

MISSISSIPPI



Fiscal Year Ended June 30, 1999

Department of Finance and Administration

Post Office Box 267
Jackson, MS 39205

Edward L. Ranck
Executive Director





December 31, 1999

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

With pride and satisfaction in our accomplishments, I submit Mississippi's Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999.

With each passing year as Governor, the more certain I have become that the greatest danger to this republic is the creation and entrenchment of a "political class." Of all our accomplishments, this administration's tireless efforts to secure legislative term limits rank among my proudest endeavors.

The average taxpayer now works diligently all year, then spends half of what should be his leisure time trying to figure out how much he owes the County Seat, the State Capitol, and Washington, D.C. All this wasted time, money and effort, in order that those who are ostensibly in his service will not dispatch their minions to seize his property and incarcerate his person. I am proud of our successful struggles to throw rocks in the path of the liberal big-spenders.

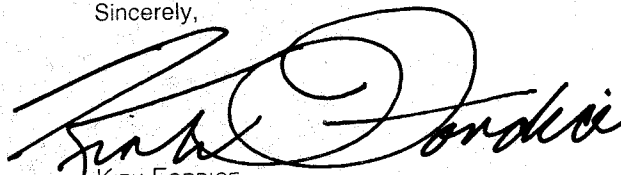
Since 1992, the citizens of Mississippi have benefited from more than 193,000 announced new jobs and estimated capital investment of \$18.3 billion. In 1998, Mississippi led the nation in disposable personal income growth rate with a 17.6 percent increase.

Approximately 44,700 fewer Mississippi families now receive welfare benefits than when I took office in 1992. More than 82,100 Mississippians have achieved freedom from the bondage of food stamp dependency. Mississippi was reforming welfare long before the professional politicians and bureaucrats in Washington, D.C., jumped on the wagon.

Eight years in your service have only more firmly etched in my mind the knowledge I brought with me to the Office of Governor – which, indeed, was the impetus for my seeking office, and that is: the private citizens of Mississippi have within their hearts and minds the answers to all our challenges, the determination to prevail, and the ability to supercede any obstacles government throws in their path. Mississippians are the greatest people, the hardest workers, and the most dedicated and loyal patriots on earth.

The highest honor of my life has been serving the sovereign citizens of this great state. May God bless the State of Mississippi and the United States of America.

Sincerely,



KIRK FORDICE
GOVERNOR



Table of Contents

INTRODUCTION

Letter of Transmittal	6
Officials of State Government	14
Organization Chart	15
Certificate of Achievement for Excellence in Financial Reporting	16

FINANCIAL SECTION

Auditor's Report	19
General Purpose Financial Statements	21
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units	22
Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units	24
Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds	26
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units	28
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units	30
Statement of Changes in Plan Net Assets - Pension Trust Funds	34
Statement of Changes in Fund Balances - Component Unit - University Funds	36
Statement of Current Fund Revenues, Expenditures and Other Changes - Component Unit - University Funds	38
Notes to the Financial Statements	39
Note 1 - Significant Accounting Policies	39
Note 2 - Budgetary Process, Control and Reconciliation to GAAP	47
Note 3 - Other Accounting Disclosures	49
Note 4 - Deposits and Investments	51
Note 5 - Receivables	55
Note 6 - Interfund Transactions	56
Note 7 - Loans and Notes Receivable	58
Note 8 - Property, Plant and Equipment	59
Note 9 - General Obligation and Defeased Bonds	60
Note 10 - Limited Obligation Bonds	61
Note 11 - Revenue Bonds and Notes	62
Note 12 - Other Long-term Obligations	63
Note 13 - Changes in Long-term Obligations	64
Note 14 - Bonds Authorized But Unissued	65
Note 15 - Segment Information - Enterprise Funds	66
Note 16 - Deferred Compensation Plan	68
Note 17 - Retirement Plans	68
Note 18 - Commitments	71
Note 19 - Risk Management	72
Note 20 - Component Unit Funds	73
Note 21 - Contingencies	75
Note 22 - Subsequent Events	75
Required Supplementary Information	77
A - Schedule of Funding Progress	77
B - The Year 2000 Issue (Unaudited)	78



Combining and Individual Fund Financial Statements and Supporting Schedules

General Fund:	79
Balance Sheet - General Fund	80
Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance - General Fund	81
Schedule of Current Expenditures by Function and Department - General Fund	82
Special Revenue Funds:	83
Significant Special Revenue Funds Descriptions	83
Combining Balance Sheet - Special Revenue Funds	86
Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Special Revenue Funds	87
Combining Balance Sheet - Health and Social Services	88
Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Health and Social Services	90
Combining Balance Sheet - Law, Justice and Public Safety	92
Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Law, Justice and Public Safety	94
Combining Balance Sheet - Recreation and Resources Development	96
Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Recreation and Resources Development	98
Combining Balance Sheet - Regulation of Business and Professions	100
Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Regulation of Business and Professions	102
Debt Service Fund:	105
Balance Sheet - Debt Service Fund	106
Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance - Debt Service Fund	106
Capital Projects Fund:	107
Balance Sheet - Capital Projects Fund	108
Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance - Capital Projects Fund	108



Enterprise Funds:	109
Enterprise Funds Descriptions	109
Combining Balance Sheet - All Enterprise Funds	112
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Enterprise Funds	116
Combining Statement of Cash Flows - All Enterprise Funds	118
Combining Balance Sheet - Other Enterprise Funds	122
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Other Enterprise Funds ..	124
Combining Statement of Cash Flows - Other Enterprise Funds	126
Internal Service Funds:	131
Internal Service Funds Descriptions	131
Combining Balance Sheet - Internal Service Funds	132
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Internal Service Funds ...	133
Combining Statement of Cash Flows - Internal Service Funds	134
Trust and Agency Funds:	137
Significant Trust and Agency Funds Descriptions	137
Combining Balance Sheet - Trust and Agency Funds	139
Combining Balance Sheet - Expendable Trust Funds	140
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Expendable Trust Funds ..	141
Combining Balance Sheet - Nonexpendable Trust Funds	142
Combining Statement of Revenues, Expenses and Changes in Fund Balances - Nonexpendable Trust Funds ..	142
Combining Statement of Cash Flows - Nonexpendable Trust Funds	143
Combining Statement of Plan Net Assets - Pension Trust Funds	144
Combining Balance Sheet - Agency Funds	145
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	146
General Fixed Assets Account Group:	147
Schedule of General Fixed Assets by Function	148
Schedule of Changes in General Fixed Assets	148
Schedule of Changes in General Fixed Assets by Function	148



Component Units:	149
Component Units Descriptions	149
Combining Balance Sheet - Component Units	152
Combining Balance Sheet - Component Units - University Funds	154
Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Component Units - Governmental Funds	156
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Component Units - Proprietary Funds	157
Combining Statement of Cash Flows - Component Units - Proprietary Funds	158

STATISTICAL AND ECONOMIC DATA

	Table	
Expenditures by Function	I	162
Revenues by Source	II	162
State Tax Revenues by Source	III	162
Net General Long-term Bonded Debt Per capita	IV	164
Ratio of Annual Debt Service for General Long-term Bonded Debt to Total Revenues and Expenditures ...	V	164
Computation of Legal Debt Margin	VI	165
Revenue Bond Coverage	VII	165
Demographic Statistics	VIII	166
Economic Characteristics	IX	166
Bank Deposits, Retail Sales, Median Household Disposable Income	X	167
Principal Industrial Employers	XI	167
Population and Employment	XII	168
Mississippi Average Annual Employment by Sector	XIII	168
Mississippi Average Annual Wages by Sector	XIV ...	168
Public School Enrollment	XV	170
Full-time Equivalent Student Enrollment - Community and Junior Colleges	XVI ...	170
Full-time Equivalent Student Enrollment - Universities	XVII ...	170
Miscellaneous Statistics	XVIII ..	172



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

EDWARD L. RANCK
EXECUTIVE DIRECTOR

December 20, 1999

To Governor Fordice:

It is my pleasure to transmit to you the Comprehensive Annual Financial Report of the state of Mississippi for the year ended June 30, 1999 as provided in Section 27-104-4, Mississippi Code Annotated (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the financial statements, including all disclosures, rests with the state. I believe the information as presented is accurate in all material aspects and is presented in a manner which sets forth the financial position and results of operations of the state of Mississippi in conformity with generally accepted accounting principles (GAAP). The financial presentations in this report are designed to show the financial activities of the fund types and account groups of the state. All disclosures necessary to enable a reader to gain maximum understanding of the state's financial activities have been included.

The 1999 Comprehensive Annual Financial Report is presented in three sections: the introductory section which provides summary financial data and narrative commentary on matters of interest to the reader; the financial section which includes the state auditor's report, audited general purpose financial statements and notes thereto, and underlying combining and individual fund financial statements and supporting schedules; and the statistical section which sets forth selected unaudited economic, financial trend and demographic information for the state on a multi-year basis.

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

Economic Conditions

The overall growth rates of employment and output in 1999 are forecast to be slightly lower than in 1998. In 1998, the state posted a growth rate of 1.2 percent in establishment employment, and 5.5 percent in personal income, ahead of the 5.0 percent national growth rate. Although the state's economy has slowed from the mid-90's boom period, the unemployment rate in 1999 is expected to be under 5.3 percent, nonetheless, which will make it the lowest annual rate posted in the state since 1974. Also, employment levels in the vital manufacturing sector rose in 1998 despite the slowdown of the world economy, with durable goods employment increasing about 3.5 percent, although nondurables employment continued its fall.

Retail sales data, state revenue collections, and other economic indicators fail to reveal any serious weaknesses that could derail the economy in 2000. Residential construction permits were 15 percent higher in the first seven months of 1999 than for the comparable period in 1998, and retail sales were 6.5 percent higher. Although consumer confidence dipped in the second quarter of 1999, the index remained above last year's level and the business confidence index continues to indicate a growth perspective in the business community. Revenues from gaming fees and taxes, which had dipped in FY1996, grew 8.2 percent in FY1997, 6.1 percent in FY1998, and 11.7 percent in FY1999.

Employment data shows a slowing rate of economic expansion. Residential employment was up 2.1 percent in the first eight months of 1999 compared to the same period in 1998, but payroll employment was up only 0.5 percent. Service sector employment remained virtually the same as last year, and manufacturing employment dropped slightly as nondurable goods employment fell 3.5 percent.

Turning to construction, the boom that began in 1993 has not yet ended. Employment in this sector grew 6.5 percent in 1998, and is projected to rise 5.2 percent in 1999. The strong growth in building permits this year will mean continued growth in this sector in 2000, but the slowdown in the national economy is expected to impact this sector adversely by the end of next year.

Employment in the amusements industry rose 4.2 percent in 1998, and the closely related hotels and lodging industry increased its employment level by over 10 percent. In 1999, amusements (notably gaming) employed about 10 percent more people than in 1998, based on figures through August, while growth of hotels and lodging employment was more moderate.

Among durable goods manufacturing industries, industrial machinery was the star with employment increasing by almost 5 percent. Furniture and fixtures employment was up by 2.6 percent. Electronic equipment, however, posted a 3.7 percent drop and metal products fell as well. Lumber and wood products and transportation equipment held steady.

Overall employment in nondurables has been declining since 1993, and the trend has not yet stopped. The apparel industry continued to shrink in 1999, after a 10 percent drop in employment in 1998. Chemical and allied products which grew 3.1 percent in 1998, dipped in the first eight months of 1999. Paper and allied products and printing and publishing, whose employment declined in 1998, are also likely to show some drop in the number employed in 1999. However, food and kindred products employment was up 3.1 percent.

Employment in retail trade has risen little despite a respectable 6.5 percent growth in sales. Government employment has grown at close to two percent, led by growth in local education. Health services employment is not expected to increase in 1999.

The service sector now provides 24 percent of total wage and salary employment. The average annual growth rate of employment in this sector was 6.2 percent over the 1993-98 period. This growth rate is projected to drop to 2.0 percent over the 1999-2004 period. There are two other sectors employing 20 percent or more of workers: retail/wholesale trade and government. Retail/wholesale trade employment increased at a 3.2 percent rate over the earlier period and government sector employment rose 1.3 percent annually. Their shares in total employment are not expected to increase between 1999 and 2004.

Manufacturing accounts for 20 percent of employment in Mississippi, compared to only 15 percent of U.S. employment. The composition of manufacturing differs as well, with the percentage of employees in furniture and lumber and wood products being more than twice the corresponding percentages for the U.S. These industries along with food products account for over a third of manufacturing employment. Transportation equipment, electronic equipment, and apparel account for another 27 percent.

Short-Term Outlook

Mississippi is expected to experience a somewhat slower growth of output and employment in 1999 than the nation as a whole, but the state should be close to national trends again by 2000. Gross state product (GSP) is expected to rise 2.7 percent this year, slowing to a 2.0 percent increase in 2000 and 2.4 percent in 2001. Wage and salary employment is expected to increase at an average annual rate of about 0.7 percent this year, and will likely continue to grow at about that rate in 2000 before picking up speed in 2001.

The good news on the inflation front nationally means that the rate of inflation here, as measured by the GSP deflator, should stay below 2.0 percent until 2000, when rising petroleum prices and health care costs are likely to nudge up overall inflation. The negative side of the current low prices is that deflationary trends in several product areas have hurt profit margins internationally, with export goods such as computer equipment and farm products particularly affected. Mississippi's top manufacturing exports, accounting for half of the state's 1998 exports, are chemicals and allied products, paper and allied products, and industrial machinery.

Personal income in Mississippi is expected to grow about 5 percent in 1999, less rapidly than the 5.5 percent increase experienced in 1998, and in 2000 further slowdown is expected. Tightening labor markets in the state through the 1990s have contributed to a steady growth in wages and incomes. Between 1989 and 1998 the

average annual wage in Mississippi rose about 5 percent in real terms or 40 percent in nominal terms. Nationally, the growth of personal income in both 1999 and 2000 is predicted to be 5 percent, with the growth rate forecast to rise to 5.2 percent by 2001.

The gross regional product (GRP) for the southeastern region is expected to increase about 3.7 percent in 1999, a slightly slower increase than that predicted for the nation as a whole. In 2000, the growth rate is likely to be 2.8 percent, according to the Economic Forecasting Center of Georgia State University, which is above the rate forecast for the nation.

Major Initiatives

The state of Mississippi continues to enjoy exceptional growth and unprecedented economic development. As of August 1999, more than 193,570 new jobs have been announced in Mississippi, generating capital investment of more than \$20.4 billion by new and expanding companies since January 1992.

Mississippi has experienced a significant decline in unemployment from 8.8 percent, when Governor Fordice first took office, to consistently lower levels, including a rate of 4.9 percent in August. According to a 1998 *Dun & Bradstreet* report, Mississippi led the nation in business-startup growth and jobs created from those businesses. In 1998, Mississippians started 1,347 new businesses creating 8,197 new jobs.

The February 1, 1999, *Newsweek* reported that Mississippi led the nation in disposable personal income growth rate in 1998 with a 17.6 percent increase in disposable personal income per capita. All this serves as testimony to the validity and endurance of the Mississippi Miracle, as engendered by the Fordice Administration.

Under Governor Fordice's leadership since 1992, approximately 44,700 fewer Mississippi families receive welfare benefits--down from 60,210 to less than 15,503--a 74 percent reduction in caseload since Governor Fordice first took office. Some 82,122 fewer Mississippians now receive food stamps.

Governor Fordice's *Faith and Families* initiative involves Mississippi's churches and synagogues in rescuing Mississippi families from welfare dependency. Since February 1995, 851 churches have signed to participate. Today, 1,142 family members participate in the program. More than 320 families have found employment through *Faith and Families*.

Governor Fordice's victories during the 1999 legislative session include initiating the grading of individual schools instead of districts; securing bonuses for teachers in improving schools; and, fully funding the Mississippi Eminent Scholars Grant college scholarships of \$2,500 per year for students whose ACT scores are 29 or higher.

The state of Mississippi has not seen a more successful administration in terms of economic development, welfare reform, fiscal integrity with taxpayer dollars, and genuine education reform. Governor Fordice has provided for his successor a state that is significantly more fiscally sound, economically vibrant, and socially productive than when he inherited it.

Financial Information

State managers are responsible for establishing and maintaining internal control to ensure that government assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow preparation of financial statements in conformity with GAAP. Internal control has 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 control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

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

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

General Government Functions

Most state functions are financed through the governmental fund types, which include the general, special revenue, capital projects and debt service funds. Revenues from governmental fund type sources for fiscal years 1999 and 1998 are compared in the following table (amounts expressed in thousands):

Revenues by Source	FY 1999		FY 1998		Increase (Decrease) from FY 1998	Percent of Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
State Taxes	\$ 4,255,102	51.9 %	\$ 4,023,265	51.1 %	\$ 231,837	5.8 %
Licenses, fees and permits	347,498	4.2	322,081	4.1	25,417	7.9
Federal government	2,865,653	34.9	2,765,550	35.1	100,103	3.6
Interest on investments	143,488	1.8	124,338	1.6	19,150	15.4
Departmental services	235,310	2.9	234,250	3.0	1,060	.5
Other	356,767	4.3	404,648	5.1	(47,881)	(11.8)
	<u>\$ 8,203,818</u>	<u>100.0 %</u>	<u>\$ 7,874,132</u>	<u>100.0 %</u>	<u>\$ 329,686</u>	<u>4.2 %</u>

Revenues for the state increased \$329,686,000 for the year. State taxes accounted for the largest dollar amount of the increase followed by the federal government. Interest on investments and licenses, fees and permits had significant percentage increases. Other revenues had a significant decrease.

Total state taxes increased \$231,837,000. Sales and use taxes increased \$153,524,000, individual income taxes increased \$47,237,000 and corporate income and franchise taxes increased \$18,103,000. In addition, privilege and inheritance tax increased \$19,264,000. While several categories of taxes increased, severance and motor vehicle tax decreased \$12,556,000.

Included in licenses, fees and permits is \$192,553,000 of gaming fees. This amount has increased from the previous year by \$21,645,000 or 12.7 percent. Drivers' license fees increased \$1,641,000 and fees from the Department of Environmental Quality increased \$1,288,000.

Federal government revenues increased 3.6 percent or \$100,103,000. The majority of this increase was in the Division of Medicaid's federal revenue which increased \$87,629,000 related to the increase in expenditures of \$99,251,000. Education grants increased \$14,518,000 while rehabilitation services' grants decreased \$6,643,000.

Interest on investments increased 15.4 percent resulting in part from the increase in the investment balance of \$295,437,000. In addition, interest rates increased slightly during the year.

Other sources of revenue decreased by \$47,881,000. Of this amount, the revenue received from the tobacco litigation settlement decreased \$66,169,000 from fiscal year 1998 to fiscal year 1999. Many other types of revenue within this source, such as fines and penalties, increased slightly.

Expenditures from governmental fund type sources for fiscal years 1999 and 1998 are summarized in the following table (amounts expressed in thousands):

Expenditures by Function	FY 1999		FY 1998		Increase (Decrease) from FY 1998	Percent of Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
General government	\$ 973,084	12.6 %	\$ 919,048	12.6 %	\$ 54,036	5.9 %
Education	2,017,162	26.1	1,907,632	26.1	109,530	5.7
Health and social services	2,843,194	36.7	2,715,471	37.1	127,723	4.7
Law, justice, and public safety	461,383	6.0	408,957	5.6	52,426	12.8
Recreation and resources development	304,507	3.9	304,795	4.2	(288)	(.1)
Regulation of business and professions	25,820	.3	24,007	.3	1,813	7.6
Transportation	815,496	10.5	749,466	10.3	66,030	8.8
Debt service	222,653	2.9	193,392	2.6	29,261	15.1
Capital outlay	78,014	1.0	84,883	1.2	(6,869)	(8.1)
	<u>\$ 7,741,313</u>	<u>100.0 %</u>	<u>\$ 7,307,651</u>	<u>100.0 %</u>	<u>\$ 433,662</u>	<u>5.9 %</u>

Overall expenditures increased \$433,662,000. Debt service, law, justice, and public safety, and transportation show the largest percentage increases. Health and social services and education have the largest dollar amount increases, and capital outlay shows the larger dollar amount decrease.

Education expenditures increased 5.7 percent or \$109,530,000. Of that amount, Department of Education's expenditures increased over \$100,000,000. This increase includes \$37,400,000 of additional monies paid to the school districts for support. Another \$14,700,000 are additional expenditures related to a similar increase in federal grants. Capital improvements for the school districts and a tech prep bond issue in fiscal year 1999 accounted for \$22,800,000 and \$15,300,000, respectively, of the increase.

Health and social services expenditures increased \$127,723,000 or 4.7 percent. Of that amount, the Division of Medicaid's expenditures increased \$99,251,000 due to the increase in health care costs. The Department of Mental Health and related institutions' expenditures increased approximately \$42,800,000. A state employee pay raise and the operation of three new institutions account for a majority of the increase. Expenditures for the Department of Human Services decreased \$20,663,000 as more people are working and receiving less in assistance payments.

Law, justice, and public safety increased 12.8 percent or \$52,426,000. Department of Corrections' expenditures increased \$24,212,000 as prison expansion continued. Expenditures for Emergency Management increased \$26,425,000 related primarily to costs associated with Hurricane Georges.

Transportation expenditures increased \$66,030,000 or 8.8 percent. Many highway road work projects have been started and are continuing. State highways around the casinos, as well as highways in other areas of the state, have been or are being widened to four lanes.

Debt service expenditures increased 15.1 percent or \$29,261,000. Principal and interest payments increased by \$11,224,000 and \$18,771,000, respectively. The total in the general long-term obligations account group has increased \$847,839,000 over the last two years.

Capital outlay decreased 8.1% or \$6,869,000. Various construction projects were completed just prior to, or early in, fiscal year 1999.

General Fund Balance

The General Fund GAAP fund balance at June 30, 1999 of \$2,453,465,000 demonstrates fiscal strength and the result of prudent fiscal practices. The undesignated and uncommitted portion of the fund balance increased from \$514,662,000 to \$589,548,000. The total June 30, 1999 fund balance represents a 7.9 percent increase from June 30, 1998.

Included in the GAAP General Fund is the Working Cash-Stabilization Reserve Account. This account, created by state law, may be used to pay state obligations when there is insufficient cash from other General Fund sources to pay obligations as they become due. It may also be used to cover any projected deficits that may occur in the General Fund as a result of revenue shortfalls. It was funded through transfers from the General Fund. The balance in the account at the end of each fiscal year should equal 7.5 percent of the next year's General Fund Appropriations. If the balance does not equal the 7.5 percent, 50 percent of the excess of the unencumbered cash balance of the General Fund at the close of the year is transferred to this account until the 7.5 percent is reached. Any amount of the 50 percent of the excess not necessary to be transferred to this account is transferred to the Education Enhancement Fund. In fiscal year 2000, for fiscal year 1999, \$2,195,000 was transferred to the Working Cash-Stabilization Reserve Account, and \$117,884,000 was transferred to the Education Enhancement Fund.

Enterprise Operations

The state's enterprise operations include the Veterans' Home Purchase Board. This agency provides home mortgage loans to qualified Mississippi veterans. During the year, \$11,266,000 of new mortgage loans were issued. Total loans generated \$6,398,000 of interest revenue in fiscal year 1999 that will in turn be used to further expand the program. The enterprise operations generated net income of \$20,142,000 during fiscal year 1999. Current enterprise operations generated a revenue to debt service coverage of 2.57 which meets all bond indenture requirements.

Pension Trust Fund Operations

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

The System also serves as an administrator for the Municipal Retirement Systems and the Optional Retirement Plan. The state, however, does not contribute to these plans. Further information on the state's participation in the retirement systems can be found in Note 17 to the financial statements.

Debt Administration

The State Bond Commission, composed of the governor, state attorney general and state treasurer, approves and authorizes the sale and issuance of state bonds in accordance with authorizing legislation and within the defined constitutional debt limit. The total outstanding general obligation bonded indebtedness of governmental fund types for the state as of June 30, 1999 was \$1,883,255,000. Mississippi has a rating of "AA" from both Standard & Poor's Rating Group, a division of the The McGraw Hill Companies, and Fitch Investors Service, L. P.

During the fiscal year ended June 30, 1999, the State Bond Commission issued \$428,950,000 in general obligation bonds. These bond issues include \$500,000 under Archusa Water Park Dam, \$20,000,000 under Port Improvements and \$40,000,000 under Port Improvements for the Port of Gulfport, \$30,000,000 under Tech Prep, \$6,600,000 under the Community and Jr. College Telecommunications Network, \$20,000,000 under the Economic Development Highway Act, \$11,370,000 under the Mississippi Small Enterprise Development Finance Act, \$13,000,000 under the Mississippi Farm Reform Act, \$125,000,000 under the Mississippi Gaming Highway Improvement, \$30,000,000 under the Major Energy Project Development, \$22,650,000 under the Mississippi Business Investment Act, \$5,000,000 under the Small Business Assistance, and \$104,830,000 of Capital Improvement Bonds. Subsequent to June 30, 1999, the state issued \$240,400,000 of general obligation bonds.

At June 30, 1999, 26 percent of the \$7,138,012,000 bonded indebtedness ceiling established by the state constitution was outstanding. Current practice restricts revenues included in the foregoing debt limitation computation to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges including net income from the Alcoholic Beverage Control Division and fines, forfeitures and penalties. The state's net general obligation debt per capita is \$644.

Cash Management

It is the duty of the state treasurer and the executive director of the Department of Finance and Administration to analyze for cash flow needs and investment purposes the amount of cash in the state General Fund and in the special funds credited to any special purpose designated by the Legislature. The state treasurer deposits available funds with official depositories of the state. In addition, the Public Employees' Retirement System and a small number of other state agencies carry out investment activities separate from the state treasurer. Of \$20,710,912,000 in investments at June 30, 1999, \$18,206,512,000 are classified into categories of credit risk, and \$15,645,935,000 were held by the state's agent in the state's name.

The state's available resources invested in Mississippi bank certificates of deposits and repurchase agreements earn interest at rates that approximate the U.S. Treasury Bill discount rate for those with comparable maturities. During fiscal year 1999, the average rate on the three month U.S. Treasury Bill was 4.52 percent, with a twelve month high of 4.96 percent and a twelve month low of 4.08 percent. The pension trust fund's total portfolio of stocks and bonds had a 11.3 percent total rate of return for fiscal year 1999. The median rate of return for state retirement plans according to Callan Associates Plan Sponsor - Large Funds for the 12 months ended June 30, 1999 was 10.6 percent. The primary government earned interest and dividend income of \$704,653,000 on all investments for the year ended June 30, 1999.

Risk Management

The State has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the state are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits.

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

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

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

Further information about risk management can be found in Note 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, of the state's general purpose financial statements. His unqualified opinion is presented as the first page of the financial section of this report. Also, as required by federal law, the state auditor has undertaken a single audit of the state as a whole, which will include 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 Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Edward L. Ranck



Officials of State Government

Executive Branch

Governor

Kirk Fordice

Lieutenant Governor

Ronnie Musgrove

Secretary of State

Eric Clark

State Auditor

Phil Bryant

State Treasurer

Marshall Bennett

Attorney General

Mike Moore

Commissioner of Agriculture and Commerce

Lester Spell

Commissioner of Insurance

George Dale

Transportation Commissioners

Richard (Dick) Hall

Wayne Brown

Zack Stewart

Public Service Commissioners

Nielsen Cochran

Dorlos (Bo) Robinson

George M. Byars

State Fiscal Officer

Edward L. Ranck

Legislative Branch

Speaker of the House of Representatives

Tim Ford

**Speaker Pro Tempore
of the House of Representatives**

Robert Clark

President Pro Tempore of the Senate

Tommy Gollott

Secretary of Senate

John K. Gresham

Clerk of the House of Representatives

Charles J. Jackson, Jr.

Legislative Budget Office

Robert A. Greenlee, Director

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

Max Arinder, Director

Judicial Branch

Supreme Court of Mississippi**Chief Justice**

Lenore L. Prather

Presiding Justices

Michael Sullivan

Edwin Pittman

Justices

Fred L. Banks, Jr.

