$ 13,210	\$ 430	\$			681
Liabilities								
Warrants payable	\$ 3	\$ 5,247	\$ 63	\$	\$			
Accounts payable and accruals	15	5,556	73					
Due to other governments		1,741	114					
Due to other funds		357	10					
Due to component units		26	3					
Deferred revenues		2,555						
Total Liabilities	18	15,482	263					
Fund Balances								
Reserved for:								
Encumbrances		1,127	781					
Inventories								
Long-term portion of due from other governments		8,806						
Long-term portion of loans receivable			922					
Unreserved:								
Designated for future loans		3,667						
Designated for energy programs			5,404					
Undesignated	2,136		5,840	430				681
Total Fund Balances	2,136	13,600	12,947	430				681
Total Liabilities and Fund Balances	\$ 2,154	\$ 29,082	\$ 13,210	\$ 430	\$			681

Department of Wildlife, Fisheries and Parks

Department of Wildlife, Fisheries and Parks					Department of Marine Resources	Totals
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other			
\$ 11,887	\$ 3,478	\$ 1,421	\$ 1,220	\$ 8,066	\$	33,306
506	78	23	674	6		1,661
			4,480			14,176
10	4	2	203			285
10				4		1,797
1,120				386		26,573
5,789			141	3,050		8,980
107	121					228
						1,337
\$ 19,429	\$ 3,681	\$ 1,446	\$ 6,718	\$ 11,512	\$	88,343
\$ 2,145	\$ 437	\$	\$ 1	\$ 428	\$	8,324
1,649	719	67		340		8,419
49	21					1,925
25	2			3		397
162	13			57		261
2,065		105				4,725
6,095	1,192	172	1	828		24,051
59	40			230		2,237
107	121					228
						8,806
						922
						3,667
						5,404
13,168	2,328	1,274	6,717	10,454		43,028
13,334	2,489	1,274	6,717	10,684		64,292
\$ 19,429	\$ 3,681	\$ 1,446	\$ 6,718	\$ 11,512	\$	88,343

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Recreation and Resources Development

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Department of Agriculture and Commerce	Mississippi Development Authority			State Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
Revenues					
Gasoline and other motor fuel taxes	\$	\$	\$	\$	\$
Licenses, fees and permits	1,717			5	
Federal government		106,484	403		
Interest and other investment income	21	542	349	10	18
Charges for services	994			86	
Rentals					
Other		98	10		
Total Revenues	2,732	107,124	762	101	18
Expenditures					
Recreation and resources development	2,685	103,589	1,387	75	
Excess of Revenues over (under) Expenditures	47	3,535	(625)	26	18
Other Financing Sources (Uses)					
Transfers in	43				
Transfers out	(13)	(2,889)	(50)		
Net Other Financing Sources (Uses)	30	(2,889)	(50)		
Net Change in Fund Balances	77	646	(675)	26	18
Fund Balances - Beginning	2,059	12,954	13,622	404	663
Decrease in Reserve for Inventories					
Fund Balances - Ending	\$ 2,136	\$ 13,600	\$ 12,947	\$ 430	\$ 681

Department of Wildlife, Fisheries and Parks

Department of Wildlife, Fisheries and Parks				Department of Marine Resources	Totals
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		
\$ 5,750	\$	\$	\$	\$ 3,050	\$ 8,800
12,885	7,487	959	321	1,104	24,478
7,467	661			2,740	117,755
267	92	46	233	215	1,793
827	68	174	1,171	1,818	5,138
16	46			5,235	5,297
248	100	1	21	93	571
27,460	8,454	1,180	1,746	14,255	163,832
26,748	15,265	796	2,361	15,962	168,868
712	(6,811)	384	(615)	(1,707)	(5,036)
504	6,894		1	2,085	9,527
(81)			(504)	(20)	(3,557)
423	6,894		(503)	2,065	5,970
1,135	83	384	(1,118)	358	934
12,234	2,438	890	7,835	10,326	63,425
(35)	(32)				(67)
\$ 13,334	\$ 2,489	\$ 1,274	\$ 6,717	\$ 10,684	\$ 64,292

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Balance Sheet Regulation of Business and Professions

June 30, 2002 (Expressed in Thousands)

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Assets			
Equity in internal investment pool	\$ 3,970	\$ 6,109	\$ 3,550
Cash and cash equivalents			
Receivables:			
Interest		7	
Other	6	270	6
Due from other governments	866		
Due from other funds	1,184		
Total Assets	<u>\$ 6,026</u>	<u>\$ 6,386</u>	<u>\$ 3,556</u>
Liabilities			
Warrants payable	\$ 340	\$ 204	\$ 68
Accounts payable and accruals	192	58	
Due to other funds	39		13
Deferred revenues	1,175		
Other liabilities		223	
Total Liabilities	<u>1,746</u>	<u>485</u>	<u>81</u>
Fund Balances			
Reserved for:			
Encumbrances		1	
Unreserved:			
Undesignated	4,280	5,900	3,475
Total Fund Balances	<u>4,280</u>	<u>5,901</u>	<u>3,475</u>
Total Liabilities and Fund Balances	<u>\$ 6,026</u>	<u>\$ 6,386</u>	<u>\$ 3,556</u>

Oil and Gas Board	Other Regulatory Agencies	Totals
\$ 3,699	\$ 10,876	\$ 28,204
	79	79
		7
18	4	304
		866
		1,184
\$ 3,717	\$ 10,959	\$ 30,644
\$ 267	\$ 364	1,243
2	14	266
10	20	82
		1,175
		223
279	398	2,989
	261	262
3,438	10,300	27,393
3,438	10,561	27,655
\$ 3,717	\$ 10,959	\$ 30,644

MISSISSIPPI

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Regulation of Business and Professions

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Revenues			
Licenses, fees and permits	\$ 4,602	\$ 4,308	\$ 4,469
Federal government	2,351		
Interest		133	
Charges for services	12	40	
Rentals			
Other	207		
Total Revenues	7,172	4,481	4,469
Expenditures			
Regulation of business and professions	10,460	4,500	3,385
Excess of Revenues over (under) Expenditures	(3,288)	(19)	1,084
Other Financing Sources (Uses)			
Capital leases issued			
Transfers out	(3,009)	(150)	(2,500)
Net Other Financing Uses	(3,009)	(150)	(2,500)
Net Change in Fund Balances	(6,297)	(169)	(1,416)
Fund Balances - Beginning	10,577	6,070	4,891
Fund Balances - Ending	\$ 4,280	\$ 5,901	\$ 3,475

	Oil and Gas Board	Other Regulatory Agencies	Totals
\$	2,524	\$	11,614
	95		\$ 27,517
		69	2,446
		20	202
		13	72
		388	13
	2,619	12,104	595
	1,991	9,839	30,845
	628	2,265	30,175
		31	31
	(1)	(5,402)	(11,062)
	(1)	(5,371)	(11,031)
	627	(3,106)	(10,361)
	2,811	13,667	38,016
\$	3,438	\$	10,561
		\$	27,655

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Nonmajor Enterprise Funds

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

Nonmajor Enterprise Funds Descriptions

Fair Commission - The **Fair Commission Fund** accounts for expenses of the Fair Commission's operation of the coliseum, Dixie National Livestock Show and Industrial Showcase Building, 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.

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

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

Yellow Creek Inland Port Authority - The **Yellow Creek Inland Port Authority Fund** accounts for operations of a public port facility at the conjunction of the Tennessee River and Yellow Creek in Tishomingo County, Mississippi. All costs of operating this port are accounted for in this fund, 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.

Department of Rehabilitation Services - The **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.

