

# MISSISSIPPI

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

# *Mississippi*



Fiscal Year Ended June 30, 2014

**Department of Finance and Administration**

Post Office Box 267  
Jackson, MS 39205

**Kevin J. Upchurch**  
Executive Director



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**PHIL BRYANT**  
GOVERNOR

**STATE OF MISSISSIPPI**  
OFFICE OF THE GOVERNOR

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February 12, 2015

To the Members of the Legislature and my Fellow Mississippians:

As Governor of the State of Mississippi, I present the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2014. This report details Mississippi's financial statements and accounting controls.

As the national economy is gaining momentum, Mississippi continues to show economic gains and employment growth. The focus continues on creating new jobs, education reform, creating a skilled workforce and improved government efficiency. We still have work to do, but our hard work is producing results. I hope that continued economic growth and fiscal discipline will serve to further bolster the state's financial stability.

Sincerely,

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

Phil Bryant

# Mississippi

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# *Mississippi*

## Introduction

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

KEVIN J. UPCHURCH  
EXECUTIVE DIRECTOR



February 12, 2015

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

It is my pleasure to transmit to you the Comprehensive Annual Financial Report (CAFR) of the State of Mississippi for the year ended June 30, 2014 as provided in Section 27-104-4, Mississippi Code Annotated (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the financial statements, including all disclosures, rests with the State's management. This report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

Pursuant to Section 7-7-211(d), Mississippi Code Annotated (1972), the Office of the State Auditor has performed an audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, of the State's basic financial statements. His unmodified opinion is presented as the first page of the financial section of this report. Also, as required by federal law, the State Auditor has undertaken a single audit of the State as a whole, which will include a report on compliance and internal control over compliance on major federal program funds expended by state government. This report, along with the report on internal control over financial reporting and on compliance and other matters, will be published separately.

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



## **Profile of the Government**

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

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

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

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

## **Factors Affecting Financial Condition**

Mississippi's economy continues to grow at a modest pace. Real GDP growth for 2014 is expected to be 1.3 percent over 2013. This rate is slightly below the 1.6 percent growth observed in 2013 and is a full percentage point below the expected national growth rate of 2.3 percent. The slowdown relative to last year is a result of a declining first quarter followed by slow but unsteady growth through the remainder of the year. The national economy slowed in the first quarter as well, but growth has been more consistently strong over the second and third quarters, exceeding 3.0 percent in both quarters.

Since the first quarter, the number of people employed in Mississippi has been up one month and down the next. For the first nine months of 2014, the state is up 10,644 jobs or 1.0 percent from the same period of 2013. This increase is slightly better than the 0.9 percent growth observed in the previous two years. The state's economy lost 78,000 jobs during the recession and remains more than 35,000 jobs below the pre-recession peak.

Manufacturing accounts for the largest share of the jobs added in 2014 with a gain of 3,944 jobs or 2.9 percent over 2013. While many subsectors within manufacturing have enjoyed gains, the largest gains have been in shipbuilding, automotive and furniture manufacturing. Manufacturing work week length also remains high by historical standards. The trade, transportation, and public utilities sectors also account for a significant share of the new jobs in 2014. Construction employment, which rose sharply in 2013, has fallen sharply in 2014. Several large projects are coming to a close in 2014, most notably the Kemper County Power Plant. Construction employment has returned to its late 2012 level.

One area of concern for the state is income growth. In four of the past five quarters, total personal income less transfer payments has been below its level of the prior year. Historically, this measure is rarely below the prior year. The recent weakness reflects the fact that many jobs being added have been relatively low paying and/or part-time.

New home construction remains relatively flat in Mississippi. Like the nation, modest progress is occurring but this progress is small compared to the decline in activity observed during the recession. The slow income growth partly explains the lack of new construction. Nationally, household formation declined in 2013, which is likely a product of the relatively low-income growth coupled with high student loan debt levels.

The Mississippi Coincident Index has risen for six consecutive months. The Mississippi Index of Leading Indicators has trended up during 2014 but the gains have not been consistent. This sputtering growth suggests an economy that while improving remains vulnerable. The outlook is for continued gradual improvement. Real GDP growth in Mississippi is expected to accelerate in 2015 to 2.4 percent, while national growth is expected to be slightly more robust at 2.7 percent.

## **Long-term Financial Planning**

State revenue collections have exceeded the revenue estimate for three of the first four months of the fiscal year. Through October, FY 2015 collections are \$11 million ahead of the estimate. Current projections are for the FY 2015 General Fund to be 1.1 percent larger than the FY 2014 General Fund. However, this growth rate is somewhat misleading. While actual collections grew 5.6 percent in FY 2014, much of this growth was due to windfall attorney general settlements and extremely robust corporate tax collections. Neither the attorney general settlements nor the robust corporate tax collections are expected to continue in FY 2015. Collections excluding these two sources grew 2.1 percent in FY 2014. For FY 2015, collections net of corporate tax and attorney general settlements are expected to grow 3.4 percent over FY 2014. General Fund collections for FY 2016 are expected to grow 3.0 percent above the expected FY 2015 General Fund.

## **Major Initiatives**

With a growing Mississippi economy and the anticipation for a General Fund ending cash balance in excess of \$400 million for fiscal year 2014, the decision was made to fill the Working Cash-Stabilization Reserve Fund (Rainy Day Fund) to its statutory limit, resulting in a balance of approximately \$409 million. This decision positions the State to be well prepared for future negative economic occurrences.

The focus remains on education, public safety, and economic development. These areas are critical to the future success of the State. Education continues to make up approximately 60 percent of the budgetary general funds. A major project for the State is the replacement of the aging accounting and human resources systems. The first phase of implementation began July 1, 2014 with the State operating under the new Financial, Grants, and Procurement Modules.

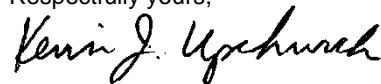
## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Preparation of this report was made possible by the dedicated services of the staff of the Office of Financial Reporting within 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.

Respectfully yours,



Kevin J. Upchurch

# Mississippi

## Officials of State Government

### Executive Branch

**Governor**

Phil Bryant

**Lieutenant Governor**

Tate Reeves

**Secretary of State**

Delbert Hosemann

**State Auditor**

Stacey Pickering

**State Treasurer**

Lynn Fitch

**Attorney General**

Jim Hood

**Commissioner of Agriculture  
and Commerce**

Cindy Hyde-Smith

**Commissioner of Insurance**

Mike Chaney

**Transportation Commissioners**

Dick Hall

Tom King

Mike Tagert

**Public Service Commissioners**

Brandon Presley

Lynn Posey

R. Stephen Renfroe

**State Fiscal Officer**

Kevin J. Upchurch

### Legislative Branch

**Speaker of the House of Representatives**

Philip Gunn

**Speaker Pro Tempore**

of the House of Representatives

Greg Snowden

**President Pro Tempore of the Senate**

Terry W. Brown

**Secretary of Senate**

Liz Welch

**Clerk of the House of Representatives**

Andrew Ketchings

**Legislative Budget Office**

Debbie Rubisoff, Director

**Joint Legislative Committee on**

Performance Evaluation and  
Expenditure Review

Max K. Arinder, Director

### Judicial Branch

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

William L. Waller, Jr.