C. R. (Chuck) McRae

James W. Smith, Jr.

Mike Mills

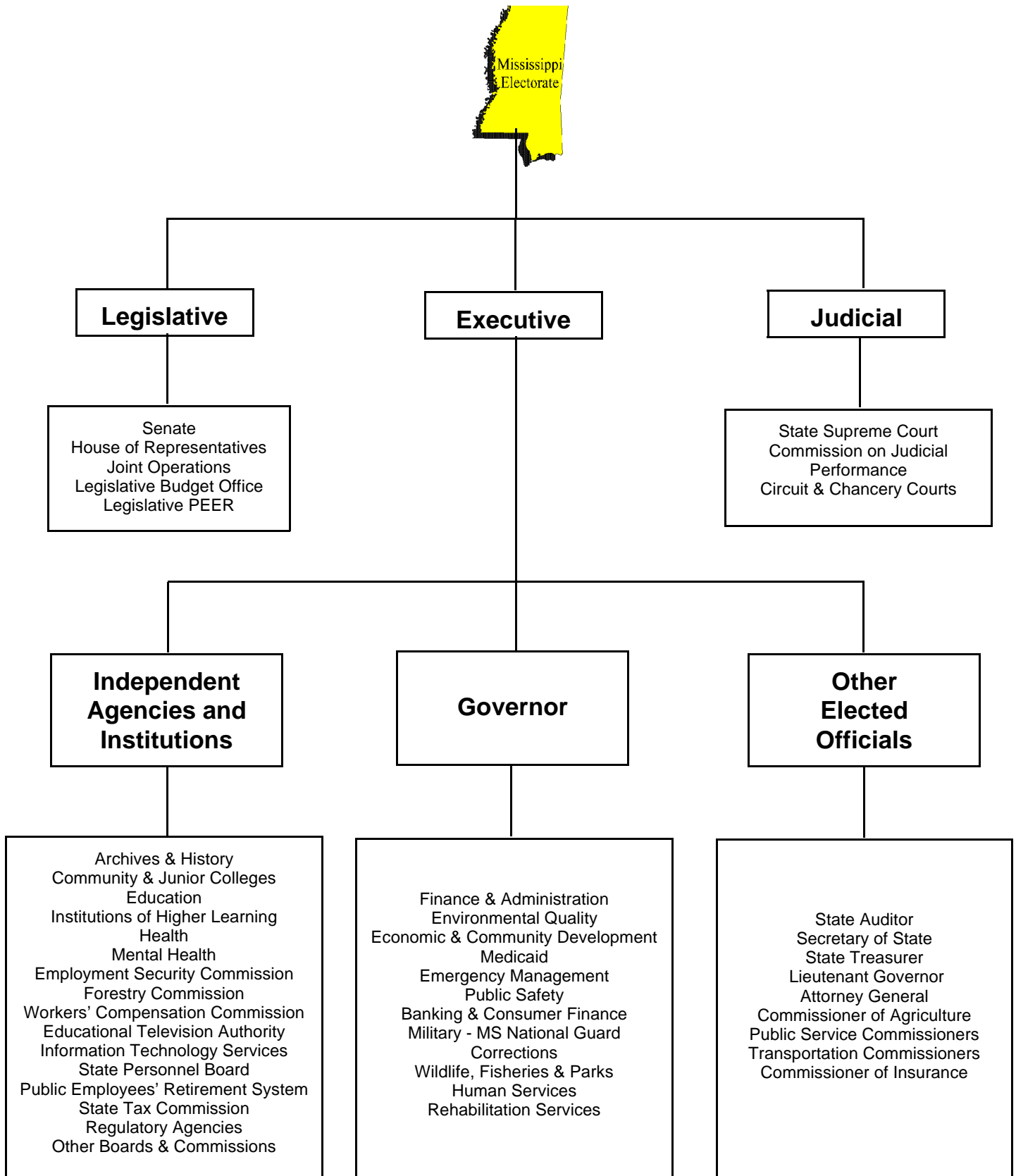
William L. Waller, Jr.

Kay B. Cobb

Clerk of the Supreme Court

Charlotte Williams

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.




President


Executive Director

(This page left blank intentionally)



State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 1999, as listed in the table of contents. The general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based upon our audit. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain expendable trust and enterprise funds. These financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 44% and 36% of the assets and revenues, respectively, of the expendable trust funds; and 44% and 59% of the assets and revenues, respectively, of the enterprise funds. We also did not audit certain accounts within the General Fund. These certain accounts represent 5% and less than 1% of the assets and revenues, respectively, of the General Fund. These financial statements and accounts were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, these expendable trust and enterprise funds, and these certain accounts of the General Fund, is based solely upon the reports of the other auditors.

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

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Mississippi as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and certain component units, changes in plan net assets of its pension trust funds and the related schedule of funding progress, and the changes in fund balances and current fund revenues, expenditures and other changes of the university funds for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 78 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State of Mississippi is or will become year 2000 compliant, that the State of Mississippi's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State Mississippi does business are or will become year 2000 compliant.

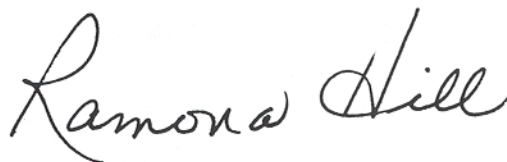
In accordance with *Government Auditing Standards*, our report dated December 20, 1999, on our consideration of the state's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants will be issued under separate cover in our *Single Audit Report* in March, 2000.

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

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

A large, elegant handwritten signature in dark ink, reading "Phil Bryant". The signature is fluid and cursive, with the first name "Phil" and last name "Bryant" clearly distinguishable.

PHIL BRYANT
State Auditor

A large, elegant handwritten signature in dark ink, reading "Ramona Hill". The signature is fluid and cursive, with the first name "Ramona" and last name "Hill" clearly distinguishable.

RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 20, 1999



General Purpose Financial Statements



All Fund Types, Account Groups And Discretely Presented Component Units

Combined Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Equity in internal investment pool	\$ 1,333,172	\$ 88,790	\$ 10,302	\$ 72,074
Cash and cash equivalents	118,287	9,576		
Amount on deposit with U.S. Treasury				
Investments	639,501	315,892	16,871	273,570
Receivables, net	482,580	5,302	609	1,174
Due from other governments	581,722	32,560		
Due from other funds	7,772	14,587	1,736	3,501
Due from component units	5,494			
Due from primary government				
Inventories	68,361	1,399		
Prepaid items				
Loans and notes receivable, net	176,137	750		
Loans to other funds				
Restricted Assets:				
Equity in internal investment pool				
Cash and cash equivalents				
Investments				
Interest receivable, net				
Property, plant and equipment, net of depreciation where applicable				
Deferred charges and other assets	7,409			
Amount available, designated for debt service				
Amount to be provided for retirement of general long-term debt				
Total Assets and Other Debits	\$ 3,420,435	\$ 468,856	\$ 29,518	\$ 350,319
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Warrants payable	\$ 111,564	\$ 8,652		\$ 925
Accounts payable and accruals	274,932	9,325		
Contracts payable	93,958			24,406
Income tax refunds payable	128,000			
Due to other governments	182,483	3,458		
Due to other funds	32,396	2,024	51	637
Due to component units	31,006	702		
Due to primary government				
Customer deposits				
Claims liability				
Amounts held in custody for others				
Obligations under securities lending				
Deferred revenues	112,631	10,115		
Loans from other funds		28		
Tuition benefits payable				
Liabilities payable from restricted assets				
General obligation bonds				
Limited obligation bonds				
Revenue bonds and notes payable				
Lease obligations payable				
Other liabilities		289		
Total Liabilities	966,970	34,593	51	25,968
Fund Equity and Other Credits:				
Investment in fixed assets				
Contributed capital				
Retained earnings:				
Reserved				
Unreserved				
Fund balances:				
Reserved	588,528	17,774		
Unreserved:				
Designated	1,275,389	313,907	29,467	324,351
Undesignated	589,548	102,582		
Total Fund Equity and Other Credits	2,453,465	434,263	29,467	324,351
Total Liabilities, Fund Equity and Other Credits	\$ 3,420,435	\$ 468,856	\$ 29,518	\$ 350,319

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only) Primary Government	Component Units	Total (Memorandum Only) Reporting Entity
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations			
\$ 19,374	\$ 30,645	\$ 13,582	\$	\$	\$ 1,567,939	\$ 11,563	\$ 1,579,502
12,042	234	150,325			290,464	272,495	562,959
		641,698			641,698		641,698
71,802	76,321	18,039,227			19,433,184	234,455	19,667,639
3,939	820	450,306			944,730	137,447	1,082,177
107	41	1,200			615,630	430	616,060
313	3,032	23,077			54,018	48,896	102,914
	88				5,582		5,582
						31,708	31,708
856		263			70,879	18,867	89,746
113					113	8,823	8,936
99,670					276,557	84,018	360,575
		28			28		28
485					485		485
654					654	218	872
41,784					41,784	7,356	49,140
32					32		32
105,915	8,541	4,340	1,988,454		2,107,250	1,860,842	3,968,092
					7,409	3,640	11,049
				80,474	80,474	505	80,979
				2,224,716	2,224,716	3,403	2,228,119
\$ 357,086	\$ 119,722	\$ 19,324,046	\$ 1,988,454	\$ 2,305,190	\$ 28,363,626	\$ 2,724,666	\$ 31,088,292
\$ 834	\$ 7,657	\$ 3,316	\$	\$	\$ 132,948	\$ 5,671	\$ 138,619
3,307	4,038	537,108			828,710	122,086	950,796
					118,364		118,364
					128,000		128,000
11,991		14,320			212,252		212,252
1,031	320	17,559			54,018	48,896	102,914
					31,708		31,708
						5,582	5,582
785					785		785
	97,318				97,318		97,318
		14,944			14,944	3,298	18,242
		1,984,651			1,984,651		1,984,651
271	1,174	1,761			125,952	33,843	159,795
					28		28
46,281					46,281		46,281
386					386	98	484
68,411				1,883,255	1,951,666		1,951,666
				200,000	200,000		200,000
870					870	192,690	193,560
311	1,045			128,620	129,976	27,129	157,105
58				93,315	93,662	16,458	110,120
134,536	111,552	2,573,659		2,305,190	6,152,519	455,751	6,608,270
			1,988,454		1,988,454	1,603,890	3,592,344
36,737					36,737	30,647	67,384
457					457	7,000	7,457
185,356	8,170				193,526	30,238	223,764
		16,748,884			17,355,186	226,182	17,581,368
					1,943,114	160,038	2,103,152
		1,503			693,633	210,920	904,553
222,550	8,170	16,750,387	1,988,454		22,211,107	2,268,915	24,480,022
\$ 357,086	\$ 119,722	\$ 19,324,046	\$ 1,988,454	\$ 2,305,190	\$ 28,363,626	\$ 2,724,666	\$ 31,088,292



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

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 4,247,052	\$ 8,050		\$
Licenses, fees and permits	292,275	55,223		
Federal government	2,643,087	222,566		
Participant contributions				
Interest and other investment income, net	106,765	15,847	4,913	15,963
Charges for sales and services	230,315	4,995		
Rentals	13,159	52		
Court assessments and settlements		110,231		
Other	220,061	9,971		3,293
Total Revenues	7,752,714	426,935	4,913	19,256
Expenditures:				
Current:				
General government	973,084			
Education	1,991,599			25,563
Health and social services	2,771,639	71,555		
Law, justice and public safety	381,948	79,435		
Recreation and resources development	173,163	131,344		
Regulation of business and professions		25,820		
Transportation	815,496			
Debt service:				
Principal	63,025	418	48,079	
Interest and other fiscal charges	64,877	46	44,058	84
Defeasance of debt			2,066	
Capital outlay				78,014
Total Expenditures	7,234,831	308,618	94,203	103,661
Excess of Revenues over (under) Expenditures	517,883	118,317	(89,290)	(84,405)
Other Financing Sources (Uses):				
Proceeds from bonds and notes	494,586			106,809
Proceeds from capital leases	39,328	755		
Operating transfers in	36,315	37,314	113,720	29,058
Operating transfers out	(176,106)	(25,887)	(1,452)	(22,906)
Operating transfers from component units	1,068			2,749
Operating transfers to component units	(551,566)	(1,242)		(61,748)
Net Other Financing Sources (Uses)	(156,375)	10,940	112,268	53,962
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	361,508	129,257	22,978	(30,443)
Net income from proprietary operations				
Fund Balances July 1, as restated	2,095,412	305,174	6,489	354,794
Increase (Decrease) in Reserve for Inventories	(3,455)	(168)		
Fund Balances June 30	\$ 2,453,465	\$ 434,263	\$ 29,467	\$ 324,351

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

Fiduciary Fund Type		Totals (Memorandum Only) Primary Government		Component Units	Totals (Memorandum Only) Reporting Entity	
Expendable Trust						
\$	121,556	\$	4,376,658	\$	\$	4,376,658
			347,498	1,066		348,564
	3,235		2,868,888			2,868,888
	42,993		42,993			42,993
	88,143		231,631	260		231,891
			235,310	90		235,400
			13,211	2,587		15,798
			110,231			110,231
	6		233,331	5,575		238,906
	255,933		8,459,751	9,578		8,469,329
	14,700		987,784			987,784
			2,017,162			2,017,162
	113,118		2,956,312			2,956,312
			461,383			461,383
			304,507	8,097		312,604
			25,820			25,820
			815,496			815,496
			111,522	351		111,873
			109,065	186		109,251
			2,066			2,066
			78,014			78,014
	127,818		7,869,131	8,634		7,877,765
	128,115		590,620	944		591,564
			601,395			601,395
			40,083			40,083
			216,407			216,407
			(226,351)			(226,351)
			3,817			3,817
			(614,556)			(614,556)
			20,795			20,795
	128,115		611,415	944		612,359
				130		130
	1,093,603		3,855,472	9,614		3,865,086
			(3,623)	1		(3,622)
\$	1,221,718	\$	4,463,264	\$	\$	4,473,953



All Budgetary Funds

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) For the Year Ended June 30, 1999 (Expressed in Thousands)

	General Fund			Education
	Budget	Actual	Variance Favorable (Unfavorable)	Budget
Revenues:				
Sales tax	\$ 1,255,000	\$ 1,310,626	\$ 55,626	\$ 164,977
Individual income tax	913,500	973,877	60,377	
Corporate income and franchise taxes	298,000	298,054	54	
Use and wholesale compensating taxes	150,000	170,033	20,033	16,422
Tobacco, beer and wine taxes	86,000	87,972	1,972	
Insurance tax	98,400	98,421	21	
Oil and gas severance taxes	17,500	10,164	(7,336)	
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	38,000	41,060	3,060	
Inheritance tax	14,000	30,767	16,767	
Other taxes	14,500	16,565	2,065	
Interest	40,000	40,288	288	
Auto privilege, tag and title fees	13,700	15,007	1,307	
Gaming fees	130,000	141,763	11,763	
Highway Safety Patrol fees	17,500	21,163	3,663	
Other fees and services	9,400	10,858	1,458	
Miscellaneous	3,200	2,878	(322)	
Special Fund revenues				
Total Revenues	3,098,700	3,269,496	170,796	181,399
Expenditures by Major Budgetary Function:				
Legislative	20,138	18,733	1,405	
Judicial and justice	43,855	43,117	738	
Executive and administrative	3,344	3,178	166	
Fiscal affairs	67,218	67,016	202	
Public education	1,229,862	1,228,136	1,726	165,131
Higher education	558,025	557,912	113	99,694
Public health	38,480	37,531	949	
Hospitals and hospital schools	195,847	195,749	98	
Agriculture, commerce and economic development	93,136	92,877	259	7,055
Conservation and recreation	58,461	58,392	69	575
Insurance and banking	3,576	3,555	21	
Corrections	217,492	215,338	2,154	
Interdepartmental service				
Social welfare	304,263	304,249	14	
Public protection and veterans assistance	77,243	73,791	3,452	2,087
Local assistance	75,750	75,025	725	
Motor vehicle and other regulatory agencies	1,750	1,750		
Miscellaneous	1,751	1,751		450
Public works	25,564	25,564		1,339
Debt service	134,515	134,493	22	
Total Expenditures	3,150,270	3,138,157	12,113	276,331
Excess of Revenues over (under) Expenditures	(51,570)	131,339	182,909	(94,932)
Other Financing Sources (Uses):				
Operating transfers in	5,200	11,262	6,062	
Transfers in (out) of general fund cash balance		(120,079)	(120,079)	
Investments sold, net				
Other sources (uses) of cash		6	6	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(46,370)	22,528	68,898	(94,932)
Budgetary Fund Balances July 1	101,302	101,302		
Reclassification Between Budgetary/Nonbudgetary Funds - Net				
Budgetary Fund Balances July 1 as Reclassified	101,302	101,302		
Budgetary Fund Balances (Deficits) June 30	\$ 54,932	\$ 123,830	\$ 68,898	\$ (94,932)

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

Enhancement Fund		Special Fund			Totals (Memorandum Only)		
Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 174,374	\$ 9,397	\$	\$	\$	\$ 1,419,977	\$ 1,485,000	\$ 65,023
					913,500	973,877	60,377
					298,000	298,054	54
18,567	2,145				166,422	188,600	22,178
					86,000	87,972	1,972
					98,400	98,421	21
					17,500	10,164	(7,336)
					38,000	41,060	3,060
					14,000	30,767	16,767
					14,500	16,565	2,065
3,391	3,391				40,000	43,679	3,679
					13,700	15,007	1,307
					130,000	141,763	11,763
					17,500	21,163	3,663
					9,400	10,858	1,458
1	1				3,200	2,879	(321)
		5,192,655	4,456,380	(736,275)	5,192,655	4,456,380	(736,275)
196,333	14,934	5,192,655	4,456,380	(736,275)	8,472,754	7,922,209	(550,545)
		150	106	44	20,288	18,839	1,449
		26,148	17,782	8,366	70,003	60,899	9,104
		9,025	7,728	1,297	12,369	10,906	1,463
		39,044	29,635	9,409	106,262	96,651	9,611
163,943	1,188	524,774	466,427	58,347	1,919,767	1,858,506	61,261
98,884	810	11,036	7,907	3,129	668,755	664,703	4,052
		186,917	141,663	45,254	225,397	179,194	46,203
		213,540	175,883	37,657	409,387	371,632	37,755
7,055		136,381	100,579	35,802	236,572	200,511	36,061
94	481	167,312	111,281	56,031	226,348	169,767	56,581
		34,167	28,740	5,427	37,743	32,295	5,448
		31,265	21,123	10,142	248,757	236,461	12,296
		36,566	29,134	7,432	36,566	29,134	7,432
		2,287,066	1,979,037	308,029	2,591,329	2,283,286	308,043
2,080	7	195,847	118,672	77,175	275,177	194,543	80,634
					75,750	75,025	725
		19,549	17,144	2,405	21,299	18,894	2,405
450		2,041	1,367	674	4,242	3,568	674
1,339		999,923	896,391	103,532	1,026,826	923,294	103,532
		271,904	270,086	1,818	406,419	404,579	1,840
273,845	2,486	5,192,655	4,420,685	771,970	8,619,256	7,832,687	786,569
(77,512)	17,420		35,695	35,695	(146,502)	89,522	236,024
2,637	2,637				5,200	13,899	8,699
117,884	117,884					(2,195)	(2,195)
			3,169	3,169		3,169	3,169
(557)	(557)					(551)	(551)
42,452	137,384		38,864	38,864	(141,302)	103,844	245,146
136,382	136,382		668,487	668,487	101,302	906,171	804,869
			76	76		76	76
136,382	136,382		668,563	668,563	101,302	906,247	804,945
\$ 178,834	\$ 273,766	\$	\$ 707,427	\$ 707,427	\$ (40,000)	\$ 1,010,091	\$ 1,050,091



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

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances For the Year Ended June 30, 1999 (Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Revenues:			
Charges for sales and services	\$ 37,801	\$ 344,173	\$
Interest and other investment income, net	10,588		1,523
Rentals	1,188		
Fees	333		596
Excess of tuition receipts over present value of related benefits payable	561		
Other	267	5	1,214
Total Operating Revenues	50,738	344,178	3,333
Operating Expenses:			
Costs of sales and services	15,385		
Benefit payments	167	336,940	
Administrative expenses	23,069	48,177	89
Depreciation and amortization	5,389	2,012	
Other	40		
Total Operating Expenses	44,050	387,129	89
Operating Income (Loss)	6,688	(42,951)	3,244
Nonoperating Revenues	6,518	5,410	
Nonoperating Expenses	(3,345)	(308)	
Income (Loss) Before Operating Transfers	9,861	(37,849)	3,244
Operating Transfers In	10,796	1,338	
Operating Transfers Out	(515)		(1,675)
Net Income (Loss)	20,142	(36,511)	1,569
Add Depreciation on Contributed Assets	476		
Increase (Decrease) in Retained Earnings/Fund Balances	20,618	(36,511)	1,569
Retained Earnings/Fund Balances July 1	165,195	44,681	29,299
Retained Earnings/Fund Balances June 30	\$ 185,813	\$ 8,170	\$ 30,868

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

Totals (Memorandum Only) Primary Government		Component Units		Totals (Memorandum Only) Reporting Entity	
\$	381,974	\$	8,469	\$	390,443
	12,111				12,111
	1,188				1,188
	929		1,401		2,330
	561				561
	1,486				1,486
	398,249		9,870		408,119
	15,385		1,839		17,224
	337,107				337,107
	71,335		7,540		78,875
	7,401		1,240		8,641
	40		182		222
	431,268		10,801		442,069
	(33,019)		(931)		(33,950)
	11,928		1,762		13,690
	(3,653)		(9)		(3,662)
	(24,744)		822		(23,922)
	12,134				12,134
	(2,190)				(2,190)
	(14,800)		822		(13,978)
	476				476
	(14,324)		822		(13,502)
	239,175		33,323		272,498
\$	224,851	\$	34,145	\$	258,996



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

Combined Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Cash Flows from Operating Activities:			
Cash receipts/premiums from quasi-external operating transactions with other funds	\$	\$ 139,944	\$
Cash receipts/premiums from customers	52,158	203,968	
Cash payments to suppliers for goods and services	(24,559)	(30,872)	(89)
Cash payments to employees for services	(11,978)	(11,067)	
Cash payments for tuition	(167)		
Cash payments for benefits		(349,183)	
Other operating cash receipts	305	5	1,821
Other operating cash payments			
Interest received on tuition receipts	1,744		
Principal and interest received on program loans	17,962		
Issuance of program loans	(11,266)		
Net Cash Provided by (Used for) Operating Activities	24,199	(47,205)	1,732
Cash Flows from Noncapital Financing Activities:			
Operating transfers in	11,009	997	
Operating transfers out	(794)		(1,717)
Loans from other funds	(500)		
Grant proceeds	2,348		
Revenues from counties	746		
Contribution to other government			
Net Cash Provided by (Used for) Noncapital Financing Activities	12,809	997	(1,717)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(7,422)	(1,019)	
Proceeds from sale of capital assets	1		
Proceeds from sale of bonds for capital related financing	40,000		
Bond issuance costs for capital related financing	(34)		
Proceeds from insurance settlement			
Principal paid on bonds and equipment contracts	(3,733)	(1,507)	
Interest paid on bonds and equipment contracts	(2,580)	(151)	
Net Cash Provided by (Used for) Capital and Related Financing Activities	26,232	(2,677)	
Cash Flows from Investing Activities:			
Proceeds from the sale of investments	35,028	87,641	10,776
Purchases of investments	(103,765)	(37,199)	(12,043)
Interest and other investment income, net	3,257	7,592	1,713
Net Cash Provided by (Used for) Investing Activities	(65,480)	58,034	446
Net Increase (Decrease) in Cash and Cash Equivalents	(2,240)	9,149	461
Cash and Cash Equivalents July 1	34,795	21,730	1,755
Cash and Cash Equivalents June 30	\$ 32,555	\$ 30,879	\$ 2,216
Reconciliation of Cash and Cash equivalents to the balance sheet:			
Equity in internal investment pool	\$ 19,374	\$ 30,645	\$ 13,582
Cash and Cash Equivalents	12,042	234	150,324
Restricted equity in internal investment pool	485		
Restricted cash and cash equivalents	654		
Expendable trust, pension trust, agency and non-proprietary component units			(161,690)
Cash and Cash Equivalents, June 30, 1999	\$ 32,555	\$ 30,879	\$ 2,216

Totals (Memorandum Only) Primary Government	Component Units	Totals (Memorandum Only) Reporting Entity
\$	\$	\$
139,944		139,944
256,126	9,891	266,017
(55,520)	(5,995)	(61,515)
(23,045)	(3,264)	(26,309)
(167)		(167)
(349,183)		(349,183)
2,131		2,131
	(34)	(34)
1,744		1,744
17,962		17,962
(11,266)		(11,266)
(21,274)	598	(20,676)
12,006		12,006
(2,511)		(2,511)
(500)		(500)
2,348		2,348
746		746
	(51)	(51)
12,089	(51)	12,038
(8,441)	(778)	(9,219)
1	9	10
40,000		40,000
(34)		(34)
	680	680
(5,240)		(5,240)
(2,731)		(2,731)
23,555	(89)	23,466
133,445	17,472	150,917
(153,007)	(18,666)	(171,673)
12,562	1,142	13,704
(7,000)	(52)	(7,052)
7,370	406	7,776
58,280	2,451	60,731
\$ 65,650	\$ 2,857	\$ 68,507
\$ 63,601	\$ 11,563	\$ 75,164
162,600	272,495	435,095
485		485
654	218	872
(161,690)	(281,419)	(443,109)
\$ 65,650	\$ 2,857	\$ 68,507

(Continued on Next Page)

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

Combined Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

(Continued from Previous Page)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 6,688	\$ (42,951)	\$ 3,244
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest and other investment income, net			(1,713)
Depreciation	5,389	2,012	
Net (appreciation) depreciation in fair value of investments	(2,368)		199
Changes in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(615)	27	
Interest receivable	(198)		(8)
Due from other governments	(15)	22	
Interfund receivables	(11)	(221)	10
Inventories	88		
Prepaid items	(33)		
Loans and notes receivable, net	384		
Other assets	(124)		
Increase (decrease) in liabilities			
Warrants payable	(101)	6,015	
Accounts payable and accruals	(300)	164	
Due to other governments	2,348	(11)	
Interfund payables	2	(30)	
Tuition benefits payable	13,055		
Claims liability		(12,142)	
Deferred revenue	10	(90)	
Other liabilities			
Total Adjustments	17,511	(4,254)	(1,512)
Net Cash Provided by (Used for) Operating Activities	\$ 24,199	\$ (47,205)	\$ 1,732

Noncash Capital and Related Financing and Investing Activities:

The enterprise fund received machinery and equipment of \$27,000 from other state agencies. Contributed capital increased as a result of the receipt of \$226,000 of donated land, and decreased as a result of the disposal of \$247,000 of previously donated fixed assets. At June 30, 1999, the enterprise fund's investments are reported at fair value, creating a noncash investment income of \$2,368,000.

The internal service fund entered into a \$488,000 capital lease agreement. Payments on the new lease included principal payments of \$161,000 and interest payments of \$12,000. The internal service fund received donated machinery and equipment of \$52,000 and received machinery and equipment of \$3,000 from another state agency. At June 30, 1999, the internal service fund's investments are reported at fair value, creating a noncash investment loss of \$1,928,000.

At June 30, 1999, the nonexpendable trust fund's investments are reported at fair value, creating a noncash investment loss of \$199,000.

The component units' contributed capital increased as a result of the receipt of \$46,000 of fixed assets from another government.