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

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

Department of Corrections - The **Restaurants Fund** accounts for operations of two restaurants maintained for the convenience of Department of Corrections penitentiary employees. The **Commissary Fund** accounts for operations of the commissary. Profits are used for the special benefit of the penitentiary's residents. The **Prison Agricultural Enterprises Fund** accounts for a farming operation. Revenue sources include proceeds from the sale of row crops and rental income from leased land.

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Nonmajor Enterprise Funds

Combining Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

		Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission	Yellow Creek Inland Port Authority	Department of Rehabilitation Services Allied Enterprises
Assets						
Current assets:						
Equity in internal investment pool	\$	364	\$ 13,330	\$ 169	\$	
Cash and cash equivalents		58	59	6	3,712	3,409
Receivables, net:						
Accounts		50			333	1,448
Interest and dividends			526			
Due from other governments						
Due from other funds		19				344
Due from component units		1				
Inventories						164
Prepaid items					27	
Loans and notes receivable			4,263			
Total Current Assets		492	18,178	175	4,072	5,365
Noncurrent assets:						
Loans and notes receivable			115,561			
Capital assets, net		19,559	1,832	14,105	16,707	
Total Noncurrent Assets		19,559	117,393	14,105	16,707	
Total Assets		20,051	135,571	14,280	20,779	5,365
Liabilities						
Current liabilities:						
Warrants payable		123	837	20		
Accounts payable and other liabilities		49	11	7	6	109
Due to other governments						
Due to other funds		128	3		240	11
Due to component units						
Deposits			1,055			
Bonds payable		125				
Deferred revenues		35				269
Lease obligations payable		12				
Total Current Liabilities		472	1,906	27	246	389
Noncurrent liabilities:						
Due to other governments					9,151	
Loans from other funds					1,800	
Bonds payable		430				
Lease obligations payable		30				
Other liabilities		62	34	20	24	
Total Noncurrent Liabilities		522	34	20	10,975	
Total Liabilities		994	1,940	47	11,221	389
Net Assets						
Invested in capital assets, net of related debt		18,961	1,832	14,105	14,667	
Unrestricted (deficit)		96	131,799	128	(5,109)	4,976
Total Net Assets	\$	19,057	\$ 133,631	\$ 14,233	\$ 9,558	\$ 4,976

Department of Agriculture and Commerce		Department of Finance and Administration		Department of Corrections			Totals
Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property	Restaurants	Commissary	Prison Agricultural Enterprises		
\$ 41	\$ 252	\$ 85	\$	\$ 26	\$ 1,694	\$ 15,961	
	179		44	327		7,794	
16		3	52			1,902	
		43		4		526	
		1	7	573	135	47	
		1				2	
	16	17	7	390	103	697	
						27	
						4,263	
57	447	150	110	1,320	1,932	32,298	
						115,561	
757	4,573	241	4	102	3,736	61,616	
757	4,573	241	4	102	3,736	177,177	
814	5,020	391	114	1,422	5,668	209,475	
23	5	25			158	1,191	
4	17	13	28	424	122	790	
				2		2	
		1		990		1,373	
				5		5	
						1,055	
						125	
						304	
					78	90	
27	22	39	28	1,421	358	4,935	
						9,151	
						1,800	
						430	
					163	193	
24	41	36			268	509	
24	41	36			431	12,083	
51	63	75	28	1,421	789	17,018	
757	4,573	241	4	102	3,495	58,737	
6	384	75	82	(101)	1,384	133,720	
\$ 763	\$ 4,957	\$ 316	\$ 86	\$ 1	\$ 4,879	\$ 192,457	

MISSISSIPPI

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2002 (Expressed in Thousands)

						Department of Rehabilitation Services
	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission	Yellow Creek Inland Port Authority	Allied Enterprises	
Operating Revenues						
Charges for sales and services	\$ 3,943	\$	\$ 1,624	\$ 1,288	\$	11,011
Interest income		7,137				
Rentals		47		538		
Fees		50				
Other	122	4	103			6
Total Operating Revenues	4,065	7,238	1,727	1,826		11,017
Operating Expenses						
Cost of sales and services	47					10,888
General and administrative	1,070	609	313	403		5,807
Contractual services	2,892	236	1,319	147		1,132
Commodities	233	33	272	19		47
Depreciation	460	59	175	657		
Other			17			56
Total Operating Expenses	4,702	937	2,096	1,226		17,930
Operating Income (Loss)	(637)	6,301	(369)	600		(6,913)
Nonoperating Revenues						
Interest and other investment income, net		390	9	181		47
Total Nonoperating Revenues		390	9	181		47
Nonoperating Expenses						
Loss on disposal of assets						
Interest	57			45		
Other	11					
Total Nonoperating Expenses	68			45		
Income (Loss) before Capital Contributions and Transfers	(705)	6,691	(360)	736		(6,866)
Capital Contributions	2,756		9,696			
Transfers In						7,544
Transfers Out		(175)				
Change in Net Assets	2,051	6,516	9,336	736		678
Total Net Assets - Beginning, as restated	17,006	127,115	4,897	8,822		4,298
Total Net Assets - Ending	\$ 19,057	\$ 133,631	\$ 14,233	\$ 9,558		\$ 4,976

Department of Agriculture and Commerce		Department of Finance and Administration		Department of Corrections			Totals						
Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property	Restaurants	Commissary	Prison Agricultural Enterprises								
\$	\$	110	\$	460	\$	394	\$	7,470	\$	1,180	\$	27,480	
	328	269								193		7,137	
						66		7		669		1,375	
												50	
	328	379		460		460		7,477		2,042		977	
		39				287		5,142		1,439		17,842	
	240	450		487		60		1,258		678		11,375	
	90	177		153		44		108		483		6,781	
	10	59		65		66		76		945		1,825	
	22	98		4		1		13		332		1,821	
		9										82	
	362	832		709		458		6,597		3,877		39,726	
	(34)	(453)		(249)		2		880		(1,835)		(2,707)	
				5		1		17				650	
				5		1		17				650	
		39		5				12		3		59	
										14		116	
												11	
		39		5				12		17		186	
	(34)	(492)		(249)		3		885		(1,852)		(2,243)	
		102		6						257		12,817	
	18	631				3				1,811		10,007	
						(6)		(1,109)		(11)		(1,301)	
	(16)	241		(243)				(224)		205		19,280	
	779	4,716		559		86		225		4,674		173,177	
\$	763	\$	4,957	\$	316	\$	86	\$	1	\$	4,879	\$	192,457

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Nonmajor Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission	Yellow Creek Inland Port Authority	Department of Rehabilitation Services Allied Enterprises
Cash Flows from Operating Activities					
Cash receipts from customers	\$ 4,051	\$ 59	\$ 1,624	\$ 1,647	\$ 10,538
Cash payments to suppliers for goods and services	(3,166)	(216)	(1,648)	(188)	(12,069)
Cash payments to employees for services	(1,054)	(588)	(311)	(381)	(5,801)
Other operating cash receipts		55	103		6
Principal and interest received on program loans		19,271			
Issuance of program loans		(15,950)			
Net Cash Provided by (Used for) Operating Activities	(169)	2,631	(232)	1,078	(7,326)
Cash Flows from Noncapital Financing Activities					
Transfers in					7,544
Transfers out		(175)			
Net Cash Provided by (Used for) Noncapital Financing Activities		(175)			7,544
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(7)	(6)	(27)	(2,577)	
Proceeds from sales of capital assets					
Principal paid on bonds and capital assets contracts	(117)			(280)	
Interest paid on bonds and capital assets contracts	(58)			(45)	
Net Cash Used for Capital and Related Financing Activities	(182)	(6)	(27)	(2,902)	
Cash Flows from Investing Activities					
Proceeds from sales of investments			205	3,538	
Interest and other investment income		390	12	211	47
Net Cash Provided by Investing Activities		390	217	3,749	47
Net Increase (Decrease) in Cash and Cash Equivalents	(351)	2,840	(42)	1,925	265
Cash and Cash Equivalents - Beginning	773	10,549	217	1,787	3,144
Cash and Cash Equivalents - Ending	\$ 422	\$ 13,389	\$ 175	\$ 3,712	\$ 3,409