**Presiding Justices**

Jess H. Dickinson

Michael K. Randolph

**Justices**

Ann H. Lamar

James W. Kitchens

David A. Chandler

Randy G. Pierce

Leslie D. King

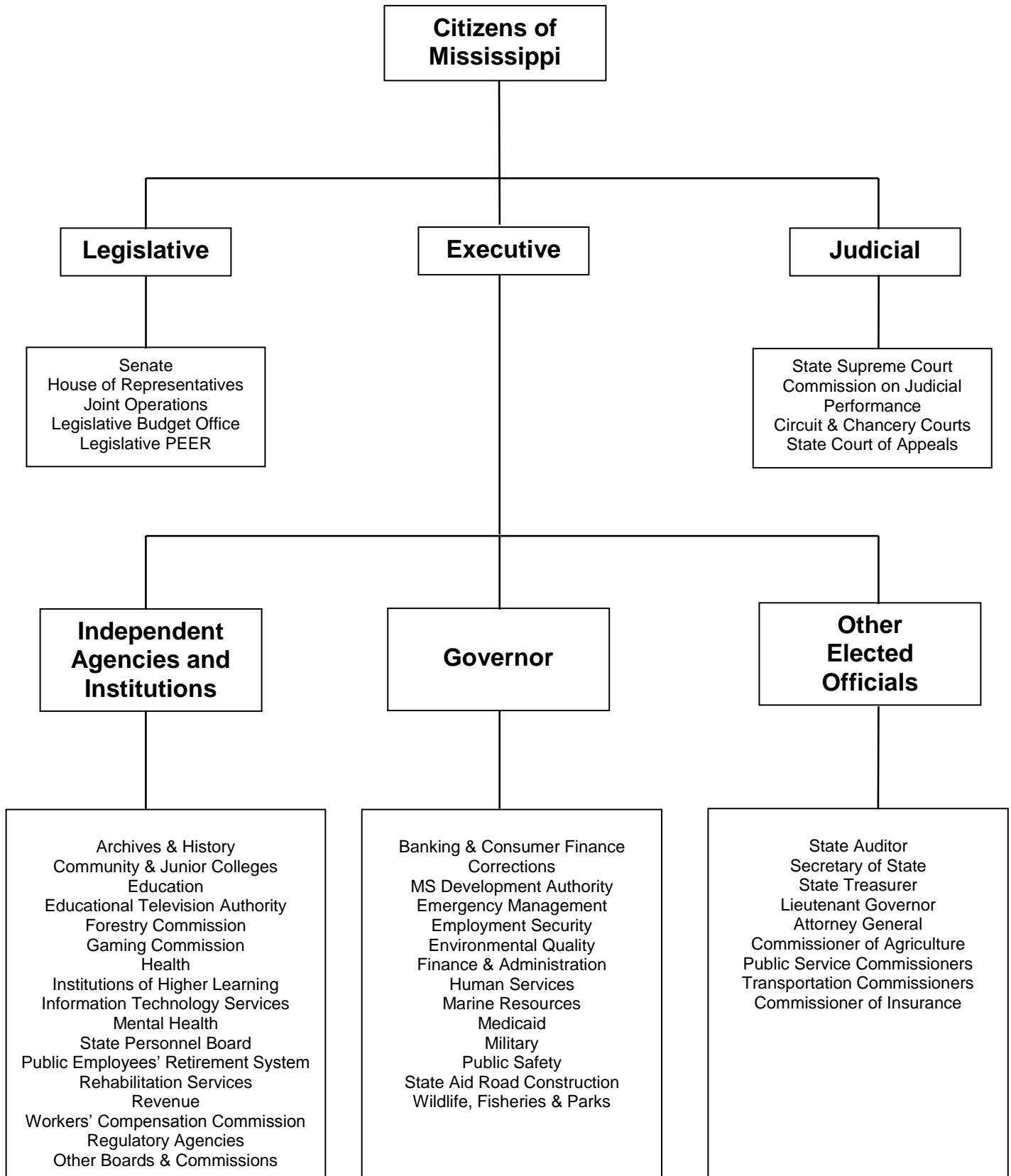
Josiah D. Coleman

**Clerk of the Supreme Court**

Kathy Gillis

# Mississippi

## Organization Chart





Government Finance Officers Association

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

Presented to

**State of Mississippi**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO





**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

- Government-wide Financial Statements

- Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Finance and Administration – Office of Insurance, the Department of Information Technology Services, the Department of Marine Resources, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 8% and 42%, respectively, of the assets and revenues of the governmental activities;

- Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 94%, respectively, of the assets and revenues of the business-type activities;

- Component Units
    - the Universities and the nonmajor component units.
  - Fund Financial Statements
    - Governmental Funds
      - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Department of Marine Resources, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services, and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 23% and 39%, respectively, of the assets and revenues of the General Fund;
    - Proprietary Funds
      - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;
    - Aggregate Remaining Funds
      - the State Agencies Self-Insured Workers' Compensation Trust Fund and selected funds at the Department of Information Technology Services and the Department of Finance and Administration – Office of Insurance within the Internal Service Fund;
      - nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
      - the Pension Trust Funds;
      - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;
- all of which represent 99% and 99%, respectively, of the assets and revenues of the aggregate remaining funds.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we express no such opinion. The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center



Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Mississippi, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 1 to the basic financial statements, in 2014, the State of Mississippi adopted the following Governmental Accounting Standards Board (GASB) standards: GASB Statement No. 66, *Technical Corrections – 2012* - an amendment of GASB Statements No. 10 and No. 62; GASB Statement No. 67, *Financial Reporting for Pension Plans* - an amendment of GASB Statement No. 25; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of Funding Progress for Pension Trust Funds and corresponding notes and the Schedule of Funding Progress – Other Postemployment Benefits listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

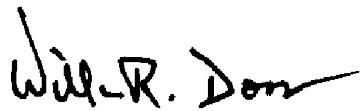
The combining and individual fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2015, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly stylized font.

**WILLIAM R. DOSS, CPA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
February 12, 2015

## Management's Discussion and Analysis

The following discussion and analysis of the State of Mississippi's financial performance provides an overview of the State's financial activities for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, which is located in the Introduction of this report, and the State's financial statements, which immediately follow this discussion and analysis.

### Financial Highlights

**Government-wide** - The assets and deferred outflows of resources of the State exceeded its liabilities at the close of the fiscal year by \$15,141,570,000 (reported as "net position"). Of this amount, a negative \$2,823,293,000 was reported as "unrestricted net position", which means that it would be necessary to convert a portion of the restricted component of net position to unrestricted if the government's ongoing obligations to citizens and creditors were immediately due and payable. The State had \$4,236,636,000 in restricted net position. Net position of governmental activities and business-type activities increased by \$506,315,000 and \$14,844,000, respectively.

**Fund Level** - At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$4,284,374,000, which is \$37,656,000 greater than the previous year. Federal government revenues continued their downward trend with many programs ending and others not being renewed. Revenues from taxes grew once again as the economy continued to improve. As overall revenues increased, expenditures followed suit.

**Long-term Debt** - The total outstanding net long-term bonds and notes were \$5,392,113,000 at June 30, 2014. During the year, the State issued \$364,615,000 in bonds and notes, net of premiums. These bonds and notes were issued primarily for capital improvements, and transportation projects.

### Overview of the Financial Statements

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

#### Government-wide Financial Statements

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

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

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

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

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

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

#### Fund Financial Statements

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

**Governmental Funds** - Most of the State's general activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

# Mississippi

However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. This approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the State's near-term financing requirements. Governmental funds are comprised of the General Fund, which is presented separately as a major fund, and permanent funds.

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

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

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

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

## Reconciliation of Government-wide and Fund Financial Statements

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

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

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

## Notes to the Financial Statements

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

## Other Information

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

# Mississippi

## Government-wide Financial Analysis

### Net Position

The State's combined net position for governmental and business-type activities increased \$521,159,000 in fiscal year 2014. Current year net position is \$15,141,570,000 in contrast to the prior year balance of \$14,620,411,000. Business-type activities reported positive balances in all three components of net position, while governmental activities and the State as a whole continued to reflect a negative balance in the unrestricted component of net position.

The largest share of net position, 90.7 percent, consisted of investment in capital assets such as land, buildings, machinery and equipment, and infrastructure, less any outstanding debt used to acquire those assets. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Net investment in capital assets increased \$354,712,000 from the previous year. The governmental activities' increase of \$322,719,000 was primarily due to additions to construction in progress related to building projects, as well as additions to infrastructure for roads, highways, and bridges. The business-type activities' increase of \$31,993,000 is directly attributed to ongoing construction projects at the Port Authority at Gulfport.

Restricted net position, representing resources that are subject to externally imposed restrictions, comprised 28.0 percent of total net position, as compared to 28.6 percent in the prior year. The remaining negative balance represented unrestricted net position of \$2,823,293,000. A negative balance means that it would be necessary to convert restricted assets to unrestricted assets if all ongoing obligations were immediately due and payable. The positive balance of \$212,462,000 in business-type activities may be used to meet ongoing obligations to citizens and creditors; however, internally imposed designations of certain resources further limit the purposes for which those net position may be used.

### Net Position (amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 6,278,663	\$ 6,304,829	\$ 1,311,263	\$ 1,257,541	\$ 7,589,926	\$ 7,562,370
Capital assets	14,945,218	14,441,890	320,967	291,469	15,266,185	14,733,359
Total Assets	21,223,881	20,746,719	1,632,230	1,549,010	22,856,111	22,295,729
Deferred outflows of resources	122,121	134,064			122,121	134,064
Noncurrent liabilities	5,428,491	5,396,804	481,882	404,715	5,910,373	5,801,519
Other liabilities	1,889,064	1,961,847	37,225	46,016	1,926,289	2,007,863
Total Liabilities	7,317,555	7,358,651	519,107	450,731	7,836,662	7,809,382
Net position:						
Net investment in capital assets	13,430,397	13,107,678	297,830	265,837	13,728,227	13,373,515
Restricted	3,633,805	3,602,589	602,831	578,710	4,236,636	4,181,299
Unrestricted	(3,035,755)	(3,188,135)	212,462	253,732	(2,823,293)	(2,934,403)
Total Net Position	\$ 14,028,447	\$ 13,522,132	\$ 1,113,123	\$ 1,098,279	\$ 15,141,570	\$ 14,620,411

# Mississippi

## Changes in Net Position

Operating grants and contributions of \$6,853,241,000 and taxes of \$6,862,681,000 were the State's major revenue sources. Together, they accounted for 81.4 percent of total revenues. Revenue from taxes increased \$393,546,000 over the prior year to improve net position. Conversely, operating grants and contributions decreased by \$243,125,000 with several federal programs ending. As in the prior year, the majority of the State's total expenses were related to the health and social services function at \$7,394,045,000 or 46.4 percent. Expenses within this function rose over the prior year by \$21,960,000 as medical expenses continued their upswing. Unemployment compensation expenses were down by \$134,184,000 as fewer claims were filed driven by an improving economy.