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

Totals (Memorandum Only)		Totals (Memorandum Only)
Primary Government	Component Units	Reporting Entity
<hr/>		
\$ (33,019)	\$ (931)	\$ (33,950)
<hr/>		
(1,713)		(1,713)
7,401	1,240	8,641
(2,169)		(2,169)
<hr/>		
(588)	(99)	(687)
(206)		(206)
7		7
(222)	(23)	(245)
88	82	170
(33)	18	(15)
384		384
(124)		(124)
<hr/>		
5,914		5,914
(136)	163	27
2,337		2,337
(28)		(28)
13,055		13,055
(12,142)		(12,142)
(80)		(80)
	148	148
11,745	1,529	13,274
<hr/>		
\$ (21,274)	\$ 598	\$ (20,676)
<hr/>		



Pension Trust Funds

Statement of Changes In Plan Net Assets

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Additions:			
Contributions:			
Employer	\$ 372,661	\$ 5,359	\$ 13,885
Employee	274,059	1,081	1,082
Total Contributions	646,720	6,440	14,967
Net Investment Income:			
Net appreciation			
in fair value of investments	1,092,837	18,639	20,619
Interest and dividends	422,455	7,159	7,919
Securities Lending:			
Income from securities lending	97,963	1,671	1,848
Interest expense and trading			
costs from securities lending	(92,236)	(1,573)	(1,740)
Managers' fees and trading costs	(19,539)	(334)	(369)
Net Investment Income	1,501,480	25,562	28,277
Other Revenues:			
Rent income	95		
Administrative fees	420		
Other	12		
Total Other Revenues	527		
Total Additions	2,148,727	32,002	43,244
Deductions:			
Retirement annuities	562,191	12,490	27,376
Refunds to terminated employees	49,283	43	91
Total	611,474	12,533	27,467
Administrative expenses:			
Personal services:			
Salaries, wages and fringe benefits	4,134		
Travel	81		
Contractual services	5,357	107	306
Commodities	255		
Total Administrative Expenses	9,827	107	306
Loss on Disposal of Equipment	5		
Depreciation	790		
Total Deductions	622,096	12,640	27,773
Net Increase in Plan Net Assets	1,526,631	19,362	15,471
Net Assets Held in Trust for Pension Benefits:			
Beginning of Year	13,428,993	234,337	265,060
End of Year	\$ 14,955,624	\$ 253,699	\$ 280,531

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

Supplemental Legislative Retirement Plan		Totals (Memorandum Only)	
\$	373	\$	392,278
	177		276,399
	550		668,677
	583		1,132,678
	224		437,757
	52		101,534
	(49)		(95,598)
	(10)		(20,252)
	800		1,556,119
			95
			420
			12
			527
	1,350		2,225,323
	191		602,248
			49,417
	191		651,665
			4,134
			81
	7		5,777
			255
	7		10,247
			5
			790
	198		662,707
	1,152		1,562,616
	6,795		13,935,185
\$	7,947	\$	15,497,801



University Funds

Statement of Changes in Fund Balances Component Unit

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Current Funds			Endowment and Similar
	Unrestricted	Restricted	Loan	
Revenues and Other Additions:				
Tuition and fees	\$ 212,792	\$ 322	\$	\$
Federal appropriations, grants and contracts	15,163	194,728	26	
State grants and contracts		27,384	2,892	
Local appropriations, grants and contracts	3,313	1,423		
Private gifts, grants and contracts	11,969	44,656	660	3,302
Endowment income	518	1,352	116	
Investment income	11,448	17	137	4,264
Interest on loans receivable			1,672	
Federal advances			1,837	
Proceeds from bonds and notes				
Additions to plant facilities				
Retirement of indebtedness				
Sales and services of educational activities	27,700	608		
Sales and services of auxiliary activities	130,418			
Sales and services of hospitals	245,474			
Independent operations	173			
Other	48,126	3,911	1,054	343
Total Revenues and Other Additions	707,094	274,401	8,394	7,909
Expenditures and Other Deductions:				
Educational and general	764,456	277,653	5,737	
Auxiliary enterprises	127,567	574		
Hospital	259,801			
Independent operations	1,711			
Administrative and indirect costs recovered		16,159	283	
Refunds to grantors	11	3	15	
Loan cancellations and write-offs			1,547	
Collection costs			99	
Expended for plant facilities				
Repairs and maintenance				
Plant assets sold or retired				
Long-term debt incurred				
Retirement of indebtedness				
Interest on indebtedness				
Change in provision for uncollectible accounts	(8)		424	
Other	12,747	3,170	636	45
Total Expenditures and Other Deductions	1,166,285	297,559	8,741	45
University Funds Interfund Transfers In (Out):				
Mandatory:				
Principal and interest	(21,390)	(160)		
Restricted fund matching	(7,575)	7,631	(44)	2
Loan fund matching	(621)	19	604	(2)
Facility expansion				
Renewals and replacements	(27)			
Nonmandatory:				
Building projects	(15,291)	(76)		3,000
Other	(24,234)	(198)	218	(226)
Total University Funds Interfund Transfers In (Out)	(69,138)	7,216	778	2,774
Operating Transfers In from Primary Government	525,374	21,113	6,321	
Operating Transfers Out to Primary Government	(1,068)			
Net Increase (Decrease) in Fund Balances	(4,023)	5,171	6,752	10,638
Fund Balances July 1, as restated	236,289	31,181	86,621	58,157
Fund Balances June 30	\$ 232,266	\$ 36,352	\$ 93,373	\$ 68,795

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

Plant Funds				Totals (Memorandum Only)
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	
\$ 492	\$	\$ 776	\$	214,382
1,646		39		211,602
2,211				32,487
				4,736
14,200		138	191	75,116
6	15			2,007
3,258	1,230	392		20,746
				1,672
				1,837
5,133	30,441	1,424		36,998
			179,249	179,249
			13,986	13,986
32	8			28,348
				130,418
				245,474
				173
2,875	341	380		57,030
29,853	32,035	3,149	193,426	1,256,261
		8		1,047,854
				128,141
				259,801
				1,711
				16,442
	5			34
				1,547
				99
100,197	991			101,188
15,843	966			16,809
			200,045	200,045
			53,905	53,905
		13,986		13,986
		10,410		10,410
				416
3	692	1,609		18,902
116,043	2,654	26,013	253,950	1,871,290
(910)	(271)	22,731		
(14)				
(7)	34			
17,035	(4,668)			
20,951	3,611	(122)		
37,055	(1,294)	22,609		
61,748				614,556
(2,749)				(3,817)
9,864	28,087	(255)	(60,524)	(4,290)
89,548	20,281	11,233	1,582,909	2,116,219
\$ 99,412	\$ 48,368	\$ 10,978	\$ 1,522,385	\$ 2,111,929



University Funds

Statement of Current Fund Revenues, Expenditures and Other Changes

Component Unit

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Current Funds		Totals (Memorandum Only)
	Unrestricted	Restricted	
Revenues			
Tuition and fees	\$ 212,792	\$ 322	\$ 213,114
Local appropriations	2,815		2,815
Federal grants and contracts	15,163	191,064	206,227
State grants and contracts		27,384	27,384
Local grants and contracts	498	1,423	1,921
Private gifts, grants and contracts	11,969	44,656	56,625
Endowment income	518	1,352	1,870
Investment income	11,448	17	11,465
Sales and services of educational activities	27,700	608	28,308
Sales and services of auxiliary activities	130,418		130,418
Sales and services of hospitals	245,474		245,474
Independent operations	173		173
Other sources	48,126	3,911	52,037
Total Current Revenues	707,094	270,737	977,831
Expenditures and Mandatory Transfers			
Educational and general:			
Instruction	329,154	24,122	353,276
Research	56,806	98,880	155,686
Public service	45,865	29,966	75,831
Academic support	71,754	10,051	81,805
Student services	41,544	2,064	43,608
Institutional support	102,996	15,944	118,940
Operation and maintenance of plant	75,203	80	75,283
Scholarships and fellowships	41,134	96,546	137,680
Educational and General Expenditures	764,456	277,653	1,042,109
Mandatory transfers for:			
Principal and interest	11,487	160	11,647
Restricted fund matching	7,534	(7,631)	(97)
Loan fund matching	621	(19)	602
Renewals and replacements	27		27
Total Educational and General Expenditures	784,125	270,163	1,054,288
Auxiliary enterprises:			
Expenditures	127,567	574	128,141
Mandatory transfers for:			
Principal and interest	9,903		9,903
Restricted fund matching	41		41
Total Auxiliary Enterprises	137,511	574	138,085
Hospital operations expenditures	259,801		259,801
Independent operations expenditures	1,711		1,711
Total Expenditures and Mandatory Transfers	1,183,148	270,737	1,453,885
Other Transfers and Additions/(Deductions)			
Excess of restricted receipts over (under) transfers to revenues		3,664	3,664
Operating transfers in from primary government	525,374	21,113	546,487
Operating transfers out to primary government	(1,068)		(1,068)
Building support	(15,291)	(76)	(15,367)
Indirect and administrative costs recovered		(16,159)	(16,159)
Refunds to grantors	(11)	(3)	(14)
Provision for uncollectible accounts	8		8
Provision for accrued leave	(5,185)	(687)	(5,872)
Other	(31,796)	(2,681)	(34,477)
Net Increase (Decrease) in Fund Balances	\$ (4,023)	\$ 5,171	\$ 1,148

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

Notes to the Financial Statements

June 30, 1999

Note 1 - Significant Accounting Policies

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

- A. Basis of Presentation** - The accompanying financial statements of the state of Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The financial statements of the university funds have been prepared in conformity with GAAP as prescribed by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA).
- B. Financial Reporting Entity** - For GAAP financial reporting purposes, the state of Mississippi's reporting entity includes all fund types and account groups of the state's various commissions, departments, boards, elected officials, universities, and other organizational units (hereinafter referred to collectively as "agencies"). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government.

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

Public Employees' Retirement System of Mississippi - The System was created having all the powers and privileges of a public corporation for the purpose of providing pension benefits for public employees of the state and its political subdivisions. The Board of Trustees is composed of the state treasurer, one member appointed by the governor and eight members elected by its members. The administrative expenses are subject to legislative budget controls. Its four pension trust funds, one expendable trust fund and two agency funds are reported as part of the state using the blended component method. The funds were audited by independent auditors for the period ended June 30, 1999, and their report, dated December 17, 1999, has been issued under separate cover. The comprehensive annual financial report may be obtained by writing to Public Employees' Retirement System of Mississippi, Attention: Financial Reporting Department, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling 1-800-444-PERS.

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

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

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

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



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

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

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

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

Universities (University Funds) - The Board of Trustees of State Institutions of Higher Learning (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 discretely presented component units are audited by the Office of the State Auditor or other independent auditors, and their financial statements are issued under separate covers. The audited financial statements are available from each discretely presented component unit.

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

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

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

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

GOVERNMENTAL FUND TYPES

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

General - Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, general government, education (other than institutions of higher learning), health and social services, public safety, recreation and resources, and



transportation. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

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

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

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

PROPRIETARY FUND TYPES

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

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

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

FIDUCIARY FUND TYPES

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

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

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

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

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

ACCOUNT GROUPS

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

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



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

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

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

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

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

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

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

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

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

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

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Significant revenue sources that are susceptible to accrual include sales taxes, individual income taxes, corporate income taxes and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures and related fund liabilities are recognized upon receipt of goods and services.



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

Proprietary Fund Types and Nonexpendable and Pension Trust Funds - All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components for proprietary funds, fund balance for nonexpendable trust and net assets for pension trust funds. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund types, nonexpendable trust funds and pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. For pension trust funds, employee and employer contributions are recognized as revenue in the period in which employee services are performed. Investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred.

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

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

- E. Budgetary Accounting** - The state's annual budget is prepared principally on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if presented for payment in the 60-day lapse period immediately following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds are presented on the budgetary basis. A reconciliation of the excess of revenues over (under) expenditures and other financing sources (uses) on a budgetary basis at June 30, 1999 to the excess of revenues over (under) expenditures/expenses and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

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

- F. 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. Collateral, as further discussed in Note 4, is pledged by the various banks and investment institutions to guarantee state funds.
- G. 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 and Government Employees' Deferred Compensation Plan Fund (an expendable trust fund) 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 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.

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

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

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

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

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

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

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

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

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

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

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

M. Risk Management - Claims Liability - The state has elected to finance exposures to risk for health and life benefits, tort liability, unemployment benefits and workers' compensation benefits through the retention of risk. The primary government and component units participate in the internal service Risk Management Fund. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

N. Accumulated Unpaid Personal Leave and Major Medical Leave - Mississippi law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless employees present medical evidence that their physical condition is such that they can no longer work in a capacity of state government.



The state's obligation with respect to governmental and expendable trust funds for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported in the accompanying general long-term obligations account group. In the university and in the proprietary and similar trust fund types, this obligation is reported as a liability in the respective funds. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The state uses the last-in, first-out method of recognizing use of compensated absences.

The reported liability for accumulated unpaid personal leave applicable to all fund types includes the related fringe benefits that the state as employer is required to pay when the accrued compensated absences are liquidated.

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

- O. Deferred Revenue** - Deferred revenues arise when a potential revenue does not meet the "available" criterion for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or for food stamps held pending distribution. In subsequent periods, when the revenue recognition criterion is met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.
- P. Tuition Benefits Payable** - Tuition benefits payable represents the current and long-term portions of the actuarially determined present value of future tuition obligations in the enterprise Prepaid Affordable College Tuition Fund.
- Q. Fund Equity** - The equity section of the governmental fund balance sheet is comprised of three major fund balance elements: reserved; unreserved, designated; and unreserved, undesignated. The two primary elements of a proprietary fund's equity are contributed capital and retained earnings.

CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from entities outside the primary government.

RESERVATIONS

Reservations are for the following fund types and purposes:

Fund Types

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

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

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

Purposes

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

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

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



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

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

Other - Consists principally of unemployment compensation and deferred compensation benefits and administrative expenses. University activities reported in the discretely presented component unit column include loans to students, research projects and endowments.

DESIGNATIONS

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

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

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

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

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

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

Health Care - State law created the Health Care Fund to account for monies received from the settlement of a lawsuit against tobacco companies by the state. The principal and income derived from investment of the monies are to be expended exclusively for health care purposes.

- 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** - In governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance cost, even if withheld from the actual net proceeds received, are reported as debt service expenditures. In proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.
- T. Total (Memorandum Only) Columns** - "Total (Memorandum Only)" columns have been added to certain statements to reflect totals for both the primary government and the reporting entity. They are presented for information only and do not represent consolidated financial information.



Note 2 - Budgetary Process, Control and Reconciliation to GAAP

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

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

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

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

Special - accounts established to receive federal grants, fees, proceeds from the sale of goods and services, taxes levied for specific purposes and interest generated thereon, and to support the functional activities of the agencies that generate such revenues.

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

The Department of Finance and Administration monitors agency budget compliance through an allotment process. For the general fund, allotments are established at or below the level of appropriation for each budgetary activity or function. For the special fund, allotments may be established in excess of the original appropriation if revenues from federal funding sources exceed original estimates. To provide sufficient funding for several programs during the fiscal year, supplemental appropriations of \$87,003,000 were approved by the legislature. Budget allotments were increased to reflect these supplemental appropriations.

If, at the end of October or any month thereafter of any fiscal year, general fund revenues collected for the fiscal year fall below 98 percent of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment, the Department of Finance and Administration is required by statute to reduce allotments of appropriations to general fund agencies by the amount necessary to keep expenditures within the actual general fund receipts for the fiscal year. No agency's allotment may be reduced by more than 5 percent unless allotments to all general fund agencies have been reduced by 5 percent. Any required reductions in excess of 5 percent must consist of a uniform percentage reduction to all general fund agencies. Reduced allotments may be restored if revenue collections exceed revised estimates. There were no budget reductions during fiscal year 1999.

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

Budgeted general fund revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds represent the general fund revenue estimate adopted by the Legislative Budget Office at the date of sine die adjournment. Special fund revenue estimates include anticipated revenues during the year and the amount of beginning cash balances on hand at the beginning of the year which are anticipated to be expended for special fund purposes.

MISSISSIPPI

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

The Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. There are no budgeted accounts within the debt service, expendable trust, nonexpendable trust and agency funds. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP (see Note 1E), a reconciliation of resulting basis, timing, perspective and entity differences in the excess of revenues over (under) expenditures/expenses and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 1999 is presented below (amounts expressed in thousands):

	Budgetary Funds			Financial Statement Fund Types						
	General	Education Enhancement	Special	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Pension Trust	Component Unit University
Excess of Revenues Over Expenditures and Other Financing Sources (Uses) - Budgetary Funds Budgetary Method	\$ 22,528	\$ 42,452	\$ 38,864	\$	\$	\$	\$	\$	\$	\$
Entity and Perspective Differences:										
Reclassification of budgetary funds to GAAP financial statement fund types	(22,528)	(42,452)	(38,864)	93,493	1,809	(1,504)	6,039	3,232	318	457
Add non-budgeted funds				269,697	125,313	(36,614)	11,738	(38,966)	35,985	
Basis Differences:										
Net accrued revenues, related receivables and deferred revenues				636,520	22,709	2,791	(13,506)	57,821	2,284,651	1,321,597
Net accrued expenditures/expenses and related liabilities				(549,976)	(15,767)	6,277	15,599	55,611	(758,449)	(1,327,221)
Timing Differences:										
Lapse period revenues which were not treated as assets				(430,932)	(21,271)	(1,393)	(243)	(116,087)		(761)
Lapse period expenditures/expenses which were not treated as liabilities				342,706	16,464		991	1,878	111	1,638
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)/and other Changes in Equity - GAAP Fund Types - GAAP Basis	\$ 0	\$ 0	\$ 0	\$ 361,508	\$ 129,257	\$ (30,443)	\$ 20,618	\$ (36,511)	\$ 1,562,616	\$ (4,290)



Note 3 - Other Accounting Disclosures

A. Retained Earnings Deficits - At June 30, 1999, the Veterans' Memorial Stadium Commission Fund, an enterprise fund, has a deficit retained earnings of \$1,335,000. The deficit is a result of operating expenses exceeding operating revenues for fiscal year 1999. Within the Risk Management Fund (an internal service fund), the state employees health and life insurance account and the public school employees health insurance account have deficit retained earnings of \$20,747,000 and \$1,534,000, respectively. The other risk management accounts have positive retained earnings of \$16,826,000, creating a net deficit retained earnings of \$5,455,000 in the Risk Management Fund. The deficits are results of actuarial accruals of claims exceeding revenues for fiscal year 1999.

B. Contributed Capital - The changes in the state's contributed capital accounts for fiscal year 1999 were as follows (amounts expressed in thousands):

	Enterprise Fund	Component Units
Beginning balance, contributed capital at June 30, 1998 as previously reported	\$ 37,234	\$ 28,890
Fund reclassification		1,157
Contributions/fixed assets	226	600
Disposal of contributed assets	(247)	
Depreciation on contributed assets	(476)	
Ending balance, contributed capital	\$ 36,737	\$ 30,647

C. Reclassifications/Restatements of Fund Equity/Other Credits - During fiscal year 1999, certain general fund operations were reclassified to special revenue funds, and certain special revenue fund operations were reclassified to the General Fund. A component unit reclassified a portion of its operations from governmental to proprietary which did not result in a restatement of fund balance. The component units' fund equity has been decreased for other prior period adjustments. The reclassifications/restatements of fund equity/other credits are summarized as follows (amounts expressed in thousands):

	General	Special Revenue	Component Unit
Fund Equity at June 30, 1998 as previously reported	\$ 2,274,283	\$ 126,303	\$ 2,284,363
Fund reclassifications	(178,871)	178,871	
Prior period adjustments			(6,116)
Fund Equity at June 30, 1998 as restated	\$ 2,095,412	\$ 305,174	\$ 2,278,247



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

	Governmental Fund Types					Total Primary Government	Component Units	Total Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Types			
Fund balances reserved:								
Encumbrances	\$ 57,040	\$ 4,562	\$	\$	\$	61,602	\$ 24,820	\$ 86,422
Inventories	32,217	1,399				33,616	1	33,617
Long-term portion of loans and notes receivable	161,897	448			28	162,373		162,373
Long-term portion of due from other governments	295,527	8,469				303,996		303,996
Unemployment compensation					681,011	681,011		681,011
Disaster relief assistance		2,896				2,896		2,896
Deferred compensation benefits and administrative expenses					540,644	540,644		540,644
Educational and vocational training					25,590	25,590		25,590
University funds loans to students							93,373	93,373
University funds research projects							36,352	36,352
University funds endowments							68,795	68,795
Memorial Burn Center and other					635	635		635
University funds contractual agreements							979	979
University funds temporarily restricted funds							1,330	1,330
University funds continuing education							474	474
Land management							58	58
Distribution to local governments	26,847					26,847		26,847
Wildlife conservation					3,175	3,175		3,175
Employees' pension benefits					15,497,801	15,497,801		15,497,801
Ayers endowment trust	15,000					15,000		15,000
Total fund balances, reserved	\$ 588,528	\$ 17,774	\$ 0	\$ 0	\$ 16,748,884	\$ 17,355,186	\$ 226,182	\$ 17,581,368
Fund balances unreserved, designated:								
Debt Service	\$ 49,248	\$	\$ 29,467	\$ 1,759	\$	80,474	\$ 59,851	\$ 140,325
Road and highway construction	450,720					450,720		450,720
Future capital projects				322,592		322,592	100,187	422,779
Working cash stabilization reserve	219,369					219,369		219,369
Special treasury accounts	482,724					482,724		482,724
Juvenile detention facilities		2,359				2,359		2,359
Future loans	57,452	3,839				61,291		61,291
Energy programs		5,586				5,586		5,586
Port improvements	15,876					15,876		15,876
Health care		302,123				302,123		302,123
Total fund balances unreserved, designated	\$1,275,389	\$ 313,907	\$ 29,467	\$ 324,351	\$ 0	\$ 1,943,114	\$ 160,038	\$ 2,103,152

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

	Enterprise	Component Units	Total Reporting Entity
Retained earnings, reserved for:			
Bond Retirement	\$ 457	\$	\$ 457
Commission trust fund		7,000	7,000
Total retained earnings, reserved	\$ 457	\$ 7,000	\$ 7,457



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. Financial institutions make annual application to the state treasurer for state funds by signing a contract and supplying their financial report as provided to their regulatory authority to assure the statutory required 5 ½ percent primary capital to total assets ratio. Depositories are required to collateralize at least 105 percent of the amount of funds held on deposit in certificates of deposit that are in excess of the \$100,000 FDIC limit. Substitution based on par is allowed for some collateral securities. The state treasurer is also authorized to invest in repurchase agreements and securities lending transactions (with at least 80 percent of the total dollar amount with qualified state depositories), direct United States Treasury obligations, United States Government instrumentalities, United States Government agency obligations and any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et seq., provided that the portfolio is limited to direct obligations issued by the United States (or its agencies, instrumentalities or sponsored enterprises) and to repurchase agreements fully collateralized by direct obligations of the United States (or its agencies, instrumentalities or sponsored enterprises).

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

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 Baa/BBB or better as rated by Standard & Poor's Corporation or by Moody's Investors Service.

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

- Bonds of the Tennessee Valley Authority;

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



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

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 foreign companies which are listed on primary national stock exchanges of foreign nations and foreign government securities rated A or better by a recognized rating agency. The 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 of Trustees of the System.

Public Employees' Retirement System - During fiscal year 1999, the System invested exclusively in asset/liability based derivatives such as interest-only strips, principal-only strips and collateralized mortgage obligations (forms of mortgage-backed securities). 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 and in part to hedge against a rise in interest rates. Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on the underlying mortgages. Therefore, they are sensitive to prepayments by mortgagors which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

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

Collateralized mortgage obligations (CMO's) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in 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.

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 Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. There have been no significant violations of the provisions of the agreement during the period of this statement. The System lends securities similar to the type on loan at year-end for collateral in the form of either cash, other securities, or irrevocable bank letters of credit. The type of securities on loan at June 30, 1999, 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 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 their securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was 97 days at June 30, 1999. 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 252 days with a duration of 52 days.

Securities lent at year-end for cash collateral are presented as unclassified in the following schedule of custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral. The investments purchased with the cash collateral are presented in category 3 since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year-end, the System had no credit risk exposure to borrowers because the amount the System owes the borrowers exceeds the amount the borrowers owe the System. At June 30, 1999, the aggregate amount of the securities lending transactions, including accrued interest was \$1,924,603,000 and the aggregate fair value, including accrued interest, of the underlying securities lent was \$1,948,548,000. The value of the collateral pledged by borrowers at year end was \$1,990,438,000.

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

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

Deposits

The carrying amount of the primary government's total cash deposits as of June 30, 1999, was \$638,069,000 and the corresponding bank balances which are represented by collected funds were \$636,550,000. 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 \$351,704,000. In addition, \$281,897,000 was collateralized with securities held by a pledging financial institution's agent in the primary government's name. The remaining \$2,949,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

MISSISSIPPI

The carrying amount of the component units' total cash deposits as of June 30, 1999, was \$190,125,000 and the corresponding bank balances which are represented by collected funds were \$203,298,000. Of the bank balance, \$178,053,000 was fully insured or collateralized with securities held by the respective component unit or its agent in the name of the component unit. In addition, \$12,276,000 was collateralized with securities held by a pledging financial institution's trust department or agent in the component unit's name, while \$12,969,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

Investments

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

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

At June 30, 1999, the primary government's investments consisted of (amounts expressed in thousands):

	Category			Reported Amount	Fair Value
	1	2	3		
Investments:					
Short-term securities					
Commercial paper	\$ 78,846	\$	\$ 1,269,371	\$ 1,348,217	\$ 1,348,217
Repurchase agreements	615,511		652,746	1,268,257	1,268,257
U. S. Government securities and agencies	1,034,865	2,991	124,900	1,162,756	1,163,028
Other	35,504			35,504	35,504
U. S. Government securities and agencies - long-term	2,121,398	31,982	72,224	2,225,604	2,220,778
Corporate and international obligations	1,677,019	8,444	397,919	2,083,382	2,081,978
Corporate and international equities	10,026,680			10,026,680	10,029,611
Municipal obligations	56,112			56,112	55,977
	<u>\$ 15,645,935</u>	<u>\$ 43,417</u>	<u>\$ 2,517,160</u>	<u>18,206,512</u>	<u>18,203,350</u>
Investments in mutual funds				17,248	17,248
Investments held by broker - dealers under securities loans with cash collateral:					
U. S. Government securities and agencies				1,225,441	1,225,441
Equity securities				253,638	253,638
International equity securities				443,060	443,060
International group equity trust				150,776	150,776
Deferred compensation plan pooled investments:					
Fixed and variable investments				327,025	327,025
Balanced asset fund				18,883	18,883
Fixed income fund				12,632	12,632
Life insurance contracts				1,051	1,051
International equity fund				46,181	46,181
Short-term securities				8,465	8,465
Total Investments				<u>\$ 20,710,912</u>	<u>\$ 20,707,750</u>

MISSISSIPPI

In addition to the deposits and investments described above, the primary government had approximately \$641,698,000 on deposit with the United States Government. These funds represent unemployment insurance taxes collected from Mississippi employers which are held by the U.S. Treasury.