Department of Agriculture and Commerce		Department of Finance and Administration		Department of Corrections			Totals
Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property	Restaurants	Commissary	Prison Agricultural Enterprises		
\$ 331	\$ 379	\$ 727	\$ 364	\$ 7,421	\$ 1,374	\$ 28,515	
(90)	(297)	(362)	(400)	(4,986)	(2,772)	(26,194)	
(238)	(448)	(460)	(60)	(1,246)	(672)	(11,259)	
			66	7	669	906	
						19,271	
						(15,950)	
3	(366)	(95)	(30)	1,196	(1,401)	(4,711)	
18	631		3		1,838	10,034	
			(6)	(1,109)	(11)	(1,301)	
18	631		(3)	(1,109)	1,827	8,733	
		(16)		(57)	(1,027)	(3,717)	
1						1	
(14)					(72)	(483)	
					(14)	(117)	
(13)		(16)		(57)	(1,113)	(4,316)	
			5	1	17	3,743	
						683	
			5	1	17	4,426	
8	265	(106)	(32)	47	(687)	4,132	
33	166	191	76	306	2,381	19,623	
\$ 41	\$ 431	\$ 85	\$ 44	\$ 353	\$ 1,694	\$ 23,755	

(Continued on Next Page)

MISSISSIPPI

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2002 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission	Yellow Creek Inland Port Authority	Department of Rehabilitation Services Allied Enterprises
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ (637)	\$ 6,301	\$ (369)	\$ 600	\$ (6,913)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	460	59	175	657	
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable, net	(32)	9		(179)	(310)
Interest receivable		2			
Due from other governments		2			
Interfund receivables	(17)				(93)
Inventories					51
Prepaid items				(6)	34
Loans and notes receivable		(4,428)			
Increase (decrease) in liabilities:					
Warrants payable	41	525	(10)		
Accounts payable and other liabilities	(13)	160	(28)	6	(46)
Due to other governments	(5)	(1)			
Interfund payables	(1)	2			10
Deferred revenues	35				(59)
Total adjustments	468	(3,670)	137	478	(413)
Net Cash Provided by (Used for) Operating Activities	\$ (169)	\$ 2,631	\$ (232)	\$ 1,078	\$ (7,326)
Noncash Capital and Related Financing Activities					
New capital leases	44				
Capital contributions	2,756		9,696		
Loss on disposal of capital assets					

Department of Agriculture and Commerce		Department of Finance and Administration	Department of Corrections				Totals
Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property	Restaurants	Commissary	Prison Agricultural Enterprises		
\$ (34)	\$ (453)	\$ (249)	2	\$ 880	\$ (1,835)		\$ (2,707)
22	98	4	1	13	332		1,821
3		12	(52)				(549)
		22		(4)			2
		25	22	(44)			20
	(6)	208		101	(19)		(107)
							335
							28
							(4,428)
11	(4)	(101)			58		520
1	(1)	(16)	(3)	(168)	63		(45)
				2			(4)
				416			427
							(24)
37	87	154	(32)	316	434		(2,004)
\$ 3	\$ (366)	\$ (95)	\$ (30)	\$ 1,196	\$ (1,401)		\$ (4,711)

					29	73
	102	6			257	12,817
	39	5		12	3	59

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Internal Service Funds

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

Personnel Board - The **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.

Information Technology Services - The **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.

Department of Finance and Administration - The **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.

MISSISSIPPI

Internal Service Funds

Combining Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

	Department of Finance and Administration			Totals
	Personnel Board	Information Technology Services	Risk Management	
Assets				
Current assets:				
Equity in internal investment pool	\$ 1,138	\$ 6,477	\$ 11,844	\$ 19,459
Cash and cash equivalents			1,253	1,253
Investments			60,720	60,720
Receivables:				
Accounts	8	93		101
Interest			282	282
Due from other governments	1	28	56	85
Due from other funds	117	1,742	984	2,843
Due from component units		49		49
Total Current Assets	1,264	8,389	75,139	84,792
Noncurrent assets:				
Investments			39,372	39,372
Capital assets, net	21	7,115	27	7,163
Total Noncurrent Assets	21	7,115	39,399	46,535
Total Assets	1,285	15,504	114,538	131,327
Liabilities				
Current liabilities:				
Warrants payable	141	717	957	1,815
Accounts payable and other liabilities	61	767	2,707	3,535
Due to other governments		1		1
Due to other funds			259	259
Due to component units	6			6
Claims and benefits payable			128,974	128,974
Deferred revenues			1,450	1,450
Lease obligations payable		1,064		1,064
Total Current Liabilities	208	2,549	134,347	137,104
Noncurrent liabilities:				
Lease obligations payable		557		557
Other liabilities	237	658	96	991
Total Noncurrent Liabilities	237	1,215	96	1,548
Total Liabilities	445	3,764	134,443	138,652
Net Assets				
Invested in capital assets, net of related debt	21	5,494	27	5,542
Unrestricted (deficit)	819	6,246	(19,932)	(12,867)
Total Net Assets	\$ 840	\$ 11,740	\$ (19,905)	\$ (7,325)

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Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Personnel Board	Information Technology Services	Department of Finance and Administration Risk Management	Totals
Operating Revenues				
Charges for sales and services/premiums	\$ 5,371	\$ 26,436	\$ 444,388	\$ 476,195
Other		2,501	1	2,502
Total Operating Revenues	5,371	28,937	444,389	478,697
Operating Expenses				
General and administrative	3,116	7,952	2,075	13,143
Contractual services	1,770	18,336	25,283	45,389
Commodities	250	403	136	789
Claims and benefits			413,651	413,651
Depreciation	11	1,311	2	1,324
Total Operating Expenses	5,147	28,002	441,147	474,296
Operating Income	224	935	3,242	4,401
Nonoperating Revenues				
Interest and other investment income, net			5,219	5,219
Total Nonoperating Revenues			5,219	5,219
Nonoperating Expenses				
Loss on disposal of assets		28		28
Interest		63		63
Total Nonoperating Expenses		91		91
Income before Capital Contributions and Transfers	224	844	8,461	9,529
Capital Contributions		1,862		1,862
Transfers In			482	482
Transfers Out			(8,400)	(8,400)
Change in Net Assets	224	2,706	543	3,473
Total Net Assets - Beginning	616	9,034	(20,448)	(10,798)
Total Net Assets - Ending	\$ 840	\$ 11,740	\$ (19,905)	\$ (7,325)