### Changes in Net Position

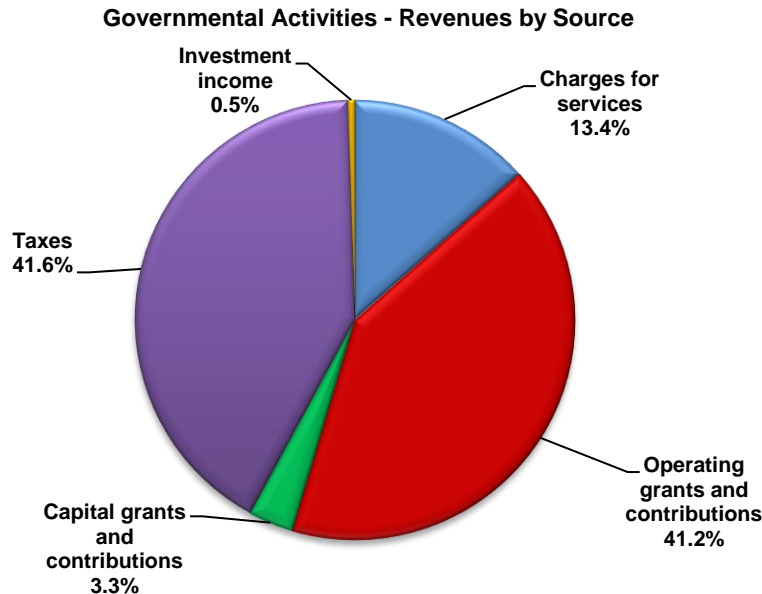
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 2,216,861	\$ 2,246,921	\$ 209,277	\$ 258,567	\$ 2,426,138	\$ 2,505,488
Operating grants and contributions	6,796,079	6,934,753	57,162	161,613	6,853,241	7,096,366
Capital grants and contributions	548,283	561,283	33	904	548,316	562,187
General Revenues:						
Taxes	6,862,681	6,469,135			6,862,681	6,469,135
Investment income	82,307	9,208	70,196	59,600	152,503	68,808
Total Revenues	16,506,211	16,221,300	336,668	480,684	16,842,879	16,701,984
Expenses:						
General government	2,069,107	2,028,155			2,069,107	2,028,155
Education	3,996,554	3,912,889			3,996,554	3,912,889
Health and social services	7,394,045	7,372,085			7,394,045	7,372,085
Law, justice and public safety	923,952	983,870			923,952	983,870
Recreation and resource development	637,850	587,367			637,850	587,367
Regulation of business and professions	39,174	39,703			39,174	39,703
Transportation	647,532	596,160			647,532	596,160
Interest on long-term debt	243,099	247,012			243,099	247,012
Unemployment compensation			204,206	338,390	204,206	338,390
Port Authority at Gulfport			25,688	28,589	25,688	28,589
Prepaid affordable college tuition			103,134	41,278	103,134	41,278
Other business-type			37,379	35,421	37,379	35,421
Total Expenses	15,951,313	15,767,241	370,407	443,678	16,321,720	16,210,919
Excess/(Deficit) before Transfers	554,898	454,059	(33,739)	37,006	521,159	491,065
Transfers	(48,583)	(82,478)	48,583	82,478		
Change in Net Position	506,315	371,581	14,844	119,484	521,159	491,065
Net Position - Beginning	13,522,132	13,150,551	1,098,279	978,795	14,620,411	14,129,346
Net Position - Ending	\$ 14,028,447	\$ 13,522,132	\$ 1,113,123	\$ 1,098,279	\$ 15,141,570	\$ 14,620,411

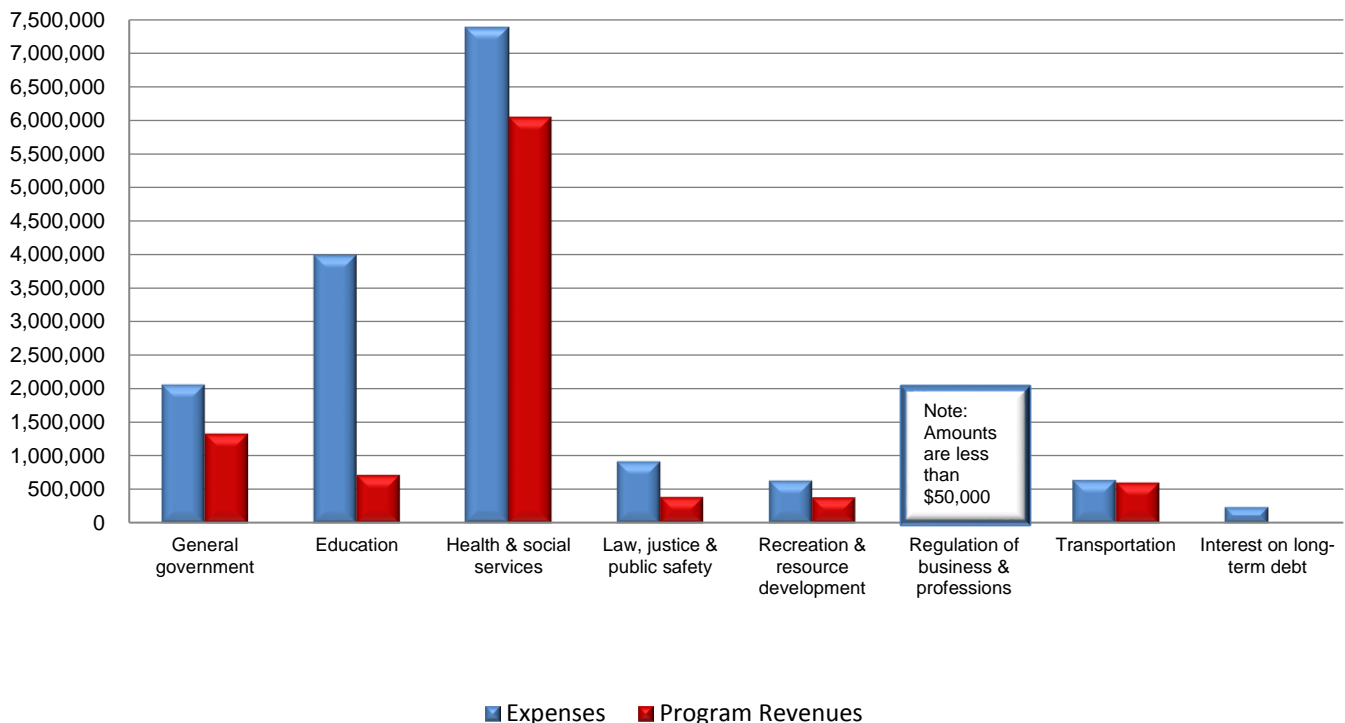
# Mississippi

## Governmental Activities

Governmental activities increased the State's net position by 506,315,000 for fiscal year 2014. Taxes, the largest source of revenue at 41.6 percent, increased by \$393,546,000 in comparison to the prior year. The health and social services function was the predominate leader in both the expenses and program revenues at \$7,394,045,000 and \$6,055,021,000, respectively. Education expenses of \$3,996,554,000 exceeded program revenues of \$723,962,000 resulting in a negative \$3,272,592,000 to be funded from general revenues.