At June 30, 1999, the component units' investments consisted of (amounts expressed in thousands):

	Category			Reported Amount	Fair Value
	1	2	3		
Investments:					
Short-term securities:					
Repurchase agreements	\$	\$	\$ 12,849	\$ 12,849	\$ 12,849
U. S. Government securities and agencies			75,675	87,843	87,843
U. S. Government securities and agencies - long-term	12,168				
Corporate obligations	1,000	81,490	73,869	156,359	156,359
Corporate equities		50		50	50
		6,935	4,405	11,340	11,340
	\$ 13,168	\$ 88,475	\$ 166,798	\$ 268,441	\$ 268,441
Multi-state university investment pool				55,961	55,961
Total Investments				\$ 324,402	\$ 324,402

Note 5 - Receivables

At June 30, 1999, net receivables by fund type consisted of (amounts expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total Primary Government	Component Units
Taxes receivable:									
Sales	\$ 198,800	\$	\$	\$	\$	\$	\$	\$ 198,800	
Income	93,788							93,788	
Gasoline	35,066							35,066	
Unemployment insurance							31,939	31,939	
Other	77,398							77,398	
Total taxes receivable	405,052						31,939	436,991	
Other receivables:									
Patient accounts									819,700
Tuition									37,724
Securities sold							284,866	284,866	
Interest and dividends	14,378	2,915	609	1,174	822	729	81,068	101,695	
Contributions							40,515	40,515	
Other	75,264	2,393			3,129	91	14,405	95,282	46,368
Total receivables	494,694	5,308	609	1,174	3,951	820	452,793	959,349	903,792
Allowance for uncollectible receivables	12,114	6			12		2,486	14,618	766,345
Receivables, net	\$ 482,580	\$ 5,302	\$ 609	\$ 1,174	\$ 3,939	\$ 820	\$ 450,307	\$ 944,731	\$ 137,447



Note 6 - Interfund Transactions

At June 30, 1999, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Fund Type/Fund	Interfund Receivables		Interfund Payables	
General	\$	\$	\$	\$
		13,266		63,402
Special Revenue:				
Rehabilitation Services	275		56	
Disability Determination	11		61	
Employment Services	2,226		100	
Alcohol Abuse Program	318		284	
Social Services			13	
Medicaid Fraud	2			
Community Services - Department of Corrections	22			
Inmate Welfare and Training	147		37	
Public Safety Planning			144	
National Guard Facility and Training			125	
Camp Shelby Operations	7		2	
Emergency Management			2	
Rice and Soybean Promotion	1			
Community Development			1,172	
Energy Conservation			258	
Fisheries and Wildlife	5,750		469	
Parks and Recreation			1	
Other Department of Wildlife, Fisheries and Parks	40			
Department of Marine Resources	3,050		2	
Public Service Commission	2,738		9	
Workers' Compensation Commission			1	
Department of Banking and Consumer Finance			5	
Oil and Gas Board			2	
Other Regulatory Agencies			11	
		14,587		2,754
Debt Service		1,736		51
Capital Projects		3,501		637
Enterprise:				
Fair Commission	6		128	
Veterans' Home Purchase Board			1	
Veterans' Memorial Stadium Commission			1	
Allied Enterprises	179			
Prepaid Affordable College Tuition			755	
Office of Surplus Property	26			
Restaurants	13			
Commissary	48		146	
Prison Agricultural Enterprises	41			
		313		1,031
Internal Service:				
Personnel Board	166		37	
Information Technology Services	2,224		81	
Risk Management	730		202	
		3,120		320



Fund Type/Fund	Interfund Receivables		Interfund Payables		
Trust and Agency:	\$	\$	\$	\$	
Expendable Trust:					
Unemployment Compensation		10,954		176	
			10,954	176	
Nonexpendable Trust:					
Oil and Gas Taxes on State-owned Land				179	
Other Nonexpendable Trust		12			
			12	179	
Pension Trust:					
Public Employees' Retirement System					
Highway Safety Patrol Retirement System		18		1	
Municipal Retirement Systems				9	
				6	
			18	16	
Agency:					
Local Government Distributive Program		4,375		616	
Institutional		7,737		16,045	
		9		527	
			12,121	17,188	
Component Units:					
Mississippi Business Finance Corporation					
Mississippi Prison Industries Corporation		2			
University:		120			
Unrestricted					
Restricted		44,424		29,706	
Loan		21,396		24,170	
Unexpended		237		145	
Renewals and Replacements		6,747			
Agency		7,250		229	
		428		228	
			80,604	54,478	
		\$	140,232	\$	140,232
Reconciliation for interfund transactions (amounts expressed in thousands):					
Due from/to other funds	\$	102,914	\$	102,914	
Due from/to primary government		31,708		5,582	
Due from/to component units		5,582		31,708	
Loans from/to other funds		28		28	
	\$	140,232	\$	140,232	



Note 7 - Loans and Notes Receivable

At June 30, 1999, loans and notes receivable by fund type, net of allowances of \$11,478,000 for uncollectible student loans and \$540,000 for energy loans, consisted of (amounts expressed in thousands):

	General Fund	Special Revenue	Enterprise	Total Primary Government	Component Unit University
Disaster loans	\$ 91	\$		\$ 91	
Energy loan program		750		750	
Magnolia Capital Corporation (a)	8,952			8,952	
Mississippi Business Investment Act loans (b)	7,344			7,344	
Mississippi Farm Reform Act loans (c)	67,570			67,570	
Mortgage loans (d)			99,551	99,551	
Port Authority at Gulfport notes (e)			119	119	
Railroad revitalization loans	2,525			2,525	
Small Enterprise Development loans (f)	83,192			83,192	
Soil and Water Conservation equipment loan program	167			167	
Student loan program (g)					84,018
Water improvement loans (h)	6,296			6,296	
Loans and Notes Receivable, Net	\$ 176,137	\$ 750	\$ 99,670	\$ 276,557	\$ 84,018

- (a) In fiscal year 1995, the state issued Magnolia Venture Capital bonds. The proceeds of the bonds were used to provide a loan to Magnolia Capital Corporation for the purpose of increasing the rate of capital formation, stimulating new growth-oriented business formations, creating new jobs, developing new technology, enhancing tax revenue and supplementing conventional business financing. Security for repayment of this loan is guaranteed by U.S. Treasury zero stripped securities purchased in the state of Mississippi's name which are to mature August 15, 2009, at an amount equal to the loan.
- (b) Since fiscal year 1987, the state has issued Mississippi Business Investment Act (MBI) bonds. The purpose of the bonds is, in part, to provide loans to Mississippi businesses for economic development.
- (c) Since fiscal year 1991, the state has issued Mississippi Farm Reform Act bonds. The proceeds of the bonds were used to fund an agribusiness enterprise loan program, a minority business enterprise loan program and an emerging crops loan interest payment program.
- (d) Mortgage loans are made by the Veterans' Home Purchase Board to eligible Mississippi veterans primarily for the purchase of residential housing.
- (e) Port Authority at Gulfport received notes from leasees for port improvements.
- (f) Since fiscal year 1990, the state has issued Small Enterprise Development (SED) bonds. The proceeds of the bonds were used to provide loans to private companies for the acquisition, construction and equipping of manufacturing or processing facilities.
- (g) Student loans are made pursuant to student loan programs funded by the U.S. Government.
- (h) Water improvement loans are made by the Department of Health to water associations for rural water system improvements.

Note 8 - Property, Plant and Equipment

Changes in the general fixed assets account group by major classification for the year ended June 30, 1999, are presented below (amounts expressed in thousands):

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$ 88,507	\$ 1,242	\$ 573	\$ 89,176
Buildings	825,105	95,730	605	920,230
Improvements other than buildings	62,864	4,699	5	67,558
Machinery and equipment	628,507	99,656	43,270	684,893
Construction in progress	207,353	83,689	64,445	226,597
	<u>\$ 1,812,336</u>	<u>\$ 285,016</u>	<u>\$ 108,898</u>	<u>\$ 1,988,454</u>

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

	Project Authorization	Expended To Date	Outstanding Commitment
Department of Transportation buildings	\$ 26,142	\$ 18,701	\$ 6,112
Military Department	14,706	6,021	6,782
Department of Finance and Administration	103,315	63,269	22,118
Educational Television	14,635	1,079	11,741
Department of Corrections	31,462	24,882	2,080
Department of Wildlife, Fisheries and Parks	38,702	31,859	5,885
Department of Mental Health	23,842	20,572	2,081
Department of Education	20,349	12,504	7,751
Department of Archives and History	32,463	6,603	386
Department of Health	16,929	14,832	1,447
Other projects less than \$10 million	48,129	26,275	5,761
	<u>\$ 370,674</u>	<u>\$ 226,597</u>	<u>\$ 72,144</u>

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

At June 30, 1999, property, plant and equipment recorded in individual fund types of the primary government, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	Enterprise	Internal Service	Trust and Agency
Land	\$ 12,702	\$	\$ 508
Buildings	55,929		3,628
Improvements other than buildings	47,991		126
Machinery and equipment	9,915	16,491	3,313
Construction in progress	5,690		
Total fixed assets	132,227	16,491	7,575
Accumulated depreciation, where applicable	26,312	7,950	3,235
Property, Plant and Equipment, Net	<u>\$ 105,915</u>	<u>\$ 8,541</u>	<u>\$ 4,340</u>

At June 30, 1999, property, plant and equipment recorded in the component units, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	University	Other Component Units	Total Component Units
Land	\$ 29,774	\$ 27,797	\$ 57,571
Buildings	888,076	42,941	931,017
Improvements other than buildings	108,366	52,369	160,735
Machinery and equipment	489,977	24,991	514,968
Construction in progress	220,324	152	220,476
Total fixed assets	1,736,517	148,250	1,884,767
Accumulated depreciation, where applicable		23,925	23,925
Property, Plant and Equipment, Net	<u>\$ 1,736,517</u>	<u>\$ 124,325</u>	<u>\$ 1,860,842</u>



Note 9 - General Obligation and Defeased Bonds

Bond indebtedness incurred by the state of Mississippi must be authorized by legislation governing the specific programs or projects to be financed. Such legislation provides the state bond commission authority to approve and authorize the sale and issuance of bonds. The state bond commission is comprised of the governor as chairman, the state attorney general as secretary, and the state treasurer.

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

General obligation bonds are backed by the full faith, credit and taxing power of the state. Although certain general obligation debt is being retired from the resources of the enterprise funds and is therefore recorded in these funds, the state remains contingently liable for its payment. 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, 1999, the Port of Pascagoula's outstanding general obligation bonds are \$9,105,000. During fiscal year 1999, the state issued \$20,000,000 of general obligation bonds to provide a grant to the Port of Pascagoula for port improvements. These bonds are reported in the general long-term obligations account group.

In prior years, the state defeased certain outstanding general 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 the defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 1999, \$530,350,000 of outstanding general obligation bonds (including prior years' refundings) are considered defeased.

At June 30, 1999, the primary government's outstanding general obligation bonds are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Enterprise Funds:			
Port Improvement (Gulfport)	\$ 68,411	4% - 6.5%	Sept. 2018
General Long-term Obligations Account Group:			
State Aid Road Construction	735	6.75% - 8%	Sept. 2000
Public School Construction	4,000	6% - 6.125%	May 2001
Mississippi Development Bank	4,390	4.2% - 4.75%	Nov. 2004
Archusa Water Park Dam	500	4.25% - 5%	Aug. 2008
Port Improvements	20,000	4.25% - 5%	Aug. 2008
Tech Prep	53,035	4.25% - 5.5%	Aug. 2008
Magnolia Venture Capital	16,445	7.25% - 8%	Aug. 2009
Mississippi Home Corporation Act	5,030	7.875% - 8.5%	Oct. 2009
Community and Jr. College Telecommunications Network	26,650	4.25% - 6.25%	May 2011
Economic Development Highway Act	55,770	5.3% - 8.5%	Sept. 2013
Mississippi Small Enterprise Development Finance Act	87,125	4.15% - 7.1%	Nov. 2013
General Obligation Refunding Bonds	321,905	4% - 6.2%	Dec. 2014
Local Governments Rail Revolving Loan Program	4,770	7% - 9%	Sept. 2016
Mississippi Farm Reform Act	66,010	5.15% - 9%	Sept. 2016
Mississippi Major Economic Impact Act	59,390	4.75% - 9%	Sept. 2016
Local Governments Water System Improvement Revolving Loan Program	13,325	5.75% - 7.75%	May 2017
Local Governments Capital Improvements Revolving Loan Program	85,805	4.625% - 9%	Jun. 2018
Mississippi Gaming Highway Improvement	121,220	5% - 5.5%	July 2018
Major Energy Project Development	30,000	5.6% - 6.75%	Oct. 2018
Mississippi Business Investment Act	87,525	5% - 9%	Oct. 2018
Small Business Assistance	22,335	5.15% - 7.05%	Oct. 2018
Capital Improvement	797,290	4.1% - 7.5%	Nov. 2018
	<u>\$1,883,255</u>		
	<u>\$1,951,666</u>		



At June 30, 1999, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2000	\$ 111,318	\$ 107,261	\$ 218,579
2001	115,246	100,922	216,168
2002	116,479	94,409	210,888
2003	117,034	87,766	204,800
2004	121,449	81,061	202,510
Thereafter	1,370,140	469,519	1,839,659
	<u>\$ 1,951,666</u>	<u>\$ 940,938</u>	<u>\$ 2,892,604</u>

Changes in general obligation bonds recorded in the primary government's general long-term obligations account group during the year ended June 30, 1999, are summarized in Note 13.

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.

Highway Revenue Refunding Bonds - Series 1999 - (hereinafter referred to as the Four Lane Highway Program Bonds) were issued in June 1999 for the purpose of refunding the state's \$200,000,000 General Obligation Notes, Series 1998. The notes were issued in January 1999 by the state to defray the cost of constructing or reconstructing highways under the state's Four-Lane Highway Program.

The Four-Lane Highway Program Bonds are payable solely from federal highway aid grant reimbursements and other sources pledged for their payment. The other pledged sources are: (a) proceeds from a fuel tax on gas and diesel; (b) tag fees on motor vehicles; (c) a lubricating oil tax; (d) a contractor's tax on contracts for the construction or reconstruction of highways under the Four-Lane Highway Program; and, (e) any other legally available federal highway reimbursements.

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, 1999, \$81,570,000 of outstanding limited obligation bonds (including prior years' refundings) are considered defeased.

At June 30, 1999, the outstanding limited obligation bonds were \$200,000,000. The final maturity date for these bonds is June 2009, with interest rates ranging from 4.5 to 5.25 percent.

At June 30, 1999, future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2000	\$ 17,095	\$ 9,696	\$ 26,791
2001	17,370	9,319	26,689
2002	14,000	8,538	22,538
2003	19,145	7,908	27,053
2004	19,875	6,950	26,825
Thereafter	112,515	18,219	130,734
	<u>\$ 200,000</u>	<u>\$ 60,630</u>	<u>\$ 260,630</u>

Changes in limited obligation bonds during the year ended June 30, 1999 are summarized in Note 13.



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, 1999, revenue bonds and notes outstanding, net of unamortized discounts and premiums are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Primary Government			
Enterprise:			
Mississippi Fair Commission	\$ 870	9.1% - 9.45%	Dec. 2005
Total Primary Government	<u>\$ 870</u>		
Component Units			
University:			
Alcorn State University	\$ 1,508	2.875% - 3.5%	Nov. 2002
Delta State University	5,180	3.4% - 7.3%	Dec. 2018
Jackson State University	10,439	3% - 3.5%	Apr. 2021
Mississippi State University	52,647	2.75% - 6.15%	Dec. 2024
Mississippi Valley State University	280	3% - 5.32%	July 2008
University of Mississippi	24,999	2.75% - 9.25%	Apr. 2027
University Medical Center	72,742	3.85% - 9%	Dec. 2023
University of Southern Mississippi	21,165	3% - 8.1%	Dec. 2027
	<u>188,960</u>		
Pat Harrison Waterway District:			
Bonds	1,325	4% - 5%	May 2005
Notes	2,405	3.137% - 8%	Jan. 2018
	<u>3,730</u>		
Total Component Units	<u>\$ 192,690</u>		

At June 30, 1999, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Primary Government Enterprise			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 95	\$ 77	\$ 172	\$ 7,080	\$ 9,550	\$ 16,630
2001	105	68	173	7,174	9,253	16,427
2002	115	57	172	7,409	8,922	16,331
2003	125	46	171	7,374	7,691	15,065
2004	135	34	169	7,238	8,285	15,523
Thereafter	295	28	323	156,415	83,259	239,674
	<u>\$ 870</u>	<u>\$ 310</u>	<u>\$ 1,180</u>	<u>\$ 192,690</u>	<u>\$ 126,960</u>	<u>\$ 319,650</u>

Note 12 - Other Long-term Obligations

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

At June 30, 1999, machinery and equipment recorded under capital leases included in the general fixed assets account group were \$22,719,000. Machinery and equipment recorded under capital leases included in enterprise funds were \$582,000 before accumulated depreciation of \$170,000. Machinery and equipment recorded under capital leases included in internal service funds were \$3,860,000 before accumulated depreciation of \$784,000. Buildings recorded under capital leases included in the general fixed assets account group were \$116,366,000. The discretely presented component units recorded capital leases of \$39,204,000.

At June 30, 1999, future minimum commitments under capital leases by fund type are (amounts expressed in thousands):

Year Ending June 30	General			Total	
	Enterprise	Internal Service	Long-term Obligations	Primary Government	Component Unit
2000	\$ 122	\$ 843	\$ 14,079	\$ 15,044	\$ 9,165
2001	214	260	14,583	15,057	6,802
2002			13,710	13,710	5,541
2003			11,821	11,821	3,898
2004			11,611	11,611	2,070
Thereafter			128,698	128,698	2,378
Total Minimum Lease Payments	336	1,103	194,502	195,941	29,854
Less Interest	25	58	65,882	65,965	2,725
Present Value of Net Minimum Lease Payments	\$ 311	\$ 1,045	\$ 128,620	\$ 129,976	\$ 27,129

- B. **Compensated Absences** - The state of Mississippi's liability for compensated absences reported in the primary government's general long-term obligations account group at June 30, 1999 was \$80,525,000. The component units reported a liability of \$52,524,000 for compensated absences, of which \$52,094,000 was for the university funds. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-N).

- C. **Notes payable and certificates of participation** - The state of Mississippi's liabilities for notes payable and certificates of participation reported in the primary government's general long-term obligations account group at June 30, 1999 were \$9,446,000 and \$3,175,000, respectively. Notes payable were issued for financing software development and certificates of participation were issued for the purchase of a building. Notes payable, issued for the renovation of a building, in the enterprise fund were \$58,000.

At June 30, 1999, future debt service requirements for notes payable and certificates of participation are (amounts expressed in thousands):

Year Ending June 30	Enterprise		General Long-term Obligations					
	Notes Payable		Certificates of Participation					
			Principal		Interest		Principal	
2000	\$ 16	\$ 4	\$ 3,030	\$ 453	\$ 80	\$ 176		
2001	16	3	3,190	293	95	170		
2002	16	1	3,226	127	95	163		
2003	10	1			100	156		
2004					105	150		
Thereafter					2,700	1,231		
	\$ 58	\$ 9	\$ 9,446	\$ 873	\$ 3,175	\$ 2,046		



- D. **Claims and Judgments** - The state of Mississippi's liability for claims and judgments reported in the primary government's general long-term obligations account group at June 30, 1999 was \$169,000. This debt represents the long-term portion of a U. S. Department of Labor judgment relating to a Job Training Partnership Act (JTPA) program disallowance.

Changes in capital lease commitments, compensated absences, notes payable, certificates of participation and claims and judgments recorded in the primary government's general long-term obligations account group during the year ended June 30, 1999 are summarized in Note 13.

Note 13 - Changes in Long-term Obligations

Changes in long-term obligations recorded in the primary government's general long-term obligations account group for the year ended June 30, 1999 are summarized below (amounts expressed in thousands):

	Balance July 1, 1998	Additions	Reductions	Balance June 30, 1999
General Obligation Bonds (Note 9)	\$ 1,595,044	\$ 388,950	\$ 100,739	\$ 1,883,255
Limited Obligation Bonds (Note 10)		200,000		200,000
Capital Lease Obligations (Note 12)	98,235	40,083	9,698	128,620
Accrued Compensated Absences (Note 12)	69,987	54,187	43,649	80,525
Notes Payable (Note 12)	11,967	365	2,886	9,446
Certificates of Participation (Note 12)	3,215		40	3,175
Claims and Judgments (Note 12)	338		169	169
	<u>\$ 1,778,786</u>	<u>\$ 683,585</u>	<u>\$ 157,181</u>	<u>\$ 2,305,190</u>



Note 14 - Bonds Authorized But Unissued

At June 30, 1999, authorized but unissued bond indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized Bonds	Authorized But Unissued
General Obligation Bonds:	\$	\$
Addie McBryde Center	600	250
Advance Education Center	19,650	3,400
Archives & History Facility	34,000	8,000
Armed Forces Museum	2,000	2,000
Arts and Cultural Museum	2,000	2,000
Capital Complex	43,000	18,000
Center for Advanced Technology Partnership	8,000	8,000
Children's Discovery Center	3,650	3,650
Children's Museums	4,500	3,000
Community and Jr. College Telecommunications Network	42,950	13,000
Crafts Center	4,000	3,000
Economic Development Highway	105,000	38,100
Farish Street Historic District Loans	6,000	6,000
Gaming Counties Infrastructure	325,000	200,000
Hancock County Port and Tri-State Commerce Park Capital Improvements	17,000	17,000
Hospitality Station (Coahoma County)	2,500	2,500
Institutions of Higher Learning Equipment	15,000	15,000
Institutions of Higher Learning Facilities	299,850	148,222
Juvenile Correctional Facilities	21,150	2,100
Juvenile Offender Facilities	11,000	3,000
Local Governments Rail Program	15,000	10,000
Local Governments Water System Improvement	20,000	5,000
Major Economic Impact	270,010	157,370
MC School of Law	4,000	3,950
Mental Health Capital Improvements	27,500	27,500
Metro Parkway	20,000	14,268
Military Department Construction Design	750	750
Mississippi Business Investment Act	254,750	65,743
Parks Improvement	15,925	15,925
Port Improvement (Gulfport)	80,000	27,629
Project Cougar	50,000	50,000
Public Facilities Capital Improvement	226,553	62,503
Public School Construction	100,000	96,000
Single Family Residential Housing Loan Program	5,000	5,000
Small Enterprise Development Finance	140,000	52,875
Soil and Water Commission	8,500	7,500
Spillway Road Construction	3,500	3,500
Stennis Space Center	3,000	3,000
Telecommunication Center	17,500	17,500
Veteran's Memorial Stadium	11,700	11,700
Water Pollution Emergency Loan Program	3,300	3,300
Zoo Improvement	5,600	4,000
	2,249,438	1,141,235
Limited Obligation Bonds:		
Education Technology	60,000	60,000
Fire Academy	2,500	300
	62,500	60,300
Revenue Bonds:		
Mississippi Fair Commission	4,000	1,525
Seed Laboratory	800	800
Veterans' Home Purchase Board	20,000	20,000
	24,800	22,325
	\$ 2,336,738	\$ 1,223,860



Note 15 - Segment Information - Enterprise Funds

Financial information by enterprise fund segment as of and for the year ended June 30, 1999 is as follows (amounts expressed in thousands):

	Fair Commission (a)	Veterans' Home Purchase Board (b)	Veterans' Memorial Stadium Commission (c)
Operating revenues	\$ 3,936	\$ 6,451	\$ 976
Depreciation	361	17	281
Operating income (loss)	86	5,683	(376)
Operating transfers in			74
Operating transfers out			
Nonoperating revenues	32	563	26
Nonoperating expenses	85		
Net income (loss)	33	6,246	(276)
Current capital contributions		226	
Property, plant and equipment:			
Additions	71	349	78
Deletions	1		
Net working capital	1,288	18,122	363
Total assets	12,093	115,475	1,887
Bonds and other long-term liabilities payable from operating revenues	775		
Total equity (deficit)	10,842	114,094	1,835

	Department of Agriculture and Commerce	Forestry Commission	
	Farmers' Central Market Board (h)	Agriculture and Forestry Museum (i)	Tree Seedling (j)
Operating revenues	\$ 361	\$ 451	\$ 40
Depreciation	38	128	
Operating income (loss)	(12)	(613)	8
Operating transfers in		479	
Operating transfers out			
Nonoperating revenues	109	5	
Nonoperating expenses	17	1	
Net income (loss)	80	(130)	8
Current capital contributions			
Property, plant and equipment:			
Additions	121	13	
Deletions	12	1	
Net working capital	(2)	185	9
Total assets	1,004	5,060	9
Bonds and other long-term liabilities payable from operating revenues			
Total equity (deficit)	911	4,992	9

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

- | | |
|--|---|
| (a) State fair and coliseum activities | (h) Processing, storing and marketing agricultural products |
| (b) Home mortgage loans to veterans | (i) Museum tours and events |
| (c) Concessions and ticket sales to sporting events | (j) Tree planting |
| (d) Port facilities | (k) Federal property distribution |
| (e) Port facilities | (l) Food services |
| (f) Miscellaneous goods and services provided
by handicapped citizens | (m) Groceries |
| (g) Prepaid affordable college tuition | (n) Agricultural products and services |



		Department of Rehabilitation Services		State Treasurer	
Port Authority at Gulfport (d)	Yellow Creek Inland Port Authority (e)	Allied Enterprises (f)	Prepaid Affordable College Tuition (g)		
\$ 14,185	\$ 1,027	\$ 11,474	\$ 5,042		
3,683	556		2		
5,565	(241)	(5,177)	3,631		
2,382		6,477			
(5)		(200)			
3,172	2,515	58	1		
3,225					
7,889	2,274	1,158	3,632		
5,428	1,857		3		
616					
16,362	4,829	5,309	47,297		
140,421	16,649	5,670	51,088		
63,617	9,301		43,729		
67,382	7,311	5,309	3,580		
Department of Finance and Administration		Department of Corrections			
Office of Surplus Property (k)	Restaurants (l)	Commissary (m)	Prison Agricultural Enterprises (n)	Total	
\$ 891	\$ 391	\$ 3,904	\$ 1,609	\$	50,738
52	6	20	245		5,389
61	29	341	(2,297)		6,688
			1,384		10,796
		(310)			(515)
29	2	4	2		6,518
10			7		3,345
80	31	35	(918)		20,142
					226
17	6	7	556		8,506
10					640
475	108	349	1,356		96,050
968	202	704	5,856		357,086
			204		117,626
773	168	402	4,942		222,550



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, 1999, total plan assets aggregated \$540,863,000 and are reported as an expendable trust fund. Of this amount, \$135,247,000 was applicable to the primary government; \$33,993,000 was applicable to the discretely presented component units, and the remaining \$371,623,000 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 the state's three defined benefit plans and the state's defined contribution plan. The defined benefit plans are the PERS, a cost-sharing multiple-employer public employee retirement system established in 1953, Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958, and Supplemental Legislative Retirement Plan (SLRP), a single-employer public employee retirement system established in fiscal year 1990. The defined contribution plan is the Optional Retirement Plan (ORP), a multiple-employer public employee retirement plan established in 1990. Any political subdivision or juristic entity within the state of Mississippi may elect to have its employees covered by PERS.

By statute, the System is also responsible for administration of the Municipal Retirement System (MRS), which are agent multiple-employer defined benefit public employee retirement systems. MRS are composed of 19 separate municipal retirement and fire and police disability and relief systems. MRS net assets held in trust for pension benefits (aggregating \$280,531,000) are included in the accompanying financial statements. The state neither contributes to this plan nor assumes any liability for benefits payable to members but does have the duty of due care required of an ordinary prudent investor.

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

B. Membership and Benefit Provisions

Public Employees' Retirement System: Membership in PERS is a condition of employment; eligibility is granted upon hiring for all employees and officials of the state, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by the political subdivisions and instrumentalities of the state, membership is contingent upon approval of the entity's participation in the plan by the System's Board of Trustees. If approved, membership is a condition of employment and eligibility is granted upon hiring. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

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



Retirees and beneficiaries, who on December 1 of each year have been receiving a retirement allowance for at least one full fiscal year, are entitled to an additional payment equal to the annual percentage change of the consumer price index not to exceed 2-1/2 percent of the annual retirement allowance for each full fiscal year of retirement. These persons also may receive an additional amount, as determined by the System's Board of Trustees (contingent on sufficient funding), calculated in increments of 1/4 of 1 percent, not to exceed 1-1/2 percent of the annual retirement allowance for each full year of retirement. For the year ended June 30, 1999, the total additional annual payments of \$103,263,000 were related entirely to the change in the consumer price index.

Mississippi Highway Safety Patrol Retirement System: Membership in MHSPRS is a condition of employment; eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as uniformed officers of the highway patrol in the enforcement of the traffic laws of the state of Mississippi or in the driver's license division. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who withdraw from service at or after age 55 with at least five years of credited service, or 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 may receive additional amounts identical to PERS' retirees and beneficiaries, as previously described. For the year ended June 30, 1999, the total additional annual payments of \$2,893,000 were related entirely to the change in the consumer price index.