MISSISSIPPI

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Department of Finance and Administration			Totals
	Personnel Board	Information Technology Services	Risk Management	
Cash Flows from Operating Activities				
Cash receipts/premiums from interfund services provided	\$ 5,322	\$ 25,166	\$ 148,927	\$ 179,415
Cash receipts/premiums from customers	54	1,849	295,137	297,040
Cash payments to suppliers for goods and services	(2,072)	(19,738)	(25,113)	(46,923)
Cash payments to employees for services	(3,082)	(7,896)	(2,061)	(13,039)
Cash payments for claims and benefits			(411,055)	(411,055)
Other operating cash receipts		2,501	1	2,502
Net Cash Provided by Operating Activities	222	1,882	5,836	7,940
Cash Flows From Noncapital Financing Activities				
Transfers in			562	562
Transfers out			(8,400)	(8,400)
Net Cash Used for Noncapital Financing Activities			(7,838)	(7,838)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(11)	(1,008)		(1,019)
Principal paid on capital assets contracts		(667)		(667)
Interest paid on capital assets contracts		(63)		(63)
Net Cash Used for Capital and Related Financing Activities	(11)	(1,738)		(1,749)
Cash Flows from Investing Activities				
Proceeds from sales of investments			9,846	9,846
Purchases of investments			(21,616)	(21,616)
Interest and other investment income			3,944	3,944
Net Cash Used for Investing Activities			(7,826)	(7,826)
Net Increase (Decrease) in Cash and Cash Equivalents	211	144	(9,828)	(9,473)
Cash and Cash Equivalents - Beginning	927	6,333	22,925	30,185
Cash and Cash Equivalents - Ending	\$ 1,138	\$ 6,477	\$ 13,097	\$ 20,712

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MISSISSIPPI

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2002 (Expressed in Thousands)

(Continued from Previous Page)

	Department of Finance and Administration			Totals
	Personnel Board	Information Technology Services	Risk Management	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 224	\$ 935	\$ 3,242	\$ 4,401
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	11	1,311	2	1,324
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable, net	(6)	(52)		(58)
Due from other governments	1	(3)	(56)	(58)
Interfund receivables	6	631	(420)	217
Increase (decrease) in liabilities:				
Warrants payable	(6)	(790)	588	(208)
Accounts payable and other liabilities	25	(122)	(264)	(361)
Due to other governments		1		1
Interfund payables	(33)	(29)	42	(20)
Claims and benefits payable			2,550	2,550
Deferred revenues			152	152
Total adjustments	(2)	947	2,594	3,539
Net Cash Provided by Operating Activities	\$ 222	\$ 1,882	\$ 5,836	\$ 7,940

Noncash Capital and Related Financing and Investing Activities

New capital leases	1,773	1,773
Capital contributions	1,862	1,862
Change in market value of investments	1,236	1,236

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Fiduciary Funds

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

Fiduciary Funds Descriptions

Pension Trust Funds

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

Private-purpose Trust Funds

State Treasurer - The **Affordable College Savings Fund** accounts for operations of a college savings program under Section 529 of the Internal Revenue Code. Funding is provided by participants' contributions and investment earnings. The **Memorial Burn Center Fund** accounts for interest and income from investment of the principal for the support and maintenance of the Mississippi Fire Fighters Memorial Burn Center. Funding is provided by fees collected from the issuance of distinctive license tags.

Agency Funds

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

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Pension Trust Funds

Combining Statement of Fiduciary Net Assets

June 30, 2002 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Assets			
Equity in internal investment pool	\$ 1,903	\$	\$
Cash and cash equivalents	435,897	6,702	6,875
Investments:			
Investments, at fair value	13,716,300	214,765	220,374
Securities lending	1,922,947	30,295	31,088
Receivables:			
Employer contributions	28,965		327
Employee contributions	21,538		54
Investment proceeds	553,630	8,670	8,897
Interest and dividends	79,473	1,245	1,277
Other	2,048		7
Due from other funds	10		
Capital assets, net	4,251		
Total Assets	16,766,962	261,677	268,899
Liabilities			
Warrants payable	256		
Accounts payable and accruals	1,052,781	16,477	16,872
Amounts held in custody for others	1,138		
Obligations under securities lending	1,912,071	30,124	30,911
Total Liabilities	2,966,246	46,601	47,783
Net Assets			
Held in trust for pension benefits	\$ 13,800,716	\$ 215,076	\$ 221,116

Supplemental Legislative Retirement Plan	Government Employees' Deferred Compensation Plan	Totals
\$	\$	\$
249	1,935	1,903
		451,658
7,993	577,079	14,736,511
1,127		1,985,457
		29,292
	3,279	24,871
323		571,520
46	154	82,195
		2,055
		10
		4,251
9,738	582,447	17,889,723
		256
615	169	1,086,914
		1,138
1,121		1,974,227
1,736	169	3,062,535
\$	\$	\$
8,002	582,278	14,827,188



Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2002 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Additions			
Contributions:			
Employer	\$ 428,122	\$ 5,710	\$ 14,174
Employee	317,563	1,418	678
Total Contributions	745,685	7,128	14,852
Net Investment Income:			
Net change			
in fair value of investments	(1,412,339)	(22,251)	(22,832)
Interest and dividends	451,908	7,120	7,306
Securities lending:			
Income from securities lending	48,612	766	786
Interest expense and trading costs from securities lending	(40,731)	(642)	(659)
Managers' fees and trading costs	(21,140)	(333)	(342)
Net Investment Loss	(973,690)	(15,340)	(15,741)
Other Additions:			
Rent income	68		
Administrative fees	529		
Other	1		
Total Other Additions	598		
Total Additions (Reductions)	(227,407)	(8,212)	(889)
Deductions			
Retirement annuities	847,655	16,558	30,964
Refunds to terminated employees	62,126	66	
Administrative expenses	8,112	114	407
Depreciation	182		
Total Deductions	918,075	16,738	31,371
Change in Net Assets	(1,145,482)	(24,950)	(32,260)
Net Assets - Beginning, as restated	14,946,198	240,026	253,376
Net Assets - Ending	\$ 13,800,716	\$ 215,076	\$ 221,116

Supplemental Legislative Retirement Plan	Government Employees' Deferred Compensation Plan	Totals
\$ 380	\$	\$ 448,386
180	51,417	371,256
560	51,417	819,642
(828)	(53,810)	(1,512,060)
265	2,060	468,659
28		50,192
(23)		(42,055)
(12)		(21,827)
(570)	(51,750)	(1,057,091)
		68
		529
		1
		598
(10)	(333)	(236,851)
386	23,807	919,370
1		62,193
8		8,641
		182
395	23,807	990,386
(405)	(24,140)	(1,227,237)
8,407	606,418	16,054,425
\$ 8,002	\$ 582,278	\$ 14,827,188

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Private-purpose Trust Funds

Combining Statement of Fiduciary Net Assets

June 30, 2002 (Expressed in Thousands)

	State Treasurer		Totals
	Affordable College Savings	Memorial Burn Center	
Assets			
Equity in internal investment pool	\$ 82	\$ 1,229	\$ 1,311
Cash and cash equivalents	13		13
Investments, at fair value	7,526		7,526
Receivables:			
Interest and dividends	18	1	19
Other	3		3
Due from other funds		41	41
Total Assets	7,642	1,271	8,913
Liabilities			
Warrants payable	6		6
Accounts payable and accruals	49		49
Due to other funds	79		79
Total Liabilities	134		134
Net Assets			
Held in trust for trust beneficiaries	\$ 7,508	\$ 1,271	\$ 8,779



Private-purpose Trust Funds

Combining Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2002 (Expressed in Thousands)

	State Treasurer		Totals
	Affordable College Savings	Memorial Burn Center	
Additions			
Participant contributions	\$ 7,317	\$	\$ 7,317
Net depreciation in fair value of investments	(444)		(444)
Interest and other investment income, net	58	33	91
Administrative fees	300		300
License tag fees		212	212
Donations		19	19
Total Additions	<u>7,231</u>	<u>264</u>	<u>7,495</u>
Deductions			
Benefits	307		307
Administrative expenses	281	46	327
Total Deductions	<u>588</u>	<u>46</u>	<u>634</u>
Change in Net Assets	6,643	218	6,861
Net Assets - Beginning, as restated	865	1,053	1,918
Net Assets - Ending	<u>\$ 7,508</u>	<u>\$ 1,271</u>	<u>\$ 8,779</u>