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

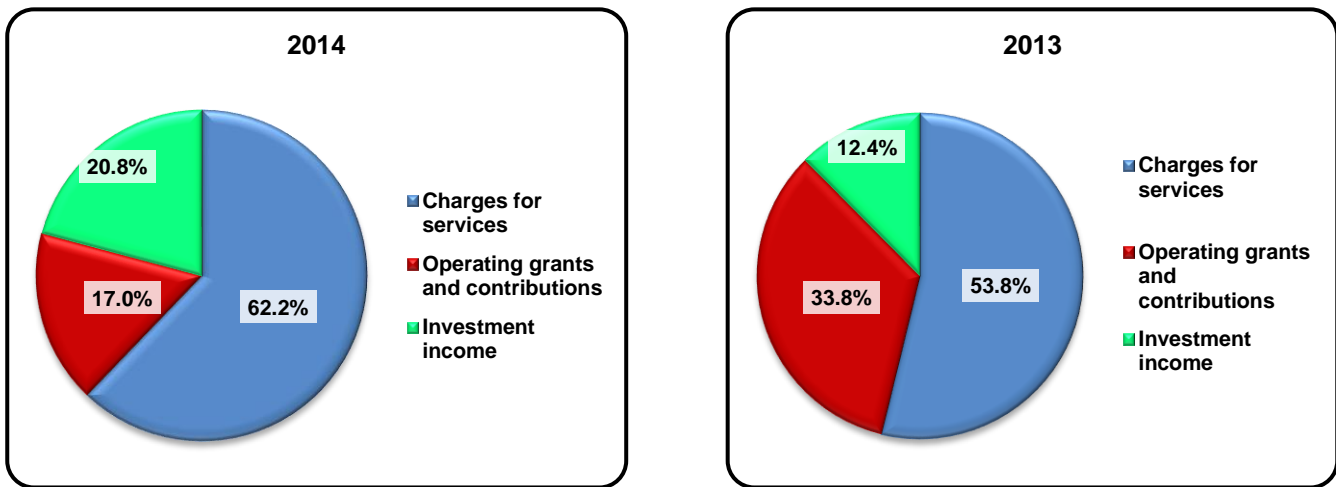


# Mississippi

## Business-type Activities

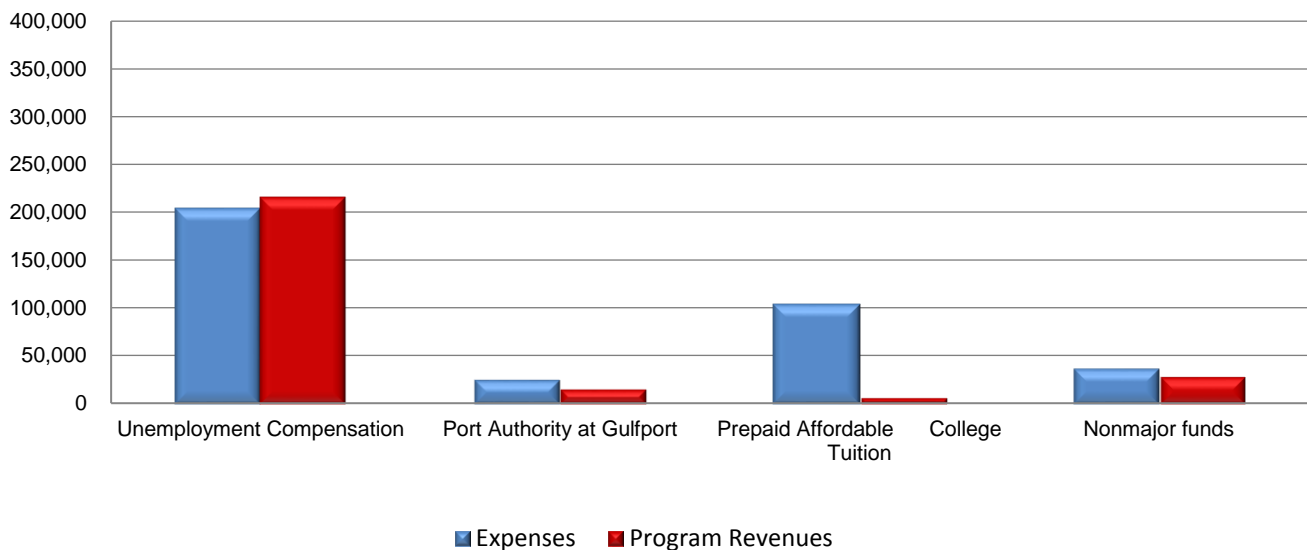
Business-type activities increased the State's net position by \$14,844,000. Revenues by source shifted as the percentage of investment income grew by 8.4 percent which was a reflection of the general improvement in the investment market. The share of revenues for operating grants and contributions decreased by 16.8 percent signaling a decrease in monies from the federal government for the Unemployment Compensation Fund. Charges for services comprise the remainder of revenues and the percentage was up by 8.4 percent across the board. For the current year, the Unemployment Compensation Fund had decreases in both program revenues and expenses with a positive change in net position of \$24,121,000 as the trend continued with fewer people filing for unemployment benefits.

### Business-type Activities - Revenues by Source



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

(amounts expressed in thousands)





# Mississippi

## Financial Analysis of the State's Individual Funds

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

### Governmental Funds

At June 30, 2014, the governmental funds reported combined fund balances of \$4,284,374,000, indicating an increase of \$37,656,000 from the prior year. Within fund balances, \$108,511,000 or 2.5 percent was classified as nonspendable. The majority of the fund balance, \$3,453,844,000 or 80.6 percent was restricted. Committed fund balance equaled \$139,936,000 or 3.2 percent of the total. Assigned fund balance comprised 0.3 percent or \$10,503,000. The remaining 13.4 percent, or \$571,580,000, of fund balance was unassigned.

The General Fund is the chief operating fund of the State. The General Fund increased \$37,006,000 from the prior year to an ending fund balance of \$4,222,761,000. The \$138,327,000 increase in corporate income and franchise tax revenues was a result of extremely robust corporate tax collections. A \$141,752,000 rise in sales and use tax revenues was in tandem with the improvement in the economy. Several grant programs reached the end of their funding period and others did not renew bringing federal government revenues down by \$151,516,000. As a result, expenditures in the law, justice and public safety function was directly impacted with a decrease of \$54,344,000. The largest portion of the \$31,060,000 increase in health and social services expenditures was attributed to Medicaid. Due to mandates issued for the Affordable Care Act, Medicaid had an increase in the number of enrolled beneficiaries.

### Proprietary Funds

The Unemployment Compensation Fund experienced an increase in net position of \$24,121,000 as compared to the prior year which had a slightly higher increase of \$37,835,000. Operating expenses decreased by \$134,184,000 from the prior year as a result of a reduction in claims and benefits expense as the economy continued to gradually improve. The \$104,356,000 decline in federal revenue and the \$43,974,000 decline in assessments are tied directly to this trend.

The Port Authority at Gulfport Fund increased net position by \$32,531,000 as compared to a larger \$58,827,000 increase reported in the prior year. Operating revenues were flat while operating expenses decreased \$2,705,000. The increase in net position is attributable to the \$41,972,000 received in federal pass through grants from other state agencies which enabled the Port to continue the implementation of its facility restoration plan.

The Prepaid Affordable College Tuition Fund had an \$46,944,000 decrease in net position, after experiencing a \$11,567,000 increase in the prior year. The program's enrollment was deferred in August 2012, resulting in a \$6,407,000 decrease in tuition receipts. Although no new contracts were sold during FY 2014, the program still collected contributions from its current contract holders. The \$61,770,000 increase in claims and benefits expense was directly related changes to the program's actuarial assumptions. Investments increased by \$42,257,000 due to improving market conditions as well as realized gains on investments.

### General Fund Budgetary Highlights

The original estimated growth rate for fiscal year 2014 General Fund revenues was 2.8 percent. This estimate was revised to sine die, which reflected a 0.7 percent decline, then in October 2013 to a 2.0 percent growth rate and finally revised in March 2014 to reflect a growth of 4.9 percent. Actual fiscal year 2014 General Fund revenue collections were 5.6 percent higher than the prior year. Each of these revenue components grew: 2.3 percent in sales tax, 1.0 percent in individual income tax, and 29.2 percent in corporate income and franchise tax.

Actual fiscal year 2014 revenues were \$293,345,000 higher than in the prior year. These same revenues were \$320,107,000 above estimated amounts. Positive revenue variances occurred in two of the largest General Fund revenue components: corporate income and franchise tax - \$212,546,000, and sales tax - \$9,113,000. The final expenditure budget was \$6,044,000 more than the original budget and actual expenditures were \$12,918,000 less than the final budget.

# Mississippi

## Capital Assets and Debt Administration

### Capital Assets

The State's investment in capital assets for governmental and business-type activities as of June 30, 2014 amounted to \$19,857,196,000, less accumulated depreciation of \$4,591,011,000, resulting in a net book value of \$15,266,185,000. For the current fiscal year, both governmental activities and business-type activities increased by \$503,328,000 and \$29,498,000, respectively. The current year percentages included increases of 3.5 and 10.1, respectively, while the prior fiscal year boasted increases of 4.1 and 22.5, respectively.

Major capital asset events during fiscal year 2014 included the following:

Infrastructure for governmental activities had the largest increase of any asset class with \$916,544,000. Pavement rehabilitations took place in Forrest, Jackson, Lamar, Neshoba, and Rankin counties. Vision 21 highway projects were completed in Desoto, Itawamba, Lowndes, Neshoba, Newton, Pike, and Union counties. Phase III of the Four Lane Highway Program was finalized in Bolivar, George, Greene, and Mongtomery counties.