Municipal Retirement Systems: Membership in the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems was granted to all municipal employees, firemen, and policemen who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. Employees hired after these periods automatically become members of PERS. MRS were fully closed to new members July 1, 1987. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who retire regardless of age with at least 20 years of credited service are entitled to an annual retirement allowance payable monthly for life, in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66-2/3 percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement Systems and for the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS also provide certain death and disability benefits. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Annotated (1972) and annual local and private legislation. Statutes may be amended only by the state legislature.

For certain employers, the retirees and beneficiaries, who on December 1 of each year have been receiving a retirement allowance for at least one full fiscal year, may be entitled to an additional payment equal to the annual percentage change in the consumer price index not to exceed 2-1/2 percent of the annual retirement allowance for each full fiscal year of retirement. These additional payments will only be made when funded by the employers. For the year ended June 30, 1999, the total additional annual payments were \$536,000.

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.

MISSISSIPPI

Retirees and beneficiaries of SLRP may receive additional amounts identical to PERS' retirees and beneficiaries, as previously described. For the year ended June 30, 1999, the total additional annual payments of \$26,000 were related entirely to the change in the consumer price index.

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

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

Participating employees who withdraw from service or retire may elect to receive an annuity from one of three participating annuity providers. Benefits are determined based on the value of the member's account(s) at the time of distribution. ORP covered payroll for the year ended June 30, 1999, was \$86,926,000. The employee and employer contributions actually made for the year were \$6,302,000 and \$8,475,000, respectively. Contribution provisions are established by Section 25-11-401 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

C. Actuarial Asset Valuation

By statute, actuarial valuations of PERS, MHSPRS and SLRP must be performed at least once in each two-year period as of June 30, with the most recent being June 30, 1999. 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, 1998. All plans presently have actuarial valuations performed annually. Each valuation may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

D. Funding Policy and Annual Pension Costs

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

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

	PERS	MHSPRS	MRS	SLRP
Contribution rates:				
State	9.75%	26.16%	N/A	6.33%
Other employers	N/A	N/A	1.28 - 10.35 mills	N/A
Plan members	7.25%	6.50%	7.00 - 10.00%	3.00% *
Annual pension cost	\$ 336,392	\$ 5,109	\$ 14,727	\$ 371
Employer contributions made	\$ 372,661	\$ 5,359	\$ 14,200	\$ 373
Actuarial valuation date	6/30/99	6/30/99	9/30/98	6/30/99
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll contributions, open	Level percentage of payroll contributions, open	Level percentage of assessed property valuation, closed	Level percentage of payroll contributions, open
Remaining amortization period	15.5 years	1.1 years	22.0 years	15.9 years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	8.00%	8.00%	8.00%	8.00%
Projected salary increases**	4.00%	4.00%	4.00%	4.00%
Additional projected salary increases***	0.60% - 5.70%	1.50% - 3.30%	1.00%	1.00%
Increase in benefits after retirement	3.00% ~	2.50% @	-- #	3.00% ~

* In addition to 7.25% required by PERS.

** Compounded annually and attributable to inflation.

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

@ Calculated on simple interest basis.

~ Calculated 3% simple interest to age 55, compounded each year thereafter. However, the adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

MRS individual systems pay cost-of-living increases, if funding is available.



E. Three-Year Trend Information

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

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERS			
6/30/97 \$	310,566	100%	0
6/30/98	321,236	100%	0
6/30/99	336,392	100%	0
MHSPRS			
6/30/97	5,171	100%	0
6/30/98	5,091	100%	0
6/30/99	5,109	100%	0
MRS			
9/30/96	21,681	93.8%	13,428
9/30/97	20,674	345.1%	0
9/30/98	14,727	96.4%	527
SLRP			
6/30/97	274	100%	0
6/30/98	334	100%	0
6/30/99	371	100%	0

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, 1999 were as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2000	\$ 13,233
2001	10,160
2002	6,879
2003	4,627
2004	1,943
Thereafter	2,130
Total Minimum Commitments	\$ 38,972

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 1999 amounted to \$14,082,000.

B. Contracts

At June 30, 1999, the Department of Transportation had long-term contracts outstanding of approximately \$742,277,000 with performance continuing during fiscal year 2000. These contracts will be paid through the General Fund. Approximately 33 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 \$31,755,000 outstanding at June 30, 1999 for construction of state and county roads. These contracts will be paid through the General Fund. Approximately 72 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 \$126,620,000 at June 30, 1999. These contracts will be paid from capital projects funds.

Certain discretely presented universities have contracted for the construction of various facilities. At June 30, 1999, contracts of \$97,166,000 were outstanding. These contracts will be paid through the university funds 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 benefit coverage through this plan. All state and state retiring employees must be offered benefits through the life benefit 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 3A, the collection of premiums, based on an actuarial estimate, have provided a stable and adequate cash flow for the payment of claims. Additional financial stability is provided through contractual pricing with various networks of medical providers.

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

Claims payments are financed through an annual assessment to all state agencies based on amount of payroll and past loss history. Estimates of the liability for unpaid claims are made through a case-by-case review of all claims.

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

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

Workers' Compensation Benefits: Workers' compensation benefits are established in statute and the rules and regulations are established by the Mississippi Workers' Compensation Commission and the Mississippi State Agencies Self-Insured Workers' Compensation Trust Board of Trustees. The exposure of risk is financed mostly through retention of all exposure, with limited purchase of commercial excess insurance. The benefits are financed through collection of premiums, based on an actuarial estimate, from agencies which provides a stable cash flow for claims payments. In the last three years, settled claims have not exceeded commercial coverage.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and include provisions for estimated claims adjustment expenses.



The following table provides a reconciliation of changes in the liabilities for claims for fiscal years 1998 and 1999 (amounts expressed in thousands):

	Health and Life		Unemployment		Workers'	Total Risk
	Benefits	Tort Claims	Benefits	Compensation	Benefits	Management Fund
1998						
Beginning Balance	\$ 56,265	\$ 2,751	\$ 2,600	\$ 18,115	\$ 79,731	
Current Year Claims/Changes in Estimates	287,520	3,281	880	10,557	302,238	
Claims Payments	(263,299)	(1,439)	(776)	(6,994)	(272,508)	
Ending Balance	\$ 80,486	\$ 4,593	\$ 2,704	\$ 21,678	\$ 109,461	
1999						
Beginning Balance	\$ 80,486	\$ 4,593	\$ 2,704	\$ 21,678	\$ 109,461	
Current Year Claims/Changes in Estimates	326,344	2,435	819	7,442	337,040	
Claims Payments	(338,495)	(1,547)	(715)	(8,426)	(349,183)	
Ending Balance	\$ 68,335	\$ 5,481	\$ 2,808	\$ 20,694	\$ 97,318	

Note 20 - Component Unit Funds

Condensed financial statements for the component unit funds for the fiscal year ended June 30, 1999, are as follows (amounts expressed in thousands):

Condensed Balance Sheet - Component Units

	Governmental Funds		Proprietary Funds				
	Pearl River Valley Water Supply District	Other	Mississippi Coast Coliseum Commission	Other	University	Total	
Assets:							
Current assets	\$ 5,201	\$ 7,305	\$ 4,740	\$ 12,326	\$ 626,818	\$ 656,390	
Due from other funds					48,896	48,896	
Due from primary government				122	31,586	31,708	
Inventories		39		338	18,490	18,867	
Loans and notes receivables					84,018	84,018	
Restricted assets		468	7,106			7,574	
Property, plant and equipment	56,862	35,933	29,489	2,041	1,736,517	1,860,842	
Other assets		505	138	38	12,287	12,968	
Amounts to be provided	1,668	1,735				3,403	
Total assets	\$ 63,731	\$ 45,985	\$ 41,473	\$ 14,865	\$ 2,558,612	\$ 2,724,666	
Liabilities:							
Current liabilities	\$ 820	\$ 853	\$ 473	\$ 376	\$ 125,235	\$ 127,757	
Due to other funds					48,896	48,896	
Due to primary government					5,582	5,582	
Deferred revenues		138			33,705	33,843	
Liabilities payable from restricted assets			98			98	
Bonds and notes payable		3,730			188,960	192,690	
Other liabilities	1,668	209	213	490	44,305	46,885	
Total liabilities	2,488	4,930	784	866	446,683	455,751	
Equity:							
Investment in general fixed assets	48,360	33,145			1,522,385	1,603,890	
Contributed capital	8,947	1,157	15,250	5,293		30,647	
Retained earnings	2,239	854	25,439	8,706		37,238	
Fund balances	1,697	5,899			589,544	597,140	
Total equity	61,243	41,055	40,689	13,999	2,111,929	2,268,915	
Total liabilities and equity	\$ 63,731	\$ 45,985	\$ 41,473	\$ 14,865	\$ 2,558,612	\$ 2,724,666	



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

	Pearl River Valley Water Supply District	Other	Total
Revenues	\$ 4,914	\$ 4,664	\$ 9,578
Expenditures:			
Operating and other	5,169	2,928	8,097
Debt service	223	314	537
Excess of revenues over (under) expenditures	(478)	1,422	944
Net income (loss) from proprietary operations	563	(433)	130
Net changes in equity	85	989	1,074
Fund equity July 1	3,851	5,763	9,614
Increase in Reserve for inventory		1	1
Fund equity June 30	\$ 3,936	\$ 6,753	\$ 10,689

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

	Mississippi Coast Coliseum Commission	Other	Total
Operating revenues	\$ 4,351	\$ 5,519	\$ 9,870
Operating expenses:			
Depreciation	1,036	204	1,240
Other	4,807	4,754	9,561
Operating income (loss)	(1,492)	561	(931)
Nonoperating revenues	1,232	530	1,762
Nonoperating expenses	(9)		(9)
Net income (loss)	(269)	1,091	822
Retained Earnings July 1	25,708	7,615	33,323
Retained Earnings June 30	\$ 25,439	\$ 8,706	\$ 34,145



Note 21 - 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 legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the state with respect to the various proceedings; however, the state's legal counsel believes that any ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the state.

Note 22 - Subsequent Events

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

Taxable, General Obligation Bonds, Stennis Space Center and Tri-State Commerce Park Projects, totaling \$17,000,000 dated July 1, 1999. The bonds mature serially through the year 2009 at interest rates ranging from 6.3 percent to 6.5 percent.

Tax-exempt, General Obligation Bonds, Mississippi Small Enterprise Development Finance Act Issue, 1999 Series A through E totaling \$7,270,000 dated July 1, 1999. The bonds mature serially through the year 2014 at interest rates ranging from 5.05 percent to 7.75 percent.

Taxable, General Obligation Bonds, Mississippi Major Economic Impact Act Issue, Series I and Mississippi Economic Development Highway Act Issue, Series G totaling \$28,750,000 dated October 1, 1999. The bonds mature serially through the year 2009 at interest rates ranging from 6.7 percent to 7 percent.

Tax-exempt, General Obligation Bonds, Capital Improvements Issue, Series 1999 and Local Governments Capital Improvements Act Issue, Series I totaling \$178,050,000 dated October 15, 1999. The bonds mature serially through the year 2019 at interest rates ranging from 5 percent to 6 percent.

Tax-exempt, General Obligation Bonds, Mississippi Small Enterprise Development Finance Act Issue, 1999 Series F through M totaling \$9,330,000 dated December 1, 1999. The bonds mature serially through the year 2014 at interest rates ranging from 5.1 percent to 7.75 percent.



(This page left blank intentionally)

Required Supplementary Information

June 30, 1999

A. Schedule of Funding Progress

(Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
Public Employees' Retirement System of Mississippi						
1997	\$ 9,351,842	\$ 11,681,476	\$ 2,329,634	80.1 %	\$ 3,294,731	70.7 %
1998	11,058,602	13,004,063	1,945,461	85.0	3,450,176	56.4
1999	13,016,632	15,751,361	2,734,729	82.6	3,711,680	73.7
Mississippi Highway Safety Patrol Retirement System						
1997	\$ 168,270	\$ 189,901	\$ 21,631	88.6 %	\$ 19,460	111.2 %
1998	192,433	201,861	9,428	95.3	19,531	48.3
1999	219,866	221,757	1,891	99.1	19,808	9.5
Municipal Retirement System*						
1996	\$ 130,425	\$ 358,703	\$ 228,278	36.4 %	\$ 13,253	1,722.5 %
1997	197,815	358,428	160,613	55.2	11,874	1,352.6
1998	213,591	363,612	150,021	58.7	10,852	1,382.4
Supplemental Legislative Retirement Plan						
1997	\$ 4,482	\$ 6,970	\$ 2,488	64.3 %	\$ 5,277	47.1 %
1998	5,637	7,907	2,270	71.3	5,853	38.8
1999	6,954	8,931	1,977	77.9	5,894	33.6

*Valuation information furnished for MRS is as of September 30. The value of net assets available for benefits at June 30, 1999, does not differ materially from the value as of September 30, 1998.

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 current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20 percent of the prior years' unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the plan's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. For additional information regarding this schedule, refer to the separately issued Comprehensive Annual Financial Report of the Public Employees' Retirement System for 1999.



B. The Year 2000 Issue (Unaudited)

Some computer programs were written using two digits rather than four to define the applicable year. As a result, those programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than the year 2000. This could cause those systems to fail or make miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions or engage in other normal business activity.

Management of the state believes the Year 2000 Issue will not pose significant operational problems for its computer systems. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the state is or will be Year 2000 ready, that the state's remediation efforts will be successful in whole or in part, or that parties with whom the state does business will be year 2000 ready.

The Information Technology Services agency is coordinating and monitoring the Year 2000 conversion process within the state. The awareness and assessment stages have been completed for all mission critical computer systems in the state. The state's central accounting system and payroll and human resource system have been remediated and validated/tested for Year 2000 compliance. In addition, approximately 66 percent of other mission critical systems have completed the remediation stage and are in the validation/testing stage. The other 34 percent of mission critical systems are in the remediation stage. The state estimates that additional Year 2000 project costs will not be material, and no material amount was committed at June 30, 1999 for subsequent Year 2000 expenditures.



General Fund

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

General Fund

Balance Sheet

June 30, 1999 (Expressed in Thousands)

Assets:

Equity in internal investment pool	\$ 1,333,172
Cash and cash equivalents	118,287
Investments	639,501
Receivables, net:	
Taxes	403,168
Interest	14,378
Other	65,034
Due from other governments	581,722
Due from other funds	7,772
Due from component units	5,494
Food stamp and commodity inventory	36,144
Inventories	32,217
Loans and notes receivable	176,137
Other assets	7,409
Total Assets	\$ 3,420,435

Liabilities:

Warrants payable	\$ 111,564
Accounts payable and accruals	274,932
Contracts payable	70,244
Retainage payable	23,714
Income tax refunds payable	128,000
Due to other governments	182,483
Due to other funds	32,396
Due to component units	31,006
Deferred revenues	112,631
Total Liabilities	966,970

Fund Balance:

Reserved for:	
Encumbrances	57,040
Inventories	32,217
Long-term portion of loans and notes receivable	161,897
Long-term portion of due from other governments	295,527
Distribution to local governments	26,847
Ayers Endowment Trust	15,000
Unreserved:	
Designated for debt service	49,248
Designated for future loans	57,452
Designated for port improvements	15,876
Designated for road and highway construction	450,720
Designated for working cash stabilization reserve account	219,369
Designated for special treasury accounts	482,724
Undesignated	589,548
Total Fund Balance	2,453,465
Total Liabilities and Fund Balance	\$ 3,420,435



General Fund

Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance

For the Year Ended June 30, 1999 (Expressed in Thousands)

Revenues:

Taxes:

Sales and use	\$ 2,212,773
Gasoline and other motor fuel	389,212
Privilege	76,717
Motor vehicle registration	26,195
Individual income	942,027
Alcoholic beverage	44,987
Corporate income and franchise	298,464
Severance	18,845
Inheritance	30,308
Tobacco	57,486
Insurance	110,938
Nuclear power	20,000
Other	19,100

Licenses, fees and permits:

Gaming	192,553
User fees	13,738
Drivers' licenses	22,005
Other	63,979

Federal government

2,643,087

Interest

106,765

Charges for sales and services:

Intergovernmental	18,872
Non-state government	211,443

Rentals

13,159

Other

220,061

Total Revenues

7,752,714

Expenditures:

Current:

General government	973,084
Education	1,991,599
Health and social services	2,771,639
Law, justice and public safety	381,948
Recreation and resources development	173,163
Transportation	815,496

Debt service:

Principal	63,025
Interest and other fiscal charges	64,877

Total Expenditures

7,234,831

Excess of Revenues over Expenditures

517,883

Other Financing Sources (Uses):

Proceeds from bonds and notes issued	494,586
Proceeds from capital leases	39,328
Operating transfers in	36,315
Operating transfers out	(176,106)
Operating transfers from component units	1,068
Operating transfers to component units	(551,566)
Net Other Financing Uses	(156,375)

Excess of Revenues and Other Sources over Expenditures and Other Uses

361,508

Fund Balance July 1, as restated

2,095,412

Decrease in Reserve for Inventories

(3,455)

Fund Balance June 30

\$ 2,453,465

General Fund

Schedule of Current Expenditures by Function and Department

For the Year Ended June 30, 1999 (Expressed in Thousands)

General Government:

Legislative (includes Legislative Budget Office and Legislative Office of Performance Evaluation and Expenditure Review)	\$ 18,486
Governor's Office and Mansion	2,758
Secretary of State	7,162
Department of Audit	9,691
Department of Finance and Administration	29,798
Treasurer	5,766
Tax Commission	246,472
Department of Archives and History	6,231
Department of Insurance	5,878
Diversion to Counties and Cities	628,488
Gaming Commission	8,941
Other	3,413
Total General Government	<u>973,084</u>

Education:

Department of Education	1,788,727
Junior Colleges	179,059
Educational Television Authority	12,322
Library Commission	11,491
Total Education	<u>1,991,599</u>

Health and Social Services:

Department of Health	182,139
Division of Medicaid (Governor's Office)	1,641,756
Department of Mental Health and Related Institutions	354,276
Department of Human Services	530,806
Department of Rehabilitation Services	40,519
Other	22,143
Total Health and Social Services	<u>2,771,639</u>

Law, Justice and Public Safety:

Attorney General	13,738
Circuit and Chancery Judges and District Attorneys	12,008
Department of Corrections	242,943
Military Department	9,861
Department of Public Safety	57,126
Bureau of Narcotics	11,594
Supreme Court	31,374
Other	3,304
Total Law, Justice and Public Safety	<u>381,948</u>

Recreation and Resources Development:

Department of Agriculture and Commerce	11,178
Department of Economic and Community Development	74,892
Forestry Commission	36,331
Department of Environmental Quality	42,388
Department of Wildlife, Fisheries and Parks	6,192
Other	2,182
Total Recreation and Resources Development	<u>173,163</u>

Transportation:

Department of Transportation	<u>815,496</u>
------------------------------	----------------

Total Expenditures by Function and Department	<u>\$ 7,106,929</u>
---	---------------------

Special Revenue Funds

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

Significant Special Revenue Funds Descriptions

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

Health and Social Services

Treasurer - 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 investment are expended exclusively for health care purposes.

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.

Department of Economic and Community Development - 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-nine 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 producing wells, drilling and operations. Funds are used to protect public and private interests against waste in the production and use of oil and gas, to obtain full development in oil production within the state and to maintain records of all oil and gas wells drilled and producing.

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.

Special Revenue Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	Totals
Assets:					
Equity in internal investment pool	\$ 11,556	\$ 19,838	\$ 23,805	\$ 33,591	\$ 88,790
Cash and cash equivalents	3,563	2,615	1,896	1,502	9,576
Investments	292,143	250	19,599	3,900	315,892
Receivables, net:					
Interest and dividends	2,772	1	132	10	2,915
Other	278	444	1,306	359	2,387
Due from other governments	2,337	10,263	19,118	842	32,560
Due from other funds	2,830	178	8,841	2,738	14,587
Inventories	84	964	351		1,399
Loans and notes receivable, net			750		750
Total Assets	\$ 315,563	\$ 34,553	\$ 75,798	\$ 42,942	\$ 468,856
Liabilities:					
Warrants payable	\$ 1,976	\$ 1,944	\$ 3,724	\$ 1,008	\$ 8,652
Accounts payable and accruals	2,559	3,356	3,264	146	9,325
Due to other governments	224	209	3,025		3,458
Due to other funds	386	154	1,456	28	2,024
Due to component units	100	156	446		702
Deferred revenues	344	7,322	2,449		10,115
Loans from other funds	28				28
Other liabilities				289	289
Total Liabilities	5,617	13,141	14,364	1,471	34,593
Fund Balances:					
Reserved for:					
Encumbrances	626	2,832	683	421	4,562
Inventories	84	964	351		1,399
Long-term portion of loans and notes receivable			448		448
Long-term portion of due from other governments			8,469		8,469
Disaster relief assistance		2,896			2,896
Unreserved:					
Designated for health care	302,123				302,123
Designated for juvenile detention facilities		2,359			2,359
Designated for future loans			3,839		3,839
Designated for energy programs			5,586		5,586
Undesignated	7,113	12,361	42,058	41,050	102,582
Total Fund Balances	309,946	21,412	61,434	41,471	434,263
Total Liabilities and Fund Balances	\$ 315,563	\$ 34,553	\$ 75,798	\$ 42,942	\$ 468,856

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	Totals
Revenues:					
Taxes	\$	\$	\$	\$	8,050
Licenses, fees and permits	288	4,163	22,520	28,252	55,223
Federal government	54,548	68,199	98,653	1,166	222,566
Interest and other investment income, net	13,130	244	2,144	329	15,847
Charges for services	1,261	826	2,850	58	4,995
Rentals			52		52
Court assessments and settlements	109,831		400		110,231
Other	3,922	4,126	1,768	155	9,971
Total Revenues	182,980	77,558	136,437	29,960	426,935
Expenditures:					
Current:					
Health and social services	71,555				71,555
Law, justice and public safety		79,435			79,435
Recreation and resources development			131,344		131,344
Regulation of business and professions				25,820	25,820
Debt service:					
Principal		418			418
Interest		46			46
Total Expenditures	71,555	79,899	131,344	25,820	308,618
Excess of Revenues over (under) Expenditures	111,425	(2,341)	5,093	4,140	118,317
Other Financing Sources (Uses):					
Proceeds from capital lease		755			755
Operating transfers in	14,345	9,301	13,637	31	37,314
Operating transfers out	(1,949)	(5,166)	(18,015)	(757)	(25,887)
Operating transfers to component units		(946)	(296)		(1,242)
Net Other Financing Sources (Uses)	12,396	3,944	(4,674)	(726)	10,940
Excess of Revenues and Other Sources over Expenditures and Other Uses	123,821	1,603	419	3,414	129,257
Fund Balances July 1, as restated	186,122	19,989	61,006	38,057	305,174
Increase (Decrease) in Reserve for Inventories	3	(180)	9		(168)
Fund Balances June 30	\$ 309,946	\$ 21,412	\$ 61,434	\$ 41,471	\$ 434,263

Special Revenue Funds

Combining Balance Sheet Health and Social Services

June 30, 1999 (Expressed in Thousands)

	Treasurer	Department of Rehabilitation Services	
	Health Care	Rehabilitation Services	Disability Determination
Assets:			
Equity in internal investment pool	\$ 4,354	\$ 1	\$ 3,672
Cash and cash equivalents	2,955		5
Investments	292,043	100	
Receivables, net:			
Interest and dividends	2,771	1	
Other			3
Due from other governments		113	1,388
Due from other funds		275	11
Inventories			
Total Assets	\$ 302,123	\$ 490	\$ 5,079
Liabilities:			
Warrants payable	\$	\$ 6	\$ 827
Accounts payable and accruals		1	894
Due to other governments			
Due to other funds			61
Due to component units		56	
Deferred revenues			
Loans from other funds			
Total Liabilities		63	1,782
Fund Balances:			
Reserved for:			
Encumbrances			5
Inventories			
Unreserved:			
Designated for health care	302,123		
Undesignated		427	3,292
Total Fund Balances	302,123	427	3,292
Total Liabilities and Fund Balances	\$ 302,123	\$ 490	\$ 5,079

Employment Security Commission		Department of Mental Health		
Employment Services		Alcohol Abuse Program	Social Services	Totals
\$	2,808	\$ 721	\$ 362	\$ 11,556
	241			3,563
				292,143
				2,772
	180		95	278
	836			2,337
	2,226	318		2,830
	84			84
\$	6,375	\$ 1,039	\$ 457	\$ 315,563
\$	978	\$ 165	\$	\$ 1,976
	1,409	227	28	2,559
	224			224
	28	284	13	386
	44			100
	344			344
	28			28
	3,055	676	41	5,617
	621			626
	84			84
				302,123
	2,615	363	416	7,113
	3,320	363	416	309,946
\$	6,375	\$ 1,039	\$ 457	\$ 315,563

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

Health and Social Services

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Treasurer	Department of Rehabilitation Services	
	Health Care	Rehabilitation Services	Disability Determination
Revenues:			
Licenses, fees and permits	\$	\$	\$
Federal government		655	20,287
Interest and other investment income, net	12,971	7	143
Charges for services		114	163
Court assessments and settlements	109,831		
Other		182	1,870
Total Revenues	122,802	958	22,463
Expenditures:			
Health and social services		920	21,015
Excess of Revenues over (under) Expenditures	122,802	38	1,448
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out		(10)	(692)
Net Other Financing Sources (Uses)		(10)	(692)
Excess of Revenues and Other Sources over Expenditures and Other Uses	122,802	28	756
Fund Balances July 1, as restated	179,321	399	2,541
Increase in Reserve for Inventories			
Fund Balances June 30	\$ 302,123	\$ 427	\$ 3,297

**Employment
Security
Commission Department of Mental Health**

Employment Services	Alcohol Abuse Program	Social Services	Totals
\$	\$	\$	\$
33,606		288	288
4		5	54,548
		984	13,130
			1,261
			109,831
1,863	7		3,922
35,473	7	1,277	182,980
45,577	2,820	1,223	71,555
(10,104)	(2,813)	54	111,425
10,423	3,902	20	14,345
(253)	(994)		(1,949)
10,170	2,908	20	12,396
66	95	74	123,821
3,251	268	342	186,122
3			3
\$ 3,320	\$ 363	\$ 416	\$ 309,946

Special Revenue Funds

Combining Balance Sheet Law, Justice and Public Safety June 30, 1999 (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	\$ 31	\$ 2,625	\$ 45	\$ 3,517
Cash and cash equivalents		170	1,268	
Investments				
Receivables, net:				
Interest				
Other		2	227	198
Due from other governments	4			1,458
Due from other funds	2	22	147	
Inventories				
Total Assets	\$ 37	\$ 2,819	\$ 1,687	\$ 5,173
Liabilities:				
Warrants payable	\$ 30	\$ 104	\$	\$ 212
Accounts payable and accruals	7	26	34	1,161
Due to other governments			20	
Due to other funds			37	107
Due to component units				37
Deferred revenues				284
Total Liabilities	37	130	91	1,801
Fund Balances:				
Reserved for:				
Encumbrances		119	230	92
Inventories				
Disaster relief assistance				
Unreserved:				
Designated for juvenile detention facilities				2,359
Undesignated		2,570	1,366	921
Total Fund Balances		2,689	1,596	3,372
Total Liabilities and Fund Balances	\$ 37	\$ 2,819	\$ 1,687	\$ 5,173

Military Department					
National Guard					
Facility and Training	Camp Shelby Operations	Emergency Management	Other	Totals	
\$ 3,741	\$ 956	\$ 7,686	\$ 1,237	\$ 19,838	
	366		811	2,615	
	250			250	
	1			1	
	17			444	
4,130	4,399	272		10,263	
	7			178	
	964			964	
\$ 7,871	\$ 6,960	\$ 7,958	\$ 2,048	\$ 34,553	
\$ 487	\$ 231	\$ 880	\$	\$ 1,944	
1,252	767	109		3,356	
22	1	166		209	
7	1	2		154	
118	1			156	
3,353	3,640	45		7,322	
5,239	4,641	1,202		13,141	
1,585	667	139		2,832	
	964			964	
		2,896		2,896	
				2,359	
1,047	688	3,721	2,048	12,361	
2,632	2,319	6,756	2,048	21,412	
\$ 7,871	\$ 6,960	\$ 7,958	\$ 2,048	\$ 34,553	