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Agency Funds

Combining Statement of Fiduciary Net Assets

June 30, 2002 (Expressed in Thousands)

	Local			
	Government	Program	Institutional	Totals
	Distributive			
Assets				
Equity in internal investment pool	\$ 994	\$ 8,283	\$	\$ 9,277
Cash and cash equivalents	301	5,249	5,314	10,864
Receivables, net:				
Interest			1	1
Other	2	781	58	841
Due from other funds	4,819	1,452	11	6,282
Commodity inventory		2,376		2,376
Total Assets	\$ 6,116	\$ 18,141	\$ 5,384	\$ 29,641
Liabilities				
Warrants payable	\$ 15	\$ 381	\$	\$ 396
Accounts payable and accruals	319	14	6	339
Due to other governments	5,613	1,474	5	7,092
Due to other funds	169	3,930	1,290	5,389
Amounts held in custody for others		12,342	4,083	16,425
Total Liabilities	\$ 6,116	\$ 18,141	\$ 5,384	\$ 29,641

MISSISSIPPI

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2002 (Expressed in Thousands)

Fund	Assets						Total Assets
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Investments	Receivables	Due from Other Funds	Commodity Inventory	
Local Government Distributive:							
Balance - Beginning	\$ 745	\$ 346	\$	\$	\$ 6,005	\$	7,096
Additions	31,681			2	4,838		36,521
Deductions	31,432	45			6,024		37,501
Balance - Ending	994	301		2	4,819		6,116
Program:							
Balance - Beginning	7,136	4,348		10,720	1,301	450	23,955
Additions	33,841	29,614		4,766	1,452	13,196	82,869
Deductions	32,694	28,713		14,705	1,301	11,270	88,683
Balance - Ending	8,283	5,249		781	1,452	2,376	18,141
Institutional:							
Balance - Beginning		4,600	319	46	10		4,975
Additions		60,358		302	11		60,671
Deductions		59,644	319	289	10		60,262
Balance - Ending		5,314	0	59	11		5,384
Total - All Agency Funds:							
Balance - Beginning	7,881	9,294	319	10,766	7,316	450	36,026
Additions	65,522	89,972	0	5,070	6,301	13,196	180,061
Deductions	64,126	88,402	319	14,994	7,335	11,270	186,446
Balance - Ending	\$ 9,277	\$ 10,864	\$ 0	\$ 842	\$ 6,282	\$ 2,376	\$ 29,641

Fund	Liabilities						Total Liabilities
	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Due to Other Funds	Amounts Held In Custody for Others		
Local Government Distributive:							
Balance - Beginning	\$ 36	\$ 628	\$ 6,246	\$ 186	\$	\$	7,096
Additions	26,771	8,266	15,325	169			50,531
Deductions	26,792	8,575	15,958	186			51,511
Balance - Ending	15	319	5,613	169			6,116
Program:							
Balance - Beginning	45	9	1,304	13,095	9,502		23,955
Additions	8,905	1,633	2,019	20,114	40,209		72,880
Deductions	8,569	1,628	1,849	29,279	37,369		78,694
Balance - Ending	381	14	1,474	3,930	12,342		18,141
Institutional:							
Balance - Beginning			5	1,101	3,869		4,975
Additions		100	134	1,291	52,665		54,190
Deductions		94	134	1,102	52,451		53,781
Balance - Ending		6	5	1,290	4,083		5,384
Total - All Agency Funds:							
Balance - Beginning	81	637	7,555	14,382	13,371		36,026
Additions	35,676	9,999	17,478	21,574	92,874		177,601
Deductions	35,361	10,297	17,941	30,567	89,820		183,986
Balance - Ending	\$ 396	\$ 339	\$ 7,092	\$ 5,389	\$ 16,425		\$ 29,641



Nonmajor Component Units

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.

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

Mississippi Coast Coliseum Commission - The commission accounts for the promoting, developing, maintenance and operation of a multi-purpose coliseum and related facilities located in Harrison County, Mississippi.

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

Mississippi Prison Industries Corporation - The corporation 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.

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

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

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

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



Nonmajor Component Units

Combining Statement of Net Assets

June 30, 2002 (Expressed in Thousands)

	Mississippi Business Finance Corporation	Mississippi Coast Coliseum Commission	Mississippi Development Bank
Assets			
Current assets:			
Equity in internal investment pool	\$ 2,019	\$	\$
Cash and cash equivalents	708	2,295	76
Investments	8,694	3,084	352
Receivables, net	364	394	
Due from other governments			
Due from primary government		16	
Inventories			
Prepaid items		235	
Loans and notes receivable, net			
Other assets			
Total Current Assets	11,785	6,024	428
Restricted assets:			
Investments		7,213	
Total Restricted Assets		7,213	
Noncurrent assets:			
Due from other governments			
Capital assets, net	13	28,929	53
Total Noncurrent Assets	13	28,929	53
Total Assets	11,798	42,166	481
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	25	319	300
Deposits		2,144	
Bonds and notes payable		104	
Lease obligations payable		107	
Other liabilities		31	
Total Current Liabilities	25	2,705	300
Noncurrent liabilities:			
Bonds and notes payable		489	
Lease obligations payable		650	
Other liabilities	154	2	
Total Noncurrent Liabilities	154	1,141	
Total Liabilities	179	3,846	300
Net Assets			
Invested in capital assets, net of related debt	13	27,546	53
Restricted for other purposes		7,000	
Unrestricted	11,606	3,774	128
Total Net Assets	\$ 11,619	\$ 38,320	\$ 181

Mississippi Prison Industries Corporation	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
\$	\$	\$	\$	\$	\$
617	1,469	154	4,084	4,541	2,019
700	1,500	4,393	1,168		13,944
329	253		338	30	19,891
	70	277		44	1,708
190					391
437	7			26	206
37				10	470
	8				282
5					8
2,315	3,307	4,824	5,590	4,651	5
					38,924
					7,213
					7,213
		103			103
2,504	9,421	2,731	30,700	2,382	103
2,504	9,421	2,834	30,700	2,382	76,733
4,819	12,728	7,658	36,290	7,033	76,836
					122,973
243	581	76	855	21	2,420
	603		162		2,144
					869
					107
					31
243	1,184	76	1,017	21	5,571
	1,649		845		2,983
	129	35	18	40	650
	1,778	35	863	40	378
243	2,962	111	1,880	61	4,011
					9,582
2,504	7,168	2,731	29,692	2,382	72,089
	260	3,230			10,490
2,072	2,338	1,586	4,718	4,590	30,812
\$ 4,576	\$ 9,766	\$ 7,547	\$ 34,410	\$ 6,972	\$ 113,391

MISSISSIPPI

Nonmajor Component Units

Combining Statement of Activities

For the Year Ended June 30, 2002 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Mississippi Business Finance Corporation	\$ 1,058	\$ 898	\$	\$	(160)
Mississippi Coast Coliseum Commission	5,238	3,749	142		(1,347)
Mississippi Development Bank	327	66			(261)
Mississippi Prison Industries Corporation	4,967	5,236	58		327
Pat Harrison Waterway District	4,919	2,410	2,277		(232)
Pearl River Basin Development District	1,038	110	1,009		81
Pearl River Valley Water Supply District	7,046	6,792		3,350	3,096
Tombigbee River Valley Water Management District	1,036	1,489			453
Total	\$ 25,629	\$ 20,750	\$ 3,486	\$ 3,350	1,957
General revenues:					
Interest and investment income					1,644
Other					966
Total General Revenues					2,610
Change in Net Assets					4,567
Net Assets - Beginning, as restated					108,824
Net Assets - Ending					\$ 113,391

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 one fiscal year and present certain nonaccounting data.