Construction in progress increased significantly by \$786,528,000. Mississippi Department of Transportation accounts for the majority of this increase with \$728,043,000. The Department of Finance and Administration added \$31,023,000 in building projects which included renovations to the Department of Public Safety Central Mississippi Crime Lab, the Mississippi Museum's Civil Rights and History Museum, and the Department of Rehabilitations Services.

During fiscal year 2014, net capital assets for business-type activities increased by \$29,498,000. The Port Authority at Gulfport added \$36,373,000 to construction in progress, which includes the first phase of wharf upgrades and the shoreline protection project. These projects were 95 percent complete at year end. The West Pier security gate complex and the third and final phase of the 84 acre fill project, valued at \$61,769,000, were completed and moved from construction in progress to land and buildings.

Additional information about the State's capital assets is presented in Note 8 to the financial statements. Note 16 addresses the State's outstanding long-term contracts related to the construction of state and county roads, highways, and bridges, as well as building projects for various state agencies.

### Capital Assets, Net of Depreciation

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,234,358	\$ 2,179,301	\$ 130,416	\$ 71,111	\$ 2,364,774	\$ 2,250,412
Software	56,631	1,448			56,631	1,448
Buildings	1,501,715	1,454,997	55,667	54,826	1,557,382	1,509,823
Land improvements	119,225	118,614	18,467	18,763	137,692	137,377
Machinery and equipment	255,836	221,795	8,224	8,540	264,060	230,335
Infrastructure	6,674,282	6,057,721	72,106	76,027	6,746,388	6,133,748
Construction in progress	4,103,171	4,408,014	36,087	62,202	4,139,258	4,470,216
Total	<u>\$ 14,945,218</u>	<u>\$ 14,441,890</u>	<u>\$ 320,967</u>	<u>\$ 291,469</u>	<u>\$ 15,266,185</u>	<u>\$ 14,733,359</u>

# Mississippi

## Debt Administration

As of June 30, 2014, outstanding general obligation debt for the State was \$4,313,146,000, including premiums. General Obligation Refunding bonds of \$1,725,184,000, Capital Improvements bonds of \$1,106,481,000, and Industry Incentive Financing bonds of \$336,605,000 comprise 73.0 percent of this outstanding debt. During the current fiscal year, the State issued \$339,165,000 in general obligation bonds which are reported in governmental activities. These bonds were primarily issued for capital improvements, and transportation projects. Within business-type activities, general obligation bonds decreased by \$2,707,000 as the Port Authority at Gulfport continued to repay its long-term debt.

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

The State's constitutional debt limit is established at one and one-half times the sum of all revenues collected by the State during any one of the four preceding fiscal years, whichever may be higher. Current practice restricts revenues included in the computation of this debt limitation to the following: taxes; licenses, fees and permits; investment income; rental income; service charges including net income from the Alcoholic Beverage Control Division; and fines, forfeitures and penalties. As of June 30, 2014, the State had established a constitutional legal debt limit of \$12,823,921,000, which significantly exceeds the amount of debt applicable to the debt limit. Additional information about the State's long-term debt can be found in Notes 9 through 13 to the financial statements.

### Outstanding Long-term Debt Bonds and Notes

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds and notes	\$ 4,297,643	\$ 4,207,238	\$ 15,503	\$ 18,210	\$ 4,313,146	\$ 4,225,448
Notes payable	1,078,967	1,140,010			1,078,967	1,140,010
Total	<u>\$ 5,376,610</u>	<u>\$ 5,347,248</u>	<u>\$ 15,503</u>	<u>\$ 18,210</u>	<u>\$ 5,392,113</u>	<u>\$ 5,365,458</u>

## Economic Factors and Next Year's Budget

The State's average unemployment rate for the calendar year 2013 average was 8.6 percent. The average for the twelve months ending November 2014 dropped to 7.7 percent. The national average rates were more favorable at 7.4 percent and 6.3 percent for the same time periods. Current inflationary trends in the region compare favorably to national indexes.

During fiscal year 2015, the economy of the State is expected to improve slightly. The initial estimated overall fiscal year 2015 General Fund revenue growth rate was 1.1 percent, with component revenue growth projections of 4.6 percent in sales tax, 4.2 percent in individual income tax and negative 1.6 percent in corporate income and franchise tax. The overall estimate in November 2014 remained constant at 1.1 percent. The November component revenue projections were 5.0 percent in sales tax, 4.9 percent in individual income tax and negative 3.8 percent in corporate income and franchise tax.

## Request for Information

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

# *Mississippi*

## Basic Financial Statements

# Mississippi

## Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 3,495,073	\$ 67,321	\$ 3,562,394	\$ 13,112
Cash and cash equivalents	301,917	599,276	901,193	431,091
Investments	76,210	23,812	100,022	240,396
Receivables, net	609,077	70,554	679,631	286,423
Restricted assets:				
Cash and cash equivalents		151	151	
Due from other governments, net	527,868	573	528,441	147
Internal balances	(15,323)	15,323		
Due from component units	1,270	252	1,522	
Due from primary government				30,165
Inventories	37,061	780	37,841	29,937
Prepaid items		536	536	24,393
Loans and notes receivable, net	33,307	5,375	38,682	39,398
Other assets				3,361
Total Current Assets	5,066,460	783,953	5,850,413	1,098,423
Noncurrent assets:				
Investments	153,084	376,289	529,373	577,507
Receivables, net	145,853		145,853	
Due from other governments, net	620,058		620,058	
Loans and notes receivable, net	293,208	150,571	443,779	142,007
Restricted assets:				
Cash and cash equivalents		450	450	198,143
Investments				937,643
Capital assets:				
Land and construction in progress	6,337,529	166,503	6,504,032	602,721
Other capital assets, net	8,607,689	154,464	8,762,153	2,947,680
Other assets				19,333
Total Noncurrent Assets	16,157,421	848,277	17,005,698	5,425,034
Total Assets	21,223,881	1,632,230	22,856,111	6,523,457
<b>Deferred Outflows of Resources</b>				
Deferred amount on refunding	122,101		122,101	7,376
Interest rate swaps	20		20	
Total Deferred Outflows	\$ 122,121	\$	\$ 122,121	\$ 7,376

(Continued on Next Page)

# Mississippi

## Statement of Net Position

June 30, 2014 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	\$ 59,834	\$ 1,263	\$ 61,097	\$ 201,195
Accounts payable and other liabilities	579,780	12,991	592,771	
Contracts payable	90,352	977	91,329	
Income tax refunds payable	214,000		214,000	
Due to other governments	323,486	10,493	333,979	
Due to component units	30,165		30,165	
Due to primary government				1,522
Claims and benefits payable	153,041	6,616	159,657	
Deposits		1,565	1,565	594
Unearned revenues	97,515	415	97,930	96,760
Pollution remediation obligation	7,080		7,080	
Bonds and notes payable, net	327,162	2,833	329,995	31,255
Lease obligations payable	6,649	72	6,721	1,533
Other liabilities				63,719
Total Current Liabilities	1,889,064	37,225	1,926,289	396,578
Noncurrent liabilities:				
Due to other governments		11,232	11,232	
Claims and benefits payable	38,820	456,889	495,709	
Derivative instruments	39,039		39,039	
Other postemployment benefits payable	139,943		139,943	
Pollution remediation obligation	34,777		34,777	
Bonds and notes payable, net	5,049,448	12,670	5,062,118	989,039
Lease obligations payable	16,126	272	16,398	31,337
Liabilities payable from restricted assets:				
Deposits		151	151	
Other liabilities	110,338	668	111,006	257,351
Total Noncurrent Liabilities	5,428,491	481,882	5,910,373	1,277,727
Total Liabilities	7,317,555	519,107	7,836,662	1,674,305
<b>Net Position</b>				
Net investment in capital assets	13,430,397	297,830	13,728,227	2,593,372
Restricted for:				
Expendable:				
General government	302,204		302,204	
Education	186,865		186,865	
Health and social services	384,424		384,424	
Law, justice and public safety	112,279		112,279	
Recreation and resources development	1,366,267		1,366,267	
Regulation of business and professions	59,680		59,680	
Transportation	495,180		495,180	
Capital projects	286,454		286,454	
Debt service	369,002		369,002	2,884
Unemployment compensation benefits		602,381	602,381	
Other purposes		450	450	602,062
Nonexpendable:				
Education	58,566		58,566	715,600
Health and social services	2,025		2,025	
Recreation and resources development	10,859		10,859	
Unrestricted (deficit)	(3,035,755)	212,462	(2,823,293)	942,610
Total Net Position	\$ 14,028,447	\$ 1,113,123	\$ 15,141,570	\$ 4,856,528