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Law, Justice and Public Safety

For the Year Ended June 30, 1999 (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	\$	\$ 3,793	\$	\$
Federal government	830			13,481
Interest		7	30	2
Charges for services				
Other		18	2,967	549
Total Revenues	830	3,818	2,997	14,032
Expenditures:				
Current:				
Law, justice and public safety	1,028	2,370	2,290	11,582
Debt service:				
Principal		36	382	
Interest			46	
Total Expenditures	1,028	2,406	2,718	11,582
Excess of Revenues over (under) Expenditures	(198)	1,412	279	2,450
Other Financing Sources (Uses):				
Proceeds from capital leases		5	750	
Operating transfers in	200	305	553	540
Operating transfers out		(834)	(1,497)	(1,733)
Operating transfers to component units				(946)
Net Other Financing Sources (Uses)	200	(524)	(194)	(2,139)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	2	888	85	311
Fund Balances (Deficit) July 1	(2)	1,801	1,511	3,061
Decrease in Reserve for Inventories				
Fund Balances June 30	\$ 0	\$ 2,689	\$ 1,596	\$ 3,372

Military Department					
National Guard					
Facility and Training	Camp Shelby Operations	Emergency Management	Other	Totals	
\$	\$	\$	13 \$	357 \$	4,163
15,475	12,478	25,935			68,199
	27	163	15		244
	826				826
2	1	385	204		4,126
15,477	13,332	26,496	576		77,558
17,032	13,262	31,861	10		79,435
					418
					46
17,032	13,262	31,861	10		79,899
(1,555)	70	(5,365)	566		(2,341)
					755
1,833	75	5,795			9,301
		(1,098)	(4)		(5,166)
					(946)
1,833	75	4,697	(4)		3,944
278	145	(668)	562		1,603
2,354	2,354	7,424	1,486		19,989
	(180)				(180)
\$	\$	\$	\$	\$	\$
2,632	2,319	6,756	2,048		21,412

Special Revenue Funds

Combining Balance Sheet Recreation and Resources Development June 30, 1999 (Expressed in Thousands)

	Department of Agriculture and Commerce	Department of Economic and Community Development			Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
Assets:					
Equity in internal investment pool	\$ 1,064	\$ 2,001	\$ 3,113	\$ 19	\$
Cash and cash equivalents	116			74	
Investments	1,150		8,974	255	1,843
Receivables, net:					
Interest	2	103	11	3	
Other	280	1,012			
Due from other governments		17,623	126		
Due from other funds	1				
Inventories					
Loans and notes receivable, net			750		
Total Assets	\$ 2,613	\$ 20,739	\$ 12,974	\$ 351	\$ 1,843
Liabilities:					
Warrants payable	\$ 163	\$ 2,138	\$ 78		\$
Accounts payable and accruals	17	1,721	198		
Due to other governments		3,021			
Due to other funds		1,152	258		
Due to component units		20			
Deferred revenues		367			
Total Liabilities	180	8,419	534		
Fund Balances:					
Reserved for:					
Encumbrances		10	94		
Inventories					
Long-term portion of loans and notes receivable			448		
Long-term portion of due from other governments		8,469			
Unreserved:					
Designated for future loans		3,839			
Designated for energy programs			5,586		
Undesignated	2,433	2	6,312	351	1,843
Total Fund Balances	2,433	12,320	12,440	351	1,843
Total Liabilities and Fund Balances	\$ 2,613	\$ 20,739	\$ 12,974	\$ 351	\$ 1,843

Department of Wildlife, Fisheries and Parks

				Department of Marine Resources			
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		Other	Totals	
\$ 6,369	\$ 1,363	\$ 912	\$ 3,874	\$ 4,524	\$ 566	\$ 23,805	
384	14		1,113	18	177	1,896	
3,000	200	175	3,279		723	19,599	
7	1				5	132	
10				4		1,306	
835	6			528		19,118	
5,750			40	3,050		8,841	
137	214					351	
						750	
\$ 16,492	\$ 1,798	\$ 1,087	\$ 8,306	\$ 8,124	\$ 1,471	\$ 75,798	
\$ 309	\$ 528	\$ 28		\$ 480	\$	\$ 3,724	
945	231		1	151		3,264	
				4		3,025	
43	1			2		1,456	
426						446	
1,949		100		33		2,449	
3,672	760	128	1	670		14,364	
110	21	62		386		683	
137	214					351	
						448	
						8,469	
						3,839	
						5,586	
12,573	803	897	8,305	7,068	1,471	42,058	
12,820	1,038	959	8,305	7,454	1,471	61,434	
\$ 16,492	\$ 1,798	\$ 1,087	\$ 8,306	\$ 8,124	\$ 1,471	\$ 75,798	

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

Recreation and Resources Development

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Department of Agriculture and Commerce	Department of Economic and Community Development			Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
Revenues:					
Taxes	\$	\$	\$	\$	\$
Licenses, fees and permits	1,784			5	
Federal government		88,608	610		
Interest	66	519	575	13	78
Charges for services	1,133	10		142	
Rentals					
Court assessments and settlements					347
Other	9	362	22		
Total Revenues	2,992	89,499	1,207	160	425
Expenditures:					
Recreation and resources development	2,906	72,377	1,859	145	
Excess of Revenues over (under) Expenditures	86	17,122	(652)	15	425
Other Financing Sources (Uses):					
Operating transfers in	35			5	
Operating transfers out		(17,461)	(350)		
Operating transfers to component units		(296)			
Net Other Financing Sources (Uses)	35	(17,757)	(350)	5	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	121	(635)	(1,002)	20	425
Fund Balances July 1, as restated	2,312	12,955	13,442	331	1,418
Increase (Decrease) in Reserve for Inventories					
Fund Balances June 30	\$ 2,433	\$ 12,320	\$ 12,440	\$ 351	\$ 1,843

Department of Wildlife, Fisheries and Parks

				Department of Marine Resources		
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		Other	Totals
\$ 5,000	\$	\$	\$	\$ 3,050	\$	\$ 8,050
10,711	7,815	876	527	679	123	22,520
7,765	129			1,541		98,653
544	38	63	203		45	2,144
485	41	342	353	323	21	2,850
6	43				3	52
	53					400
389	26	3	596	324	37	1,768
24,900	8,145	1,284	1,679	5,917	229	136,437
27,777	15,473	1,687	222	8,740	158	131,344
(2,877)	(7,328)	(403)	1,457	(2,823)	71	5,093
32	7,407			6,158		13,637
(135)			(10)	(49)	(10)	(18,015)
						(296)
(103)	7,407		(10)	6,109	(10)	(4,674)
(2,980)	79	(403)	1,447	3,286	61	419
15,809	941	1,362	6,858	4,168	1,410	61,006
(9)	18					9
\$ 12,820	\$ 1,038	\$ 959	\$ 8,305	\$ 7,454	\$ 1,471	\$ 61,434

Special Revenue Funds

Combining Balance Sheet Regulation of Business and Professions June 30, 1999 (Expressed in Thousands)

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Assets:			
Equity in internal investment pool	\$ 16,428	\$ 1,404	\$ 2,820
Cash and cash equivalents		1,300	
Investments		3,900	
Receivables, net:			
Interest		10	
Other	6	329	
Due from other governments	842		
Due from other funds	2,738		
Total Assets	\$ 20,014	\$ 6,943	\$ 2,820
Liabilities:			
Warrants payable	\$ 289	\$ 224	\$ 89
Accounts payable and accruals	68	25	
Due to other funds	9	1	5
Other liabilities		289	
Total Liabilities	366	539	94
Fund Balances:			
Reserved for:			
Encumbrances	66		
Unreserved:			
Undesignated	19,582	6,404	2,726
Total Fund Balances	19,648	6,404	2,726
Total Liabilities and Fund Balances	\$ 20,014	\$ 6,943	\$ 2,820

Oil and Gas Board	Other Regulatory Agencies	Totals
\$ 1,963	\$ 10,976	\$ 33,591
	202	1,502
		3,900
		10
21	3	359
		842
		2,738
\$ 1,984	\$ 11,181	\$ 42,942
\$ 63	\$ 343	1,008
36	17	146
2	11	28
		289
101	371	1,471
	355	421
1,883	10,455	41,050
1,883	10,810	41,471
\$ 1,984	\$ 11,181	\$ 42,942



Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Regulation of Business and Professions

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Revenues:			
Licenses, fees and permits	\$ 8,899	\$ 4,182	\$ 2,986
Federal government	1,166		
Interest and other investment income, net		167	
Charges for services	19	39	
Other	114	2	
Total Revenues	10,198	4,390	2,986
Expenditures:			
Regulation of business and professions	8,235	4,129	2,730
Excess of Revenues over Expenditures	1,963	261	256
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out	(455)	(300)	
Net Other Financing Sources (Uses)	(455)	(300)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,508	(39)	256
Fund Balances July 1	18,140	6,443	2,470
Fund Balances June 30	\$ 19,648	\$ 6,404	\$ 2,726

Oil and Gas Board		Other Regulatory Agencies		Totals
\$	2,304	\$	9,881	\$ 28,252
				1,166
			162	329
				58
			39	155
	2,304		10,082	29,960
	1,846		8,880	25,820
	458		1,202	4,140
			31	31
			(2)	(757)
			29	(726)
	458		1,231	3,414
	1,425		9,579	38,057
\$	1,883	\$	10,810	\$ 41,471

(This page left blank intentionally)

Debt Service Fund

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

Debt Service Fund

Balance Sheet

June 30, 1999 (Expressed in Thousands)

Assets:

Equity in internal investment pool	\$ 10,302
Investments	16,871
Interest receivable	609
Due from other funds	1,736
Total Assets	<u>\$ 29,518</u>

Liabilities:

Due to other funds	<u>\$ 51</u>
--------------------	--------------

Fund Balance:

Unreserved, designated for future debt service	<u>29,467</u>
Total Liabilities and Fund Balance	<u>\$ 29,518</u>

Debt Service Fund

Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance

For the Year Ended June 30, 1999 (Expressed in Thousands)

Revenues:

Interest and other investment income, net	<u>\$ 4,913</u>
---	-----------------

Expenditures:

Debt service:	
Bond principal retirement	48,079
Interest and other fiscal charges	44,058
Defeasance of debt	2,066
Total Expenditures	<u>94,203</u>
Excess of Revenue under Expenditures	<u>(89,290)</u>

Other Financing Sources (Uses):

Operating transfers in	113,720
Operating transfers out	(1,452)
Net Other Financing Sources	<u>112,268</u>

Excess of Revenues and Other Sources over Expenditures and Other Uses	22,978
--	--------

Fund Balance July 1	6,489
Fund Balance June 30	<u>\$ 29,467</u>

Capital Projects Fund

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



Capital Projects Fund

Balance Sheet

June 30, 1999 (Expressed in Thousands)

Assets:

Equity in internal investment pool	\$ 72,074
Investments	273,570
Interest receivable	1,174
Due from other funds	3,501
Total Assets	<u>\$ 350,319</u>

Liabilities:

Warrants payable	\$ 925
Contracts payable	14,232
Retainage payable	10,174
Due to other funds	637
Total Liabilities	<u>25,968</u>

Fund Balance:

Unreserved, designated for debt service	1,759
Unreserved, designated for future capital projects	322,592
Total Fund Balance	<u>324,351</u>
Total Liabilities and Fund Balance	<u>\$ 350,319</u>

Capital Projects Fund

Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance

For the Year Ended June 30, 1999 (Expressed in Thousands)

Revenues:

Interest	\$ 15,963
Other	3,293
Total Revenues	<u>19,256</u>

Expenditures:

Current:	
Education	25,563
Debt service:	
Bond issuance costs	84
Capital outlay	78,014
Total Expenditures	<u>103,661</u>
Excess of Revenues under Expenditures	<u>(84,405)</u>

Other Financing Sources (Uses):

Proceeds from general obligation bond issues	106,809
Operating transfers in	29,058
Operating transfers out	(22,906)
Operating transfers from component units	2,749
Operating transfers to component units	(61,748)
Net Other Financing Sources	<u>53,962</u>

Excess of Revenues and Other Sources under Expenditures and Other Uses	(30,443)
---	----------

Fund Balance July 1	354,794
---------------------	---------

Fund Balance June 30	<u>\$ 324,351</u>
----------------------	-------------------

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.

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.

Port Authority at Gulfport - 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.

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.

State Treasurer - 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.

Other Enterprise Operations

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.



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

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.

(This page left blank intentionally)

All Enterprise Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Assets:			
Current assets:			
Equity in internal investment pool	\$ 1,476	\$ 15,110	\$ 94
Cash and cash equivalents	108	38	6
Investments			315
Receivables, net:			
Accounts	173	8	
Interest and dividends		415	
Due from other governments	1	2	
Due from other funds	6		
Inventories			
Prepaid items			
Loans and notes receivable, current portion		3,930	
Total Current Assets	1,764	19,503	415
Restricted assets:			
Equity in internal investment pool			
Cash and cash equivalents			
Investments			
Interest receivable, net			
Total Restricted Assets			
Loans and notes receivable, net of current portion		95,621	
Fixed Assets:			
Land	945	226	143
Buildings and improvements, net	9,253		1,122
Machinery and equipment, net	131	70	207
Construction in progress		55	
Total Fixed Assets	10,329	351	1,472
Total Assets	\$ 12,093	\$ 115,475	\$ 1,887

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$ 3	\$	\$	\$ 279	\$ 2,412	\$ 19,374
3,339	2,631	3,561	1,729	630	12,042
20,789	2,000		48,698		71,802
977	155	1,601	125	78	3,117
108	54		245		822
		179		104	107
		329		128	313
84	26			527	856
98				3	113
					4,028
25,398	4,866	5,670	51,076	3,882	112,574
485					485
654					654
41,784					41,784
32					32
42,955					42,955
21					95,642
7,362	2,198			1,828	12,702
60,871	5,099			6,027	82,372
1,475	1,190		12	2,066	5,151
2,339	3,296				5,690
72,047	11,783		12	9,921	105,915
\$ 140,421	\$ 16,649	\$ 5,670	\$ 51,088	\$ 13,803	\$ 357,086

(Continued on Next Page)

All Enterprise Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Liabilities:			
Current Liabilities:			
Warrants payable	\$ 46	\$ 417	\$ 27
Accounts payable and accruals	200	177	24
Due to other governments, current portion	7		
Due to other funds	128	1	1
Customer deposits		785	
Tuition benefits payable, current portion			
Current portion of long-term general obligation bonds			
Current portion of long-term revenue bonds	95		
Deferred revenues		1	
Notes payable			
Lease obligations payable, current portion			
Total Current Liabilities	476	1,381	52
Current Liabilities Payable from Restricted Assets:			
Warrants payable			
Retainage payable			
Customer deposits			
Total Current Liabilities Payable from Restricted Assets			
Long-Term Liabilities:			
Due to other governments, net of current portion			
Tuition benefits payable, net of current portion			
General obligation bonds payable, net of current portion and unamortized discount			
Revenue bonds payable, net of current portion and unamortized discount	775		
Lease obligations payable, net of current portion			
Total Long-Term Liabilities	775		
Total Liabilities	1,251	1,381	52
Fund Equity:			
Contributed capital	5,946	9,826	3,170
Retained earnings:			
Reserved for bond retirement			
Unreserved (deficit)	4,896	104,268	(1,335)
Total Fund Equity	10,842	114,094	1,835
Total Liabilities and Fund Equity	\$ 12,093	\$ 115,475	\$ 1,887

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$	\$	\$	\$	\$	\$
1,643	37	91	55	289	834
2,599			417	718	3,307
				84	2,690
			755	146	1,031
					785
			2,552		2,552
4,794					4,794
					95
		270			271
				58	58
				107	107
9,036	37	361	3,779	1,402	16,524
207					207
45					45
134					134
386					386
	9,301				9,301
			43,729		43,729
63,617					63,617
					775
				204	204
63,617	9,301		43,729	204	117,626
73,039	9,338	361	47,508	1,606	134,536
11,813	1,191			4,791	36,737
457					457
55,112	6,120	5,309	3,580	7,406	185,356
67,382	7,311	5,309	3,580	12,197	222,550
\$ 140,421	\$ 16,649	\$ 5,670	\$ 51,088	\$ 13,803	\$ 357,086

All Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Operating Revenues:			
Charges for sales and services	\$ 3,774	\$	\$ 941
Interest and other investment income, net		6,398	
Rentals			
Fees		48	
Excess of tuition receipts over present value of related benefits payable			
Other	162	5	35
Total Operating Revenues	3,936	6,451	976
Operating Expenses:			
Cost of sales and services			
General and administrative	1,121	494	257
Contractual services	2,187	239	722
Commodities	180	18	92
Depreciation	361	17	281
Tuition benefit payments			
Other	1		
Total Operating Expenses	3,850	768	1,352
Operating Income (Loss)	86	5,683	(376)
Nonoperating Revenues:			
Federal grant			
Revenue from counties			
Interest and other investment income, net	5	563	26
Other	27		
Total Nonoperating Revenues	32	563	26
Nonoperating Expenses:			
Loss on disposal of assets	1		
Interest and other fiscal charges	84		
Total Nonoperating Expenses	85		
Income (Loss) Before Operating Transfers	33	6,246	(350)
Operating Transfers In			74
Operating Transfers Out			
Net Income (Loss)	33	6,246	(276)
Add Depreciation on Contributed Assets			
Increase (Decrease) in Retained Earnings	33	6,246	(276)
Retained Earnings (Deficit) July 1	4,863	98,022	(1,059)
Retained Earnings (Deficit) June 30	\$ 4,896	\$ 104,268	\$ (1,335)

		<u>Department of Rehabilitation Services</u>		<u>State Treasurer</u>			
<u>Port Authority at Gulfport</u>	<u>Yellow Creek Inland Port Authority</u>	<u>Allied Enterprises</u>	<u>Prepaid Affordable College Tuition</u>	<u>Other</u>	<u>Totals</u>		
\$ 14,180	\$ 876	\$ 11,460	\$ 4,190	\$ 6,570	\$ 37,801		
	151		285	1,037	10,588		
			561		1,188		
			6		333		
5		14		40	561		
14,185	1,027	11,474	5,042	7,647	267		
					50,738		
		10,102		5,283	15,385		
1,763	393	5,305	162	2,618	12,113		
2,889	282	1,171	1,053	1,204	9,747		
284	37	44	27	527	1,209		
3,683	556		2	489	5,389		
			167		167		
1		29		9	40		
8,620	1,268	16,651	1,411	10,130	44,050		
5,565	(241)	(5,177)	3,631	(2,483)	6,688		
	2,348				2,348		
745					745		
2,427	167	58		23	3,269		
			1	128	156		
3,172	2,515	58	1	151	6,518		
118				23	142		
3,107				12	3,203		
3,225				35	3,345		
5,512	2,274	(5,119)	3,632	(2,367)	9,861		
2,382		6,477		1,863	10,796		
(5)		(200)		(310)	(515)		
7,889	2,274	1,158	3,632	(814)	20,142		
351				125	476		
8,240	2,274	1,158	3,632	(689)	20,618		
47,329	3,846	4,151	(52)	8,095	165,195		
\$ 55,569	\$ 6,120	\$ 5,309	\$ 3,580	\$ 7,406	\$ 185,813		

All Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 3,870	\$ (30)	\$ 941
Cash payments to suppliers for goods and services	(2,365)	(233)	(846)
Cash payments to employees for services	(1,109)	(476)	(259)
Cash payments for tuition			
Other operating cash receipts	1	210	35
Interest received on tuition receipts			
Principal and interest received on program loans		17,962	
Issuance of program loans		(11,266)	
Net Cash Provided by (Used for) Operating Activities	397	6,167	(129)
Cash Flows from Noncapital Financing Activities:			
Operating transfers in			74
Operating transfers out			
Loans from other funds			
Grant proceeds			
Revenues from counties			
Net Cash Provided by (Used for) Noncapital Financing Activities			74
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(45)	(116)	(334)
Proceeds from sale of capital assets	1		
Proceeds from sale of bonds for capital related financing			
Bond issuance costs for capital related financing			
Principal paid on bonds and equipment contracts	(90)		
Interest paid on bonds and equipment contracts	(85)		
Net Cash Provided by (Used for) Capital and Related Financing Activities	(219)	(116)	(334)
Cash Flows from Investing Activities:			
Proceeds from sales of investments			87
Purchases of investments			
Interest on investments	5	563	27
Net Cash Provided by (Used for) Investing Activities	5	563	114
Net Increase (Decrease) in Cash and Cash Equivalents	183	6,614	(275)
Cash and Cash Equivalents July 1	1,401	8,534	375
Cash and Cash Equivalents June 30	\$ 1,584	\$ 15,148	\$ 100

		Department of Rehabilitation Services		State Treasurer			
Port Authority at Gulfport	Yellow Creek Inland Port Authority	Allied Enterprises		Prepaid Affordable College Tuition		Other	Totals
\$ 13,994 (1,212) (1,733)	\$ 995 (341) (380)	\$ 11,049 (11,323) (5,293)	\$ 13,866 (1,036) (143) (167)	\$ 7,473 (7,203) (2,585)	\$ 52,158 (24,559) (11,978) (167) 305 1,744 17,962 (11,266)		
5		14	1,744	40			
11,054	274	(5,553)	14,264	(2,275)	24,199		
2,382 (284)		6,477 (200)		2,076 (310)	11,009 (794) (500)		
	2,348		(500)		2,348		
746					746		
2,844	2,348	6,277	(500)	1,766	12,809		
(4,762)	(1,857)		(3)	(305)	(7,422)		
40,000 (34) (3,491) (2,483)	(50)				1 40,000 (34) (3,733) (2,580)		
29,230	(1,907)		(3)	(419)	26,232		
28,269 (80,958) 2,452 (50,237)	(2,000) 129 (1,871)	58 58	6,672 (20,807) (14,135)	23 23	35,028 (103,765) 3,257 (65,480)		
(7,109) 11,590	(1,156) 3,787	782 2,779	(374) 2,382	(905) 3,947	(2,240) 34,795		
\$ 4,481	\$ 2,631	\$ 3,561	\$ 2,008	\$ 3,042	\$ 32,555		

(Continued on Next Page)

All Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 86	\$ 5,683	\$ (376)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	361	17	281
Net appreciation in fair value of investments			
Change in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(58)	6	
Interest receivable on loans		33	
Due from other governments	(1)	15	
Interfund receivables	(6)		
Inventories			
Prepaid items			
Loans and notes receivable, net		384	
Other Assets			
Increase (decrease) in liabilities			
Warrants payable	6	(138)	5
Accounts payable and accruals	7	167	(39)
Due to other governments	1		
Interfund payables	1		
Tuition benefits payable			
Deferred revenue			
Total adjustments	311	484	247
Net Cash Provided by (Used for) Operating Activities	\$ 397	\$ 6,167	\$ (129)

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended June 30, 1999, Prepaid Affordable College Tuition and Fair Commission received machinery and equipment of \$1,000 and \$26,000 respectively from other state agencies. Veterans' Home Purchase Board's contributed capital increased as a result of the receipt of \$226,000 of donated land. Port Authority at Gulfport's contributed capital decreased as a result of the disposal of \$247,000 of previously donated fixed assets. At June 30, 1999, Prepaid Affordable College Tuition's investments are reported at fair value, creating a noncash investment income of \$2,368,000.

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$ 5,565	\$ (241)	\$ (5,177)	\$ 3,631	\$ (2,483)	\$ 6,688
3,683	556		2 (2,368)	489	5,389 (2,368)
(185)	(31)	(356)		9	(615)
			(231)		(198)
				(29)	(15)
		(36)		31	(11)
		16		72	88
(31)	1			(3)	(33)
					384
			(124)		(124)
			(11)	37	(101)
(577)	(11)	(10)	310	(147)	(300)
2,599				(252)	2,348
				1	2
			13,055		13,055
		10			10
5,489	515	(376)	10,633	208	17,511
\$ 11,054	\$ 274	\$ (5,553)	\$ 14,264	\$ (2,275)	\$ 24,199

Other Enterprise Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Department of Agriculture and Commerce		Forestry Commission	Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Tree Seedling	Office of Surplus Property
Assets:				
Current assets:				
Equity in internal investment pool	\$ 68	\$ 58	\$ 9	\$ 361
Cash and cash equivalents		184		
Accounts receivable, net	23			41
Due from other governments				104
Due from other funds				26
Inventories		11		138
Prepaid items				
Total Current Assets	91	253	9	670
Land	38	1,690		100
Buildings and improvements, net	833	3,040		67
Machinery and equipment, net	42	77		131
Total Assets	\$ 1,004	\$ 5,060	\$ 9	\$ 968
Liabilities:				
Current liabilities:				
Warrants payable	\$ 10	\$ 10	\$	\$ 40
Accounts payable and accruals	25	58		71
Due to other governments				84
Due to other funds				
Notes payable	58			
Lease obligations payable, current portion				
Total Current Liabilities	93	68		195
Lease obligations payable, net of current portion				
Total Liabilities	93	68		195
Fund Equity:				
Contributed capital	8	4,777		
Retained earnings	903	215	9	773
Total Fund Equity	911	4,992	9	773
Total Liabilities and Fund Equity	\$ 1,004	\$ 5,060	\$ 9	\$ 968

Department of Corrections				
Restaurants	Commissary	Prison Agricultural Enterprises	Totals	
\$	\$	\$	1,916	\$ 2,412
120	326			630
	14			78
				104
13	48	41		128
9	260	109		527
	3			3
142	651	2,066		3,882
				1,828
21		2,066		6,027
39	53	1,724		2,066
\$ 202	\$ 704	\$ 5,856	\$	13,803
\$	\$	\$	229	\$ 289
34	156	374		718
				84
	146			146
				58
		107		107
34	302	710		1,402
		204		204
34	302	914		1,606
6				4,791
162	402	4,942		7,406
168	402	4,942		12,197
\$ 202	\$ 704	\$ 5,856	\$	13,803

Other Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Department of Agriculture and Commerce		Forestry Commission	Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Tree Seedling	Office of Surplus Property
Operating Revenues:				
Charges for sales and services	\$	\$ 117	\$ 40	\$ 891
Rentals	361	334		
Other				
Total Operating Revenues	361	451	40	891
Operating Expenses:				
Cost of sales and services		147		
General and administrative	228	474		503
Contractual services	94	245		234
Commodities	13	70	32	41
Depreciation	38	128		52
Other				
Total Operating Expenses	373	1,064	32	830
Operating Income (Loss)	(12)	(613)	8	61
Nonoperating Revenues:				
Interest				17
Other	109	5		12
Total Nonoperating Revenues	109	5		29
Nonoperating Expenses:				
Loss on disposal of assets	12	1		10
Interest	5			
Total Nonoperating Expenses	17	1		10
Income (Loss) Before Operating Transfers	80	(609)	8	80
Operating Transfers In		479		
Operating Transfers Out				
Net Income (Loss)	80	(130)	8	80
Add Depreciation on Contributed Assets		125		
Increase (Decrease) in Retained Earnings	80	(5)	8	80
Retained Earnings July 1	823	220	1	693
Retained Earnings June 30	\$ 903	\$ 215	\$ 9	\$ 773

Department of Corrections

		Prison Agricultural Enterprises			
Restaurants	Commissary			Totals	
\$	361	\$	3,896	\$	1,265
					342
	30		8		2
	391		3,904		1,609
					7,647
	268		2,867		2,001
	60		602		751
	2		19		610
	26		46		299
	6		20		245
			9		
	362		3,563		3,906
	29		341		(2,297)
					(2,483)
	2		4		23
					128
	2		4		2
					151
					23
					12
					7
					35
	31		345		(2,302)
					(2,367)
					1,384
			(310)		1,863
					(310)
	31		35		(918)
					(814)
	31		35		(918)
					(689)
	131		367		5,860
					8,095
\$	162	\$	402	\$	4,942
				\$	7,406

Other Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Department of Agriculture and Commerce		Forestry Commission	Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Tree Seedling	Office of Surplus Property
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 359	\$ 451	40	\$ 770
Cash payments to suppliers for goods and services	(111)	(458)	(368)	(263)
Cash payments to employees for services	(225)	(479)		(487)
Other operating cash receipts				
Net Cash Provided by (Used for) Operating Activities	23	(486)	(328)	20
Cash Flows from Noncapital Financing Activities:				
Operating transfers in		479		
Operating transfers out				
Net Cash Provided by (Used for) Noncapital Financing Activities		479		
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(12)	(8)		(5)
Principal paid on bonds and equipment contracts	(16)			
Interest paid on bonds and equipment contracts	(5)			
Net Cash Used for Capital and Related Financing Activities	(33)	(8)		(5)
Cash Flows from Investing Activities:				
Interest on investments				17
Net Cash Provided by Investing Activities				17
Net Increase (Decrease) in Cash and Cash Equivalents	(10)	(15)	(328)	32
Cash and Cash Equivalents July 1	78	257	337	329
Cash and Cash Equivalents June 30	\$ 68	\$ 242	9	\$ 361

Department of Corrections

		Prison Agricultural Enterprises		Totals
Restaurants	Commissary			
\$ 349	\$ 3,900	\$ 1,604	\$	7,473
(287)	(2,968)	(2,748)		(7,203)
(61)	(604)	(729)		(2,585)
30	8	2		40
31	336	(1,871)		(2,275)
		1,597		2,076
	(310)			(310)
	(310)	1,597		1,766
(6)	(7)	(267)		(305)
		(86)		(102)
		(7)		(12)
(6)	(7)	(360)		(419)
2	4			23
2	4			23
27	23	(634)		(905)
93	303	2,550		3,947
\$ 120	\$ 326	\$ 1,916	\$	3,042

(Continued on Next Page)

Other Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

(Continued from Previous Page)

	Department of Agriculture and Commerce		Forestry Commission	Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Tree Seedling	Office of Surplus Property
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (12)	\$ (613)	\$ 8	\$ 61
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	38	128		52
Change in assets and liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	(3)			5
Due from other governments				(29)
Interfund receivables	1			41
Inventories				(138)
Prepaid items				
Increase (decrease) in liabilities				
Warrants payable	(6)	(7)		(20)
Accounts payable and accruals	5	6		(36)
Due to other governments			(336)	84
Interfund payables				
Total adjustments	35	127	(336)	(41)
Net Cash Provided by (Used for) Operating Activities	\$ 23	\$ (486)	\$ (328)	\$ 20

Noncash Capital and Related Financing Activities:

During the fiscal year ended June 30, 1999, Farmers' Central Market Board received buildings of \$99,000, Agriculture and Forestry Museum and Office of Surplus Property received machinery and equipment of \$5,000 and \$12,000 respectively, and Prison Agricultural Enterprises received improvements other than buildings of \$53,000 from other state agencies. Prison Agricultural Enterprises entered into a capital lease agreement totaling \$236,000.