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Expenditures by Function

All Governmental Funds

Table I

For the Last Ten Fiscal Years (Expressed in Thousands)

Function	2002	2001	2000	1999
General government	\$ 1,133,606	\$ 1,046,103	\$ 1,034,840	\$ 973,084
Education	2,852,710	2,265,034	2,224,058	2,017,162
Health and social services	4,212,066	3,587,400	3,138,724	2,843,194
Law, justice and public safety	507,662	528,874	471,444	461,383
Recreation and resources development	381,064	389,912	334,666	304,507
Regulation of business and professions	30,175	28,815	27,864	25,820
Transportation	875,165	756,564	881,051	815,496
Debt service	435,020	289,843	264,282	222,653
Capital outlay	103,940	80,921	110,072	78,014
Total Expenditures	\$ 10,531,408	\$ 8,973,466	\$ 8,487,001	\$ 7,741,313

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

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

Revenues by Source

All Governmental Funds

Table II

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	2002	2001	2000	1999
State taxes	\$ 4,441,358	\$ 4,453,359	\$ 4,431,550	\$ 4,255,102
Licenses, fees and permits	402,878	390,216	370,980	347,498
Federal government	4,204,079	3,538,494	3,098,013	2,865,653
Interest and other investment income, net	37,353	115,055	175,799	143,488
Charges for sales and services	268,098	259,090	256,976	235,310
Rentals	15,154	15,047	12,896	13,211
Court assessments and settlements	239,509	245,114	199,792	110,231
Other	317,263	242,968	241,421	233,325
Total Revenues	\$ 9,925,692	\$ 9,259,343	\$ 8,787,427	\$ 8,203,818

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

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

State Tax Revenues by Source

All Governmental Funds

Table III

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	2002	2001	2000	1999
Sales and use	\$ 2,364,112	\$ 2,322,787	\$ 2,295,463	\$ 2,212,773
Gasoline and other motor fuels	407,935	399,358	411,618	397,262
Privilege	69,091	69,104	87,509	76,717
Motor vehicle registration	27,934	28,940	26,691	26,195
Individual income	980,284	1,021,549	1,007,752	942,027
Alcoholic beverage	45,843	45,518	45,826	44,987
Corporate income and franchise	254,785	276,263	293,658	298,464
Severance	32,238	48,187	26,388	18,845
Inheritance	30,369	28,666	22,183	30,308
Tobacco	55,569	54,496	56,544	57,486
Insurance	131,763	121,995	116,823	110,938
Nuclear power	20,000	18,041	21,959	20,000
Other	21,435	18,455	19,136	19,100
Total Tax Revenues	\$ 4,441,358	\$ 4,453,359	\$ 4,431,550	\$ 4,255,102

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

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

	1998	1997	1996	1995	1994	1993
\$	919,048	\$ 858,218	\$ 817,625	\$ 727,065	\$ 616,453	\$ 555,839
	1,907,632	1,765,476	1,793,100	1,677,577	1,479,242	1,389,598
	2,715,471	2,736,515	2,633,871	2,583,972	2,393,508	2,226,713
	408,957	381,929	339,796	282,667	258,928	199,389
	304,795	266,633	249,433	228,555	204,695	182,746
	24,007	22,518	22,734	22,319	20,240	18,406
	749,466	694,895	651,044	532,217	497,877	507,738
	193,392	174,787	134,406	214,495	107,682	105,784
	84,883	86,435	126,592	56,134	11,330	22,797
\$	7,307,651	\$ 6,987,406	\$ 6,768,601	\$ 6,325,001	\$ 5,589,955	\$ 5,209,010

	1998	1997	1996	1995	1994	1993
\$	4,023,265	\$ 3,742,013	\$ 3,563,533	\$ 3,351,746	\$ 3,126,925	\$ 2,859,833
	322,081	298,158	270,438	250,994	208,240	153,971
	2,765,550	2,778,514	2,729,566	2,717,589	2,518,279	2,390,803
	124,338	122,271	122,682	112,186	52,194	34,185
	234,250	212,532	194,764	184,284	186,888	183,798
	10,396	9,142	10,591	10,175	9,185	6,990
	348	210	2,732		153	106
	393,904	219,429	182,740	216,057	181,990	167,142
\$	7,874,132	\$ 7,382,269	\$ 7,077,046	\$ 6,843,031	\$ 6,283,854	\$ 5,796,828

	1998	1997	1996	1995	1994	1993
\$	2,059,249	\$ 1,920,884	\$ 1,847,589	\$ 1,721,214	\$ 1,585,132	\$ 1,410,372
	392,260	358,866	354,104	347,015	339,876	319,670
	66,290	65,288	67,630	57,060	58,197	55,317
	28,023	25,406	24,700	23,949	23,951	23,111
	894,790	790,805	730,035	663,292	630,168	571,860
	43,261	42,530	41,270	41,667	41,291	38,483
	280,361	292,827	262,728	264,638	219,838	210,896
	29,573	31,841	29,057	28,059	32,387	41,666
	21,471	12,638	14,208	12,513	10,886	9,411
	57,344	57,201	55,121	57,483	54,498	53,025
	112,207	107,224	101,472	100,043	97,215	93,677
	20,000	20,000	20,000	20,000	19,999	20,001
	18,436	16,503	15,619	14,813	13,487	12,344
\$	4,023,265	\$ 3,742,013	\$ 3,563,533	\$ 3,351,746	\$ 3,126,925	\$ 2,859,833



Net General Obligation Bonded Debt Per capita

For the Last Ten Fiscal Years

Table IV

Fiscal Year	Population	General Obligation Bonded Debt (1)			Net	Net General Obligation Debt Per capita
		<i>(Expressed in Thousands)</i>				
		Principal Outstanding	Less: Debt Service Funds (2)			
2002	2,810,000	\$ 2,442,581	\$ 129,771	\$ 2,312,810	\$ 823	
2001	2,810,000	2,274,822	116,724	2,158,098	768	
2000	2,790,000	2,014,076	95,068	1,919,008	688	
1999	2,770,000	1,883,255	80,474	1,802,781	651	
1998	2,750,000	1,595,044	30,795	1,564,249	569	
1997	2,730,000	1,361,693	37,635	1,324,058	485	
1996	2,710,000	1,205,498	30,473	1,175,025	434	
1995	2,690,000	981,058	26,881	954,177	355	
1994	2,660,000	824,151	124,462	699,689	263	
1993	2,640,000	677,906	126,609	551,297	209	

Source: Population -- Mississippi Econometric Model
 General Obligation Bonded Debt -- Mississippi Comprehensive Annual Financial Report, GAAP Basis
 Debt Service Funds -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

- (1) Total general obligation bonded debt is long-term bonded debt reported in governmental activities.
- (2) Debt service funds represent the amount designated for debt service in the Mississippi Comprehensive Annual Financial Report.

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

For the Last Ten Fiscal Years (Expressed in Thousands)

Table V

Fiscal Year	Total		Ratio	Expenditures	Ratio
	Debt Service	Revenues			
2002	\$ 435,020	\$ 9,925,692	4.4 %	\$ 10,531,408	4.1 %
2001	289,843	9,259,343	3.1	8,973,466	3.2
2000	264,282	8,787,427	3.0	8,487,001	3.1
1999	222,653	8,203,818	2.7	7,741,313	2.9
1998	193,392	7,874,132	2.5	7,307,651	2.6
1997	174,787	7,382,269	2.4	6,987,406	2.5
1996	134,406	7,077,046	1.9	6,768,601	2.0
1995	214,495	6,843,031	3.1	6,325,001	3.4
1994	107,682	6,283,854	1.7	5,589,955	1.9
1993	105,784	5,796,828	1.8	5,209,010	2.0

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.