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

# Mississippi

## Statement of Activities

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,069,107	\$ 1,310,188	\$ 27,756	\$ 712
Education	3,996,554	23,989	699,973	
Health and social services	7,394,045	583,738	5,471,232	51
Law, justice and public safety	923,952	126,054	266,542	4,295
Recreation and resource development	637,850	79,287	311,649	1,059
Regulation of business and professions	39,174	43,764	708	
Transportation	647,532	49,841	18,219	542,166
Interest on long-term debt	243,099			
Total Governmental Activities	15,951,313	2,216,861	6,796,079	548,283
Business-type activities:				
Unemployment compensation	204,206	158,741	57,162	
Port Authority at Gulfport	25,688	15,603		
Prepaid affordable college tuition	103,134	6,370		
Other business-type	37,379	28,563		33
Total Business-type Activities	370,407	209,277	57,162	33
Total Primary Government	\$ 16,321,720	\$ 2,426,138	\$ 6,853,241	\$ 548,316
<b>Component units:</b>				
Universities	\$ 3,169,007	\$ 1,791,714	\$ 481,346	\$ 65,654
Nonmajor	38,357	28,307	2,177	2,157
Total Component Units	\$ 3,207,364	\$ 1,820,021	\$ 483,523	\$ 67,811

### General revenues:

#### Taxes:

Sales and use

Gasoline and other motor fuel

Individual income

Corporate income and franchise

Insurance

Other

Investment income

Other

Payment from State of Mississippi

Contributions to permanent endowments

Transfers

Total General Revenues, Contributions  
and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

<b>Primary Government</b>			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (730,451)	\$	\$ (730,451)	
(3,272,592)		(3,272,592)	
(1,339,024)		(1,339,024)	
(527,061)		(527,061)	
(245,855)		(245,855)	
5,298		5,298	
(37,306)		(37,306)	
(243,099)		(243,099)	
(6,390,090)		(6,390,090)	
	11,697	11,697	
	(10,085)	(10,085)	
	(96,764)	(96,764)	
	(8,783)	(8,783)	
	(103,935)	(103,935)	
(6,390,090)	(103,935)	(6,494,025)	
			\$ (830,293)
			(5,716)
			(836,009)
3,263,643		3,263,643	
408,667		408,667	
1,703,736		1,703,736	
677,168		677,168	
267,971		267,971	
541,496		541,496	
82,307	70,196	152,503	152,831
			207,941
			785,908
			33,394
(48,583)	48,583		
6,896,405	118,779	7,015,184	1,180,074
506,315	14,844	521,159	344,065
13,522,132	1,098,279	14,620,411	4,512,463
\$ 14,028,447	\$ 1,113,123	\$ 15,141,570	\$ 4,856,528



# Mississippi

## Governmental Funds

### Balance Sheet

June 30, 2014 (Expressed in Thousands)

	General	Permanent	Totals
<b>Assets</b>			
Equity in internal investment pool	\$ 3,189,296	\$ 2,587	\$ 3,191,883
Cash and cash equivalents	210,655	385	211,040
Investments	133,645	58,727	192,372
Receivables, net	754,178	349	754,527
Due from other governments, net	1,147,293		1,147,293
Due from other funds	2,728		2,728
Due from component units	396		396
Inventories	37,061		37,061
Loans receivable, net	326,515		326,515
Total Assets	\$ 5,801,767	\$ 62,048	\$ 5,863,815
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
<b>Liabilities:</b>			
Warrants payable	\$ 59,501	\$	\$ 59,501
Accounts payable and accruals	507,678	275	507,953
Contracts payable	90,352		90,352
Income tax refunds payable	214,000		214,000
Due to other governments	323,133		323,133
Due to other funds	40,066	160	40,226
Due to component units	30,108		30,108
Claims payable	39,885		39,885
Unearned revenues	82,588		82,588
Total Liabilities	1,387,311	435	1,387,746
Deferred inflows of resources:			
Deferred revenues	191,695		191,695
<b>Fund balances:</b>			
Nonspendable			
Inventories	37,061		37,061
Principal	15,000	56,450	71,450
Restricted			
General government	301,275		301,275
Education	124,098	4,201	128,299
Health and social services	367,682	284	367,966
Law, justice and public safety	105,392		105,392
Recreation and resources development	1,354,636	678	1,355,314
Regulation of business and professions	59,680		59,680
Transportation	480,462		480,462
Capital projects	286,454		286,454
Debt service	369,002		369,002
Committed			
General government	103,481		103,481
Education	6,689		6,689
Law, justice and public safety	18,696		18,696
Recreation and resources development	4,115		4,115
Transportation	6,955		6,955
Assigned			
General government	6,268		6,268
Education	44		44
Law, justice and public safety	1,765		1,765
Recreation and resources development	2,426		2,426
Unassigned	571,580		571,580
Total Fund Balances	4,222,761	61,613	4,284,374
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,801,767	\$ 62,048	\$ 5,863,815

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

# Mississippi

## Governmental Funds

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

June 30, 2014 (Expressed in Thousands)

Total fund balances for governmental funds \$ 4,284,374

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

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds (excluding amounts for internal  
service funds' capital assets that are reported in the internal service funds'  
net reconciling item below):

Land	\$ 2,234,358	
Construction in progress	4,103,171	
Software	61,573	
Buildings	2,056,972	
Land improvements	242,703	
Machinery and equipment	690,755	
Infrastructure	9,980,031	
Accumulated depreciation	(4,457,530)	14,912,033

Deferred amount on refunding of debt reported as deferred outflows of resources  
in governmental activities is not financial resources and therefore are not  
reported in the funds.

122,101

Interest rate swaps reported as deferred outflows of resources in governmental  
activities are not financial resources and therefore are not reported in the funds.

20

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

191,695

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

General obligation bonds and notes	(4,135,272)	
Capital lease obligations	(21,834)	
Accrued compensated absences	(117,945)	
Pollution remediation obligation	(41,857)	
Notes payable	(1,006,639)	
Unamortized premiums	(234,699)	
Claims payable	(2,868)	
Other postemployment benefits payable	(139,943)	
Accrued interest payable	(57,383)	
Derivative instruments	(39,039)	(5,797,479)

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

315,703

Net position of governmental activities

\$ 14,028,447

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

# Mississippi

## Governmental Funds

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	General	Permanent	Totals
<b>Revenues</b>			
Taxes:			
Sales and use	\$ 3,264,343	\$	\$ 3,264,343
Gasoline and other motor fuel	406,647		406,647
Individual income	1,676,064		1,676,064
Corporate income and franchise	677,501		677,501
Insurance	267,971		267,971
Other	541,496		541,496
Licenses, fees and permits	522,588	236	522,824
Federal government	7,343,489		7,343,489
Investment income	67,807	1,327	69,134
Charges for sales and services	363,976		363,976
Rentals	32,662		32,662
Court assessments and settlements	169,497		169,497
Other	561,818	210	562,028
Total Revenues	15,895,859	1,773	15,897,632
<b>Expenditures</b>			
Current:			
General government	1,493,951		1,493,951
Education	3,994,215	117	3,994,332
Health and social services	7,404,608		7,404,608
Law, justice and public safety	930,805		930,805
Recreation and resources development	639,569		639,569
Regulation of business and professions	39,444		39,444
Transportation	1,143,230		1,143,230
Debt service:			
Principal	319,798		319,798
Interest and other fiscal charges	244,164		244,164
Total Expenditures	16,209,784	117	16,209,901
Excess of Revenues over (under) Expenditures	(313,925)	1,656	(312,269)
<b>Other Financing Sources (Uses)</b>			
Bonds and notes issued	348,777		348,777
Capital leases issued	16,107		16,107
Insurance recovery	17,826		17,826
Premiums on bonds issued	15,838		15,838
Transfers in	4,508		4,508
Transfers out	(52,125)	(1,006)	(53,131)
Net Other Financing Sources (Uses)	350,931	(1,006)	349,925
Net Change in Fund Balances	37,006	650	37,656
Fund Balances - Beginning	4,185,755	60,963	4,246,718
Fund Balances - Ending	\$ 4,222,761	\$ 61,613	\$ 4,284,374

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

# Mississippi

## Governmental Funds

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

Net change in fund balances - total governmental funds \$ 37,656

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

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

Capital outlay	\$ 881,689	
Depreciation expense	<u>(394,486)</u>	487,203

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net income of the internal service funds is reported with governmental activities. 21,732

In the statement of activities, only the gain on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (10,523)

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

Premiums on notes and refunding bonds and notes issued	(15,838)	
Bonds and notes issued	(348,777)	
Capital leases issued	(16,107)	
Payments of debt principal	319,798	
Accrued interest payable	<u>(899)</u>	(61,823)