Department of Corrections				
Restaurants	Commissary	Prison Agricultural Enterprises	Totals	
\$ 29	\$ 341	\$ (2,297)	\$	(2,483)
6	20	245		489
	7			9
				(29)
(12)	6	(5)		31
(3)	(4)	217		72
	(3)			(3)
		70		37
11	(32)	(101)		(147)
				(252)
	1			1
2	(5)	426		208
\$ 31	\$ 336	\$ (1,871)	\$	(2,275)

(This page left blank intentionally)

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.

Internal Service Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Department of Finance and Administration			
	Personnel Board	Information Technology Services	Risk Management	Totals
Assets:				
Current assets:				
Equity in internal investment pool	\$ 1,909	\$ 4,636	\$ 24,100	\$ 30,645
Cash and cash equivalents			234	234
Investments			51,997	51,997
Receivables, net:				
Accounts	1	90		91
Interest			729	729
Due from other governments	1	40		41
Due from other funds	166	2,136	730	3,032
Due from component units		88		88
Total Current Assets	2,077	6,990	77,790	86,857
Long-term investments			24,324	24,324
Machinery and equipment, net	257	8,193	91	8,541
Total Assets	\$ 2,334	\$ 15,183	\$ 102,205	\$ 119,722
Liabilities:				
Current liabilities:				
Warrants payable	\$ 130	\$ 710	\$ 6,817	\$ 7,657
Accounts payable and accruals	305	1,584	2,149	4,038
Due to other funds	37	81	202	320
Claims liability			97,318	97,318
Deferred revenues			1,174	1,174
Lease obligations payable, current portion		800		800
Total Current Liabilities	472	3,175	107,660	111,307
Lease obligations payable, net of current portion		245		245
Total Liabilities	472	3,420	107,660	111,552
Fund Equity:				
Retained earnings:				
Unreserved (deficit)	1,862	11,763	(5,455)	8,170
Total Liabilities and Fund Equity	\$ 2,334	\$ 15,183	\$ 102,205	\$ 119,722

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 1999 (Expressed in Thousands)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
Operating Revenues:				
Charges for goods and services/premiums	\$ 4,882	\$ 22,608	\$ 316,683	\$ 344,173
Other		3	2	5
Total Operating Revenues	4,882	22,611	316,685	344,178
Operating Expenses:				
Personal services:				
Salaries, wages and fringe benefits	2,749	7,172	1,232	11,153
Travel	44	122	20	186
Contractual services	1,715	14,164	20,406	36,285
Commodities	152	313	88	553
Benefit payments			336,940	336,940
Depreciation	66	1,923	23	2,012
Total Operating Expenses	4,726	23,694	358,709	387,129
Operating Income (Loss)	156	(1,083)	(42,024)	(42,951)
Nonoperating Revenues:				
Interest and other investment income			5,356	5,356
Other	1	52	1	54
Total Nonoperating Revenues	1	52	5,357	5,410
Nonoperating Expenses:				
Loss on disposal of assets	15	139	3	157
Interest		151		151
Total Nonoperating Expenses	15	290	3	308
Income (Loss) Before Operating Transfers	142	(1,321)	(36,670)	(37,849)
Operating Transfers In		997	341	1,338
Net Income (Loss)	142	(324)	(36,329)	(36,511)
Retained Earnings July 1	1,720	12,087	30,874	44,681
Retained Earnings (Deficit) June 30	\$ 1,862	\$ 11,763	\$ (5,455)	\$ 8,170



Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

	<u>Department of Finance and Administration</u>			
	Personnel Board	Information Technology Services	Risk Management	Totals
Cash Flows from Operating Activities:				
Cash receipts/premiums from quasi-external operating transactions with other funds	\$ 4,756	\$ 21,011	\$ 114,177	\$ 139,944
Cash receipts/premiums from customers	48	1,893	202,027	203,968
Cash payments to suppliers for goods and services	(1,822)	(14,458)	(14,592)	(30,872)
Cash payments to employees for services	(2,740)	(7,109)	(1,218)	(11,067)
Cash payments for benefits			(349,183)	(349,183)
Other operating cash receipts		3	2	5
Net Cash Provided by (Used for) Operating Activities	242	1,340	(48,787)	(47,205)
Cash Flows from Noncapital Financing Activities:				
Operating transfers in		997		997
Net Cash Provided by Noncapital Financing Activities		997		997
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(141)	(846)	(32)	(1,019)
Principal paid on capital lease contracts		(1,507)		(1,507)
Interest paid on capital lease contracts		(151)		(151)
Net Cash Used for Capital and Related Financing Activities	(141)	(2,504)	(32)	(2,677)
Cash Flows from Investing Activities:				
Proceeds from sales of investments			87,641	87,641
Purchases of investments			(37,199)	(37,199)
Interest and other investment income, net			7,592	7,592
Net Cash Provided by Investing Activities			58,034	58,034
Net Increase (Decrease) in Cash and Cash Equivalents	101	(167)	9,215	9,149
Cash and Cash Equivalents July 1	1,808	4,803	15,119	21,730
Cash and Cash Equivalents June 30	\$ 1,909	\$ 4,636	\$ 24,334	\$ 30,879

(Continued on Next Page)

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

(Continued From Previous Page)

	Department of Finance and Administration			
	Personnel Board	Information Technology Services	Risk Management	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 156	\$ (1,083)	\$ (42,024)	\$ (42,951)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	66	1,923	23	2,012
Changes in assets and liabilities:				
(Increase) decrease in assets				
Accounts receivable, net		27		27
Due from other governments	1	21		22
Interfund receivables	(79)	247	(389)	(221)
Increase (decrease) in liabilities				
Warrants payable	20	37	5,958	6,015
Accounts payable and accruals	44	141	(21)	164
Due to other governments		(11)		(11)
Interfund payables	34	38	(102)	(30)
Claims liability			(12,142)	(12,142)
Deferred revenues			(90)	(90)
Total adjustments	86	2,423	(6,763)	(4,254)
Net Cash Provided by (Used for) Operating Activities	\$ 242	\$ 1,340	\$ (48,787)	\$ (47,205)

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended June 30, 1999, Information Technology Services entered into a capital lease agreement totaling \$488,000. Payments on the new lease included principal payments of \$161,000 and interest payments of \$12,000. Information Technology Services received donated machinery and equipment of \$52,000. Personnel Board and Risk Management received machinery and equipment of \$1,000 and \$2,000, respectively from another state agency. At June 30, 1999, Risk Management's investments are reported at fair value, creating a noncash investment loss of \$1,928,000.

(This page left blank intentionally)

Trust and Agency Funds

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

Significant Trust and Agency Funds Descriptions

Expendable Trust Funds

Public Employees' Retirement System - 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.

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

Nonexpendable Trust Funds

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

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, firemen, and policemen 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.



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.



Trust and Agency Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Trust			Agency	Totals
	Expendable	Nonexpendable	Pension		
Assets:					
Equity in internal investment pool	\$	\$ 1,277	\$ 3,485	\$ 8,820	\$ 13,582
Cash and cash equivalents	2,496	939	136,106	10,784	150,325
Amount on deposit with U. S. Treasury	641,698				641,698
Investments	536,859	28,411	17,473,613	344	18,039,227
Receivables, net:					
Taxes	31,616				31,616
Investment proceeds			284,866		284,866
Interest and dividends	171	427	80,468	2	81,068
Contributions	2,862		37,652		40,514
Other	469		26	11,747	12,242
Due from other governments	1,200				1,200
Due from other funds	10,926	12	18	12,121	23,077
Commodity inventory				263	263
Loans to other funds	28				28
Land			508		508
Buildings, net			2,375		2,375
Improvements other than buildings, net			67		67
Machinery and equipment, net			1,390		1,390
Total Assets	\$ 1,228,325	\$ 31,066	\$ 18,020,574	\$ 44,081	\$ 19,324,046
Liabilities:					
Warrants payable	\$	\$ 4	\$ 2,155	\$ 1,157	\$ 3,316
Accounts payable and accruals	2,280	15	534,813		537,108
Due to other governments	2,390			11,930	14,320
Due to other funds	176	179	16	17,188	17,559
Amounts held in custody for others			1,138	13,806	14,944
Obligations under securities lending			1,984,651		1,984,651
Deferred revenues	1,761				1,761
Total Liabilities	6,607	198	2,522,773	44,081	2,573,659
Fund Balances:					
Reserved for:					
Employees' pension benefits			15,497,801		15,497,801
Unemployment compensation benefits	681,011				681,011
Loans to other funds	28				28
Deferred compensation benefits and administrative expenses	540,644				540,644
Educational and Vocational Training		25,590			25,590
Memorial Burn Center and other		635			635
Wildlife Conservation		3,175			3,175
Unreserved:					
Undesignated	35	1,468			1,503
Total Fund Balances	1,221,718	30,868	15,497,801		16,750,387
Total Liabilities and Fund Balances	\$ 1,228,325	\$ 31,066	\$ 18,020,574	\$ 44,081	\$ 19,324,046

Expendable Trust Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission		
	Deferred Compensation Plan	Unemployment Compensation	Other	Totals
Assets:				
Cash and cash equivalents	\$ 971	\$ 1,490	\$ 35	\$ 2,496
Amount on deposit with U. S. Treasury		641,698		641,698
Investments	536,859			536,859
Receivables, net:				
Taxes		31,616		31,616
Interest and dividends	171			171
Contributions	2,862			2,862
Other		469		469
Due from other governments		1,200		1,200
Due from other funds		10,926		10,926
Loans to other funds		28		28
Total Assets	\$ 540,863	\$ 687,427	\$ 35	\$ 1,228,325
Liabilities:				
Accounts payable and accruals	\$ 219	\$ 2,061	\$	\$ 2,280
Due to other governments		2,390		2,390
Due to other funds		176		176
Deferred revenues		1,761		1,761
Total Liabilities	219	6,388		6,607
Fund Balances:				
Reserved for:				
Unemployment compensation benefits		681,011		681,011
Loans to other funds		28		28
Deferred compensation benefits and administrative expenses	540,644			540,644
Unreserved:				
Undesignated			35	35
Total Fund Balances	540,644	681,039	35	1,221,718
Total Liabilities and Fund Balances	\$ 540,863	\$ 687,427	\$ 35	\$ 1,228,325



Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission		
	Deferred Compensation Plan	Unemployment Compensation	Other	Totals
Revenues:				
Taxes	\$	\$ 121,556	\$	\$ 121,556
Federal government		3,235		3,235
Participant contributions	42,993			42,993
Interest and other investment income, net	47,950	40,193		88,143
Other			6	6
Total Revenues	90,943	164,984	6	255,933
Expenditures:				
General government:				
Benefits	13,137			13,137
Administrative expenses	1,563			1,563
Health and social services:				
Benefits		113,114	4	113,118
Total Expenditures	14,700	113,114	4	127,818
Excess of Revenues over Expenditures	76,243	51,870	2	128,115
Fund Balances July 1	464,401	629,169	33	1,093,603
Fund Balances June 30	\$ 540,644	\$ 681,039	\$ 35	\$ 1,221,718

MISSISSIPPI

Nonexpendable Trust Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Treasurer		
	Oil and Gas Taxes on State- owned Land	Other	Totals
Assets:			
Current assets:			
Equity in internal investment pool	\$ 639	\$ 638	\$ 1,277
Cash and cash equivalents	762	177	939
Investments	4,166	3,201	7,367
Interest receivable	355	72	427
Due from other funds		12	12
Total Current Assets	5,922	4,100	10,022
Long-term investments	21,003	41	21,044
Total Assets	\$ 26,925	\$ 4,141	\$ 31,066
Liabilities:			
Warrants payable	\$ 4	\$	\$ 4
Accounts payable and accruals	15		15
Due to other funds	179		179
Total Liabilities	198		198
Fund Balances:			
Reserved for:			
Scholarships		20	20
Books and historical manuscripts		5	5
Education and vocational training	25,590		25,590
Memorial Burn Center		610	610
Wildlife Conservation		3,175	3,175
Unreserved	1,137	331	1,468
Total Fund Balances	26,727	4,141	30,868
Total Liabilities and Fund Balances	\$ 26,925	\$ 4,141	\$ 31,066

Nonexpendable Trust Funds

Combining Statement of Revenues, Expenses and Changes in Fund Balances

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Treasurer		
	Oil and Gas Taxes on State- owned Land	Other	Totals
Operating Revenues:			
Interest and other investment income, net	\$ 1,342	\$ 181	\$ 1,523
Fees		596	596
Oil and gas royalties	1,196		1,196
Donations	18		18
Total Operating Revenues	2,556	777	3,333
Operating Expenses:			
Administrative	68	21	89
Total Operating Expenses	68	21	89
Operating Income Before Operating Transfers	2,488	756	3,244
Operating Transfers Out	(1,225)	(450)	(1,675)
Net Income	1,263	306	1,569
Fund Balances July 1	25,464	3,835	29,299
Fund Balances June 30	\$ 26,727	\$ 4,141	\$ 30,868

Nonexpendable Trust Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Treasurer		
	Oil and Gas Taxes on State- owned Land	Other	Totals
Cash Flows from Operating Activities:			
Cash payments to suppliers	\$ (68)	\$ (21)	\$ (89)
Other operating cash receipts	1,215	606	1,821
Net Cash Provided by Operating Activities	1,147	585	1,732
Cash Flows from Noncapital Financing Activities:			
Operating transfers out	(1,267)	(450)	(1,717)
Net Cash Used for Noncapital Financing Activities	(1,267)	(450)	(1,717)
Cash Flows from Investing Activities:			
Proceeds from sale of investments	10,776		10,776
Purchases of investments	(11,896)	(147)	(12,043)
Interest and other investment income, net	1,527	186	1,713
Net Cash Provided by Investing Activities	407	39	446
Net Increase (Decrease) in Cash and Cash Equivalents	287	174	461
Cash and Cash Equivalents July 1	1,114	641	1,755
Cash and Cash Equivalents June 30	\$ 1,401	\$ 815	\$ 2,216

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities:

Operating income	\$ 2,488	\$ 756	\$ 3,244
Adjustments to reconcile operating income to net cash provided by operating activities:			
Interest and other investment income, net	(1,527)	(186)	(1,713)
Net depreciation in fair value of investments	199		199
Changes in assets and liabilities:			
(Increase) decrease in assets			
Interest receivable	(13)	5	(8)
Interfund receivable		10	10
Total adjustments	(1,341)	(171)	(1,512)
Net Cash Provided by Operating Activities	\$ 1,147	\$ 585	\$ 1,732

Noncash Capital and Related Financing Activities:

At June 30, 1999, the Treasurer's investments are reported at fair value, creating a noncash investment loss of \$199,000.



Pension Trust Funds

Combining Statement of Plan Net Assets

June 30, 1999 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems	Supplemental Legislative Retirement Plan	Totals
Assets:					
Equity in internal investment pool	\$ 3,485	\$	\$	\$	\$ 3,485
Cash and cash equivalents	131,839	1,973	2,231	63	136,106
Investments:					
Investments, at fair value	14,952,835	254,046	281,036	7,950	15,495,867
Securities lending	1,908,181	32,545	36,002	1,018	1,977,746
Receivables:					
Employer contributions	21,012	438	361	18	21,829
Employee contributions	15,626	109	80	8	15,823
Investment proceeds	274,883	4,671	5,166	146	284,866
Interest and dividends	77,648	1,319	1,460	41	80,468
Other	23		3		26
Due from other funds	18				18
Land	508				508
Buildings, net	2,375				2,375
Improvements other than buildings, net	67				67
Machinery and equipment, net	1,390				1,390
Total Assets	17,389,890	295,101	326,339	9,244	18,020,574
Liabilities:					
Warrants payable	2,155				2,155
Accounts payable and accruals	516,129	8,735	9,674	275	534,813
Due to other funds	1	9	6		16
Amounts held in custody for others	1,138				1,138
Obligations under securities lending	1,914,843	32,658	36,128	1,022	1,984,651
Total Liabilities	2,434,266	41,402	45,808	1,297	2,522,773
Net Assets Held in Trust for Pension Benefits	\$ 14,955,624	\$ 253,699	\$ 280,531	\$ 7,947	\$ 15,497,801

Agency Funds

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Local Government Distributive	Program	Institutional	Totals
Assets:				
Equity in internal investment pool	\$ 2,674	\$ 6,146	\$	\$ 8,820
Cash and cash equivalents	122	7,135	3,527	10,784
Investments			344	344
Receivables, net:				
Interest			2	2
Other		11,687	60	11,747
Due from other funds	4,375	7,737	9	12,121
Commodity inventory		263		263
Total Assets	\$ 7,171	\$ 32,968	\$ 3,942	\$ 44,081
Liabilities:				
Warrants payable	\$ 54	\$ 1,103	\$	\$ 1,157
Due to other governments	5,681	6,244	5	11,930
Due to other funds	616	16,045	527	17,188
Amounts held in custody for others	820	9,576	3,410	13,806
Total Liabilities	\$ 7,171	\$ 32,968	\$ 3,942	\$ 44,081



All Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 1999 (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 July 1, 1998	\$ 2,186	\$ 30	\$ 1,923		\$ 2,845		\$ 6,984
Additions	24,025	92			4,375		28,492
Deductions	23,537		1,923		2,845		28,305
Balance June 30, 1999	2,674	122	0		4,375		7,171
Program:							
Balance July 1, 1998	7,765	9,154		13,005	5,705	282	35,911
Additions	27,741	84,790		2,283	6,599	10,557	131,970
Deductions	29,360	86,809		3,601	4,567	10,576	134,913
Balance June 30, 1999	6,146	7,135		11,687	7,737	263	32,968
Institutional:							
Balance July 1, 1998		3,223	389	37	12		3,661
Additions		15,989	118	294	8		16,409
Deductions		15,685	163	269	11		16,128
Balance June 30, 1999		3,527	344	62	9		3,942
Total - All Agency Funds:							
Balance July 1, 1998	9,951	12,407	2,312	13,042	8,562	282	46,556
Additions	51,766	100,871	118	2,577	10,982	10,557	176,871
Deductions	52,897	102,494	2,086	3,870	7,423	10,576	179,346
Balance June 30, 1999	\$ 8,820	\$ 10,784	\$ 344	\$ 11,749	\$ 12,121	\$ 263	\$ 44,081

	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 July 1, 1998	\$ 398	\$	\$ 4,412	\$ 151	\$ 2,023	\$ 6,984
Additions	21,559	6,359	10,668	616	820	40,022
Deductions	21,903	6,359	9,399	151	2,023	39,835
Balance June 30, 1999	54	0	5,681	616	820	7,171
Program:						
Balance July 1, 1998	975	5	7,462	15,833	11,636	35,911
Additions	29,479	1,911	6,643	21,007	79,635	138,675
Deductions	29,351	1,916	7,861	20,795	81,695	141,618
Balance June 30, 1999	1,103	0	6,244	16,045	9,576	32,968
Institutional:						
Balance July 1, 1998			6	456	3,199	3,661
Additions			1	1,064	15,709	16,774
Deductions			2	993	15,498	16,493
Balance June 30, 1999			5	527	3,410	3,942
Total - All Agency Funds:						
Balance July 1, 1998	1,373	5	11,880	16,440	16,858	46,556
Additions	51,038	8,270	17,312	22,687	96,164	195,471
Deductions	51,254	8,275	17,262	21,939	99,216	197,946
Balance June 30, 1999	\$ 1,157	\$ 0	\$ 11,930	\$ 17,188	\$ 13,806	\$ 44,081

General Fixed Assets Account Group

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

General Fixed Assets

Schedule of General Fixed Assets by Function

June 30, 1999 (Expressed in Thousands)

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General government	\$ 11,530	\$ 83,911	\$ 3,020	\$ 36,411	\$ 134,872
Education	224	7,500	1,091	206,930	215,745
Health and social services	3,140	171,948	13,200	119,991	308,279
Law, justice and public safety	4,411	482,415	16,266	78,686	581,778
Recreation and resources development	61,359	109,046	33,925	105,510	309,840
Regulation of business and professions		1,503	56	5,476	7,035
Transportation	8,512	63,907		131,889	204,308
Total General Fixed Assets					
Allocated to Functions	\$ 89,176	\$ 920,230	\$ 67,558	\$ 684,893	1,761,857
Construction in progress					226,597
Total General Fixed Assets					\$ 1,988,454

General Fixed Assets

Schedule of Changes in General Fixed Assets

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$ 88,507	\$ 1,242	\$ 573	\$ 89,176
Buildings	825,105	95,730	605	920,230
Improvements other than buildings	62,864	4,699	5	67,558
Machinery and equipment	628,507	99,656	43,270	684,893
Construction in progress	207,353	83,689	64,445	226,597
Total	\$ 1,812,336	\$ 285,016	\$ 108,898	\$ 1,988,454

General Fixed Assets

Schedule of Changes in General Fixed Assets by Function

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
General government	\$ 133,547	\$ 3,768	\$ 2,443	\$ 134,872
Education	193,472	34,578	12,305	215,745
Health and social services	265,910	50,241	7,872	308,279
Law, justice and public safety	510,336	78,660	7,218	581,778
Recreation and resources development	298,189	19,015	7,364	309,840
Regulation of business and professions	7,133	776	874	7,035
Transportation	196,396	14,289	6,377	204,308
Total by Function	1,604,983	201,327	44,453	1,761,857
Construction in progress	207,353	83,689	64,445	226,597
Total	\$ 1,812,336	\$ 285,016	\$ 108,898	\$ 1,988,454

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. They are presented here in three separate reporting groups: governmental, proprietary and university fund types.

Component Units Descriptions

Governmental Fund Types

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.

Proprietary Fund Types

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

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.

University Funds

Current Funds - The **Unrestricted Fund** accounts for currently expendable resources which may be either designated or not designated by the universities for specific purposes. The **Restricted Fund** accounts for resources restricted by the donor or external agency for a specific use or program.

Loan Fund - The fund accounts for resources provided by the federal government, private gifts and other university funds which are available for loans to students.

Endowment Fund - The fund accounts for resources which are invested in accordance with donor restrictions.



Plant Funds - The funds account for the various unexpended resources to finance the acquisition and/or repair or replacement of long-lived plant facilities, for renewal and replacement of those facilities constructed from bond proceeds which remain governed under a related bond indenture of trust, for the resources restricted to interest and principal payments and other debt service charges related to plant indebtedness and for all long-lived assets in the service of the universities and all construction in progress and their associated liabilities.

Agency Fund - The fund accounts for amounts held in custody for students, university-related organizations and others.