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Computation of Legal Debt Margin

June 30, 2002 (Expressed in Thousands)

Table VI

Legal debt limit (1 1/2 times revenue collected during any one of the four preceding years, whichever is higher) (1)	\$	8,142,318
Amount of debt applicable to debt limit (2)	\$	2,442,581
Less: amounts available for debt service		129,771
Net amount of debt applicable to debt limit		2,312,810
Legal Debt Margin	\$	5,829,508

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 revenues: taxes, licenses, fees and permits, investment income, rental income, service charges (including net income from the sale of alcoholic beverages), fines, forfeits, and penalties. Defined revenues for the four preceding years were:

Fiscal Year	Applicable Revenues
2001	\$ 5,428,212
2000	5,329,419
1999	5,084,812
1998	4,758,675

(2) The legal debt limit applies to total governmental activities long-term bonded debt.

Revenue Bond Coverage

For the Last Ten Fiscal Years (Expressed in Thousands)

Table VII

FAIR COMMISSION

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 4,065	\$ 4,242	\$ (177)	\$ 115	\$ 57	\$ 172	-
2001	3,614	4,057	(443)	105	67	172	-
2000	3,877	3,740	137	95	76	171	.80
1999	3,936	3,489	447	90	84	174	2.57
1998	3,599	3,384	215	85	92	177	1.21
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	2.24
1994	3,274	2,936	338	65	118	183	1.85
1993	2,840	2,775	65	60	123	183	.36

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

(1) Total operating revenues.

(2) Total operating expenses exclusive of interest and depreciation.

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Demographic Statistics

For the Last Ten Calendar Years

Table VIII

Calendar Year	Population	Per capita Income (Current \$)	Public School Enrollment	Unemployment Rate
2001	2,810,000	22,045	496,558	5.5 %
2000	2,790,000	21,328	499,362	5.7
1999	2,770,000	20,599	502,379	5.1
1998	2,750,000	20,037	504,792	5.4
1997	2,730,000	18,886	503,967	5.7
1996	2,710,000	18,044	503,602	6.1
1995	2,690,000	17,190	503,301	6.1
1994	2,660,000	16,552	503,374	6.6
1993	2,640,000	15,466	504,229	6.4
1992	2,610,000	14,712	501,577	8.2

Source: Population -- Mississippi Econometric Model

Per capita Income -- Mississippi Econometric Model

Public School Enrollment -- Kindergarten - Grade 12 -- Academic Year -- Mississippi State Department of Education

Unemployment Rate -- Mississippi Employment Security Commission

Economic Characteristics

For the Last Ten Calendar Years (Expressed in Thousands)

Table IX

Calendar Year	Gross State Product (Current \$)	Gross State Product (Inflation-Adjusted \$)	Personal Income (Current \$)	Personal Income (Inflation-Adjusted \$)	Average Annual Consumer Price Index
2001	\$ 67,447,000	\$ 38,084,100	\$ 61,853,000	\$ 34,925,500	177.1
2000	66,466,000	38,598,100	59,467,000	34,533,700	172.2
1999	64,287,000	38,587,600	57,030,000	34,231,700	166.6
1998	61,418,000	37,679,800	55,128,000	33,820,900	163.0
1997	58,741,000	36,598,800	51,598,000	32,148,300	160.5
1996	56,575,000	36,058,000	48,898,000	31,165,100	156.9
1995	54,562,000	35,801,800	46,242,000	30,342,500	152.4
1994	51,359,000	34,655,200	44,077,000	29,741,600	148.2
1993	47,384,000	32,791,700	40,768,000	28,213,100	144.5
1992	44,223,000	31,520,300	38,398,000	27,368,500	140.3

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

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Bank Deposits, Retail Sales, Median Household Disposable Income

For the Last Ten Calendar Years (Expressed in Thousands)

Table X

Calendar Year	Bank Deposits	Retail Sales	Median Household Disposable (Aftertax) Income
2001	\$ 28,839,331	\$ 34,629,709	\$ 30
2000	26,937,543	34,501,862	28
1999	23,389,129	33,382,785	28
1998	22,546,393	30,670,175	27
1997	25,851,444	28,677,726	26
1996	24,802,701	24,643,485	25
1995	23,960,825	25,796,258	24
1994	22,832,705	24,059,806	27
1993	20,493,525	21,240,615	25
1992	19,700,197	19,778,000	23

Source: Bank Deposits -- Mississippi Department of Banking and Consumer Finance

Retail Sales -- Mississippi State Tax Commission

Median Household Disposable (Aftertax) Income -- Sales and Marketing Management, Survey of Buying Power

Principal Industrial Employers

(Ranked by Number of Employees)

Table XI

Company	Number of Plants	Number of Employees
Northrop Grumman	3	11,362
Sanderson Farms, Inc.	7	4,710
Howard Industries, Inc.	4	4,183
Furniture Brands International	4	3,425
Lennox International	3	3,272
Georgia-Pacific Corporation	19	3,235
Choctaw Maid Farms	2	3,160
Tyson Foods, Inc.	4	3,134
Sara Lee Corporation	4	2,950
La-Z-Boy Chair Company	10	2,885
Peco Farms, Inc.	8	2,830
Koch (BCR) Foods	3	2,647
Peavey Electronics Corporation	3	2,278
Delphi Automotive System	3	1,965
International Paper Company	7	1,884
Singapore Technologies	5	1,869
Leggett & Platt, Inc.	12	1,864
Ashley Furniture	2	1,851
Weyerhaeuser Company	10	1,731
Friede Goldman Halter	1	1,601
Berklene/BenchCraft	5	1,588
Quebecor, Inc.	2	1,512
Cooper Tire & Rubber	2	1,370
Cooper Industries	3	1,337
ContiGroup Companies	2	1,218

Source: Mississippi Development Authority

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Population and Employment

For the Last Ten Calendar Years

Table XII

Selected Indicators	2001	2000	1999
Population	2,810,000	2,790,000	2,770,000
Employed	1,224,600	1,251,100	1,203,000
Unemployed	71,500	75,300	64,500
Total Labor Force	1,296,100	1,326,400	1,267,500
Mississippi Unemployment Rate	5.5%	5.7%	5.1%
U.S. Unemployment Rate	4.8%	4.0%	4.2%

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

Mississippi Average Annual Employment by Sector

For the Last Ten Calendar Years

Table XIII

Sector	2001	2000	1999
Agriculture	33,200	33,200	33,200
Construction	51,800	54,700	55,500
Finance, insurance and real estate	43,200	42,900	42,900
Government	239,100	233,800	227,100
Manufacturing	213,800	233,200	243,900
Mining	5,700	4,700	5,000
Services	270,900	270,600	268,900
Transportation and public utilities	56,900	57,400	55,800
Wholesale and retail trade	252,700	256,200	254,200

Source: Mississippi Employment Security Commission - Labor Market Information

Mississippi Average Annual Wages by Sector

For the Last Ten Calendar Years

Table XIV

Sector	2001	2000	1999
Agriculture	\$ 21,193	\$ 19,239	\$ 18,859
Construction	28,312	27,705	26,937
Finance, insurance and real estate	31,215	32,252	30,460
Government	24,393	23,829	23,043
Manufacturing	29,376	28,496	27,630
Mining	41,754	38,404	40,171
Retail trade	18,003	14,736	14,500
Services	23,476	24,508	23,489
Transportation and public utilities	33,488	34,910	33,210
Wholesale trade	35,567	33,399	32,532