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

Donations of equipment	162	
Change in claims payable	953	
Change in compensated absences	7,256	
Change in deferred revenues	28,744	
Change in other postemployment benefits payable	(14,750)	
Change in pollution remediation obligation	(209)	
Change in fair value of investment derivative	7,947	
Change in fair value of borrowing derivative	13,391	
Amortization of premiums	21,649	
Amortization of deferred amount on refunding	<u>(33,073)</u>	32,070

Change in net position of governmental activities \$ 506,315

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

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$	\$ 735	\$ 515
Cash and cash equivalents	558,368	16,507	7,445
Investments		23,812	
Receivables, net	60,984	1,554	3,154
Restricted assets:			
Cash and cash equivalents		151	
Due from other governments, net	554	19	
Due from other funds	587	7,121	
Due from component units	243		
Inventories			
Prepaid items		205	
Loans and notes receivable			
Total Current Assets	620,736	50,104	11,114
Noncurrent assets:			
Investments		57,142	319,147
Loans and notes receivable			
Restricted assets:			
Cash and cash equivalents		450	
Capital assets:			
Land and construction in progress		161,479	
Other capital assets, net		122,146	
Total Noncurrent Assets		341,217	319,147
Total Assets	\$ 620,736	\$ 391,321	\$ 330,261

**Enterprise Funds**

		<b>Governmental Activities - Internal Service Funds</b>	
<b>Nonmajor Funds</b>	<b>Totals</b>		
\$ 66,071	\$ 67,321	\$ 303,190	
16,956	599,276	90,877	
	23,812	4,636	
4,862	70,554	401	
	151		
	573	633	
11,529	19,237	23,936	
9	252	874	
780	780		
331	536		
5,375	5,375		
105,913	787,867	424,547	
	376,289	32,286	
150,571	150,571		
	450		
5,024	166,503		
32,318	154,464	33,185	
187,913	848,277	65,471	
\$ 293,826	\$ 1,636,144	\$ 490,018	

(Continued on Next Page)

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2014 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
<b>Liabilities</b>			
Current liabilities:			
Warrants payable	\$	\$	\$ 249
Accounts payable and other liabilities	119	5,989	2,922
Contracts payable		977	
Due to other governments	10,318		
Due to other funds	1,135	1	
Due to component units			
Claims and benefits payable	6,616		
Deposits			
Bonds payable		2,833	
Unearned revenues	167	108	
Lease obligations payable			
Total Current Liabilities	18,355	9,908	3,171
Noncurrent liabilities:			
Due to other governments			
Claims and benefits payable			456,889
Bonds payable		12,670	
Lease obligations payable			
Liabilities payable from restricted assets:			
Deposits		151	
Other liabilities		219	38
Total Noncurrent Liabilities		13,040	456,927
Total Liabilities	18,355	22,948	460,098
<b>Net Position</b>			
Net investment in capital assets		268,122	
Restricted for:			
Expendable			
Unemployment compensation benefits	602,381		
Other purposes		450	
Unrestricted (deficit)		99,801	(129,837)
Total Net Position	\$ 602,381	\$ 368,373	\$ (129,837)

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

**Enterprise Funds**

				<b>Governmental Activities - Internal Service Funds</b>	
<b>Nonmajor Funds</b>		<b>Totals</b>			
\$	1,014	\$	1,263	\$	333
	3,961		12,991		5,668
			977		
	175		10,493		353
	2,778		3,914		1,759
					57
			6,616		111,732
	1,565		1,565		
			2,833		
	140		415		14,927
	72		72		305
	9,705		41,139		135,134
	11,232		11,232		
			456,889		37,375
			12,670		
	272		272		636
			151		
	411		668		1,170
	11,915		481,882		39,181
	21,620		523,021		174,315
	29,708		297,830		32,252
			602,381		
			450		
	242,498		212,462		283,451
\$	272,206	\$	1,113,123	\$	315,703



# Mississippi

## Proprietary Funds

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
<b>Operating Revenues</b>			
Charges for sales and services/premiums	\$	\$ 14,660	\$
Assessments	158,741		
Investment income			
Federal agencies	57,162		
Rentals			
Fees			793
Tuition receipts			5,562
Other			15
Total Operating Revenues	215,903	14,660	6,370
<b>Operating Expenses</b>			
Cost of sales and services			
General and administrative		2,963	478
Contractual services		15,345	946
Commodities		291	1
Depreciation		6,397	
Claims and benefits	204,206		101,709
Other			
Total Operating Expenses	204,206	24,996	103,134
Operating Income (Loss)	11,697	(10,336)	(96,764)
<b>Nonoperating Revenues</b>			
Revenue from counties		931	
Insurance recovery		12	
Gain on disposal of capital assets		4	
Investment income	12,424	389	49,820
Total Nonoperating Revenues	12,424	1,336	49,820
<b>Nonoperating Expenses</b>			
Loss on disposal of capital assets			
Interest and other fiscal charges		696	
Total Nonoperating Expenses		696	
Income (Loss) before Capital Contributions and Transfers	24,121	(9,696)	(46,944)
Capital Contributions			
Transfers In		42,227	
Transfers Out			
Change in Net Position	24,121	32,531	(46,944)
Total Net Position - Beginning	578,260	335,842	(82,893)
Total Net Position - Ending	\$ 602,381	\$ 368,373	\$ (129,837)

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

# Enterprise Funds

		Governmental	
		Activities -	
		Internal	
		Service	
Nonmajor	Totals	Funds	
Funds			
\$ 25,284	\$ 39,944	\$ 803,167	
	158,741		
6,564	6,564		
	57,162		
1,707	1,707		
54	847		
	5,562		
1,468	1,483	5	
35,077	272,010	803,172	
15,292	15,292		
12,509	15,950	16,201	
6,758	23,049	65,346	
1,629	1,921	847	
1,491	7,888	4,193	
	305,915	727,857	
15	15		
37,694	370,030	814,444	
(2,617)	(98,020)	(11,272)	
	931		
50	62		
343	347		
999	63,632	5,226	
1,392	64,972	5,226	
18	18	4	
10	706	33	
28	724	37	
(1,253)	(33,772)	(6,083)	
33	33	27,775	
9,698	51,925	200	
(3,342)	(3,342)	(160)	
5,136	14,844	21,732	
267,070	1,098,279	293,971	
\$ 272,206	\$ 1,113,123	\$ 315,703	

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation	Prepaid Affordable College Tuition	
<b>Cash Flows from Operating Activities</b>			
Cash receipts from federal agencies	\$ 60,150	\$	
Cash receipts/premiums from interfund services provided			
Cash receipts/premiums from customers		14,203	6,370
Cash receipts from assessments	174,266		
Cash payments to suppliers for goods and services		(15,610)	(1,020)
Cash payments to employees for services		(2,935)	(454)
Cash payments for claims and benefits	(210,498)		(22,874)
Other operating cash receipts			
Other operating cash payments			
Principal and interest received on program loans			
Issuance of program loans			
Net Cash Provided by (Used for) Operating Activities	23,918	(4,342)	(17,978)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in		55,492	
Transfers out			
Revenues from counties		931	
Proceeds from other governments			
Net Cash Provided by			
Noncapital Financing Activities		56,423	
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets		(42,339)	
Capital grants received		25	
Proceeds from sales of capital assets		10	
Principal paid on bonds and capital assets contracts		(2,706)	
Interest paid on bonds and capital assets contracts		(727)	
Proceeds from insurance recovery		12	
Other			
Net Cash Provided by (Used for) Capital and Related			
Financing Activities		(45,725)	
<b>Cash Flows From Investing Activities</b>			
Proceeds from sales of investments		57,380	159,172
Purchases of investments		(55,954)	(157,401)
Investment income	12,424	365	5,321
Net Cash Provided by Investing Activities	12,424	1,791	7,092
Net Change in Cash and Cash Equivalents	36,342	8,147	(10,886)
Cash and Cash Equivalents - Beginning	522,026	9,696	18,846
Cash and Cash Equivalents - Ending	\$ 558,368	\$ 17,843	\$ 7,960

# Enterprise Funds

		Governmental Activities - Internal Service Funds	
Nonmajor Funds	Totals		
\$	\$	60,150	\$
			231,494
27,377	47,950		578,667
	174,266		
(22,462)	(39,092)		(68,911)
(12,405)	(15,794)		(16,069)
	(233,372)		(719,813)
1,094	1,094		
(2)	(2)		
23,306	23,306		
(22,642)	(22,642)		
(5,734)	(4,136)		5,368
9,676	65,168		200
(3,290)	(3,290)		(160)
	931		
677	677		
7,063	63,486		40
(642)	(42,981)		(2,969)
	25		
452	462		2
(166)	(2,872)		(296)
(10)	(737)		(33)
50	62		
(316)	(46,041)		(3,296)
	216,552		10,958
	(213,355)		(11,227)
986	19,096		5,174
986	22,293		4,905
1,999	35,602		7,017
81,028	631,596		387,050
\$ 83,027	\$ 667,198	\$	394,067