(This page left blank intentionally)

Component Units

Combining Balance Sheet

June 30, 1999 (Expressed in Thousands)

	Governmental Funds		
	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District
Assets:			
Equity in internal investment pool	\$	\$	\$
Cash and cash equivalents	1,695	278	3,693
Investments	550	736	983
Receivables, net	17		525
Due from other governments	80	301	
Due from other funds			
Due from primary government			
Inventories	3		
Prepaid items			
Loans and notes receivable			
Restricted assets:			
Cash and cash equivalents	218		
Investments	250		
Property, plant and equipment, net of depreciation where applicable	14,146	5,995	56,862
Deferred charges and other assets			
Amount available, designated for debt service	505		
Amounts to be provided for retirement of general long-term debt	1,665	32	1,668
Total Assets, Amounts Available and Amounts to be			
Provided for Retirement of General Long-Term Debt	\$ 19,129	\$ 7,342	\$ 63,731
Liabilities:			
Warrants payable	\$	\$	\$
Accounts payable and accruals	735	70	820
Due to other funds			
Due to primary government			
Amounts held in custody for others			
Deferred revenues		138	
Liabilities payable from restricted assets			
Revenue bonds and notes payable	3,730		
Lease obligation bonds			
Other liabilities	139	32	1,668
Total Liabilities	4,604	240	2,488
Fund Equity and Other Credits:			
Investment in fixed assets	11,358	5,995	48,360
Contributed capital	1,157		8,947
Retained earnings:			
Reserved for Commission trust fund			
Unreserved	854		2,239
Fund balances:			
Reserved for:			
Encumbrances		43	
Inventories	1		
Research projects			
Student loans			
Endowments			
Land management		58	
Contractual agreements			
Temporarily restricted funds			
Continuing education			
Unreserved:			
Designated for debt service	505		
Designated for future capital projects			
Undesignated	650	1,006	1,697
Total Fund Equity and Other Credits	14,525	7,102	61,243
Total Liabilities and Fund Equity and Other Credits	\$ 19,129	\$ 7,342	\$ 63,731

Tombigbee River Valley Water Management District	Proprietary Funds			University	Totals
	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation		
\$	\$	\$	\$	\$	\$
3,567	866	2 1,707	282	11,561	11,563
32	3,342	9,479	344	260,407	272,495
49	532	112	400	219,021	234,455
				135,829	137,447
					430
				48,896	48,896
		2	120	31,586	31,708
36			338	18,490	18,867
	138		38	8,647	8,823
				84,018	84,018
					218
	7,106				7,356
15,792	29,489	3	2,038	1,736,517	1,860,842
				3,640	3,640
					505
38					3,403
\$ 19,514	\$ 41,473	\$ 11,305	\$ 3,560	\$ 2,558,612	\$ 2,724,666
\$	\$	\$	\$	\$	\$
48	473	271	105	5,671	5,671
				119,564	122,086
				48,896	48,896
	76			5,582	5,582
	98			3,222	3,298
				33,705	33,843
					98
				188,960	192,690
38	137	490		27,129	27,129
86	784	761	105	13,954	16,458
15,792				446,683	455,751
	15,250	4,996	297		
	7,000			1,522,385	1,603,890
	18,439	5,548	3,158		30,647
330				24,447	24,820
					1
				36,352	36,352
				93,373	93,373
				68,795	68,795
					58
				979	979
				1,330	1,330
				474	474
				59,346	59,851
3,306				100,187	100,187
19,428	40,689	10,544	3,455	204,261	210,920
\$ 19,514	\$ 41,473	\$ 11,305	\$ 3,560	\$ 2,111,929	\$ 2,268,915
\$ 19,514	\$ 41,473	\$ 11,305	\$ 3,560	\$ 2,558,612	\$ 2,724,666

Component Units

Combining Balance Sheet University Funds

June 30, 1999 (Expressed in Thousands)

	Current Funds		Loan	Endowment and Similar
	Unrestricted	Restricted		
Assets:				
Equity in internal investment pool	\$ 11,561	\$	\$	\$
Cash and cash equivalents	146,612	17,978	9,268	4,702
Investments	95,499	109		62,745
Accounts receivable, net	91,099	35,677	321	9
Due from other funds	32,856	1,378	237	
Due from primary government	11,568	20,018		
Inventories	18,475	15		
Prepaid items	8,434	60		
Loans and notes receivable, net			84,018	
Land				
Buildings				
Improvements other than buildings				
Furniture, machinery and equipment				
Construction in progress				
Assets under capital lease				
Livestock				
Other assets				1,339
Total Assets	\$ 416,104	\$ 75,235	\$ 93,844	\$ 68,795
Liabilities:				
Warrants payable	\$ 5,671	\$	\$	\$
Accounts payable and accruals	104,969	10,873	51	
Due to other funds	24,124	24,170	145	
Due to primary government	5,582			
Deferred revenue	29,844	3,840		
Revenue bonds and notes payable				
Obligations under capital lease				
Amount held in custody for others				
Other liabilities	13,648		275	
Total Liabilities	183,838	38,883	471	
Fund Balances:				
Investment in fixed assets				
Reserved for:				
Encumbrances	24,447			
Research projects		36,352		
Student loans			93,373	
Endowments				68,795
Contractual agreements	979			
Temporarily restricted funds	1,330			
Continuing education	474			
Unreserved:				
Designated for debt service				
Designated for future capital projects	775			
Undesignated	204,261			
Total Fund Balances	232,266	36,352	93,373	68,795
Total Liabilities and Fund Balances	\$ 416,104	\$ 75,235	\$ 93,844	\$ 68,795

Plant Funds				Agency Fund	Totals
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		
\$	\$	\$	\$	\$	\$
65,672	5,907	7,452		2,816	11,561
21,833	35,466	3,369			260,407
7,917	7	32		767	219,021
6,747	7,250			428	135,829
					48,896
					31,586
					18,490
		153			8,647
					84,018
			29,774		29,774
			888,076		888,076
			108,366		108,366
			450,773		450,773
			220,324		220,324
			39,204		39,204
			1,834		1,834
313			154		1,806
\$ 102,482	\$ 48,630	\$ 11,006	\$ 1,738,505	\$ 4,011	\$ 2,558,612
\$	\$	\$	\$	\$	\$
3,070	33	7		561	5,671
	229			228	119,564
					48,896
					5,582
		21			33,705
			188,960		188,960
			27,129		27,129
				3,222	3,222
			31		13,954
3,070	262	28	216,120	4,011	446,683
			1,522,385		1,522,385
					24,447
					36,352
					93,373
					68,795
					979
					1,330
					474
99,412	48,368	10,978			59,346
					100,187
					204,261
99,412	48,368	10,978	1,522,385		2,111,929
\$ 102,482	\$ 48,630	\$ 11,006	\$ 1,738,505	\$ 4,011	\$ 2,558,612

Component Units

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
Revenues:					
Licenses, fees and permits	\$	\$	\$	\$	\$
Interest	16	38	59	147	260
Charges for sales and services		89	1		90
Rentals			2,587		2,587
Other	1,994	828	1,201	1,552	5,575
Total Revenues	2,010	955	4,914	1,699	9,578
Expenditures:					
Current:					
Recreation and resources development	1,138	851	5,169	939	8,097
Debt service:					
Principal	227		124		351
Interest and other fiscal charges	87		99		186
Total Expenditures	1,452	851	5,392	939	8,634
Excess of Revenues over (under) Expenditures	558	104	(478)	760	944
Net income (loss) from proprietary operations	(433)		563		130
Fund Balances July 1	1,884	1,003	3,851	2,876	9,614
Increase in Reserve for Inventories	1				1
Fund Balances June 30	\$ 2,010	\$ 1,107	\$ 3,936	\$ 3,636	\$ 10,689



Component Units

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Funds

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	Totals
Operating Revenues:				
Charges for sales and services	\$ 4,351	\$	\$ 4,118	\$ 8,469
Fees		1,401		1,401
Total Operating Revenues	4,351	1,401	4,118	9,870
Operating Expenses:				
Costs of sales and services			1,839	1,839
General and administrative	4,807	897	1,836	7,540
Depreciation	1,036	5	199	1,240
Other		179	3	182
Total Operating Expenses	5,843	1,081	3,877	10,801
Operating Income (Loss)	(1,492)	320	241	(931)
Nonoperating Revenues	1,232	511	19	1,762
Nonoperating Expenses	(9)			(9)
Net Income (Loss)	(269)	831	260	822
Retained Earnings July 1	25,708	4,717	2,898	33,323
Retained Earnings June 30	\$ 25,439	\$ 5,548	\$ 3,158	\$ 34,145



Component Units

Combining Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 1999 (Expressed in Thousands)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	Totals
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 4,192	\$ 1,557	\$ 4,142	\$ 9,891
Cash payments to suppliers for goods and services	(3,064)	(137)	(2,794)	(5,995)
Cash payments to employees for services	(1,457)	(760)	(1,047)	(3,264)
Other operating cash payments		(31)	(3)	(34)
Net Cash Provided by (Used for) Operating Activities	(329)	629	298	598
Cash Flows from Noncapital Financing Activities:				
Contribution to other government	(51)			(51)
Net Cash Used for Noncapital Financing Activities	(51)			(51)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(402)	(3)	(373)	(778)
Proceeds from sale of capital assets	2		7	9
Proceeds from insurance settlement	680			680
Net Cash Provided by (Used for) Capital and Related Financing Activities	280	(3)	(366)	(89)
Cash Flows from Investing Activities:				
Proceeds from the sale of investments	106	16,665	701	17,472
Purchases of investments		(17,771)	(895)	(18,666)
Interest on investments	634	489	19	1,142
Net Cash Provided by (Used for) Investing Activities	740	(617)	(175)	(52)
Net Increase (Decrease) in Cash and Cash Equivalents	640	9	(243)	406
Cash and Cash Equivalents July 1	226	1,700	525	2,451
Cash and Cash Equivalents June 30	\$ 866	\$ 1,709	\$ 282	\$ 2,857

(Continued on Next Page)



Component Units

Combining Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 1999 (Expressed in Thousands)

(Continued from Previous Page)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (1,492)	\$ 320	\$ 241	\$ (931)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,036	5	199	1,240
Changes in assets and liabilities:				
(Increase) Decrease in Assets				
Accounts receivable, net	(159)		60	(99)
Interfund receivables		12	(35)	(23)
Inventories			82	82
Prepaid items	9		9	18
Increase (Decrease) in Liabilities				
Accounts payable and accruals	277	144	(258)	163
Other liabilities		148		148
Total Adjustments	1,163	309	57	1,529
Net Cash Provided by (Used for) Operating Activities	\$ (329)	\$ 629	\$ 298	\$ 598

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended, June 30, 1999, Mississippi Coast Coliseum Commission's contributed capital increased as a result of the receipt of \$46,000 of fixed assets from another government.

(This page left blank intentionally)



Statistical and Economic Data

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

Expenditures by Function

All Governmental Fund Types

Table I

For the Last Ten Fiscal Years (Expressed in Thousands)

Function	1999	1998	1997	1996
General government	\$ 973,084	\$ 919,048	\$ 858,218	\$ 817,625
Education	2,017,162	1,907,632	1,765,476	1,793,100
Health and social services	2,843,194	2,715,471	2,736,515	2,633,871
Law, justice and public safety	461,383	408,957	381,929	339,796
Recreation and resources development	304,507	304,795	266,633	249,433
Regulation of business and professions	25,820	24,007	22,518	22,734
Transportation	815,496	749,466	694,895	651,044
Debt service	222,653	193,392	174,787	134,406
Capital outlay	78,014	84,883	86,435	126,592
Total Expenditures - All Governmental Fund Types	\$ 7,741,313	\$ 7,307,651	\$ 6,987,406	\$ 6,768,601

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

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

Revenues by Source

All Governmental Fund Types

Table II

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	1999	1998	1997	1996
State taxes	\$ 4,255,102	\$ 4,023,265	\$ 3,742,013	\$ 3,563,533
Licenses, fees and permits	347,498	322,081	298,158	270,438
Federal government	2,865,653	2,765,550	2,778,514	2,729,566
Interest and other investment income, net	143,488	124,338	122,271	122,682
Charges for sales and services	235,310	234,250	212,532	194,764
Rentals	13,211	10,396	9,142	10,591
Court assessments and settlements	110,231	348	210	2,732
Other	233,325	393,904	219,429	182,740
Total Revenues - All Governmental Fund Types	\$ 8,203,818	\$ 7,874,132	\$ 7,382,269	\$ 7,077,046

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

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

State Tax Revenues by Source

All Governmental Fund Types

Table III

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	1999	1998	1997	1996
Sales and use	\$ 2,212,773	\$ 2,059,249	\$ 1,920,884	\$ 1,847,589
Gasoline and other motor fuel	397,262	392,260	358,866	354,104
Privilege	76,717	66,290	65,288	67,630
Motor vehicle registration	26,195	28,023	25,406	24,700
Individual income	942,027	894,790	790,805	730,035
Alcoholic beverage	44,987	43,261	42,530	41,270
Corporate income and franchise	298,464	280,361	292,827	262,728
Severance	18,845	29,573	31,841	29,057
Inheritance	30,308	21,471	12,638	14,208
Tobacco	57,486	57,344	57,201	55,121
Insurance	110,938	112,207	107,224	101,472
Nuclear power	20,000	20,000	20,000	20,000
Other	19,100	18,436	16,503	15,619
Total Tax Revenues - All Governmental Fund Types	\$ 4,255,102	\$ 4,023,265	\$ 3,742,013	\$ 3,563,533

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

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

	1995	1994	1993	1992	1991	1990
\$	727,065	\$ 616,453	\$ 555,839	\$ 534,695	\$ 502,922	\$ 503,451
	1,677,577	1,479,242	1,389,598	1,338,587	1,247,374	1,258,523
	2,583,972	2,393,508	2,226,713	2,096,952	1,730,372	1,512,829
	282,667	258,928	199,389	187,192	187,964	171,819
	228,555	204,695	182,746	184,081	180,033	158,759
	22,319	20,240	18,406	18,399	15,596	14,855
	532,217	497,877	507,738	502,580	451,903	378,542
	214,495	107,682	105,784	113,027	87,100	78,020
	56,134	11,330	22,797	18,047	12,305	26,988
\$	6,325,001	\$ 5,589,955	\$ 5,209,010	\$ 4,993,560	\$ 4,415,569	\$ 4,103,786

	1995	1994	1993	1992	1991	1990
\$	3,351,746	\$ 3,126,925	\$ 2,859,833	\$ 2,494,487	\$ 2,394,092	\$ 2,303,886
	250,994	208,240	153,971	98,946	88,455	72,834
	2,717,589	2,518,279	2,390,803	2,280,181	1,898,506	1,662,310
	112,186	52,194	34,185	44,373	62,461	67,455
	184,284	186,888	183,798	171,041	165,740	159,413
	10,175	9,185	6,990	6,470	6,826	6,157
		153	106	2,633	2,053	3,545
	216,057	181,990	167,142	134,155	52,710	49,897
\$	6,843,031	\$ 6,283,854	\$ 5,796,828	\$ 5,232,286	\$ 4,670,843	\$ 4,325,497

	1995	1994	1993	1992	1991	1990
\$	1,721,214	\$ 1,585,132	\$ 1,410,372	\$ 1,174,950	\$ 1,114,670	\$ 1,094,136
	347,015	339,876	319,670	307,135	291,749	293,252
	57,060	58,197	55,317	37,993	39,488	42,653
	23,949	23,951	23,111	22,560	26,987	27,648
	663,292	630,168	571,860	499,196	468,747	429,847
	41,667	41,291	38,483	38,437	37,702	36,907
	264,638	219,838	210,896	189,459	186,895	160,670
	28,059	32,387	41,666	42,322	50,792	45,319
	12,513	10,886	9,411	11,235	7,413	10,256
	57,483	54,498	53,025	51,995	51,161	50,539
	100,043	97,215	93,677	90,467	90,759	87,496
	20,000	19,999	20,001	20,000	20,039	19,193
	14,813	13,487	12,344	8,738	7,690	5,970
\$	3,351,746	\$ 3,126,925	\$ 2,859,833	\$ 2,494,487	\$ 2,394,092	\$ 2,303,886

Net General Long-term Bonded Debt Per capita

For the Last Ten Fiscal Years

Table IV

Fiscal Year	Population	General Long-term Bonded Debt (Expressed in Thousands)			Net General Long-term Debt Per capita
		Principal Outstanding	Less: Debt Service Fund	Net	
1999	2,800,000	\$ 1,883,255	\$ 80,474	\$ 1,802,781	\$ 644
1998	2,780,000	1,595,044	30,795	1,564,249	563
1997	2,750,000	1,361,693	37,635	1,324,058	481
1996	2,720,000	1,205,498	30,473	1,175,025	432
1995	2,700,000	981,058	26,881	954,177	353
1994	2,670,000	824,151	124,462	699,689	262
1993	2,640,000	677,906	126,609	551,297	209
1992	2,610,000	634,933	133,919	501,014	192
1991	2,590,000	646,662	138,697	507,965	196
1990	2,580,000	584,058	129,308	454,750	176

Source: Population -- Mississippi Econometric Model

General Long-term Bonded Debt -- State Treasurer

Debt Service Funds Available -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

(1) Total general long-term bonded debt and notes exclude general obligation bonds payable from enterprise and university funds.

(2) Debt service fund represents the amount available, designated for debt service as reflected in the Mississippi Comprehensive Annual Financial Report.

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

For the Last Ten Fiscal Years (Expressed in Thousands)

Table V

Fiscal Year	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
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	170,630	7,382,820	2.3	6,987,406	2.4
1996	134,406	7,077,046	1.9	6,768,601	2.0
1995	127,283	6,843,031	1.9	6,325,001	2.0
1994	107,682	6,283,854	1.7	5,589,955	1.9
1993	105,784	5,796,829	1.8	5,209,011	2.0
1992	108,611	5,232,286	2.1	4,993,561	2.2
1991	87,100	4,670,842	1.9	4,415,569	2.0
1990	78,020	4,325,497	1.8	4,103,787	1.9

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

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

Computation of Legal Debt Margin

June 30, 1999 (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)	\$	7,138,012
Amount of debt applicable to debt limit (2)	\$	1,883,255
Less: amounts available for debt service		80,474
Net amount of debt applicable to debt limit		1,802,781
Legal Debt Margin	\$	5,335,231

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 forgoing debt limitation computation are restricted by current practice to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges (including net income from the sale of alcoholic beverages), fines, forfeits, and penalties. Defined revenues for the four preceding years were:

Fiscal Year	Applicable Governmental Fund Revenues
1998	\$ 4,758,675
1997	4,454,101
1996	4,358,083
1995	4,021,673

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

Revenue Bond Coverage

For the Last Ten Fiscal Years (Expressed in Thousands)

Table VII

MISSISSIPPI FAIR COMMISSION

Debt Service Requirements

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
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
1992	2,803	2,724	79	55	128	183	.43
1991	2,642	2,561	81	50	132	182	.45
1990	2,507	2,450	57	45	138	183	.31

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

(1) Total operating revenues.

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

MISSISSIPPI

Demographic Statistics

For the Last Ten Calendar Years

Table VIII

Calendar Year	Population	Per Capita Income (Current \$)	Public School Enrollment	Unemployment Rate
1998	2,780,000	18,801	504,792	5.4%
1997	2,750,000	17,986	503,967	5.7
1996	2,720,000	17,325	503,602	6.1
1995	2,700,000	16,544	503,301	6.1
1994	2,670,000	15,838	503,374	6.6
1993	2,640,000	14,857	504,229	6.4
1992	2,610,000	14,139	501,577	8.2
1991	2,590,000	13,375	500,122	8.7
1990	2,580,000	12,726	502,020	7.6
1989	2,570,000	12,033	503,326	7.8

Source: Population -- Mississippi Econometric Model

Per Capita Income -- Mississippi Econometric Model

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

Unemployment Rate -- Mississippi Employment Security Commission

Economic Characteristics

For the Last Ten Calendar Years (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
1998	\$ 61,403,000	\$ 37,670,600	\$ 52,176,000	\$ 32,009,800	163.0
1997	58,935,000	36,719,600	49,437,000	30,801,900	160.5
1996	56,384,000	35,936,300	47,173,000	30,065,600	156.9
1995	53,868,000	35,346,500	44,623,000	29,280,200	152.4
1994	50,793,000	34,273,300	42,308,000	28,547,900	148.2
1993	46,610,000	32,256,100	39,272,000	27,177,900	144.5
1992	43,344,000	30,893,800	36,967,000	26,348,500	140.3
1991	40,878,000	30,013,200	34,657,000	25,445,700	136.2
1990	38,724,000	29,628,200	32,748,000	25,055,900	130.7
1989	37,219,000	30,015,300	30,882,000	24,904,800	124.0

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

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
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
1991	19,068,256	19,108,000	22
1990	18,501,795	18,631,000	20
1989	17,219,683	17,883,000	18

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
Litton Industries	2	10,265
Tyson Foods, Inc.	7	4,488
Sanderson Farms, Inc.	8	4,286
International Paper Company	11	3,789
Georgia-Pacific Corporation	18	3,265
B. C. Rogers Poultry, Inc.	4	3,133
Howard Industries, Inc.	2	3,050
Peavey Electronics Corporation	4	2,975
Lennox International	3	2,704
Furniture Brands International	4	2,579
Sunbeam Corporation	2	2,250
Choctaw Maid Farms	3	2,210
Halter Marine Group, Inc.	6	2,164
General Motors Corporation	3	2,020
MTD Products	3	2,000
Sara Lee Corporation	3	1,940
Peco Foods, Inc.	4	1,835
Weyerhaeuser Company	10	1,774
Leggett & Platt, Inc.	9	1,748
Kellwood Company	6	1,651
The Stratford Company	5	1,650
Cooper Industries, Inc.	6	1,614
La-Z-Boy Chair Company	3	1,592
KLH Industries, Inc.	4	1,576
Lifestyle Furnishings, International	8	1,561

Source: Mississippi Department of Economic and Community Development - 1998/99 Mississippi Manufacturers' Directory

Population and Employment

For the Last Ten Calendar Years

Table XII

Selected Indicators	1998	1997	1996
Population	2,780,000	2,750,000	2,720,000
Employed	1,200,400	1,189,800	1,180,200
Unemployed	68,300	72,500	77,000
Total Labor Force	1,268,700	1,262,300	1,257,200
Mississippi Unemployment Rate	5.4%	5.7%	6.1%
U.S. Unemployment Rate	4.5%	4.9%	5.4%

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	1998	1997	1996
Agriculture	36,300	35,800	38,200
Construction	54,200	50,900	48,600
Finance, insurance and real estate	41,700	41,700	40,900
Government	222,800	219,000	216,800
Manufacturing	239,900	241,800	245,600
Mining	6,000	5,900	5,300
Services	263,500	256,300	246,100
Transportation and public utilities	53,300	53,000	52,800
Wholesale and retail trade	238,500	238,400	232,900

Source: Mississippi Employment Security Commission - Establishment Based Employment

Mississippi Average Annual Wages by Sector

For the Last Ten Calendar Years

Table XIV

Sector	1998	1997	1996
Agriculture	\$ 18,064	\$ 17,318	\$ 16,501
Construction	26,508	24,369	23,294
Finance, insurance and real estate	30,005	28,030	26,707
Government	22,463	21,703	20,731
Manufacturing	26,712	25,584	24,323
Mining	36,794	34,674	31,661
Services	22,870	21,980	21,222
Transportation and public utilities	32,721	32,041	30,406
Wholesale and retail trade	45,469	42,969	41,022

Source: Mississippi Employment Security Commission - Establishment Based Employment

1995	1994	1993	1992	1991	1990	1989
2,700,000	2,670,000	2,640,000	2,610,000	2,590,000	2,580,000	2,570,000
1,180,000	1,169,800	1,138,200	1,093,700	1,086,000	1,093,500	1,076,000
77,000	82,900	78,300	97,700	104,100	90,100	91,000
1,257,000	1,252,700	1,216,500	1,191,400	1,190,100	1,183,600	1,167,000
6.1%	6.6%	6.4%	8.2%	8.7%	7.6%	7.8%
5.6%	6.1%	6.9%	7.5%	6.8%	5.6%	5.3%

1995	1994	1993	1992	1991	1990	1989
41,400	38,300	40,300	39,800	35,700	33,400	33,900
45,400	43,500	39,600	35,400	34,800	37,200	35,900
40,000	39,700	38,800	38,400	38,700	38,800	38,900
214,700	213,700	210,100	207,900	203,900	203,400	199,800
257,800	261,000	255,700	251,900	246,900	246,500	243,600
4,900	5,100	5,200	5,200	5,700	6,000	6,000
232,400	224,700	196,700	175,500	165,800	161,000	153,900
51,100	48,600	46,300	45,000	45,000	45,300	45,100
228,200	219,400	209,800	201,000	196,800	198,400	196,000

1995	1994	1993	1992	1991	1990	1989
\$ 16,153	\$ 15,276	\$ 14,457	\$ 14,395	\$ 13,758	\$ 12,889	\$ 11,951
22,188	21,928	20,782	19,961	19,237	18,906	17,926
25,916	24,748	24,112	23,198	21,546	20,837	20,070
19,923	18,965	18,156	17,540	17,410	16,498	15,801
23,301	22,593	21,768	21,119	20,022	19,385	18,637
30,025	29,175	27,829	27,367	26,245	25,490	24,223
20,569	19,416	18,713	18,302	17,718	17,009	16,425
29,520	28,983	27,952	27,710	26,285	25,526	24,168
39,548	38,328	36,917	36,081	34,482	32,854	31,505



Public School Enrollment

For the Last Ten Academic Years

Table XV

Grade	1998/1999	1997/1998	1996/1997	1995/1996
Kindergarten	41,057	40,667	40,511	40,559
Grades 1-3	124,759	123,254	120,952	118,376
Grades 4-6	113,584	112,996	113,212	114,646
Grades 7-9	116,913	120,205	122,732	123,903
Grades 10-12	91,783	92,183	90,311	89,375
Special Education	14,283	15,487	16,249	16,743
Total Enrollment	502,379	504,792	503,967	503,602

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	1998/1999	1997/1998	1996/1997	1995/1996
Coahoma Community College	1,336	1,458	1,457	1,576
Copiah-Lincoln Community College	2,967	3,047	2,984	2,941
East Central Community College	2,518	2,463	2,358	4,404
East Mississippi Community College	3,033	2,725	3,426	2,896
Hinds Community College	10,361	10,635	10,745	10,290
Holmes Community College	2,466	2,854	2,968	2,492
Itawamba Community College	3,965	3,820	4,302	3,957
Jones County Junior College	5,465	5,133	5,128	5,073
Meridian Community College	3,132	3,271	3,213	2,963
Mississippi Delta Community College	4,208	3,597	3,576	3,343
Mississippi Gulf Coast Community College	10,124	9,965	10,203	10,550
Northeast Mississippi Community College	4,366	4,416	4,044	3,879
Northwest Mississippi Community College	5,083	5,247	5,276	4,653
Pearl River Community College	3,264	2,967	3,049	2,840
Southwest Mississippi Community College	2,022	1,997	1,900	1,792
Total Community and Junior Colleges	64,310	63,595	64,629	63,649

Source: Mississippi State Board for Community and Junior Colleges

Full-time Equivalent Student Enrollment - Universities

For the Last Ten Academic Years

Table XVII

University	1998/1999	1997/1998	1996/1997	1995/1996
Alcorn State University	2,860	2,847	3,073	2,989
Delta State University	4,048	4,085	4,015	3,288
Jackson State University	6,292	6,333	6,218	5,479
Mississippi State University	15,718	15,645	14,859	12,185
Mississippi University for Women	3,314	3,309	3,277	2,055
Mississippi Valley State University	2,445	2,253	2,199	2,145
University of Mississippi	11,443	11,301	10,993	9,449
University of Southern Mississippi	14,533	14,593	14,117	11,689
Total Universities	60,653	60,366	58,751	49,279
University of Mississippi Medical School	1,862	1,877	1,806	2,450

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

1994/1995	1993/1994	1992/1993	1991/1992	1990/1991	1989/1990
39,545	38,523	37,077	36,954	37,810	37,302
117,407	117,362	119,904	121,500	124,205	127,678
116,375	118,755	121,097	122,108	121,426	119,277
125,306	123,797	121,260	118,497	116,436	114,854
88,419	88,936	88,962	88,322	87,961	90,526
16,249	16,001	15,929	14,196	12,284	12,383
503,301	503,374	504,229	501,577	500,122	502,020

1994/1995	1993/1994	1992/1993	1991/1992	1990/1991	1989/1990
1,410	1,332	818	1,216	1,840	1,737
2,790	2,597	2,542	2,618	2,350	2,341
1,800	1,647	2,112	1,568	1,677	1,437
1,876	1,331	1,493	1,388	984	1,034
10,668	10,065	10,508	10,078	9,804	9,083
2,549	2,465	2,173	2,074	1,865	1,832
4,122	3,989	3,934	3,954	3,748	3,658
4,828	4,772	4,937	4,435	4,285	4,046
2,868	3,059	3,047	2,805	2,608	2,511
3,931	3,515	3,723	3,622	3,278	3,042
12,393	13,852	10,266	10,203	10,034	8,836
3,915	3,634	3,817	3,587	3,483	3,409
4,889	4,566	4,319	3,919	4,037	3,793
3,038	3,109	3,083	3,101	3,083	2,907
1,549	1,638	1,536	1,561	1,574	1,548
62,626	61,571	58,308	56,129	54,650	51,214

1994/1995	1993/1994	1992/1993	1991/1992	1990/1991	1989/1990
2,756	2,671	2,872	3,204	2,790	2,744
3,199	3,298	3,205	3,454	3,358	3,193
5,273	5,477	5,506	5,946	6,144	6,308
11,680	11,894	12,232	12,192	12,407	12,286
2,060	1,945	1,959	1,942	1,833	1,597
2,177	2,299	2,217	2,051	1,908	1,692
9,253	9,516	9,948	10,207	10,231	9,869
10,516	10,429	10,742	11,254	11,296	10,927
46,914	47,529	48,681	50,250	49,967	48,616
2,045	2,377	2,272	2,311	2,254	2,076

Miscellaneous Statistics

June 30, 1999

Table XVIII

Date Entered Union	December 10, 1817
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	10,652
Land Area	47,233 Square Miles

State Highway Patrol:

Number of Stations	9
Number of Sworn Officers	522

Higher Education (Universities and Community and Junior Colleges):

Number of Campuses in State	53
Number of Educators	7,967
Number of Students	126,825

Recreation:

Number of State Parks	29	
Area of State Parks	24,542	Acres
Area of State Forests	133,118	Acres

State Employees:

Full-Time	31,023
Part-Time(Permanent)	968

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