Source: Mississippi Employment Security Commission - Labor Market Information

1998	1997	1996	1995	1994	1993	1992
2,750,000	2,730,000	2,710,000	2,690,000	2,660,000	2,640,000	2,610,000
1,199,200	1,189,800	1,180,200	1,180,000	1,169,800	1,138,200	1,093,700
68,200	72,500	77,000	77,000	82,900	78,300	97,700
1,267,400	1,262,300	1,257,200	1,257,000	1,252,700	1,216,500	1,191,400
5.4%	5.7%	6.1%	6.1%	6.6%	6.4%	8.2%
4.5%	4.9%	5.4%	5.6%	6.1%	6.9%	7.5%

1998	1997	1996	1995	1994	1993	1992
36,300	35,800	38,200	41,400	38,300	40,300	39,800
54,400	50,900	48,600	45,400	43,500	39,600	35,400
42,500	41,700	40,900	40,000	39,700	38,800	38,400
223,400	219,000	216,800	214,700	213,700	210,100	207,900
245,500	241,800	245,600	257,800	261,000	255,700	251,900
6,300	5,900	5,300	4,900	5,100	5,200	5,200
262,600	256,300	246,100	232,400	224,700	196,700	175,500
53,800	53,000	52,800	51,100	48,600	46,300	45,000
245,200	238,400	232,900	228,200	219,400	209,800	201,000

1998	1997	1996	1995	1994	1993	1992
\$ 18,064	\$ 17,318	\$ 16,501	\$ 16,153	\$ 15,276	\$ 14,457	\$ 14,395
26,508	24,369	23,294	22,188	21,928	20,782	19,961
30,005	28,030	26,707	25,916	24,748	24,112	23,198
22,463	21,703	20,731	19,923	18,965	18,156	17,540
26,712	25,584	24,323	23,301	22,593	21,768	21,119
36,794	34,674	31,661	30,025	29,175	27,829	27,367
14,003	13,333	12,635	12,181	11,805	11,370	11,113
22,870	21,980	21,222	20,569	19,416	18,713	18,302
32,721	32,041	30,406	29,520	28,983	27,952	27,710
31,466	29,636	28,387	27,367	26,523	25,547	24,968

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Public School Enrollment

For the Last Ten Academic Years

Table XV

Grade	2001/2002	2000/2001	1999/2000	1998/1999
Kindergarten	38,736	39,055	39,455	41,057
Grades 1-3	119,157	121,810	124,176	124,759
Grades 4-6	119,022	118,450	116,155	113,584
Grades 7-9	114,533	114,885	115,585	116,913
Grades 10-12	88,644	89,796	90,947	91,783
Special Education	12,106	12,562	13,044	14,283
Total Enrollment	492,198	496,558	499,362	502,379

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	2001/2002	2000/2001	1999/2000	1998/1999
Coahoma Community College	2,150	1,418	1,317	1,336
Copiah-Lincoln Community College	3,160	3,272	3,086	2,967
East Central Community College	3,347	3,312	2,605	2,518
East Mississippi Community College	3,303	3,121	2,848	3,033
Hinds Community College	11,389	10,976	10,943	10,361
Holmes Community College	3,482	3,328	3,089	2,466
Itawamba Community College	4,563	4,075	3,946	3,965
Jones County Junior College	5,625	5,572	5,016	5,465
Meridian Community College	3,743	3,183	3,077	3,132
Mississippi Delta Community College	3,750	3,419	5,242	4,208
Mississippi Gulf Coast Community College	8,877	9,140	10,054	10,124
Northeast Mississippi Community College	4,463	4,353	4,792	4,366
Northwest Mississippi Community College	5,760	5,127	5,074	5,083
Pearl River Community College	3,156	3,245	3,291	3,264
Southwest Mississippi Community College	2,159	2,083	2,066	2,022
Total Community and Junior Colleges	68,927	65,624	66,446	64,310

Source: Mississippi State Board for Community and Junior Colleges

Full-time Equivalent Student Enrollment - Universities

For the Last Ten Academic Years

Table XVII

University	2001/2002	2000/2001	1999/2000	1998/1999
Alcorn State University	3,096	2,936	2,871	2,860
Delta State University	3,875	3,916	4,086	4,048
Jackson State University	7,098	6,832	6,354	6,292
Mississippi State University	16,878	16,561	16,076	15,718
Mississippi University for Women	2,328	2,815	2,953	3,314
Mississippi Valley State University	3,081	2,687	2,509	2,445
University of Mississippi	12,771	12,234	11,746	11,443
University of Southern Mississippi	15,232	14,509	14,350	14,533
Total Universities	64,359	62,490	60,945	60,653
University of Mississippi Medical Center	1,658	1,694	1,781	1,862

Source: Dept. of Research and Planning, Institutions of Higher Learning, State of Mississippi

1997/1998	1996/1997	1995/1996	1994/1995	1993/1994	1992/1993
40,667	40,511	40,559	39,545	38,523	37,077
123,254	120,952	118,376	117,407	117,362	119,904
112,996	113,212	114,646	116,375	118,755	121,097
120,205	122,732	123,903	125,306	123,797	121,260
92,183	90,311	89,375	88,419	88,936	88,962
15,487	16,249	16,743	16,249	16,001	15,929
504,792	503,967	503,602	503,301	503,374	504,229

1997/1998	1996/1997	1995/1996	1994/1995	1993/1994	1992/1993
1,458	1,457	1,576	1,410	1,332	818
3,047	2,984	2,941	2,790	2,597	2,542
2,463	2,358	4,404	1,800	1,647	2,112
2,725	3,426	2,896	1,876	1,331	1,493
10,635	10,745	10,290	10,668	10,065	10,508
2,854	2,968	2,492	2,549	2,465	2,173
3,820	4,302	3,957	4,122	3,989	3,934
5,133	5,128	5,073	4,828	4,772	4,937
3,271	3,213	2,963	2,868	3,059	3,047
3,597	3,576	3,343	3,931	3,515	3,723
9,965	10,203	10,550	12,393	13,852	10,266
4,416	4,044	3,879	3,915	3,634	3,817
5,247	5,276	4,653	4,889	4,566	4,319
2,967	3,049	2,840	3,038	3,109	3,083
1,997	1,900	1,792	1,549	1,638	1,536
63,595	64,629	63,649	62,626	61,571	58,308

1997/1998	1996/1997	1995/1996	1994/1995	1993/1994	1992/1993
2,847	3,073	2,989	2,756	2,671	2,872
4,085	4,015	3,288	3,199	3,298	3,205
6,333	6,218	5,479	5,273	5,477	5,506
15,645	14,859	12,185	11,680	11,894	12,232
3,309	3,277	2,055	2,060	1,945	1,959
2,253	2,199	2,145	2,177	2,299	2,217
11,301	10,993	9,449	9,253	9,516	9,948
14,593	14,117	11,689	10,516	10,429	10,742
60,366	58,751	49,279	46,914	47,529	48,681
1,877	1,806	2,450	2,045	2,377	2,272

Miscellaneous Statistics

June 30, 2002

Table XVIII

Date Entered Union	December 10, 1817
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	10,678
Land Area	47,233 Square Miles
State Highway Patrol:	
Number of Stations	9
Number of Sworn Officers	537
Higher Education (Universities and Community and Junior Colleges):	
Number of Campuses in State	53
Number of Educators	6,581
Number of Students	134,944
Recreation:	
Number of State Parks	28
Area of State Parks	23,714 Acres
Area of State Forests	133,118 Acres
State Employees:	
Full-Time	31,425
Part-Time	891

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

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This report may be viewed online at: www.dfa.state.ms.us