(Continued on Next Page)

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2014 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation	Prepaid Affordable College Tuition	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating income (loss)	\$ 11,697	\$ (10,336)	\$ (96,764)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		6,397	
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	11,721	(708)	
Due from other governments	6,631	1	
Due from other funds	99		
Due from component units	113		
Inventories			
Prepaid items		(33)	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			(225)
Accounts payable and other liabilities	(212)	238	161
Due to other governments	(630)		
Due to other funds	(1,253)	(1)	(1)
Due to component units			
Claims and benefits payable	(4,197)		78,851
Unearned revenues	(51)	100	
Total adjustments	12,221	5,994	78,786
Net Cash Provided by (Used for) Operating Activities	\$ 23,918	\$ (4,342)	\$ (17,978)

### Noncash Capital and Related Financing and Investing Activities

Capital contributions			
Gain (loss) on disposal of capital assets		4	
Change in market value of investments		4	14,372

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

**Enterprise Funds**

Nonmajor Funds		Totals		Governmental Activities - Internal Service Funds	
\$	(2,617)	\$	(98,020)	\$	(11,272)
	1,491		7,888		4,193
	53		11,066		29
	38		6,670		(172)
	(247)		(148)		4,540
	(9)		104		22
	(171)		(171)		
	99		66		
	(6,304)		(6,304)		
	509		284		(1,042)
	223		410		(133)
	1		(629)		176
	1,193		(62)		(1,360)
	(1)		(1)		28
			74,654		7,791
	8		57		2,568
	(3,117)		93,884		16,640
\$	(5,734)	\$	(4,136)	\$	5,368

# Mississippi

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2014 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Fund	Agency Funds
<b>Assets</b>			
Equity in internal investment pool	\$ 2,030	\$ 7	\$ 9,490
Cash and cash equivalents	757,325		61,562
Investments, at fair value:			
Short-term investments	129,576	1,785	
Long-term debt securities	4,981,687	54,288	
Equity securities	17,182,687	86,091	
Private equity	973,401		
Real estate investments	2,272,605	8,518	
Asset allocation fund	92,154		
Fixed rate and variable	558,010		
Life insurance contracts	339	29,630	
Securities lending:			
Short-term investments	912,346		
Long-term debt securities	2,809,750		
Receivables, net:			
Employer contributions	66,523		
Employee contributions	39,208		
Investment proceeds	393,570		
Interest and dividends	80,788	72	
Other	1,284	306	527
Due from other funds	12		
Commodity inventory			1,229
Capital assets:			
Land and construction in progress	16,613		
Other capital assets, net	13,708		
Total Assets	31,283,616	180,697	\$ 72,808
<b>Liabilities</b>			
Warrants payable	138	1	\$ 334
Accounts payable and accruals	569,725	484	1,573
Due to other governments			1,138
Due to other funds	14		
Amounts held in custody for others			69,763
Obligations under securities lending	3,721,141		
Total Liabilities	4,291,018	485	\$ 72,808
<b>Net Position</b>			
Net position restricted for pensions and trust beneficiaries	\$ 26,992,598	\$ 180,212	

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

# Mississippi

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 1,005,219	\$
Plan participant	625,867	22,054
Total Contributions	1,631,086	22,054
Net Investment Income:		
Net change in fair value of investments	3,654,142	17,332
Interest and dividends	589,945	2,923
Securities lending:		
Income from securities lending	19,133	
Interest expense and trading costs from securities lending	(2,680)	
Managers' fees and trading costs	(83,449)	
Net Investment Income	4,177,091	20,255
Other Additions:		
Administrative fees	617	150
Other	268	
Total Other Additions	885	150
Total Additions	5,809,062	42,459
<b>Deductions</b>		
Benefits	2,263,161	19,022
Refunds to terminated employees	121,599	
Administrative expenses	14,071	850
Depreciation	778	
Total Deductions	2,399,609	19,872
Change in Net Position	3,409,453	22,587
Net Position - Beginning	23,583,145	157,625
Net Position - Ending	\$ 26,992,598	\$ 180,212

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



# Mississippi

## Component Units

### Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Universities	Nonmajor	Totals
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$ 11,100	\$ 2,012	\$ 13,112
Cash and cash equivalents	409,691	21,400	431,091
Investments	211,447	28,949	240,396
Receivables, net	282,657	3,766	286,423
Due from other governments		147	147
Due from primary government	30,051	114	30,165
Inventories	28,801	1,136	29,937
Prepaid items	24,114	279	24,393
Notes receivable, net	38,748	650	39,398
Other assets	3,346	15	3,361
Total Current Assets	1,039,955	58,468	1,098,423
Noncurrent assets:			
Investments	577,507		577,507
Notes receivable, net	142,007		142,007
Restricted assets:			
Cash and cash equivalents	195,339	2,804	198,143
Investments	930,643	7,000	937,643
Capital assets:			
Land and construction in progress	582,595	20,126	602,721
Other capital assets, net	2,793,691	153,989	2,947,680
Other assets	19,333		19,333
Total Noncurrent Assets	5,241,115	183,919	5,425,034
Total Assets	6,281,070	242,387	6,523,457
<b>Deferred Outflows of Resources</b>			
Deferred amount on refunding	7,376		7,376
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	197,240	3,955	201,195
Due to primary government	855	667	1,522
Deposits		594	594
Unearned revenues	96,239	521	96,760
Bonds and notes payable	30,605	650	31,255
Lease obligations payable	1,490	43	1,533
Other liabilities	63,719		63,719
Total Current Liabilities	390,148	6,430	396,578
Noncurrent liabilities:			
Bonds and notes payable	989,039		989,039
Lease obligations payable	31,152	185	31,337
Other liabilities	256,603	748	257,351
Total Noncurrent Liabilities	1,276,794	933	1,277,727
Total Liabilities	1,666,942	7,363	1,674,305
<b>Net Position</b>			
Net investment in capital assets	2,420,103	173,269	2,593,372
Restricted for:			
Debt service		2,884	2,884
Other purposes	597,678	4,384	602,062
Permanent endowments:			
Nonexpendable	708,600	7,000	715,600
Unrestricted	895,123	47,487	942,610
Total Net Position	\$ 4,621,504	\$ 235,024	\$ 4,856,528

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

# Mississippi

## Component Units

### Statement of Activities

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Universities	Nonmajor	Total
Universities	\$ 3,169,007	\$ 1,791,714	\$ 481,346	\$ 65,654	\$ (830,293)	\$	\$ (830,293)
Nonmajor	38,357	28,307	2,177	2,157		(5,716)	(5,716)
Total	\$ 3,207,364	\$ 1,820,021	\$ 483,523	\$ 67,811	(830,293)	(5,716)	(836,009)
General revenues:							
Investment income					152,101	730	152,831
Other					205,502	2,439	207,941
Payment from State of Mississippi					785,908		785,908
Contributions to permanent endowments					33,394		33,394
Total General Revenues and Contributions					1,176,905	3,169	1,180,074
Change in Net Position					346,612	(2,547)	344,065
Net Position - Beginning					4,274,892	237,571	4,512,463
Net Position - Ending					\$ 4,621,504	\$ 235,024	\$ 4,856,528

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

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## Notes to the Financial Statements

June 30, 2014

### Note 1 - Significant Accounting Policies

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

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

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

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

Public Employees' Retirement System of Mississippi - The System was created having all the powers and privileges of a public corporation for the purpose of providing pension benefits for public employees of the State and its political subdivisions. The Board of Trustees is composed of the State Treasurer, one member appointed by the Governor and eight members elected by its members. The administrative expenses are subject to legislative budget controls. Its five pension trust funds and one agency fund are reported as part of the State using the blended component method. The funds were audited by independent auditors for the period ended June 30, 2014, and their report has been issued under separate cover. The Comprehensive Annual Financial Report may be obtained by writing to Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Universities - The Board of Trustees of State Institutions of Higher Learning (IHL), 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 corporate and politic. The State provides financial support to IHL through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Universities are the financial data of their significant fund-raising foundations. Because the restricted resources held by the foundations can only be used by, or for the benefit of, the specific universities, the foundations are considered component units of the Universities.

The State reports the following nonmajor discretely presented component units:

Mississippi Business Finance Corporation - This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and a financial benefit/burden relationship exists. The Corporation and the State work together, providing support, one to the other, in the State's economic development.

Mississippi Coast Coliseum Commission - This is a legally separate entity created and established as a body corporate and politic. This is a political subdivision of the State. Expenditures are subject to legislative approval. The Commission is fiscally dependent on the primary government and a financial benefit/burden relationship exists. The Commission establishes, promotes, develops, locates, constructs, maintains and operates a multi-purpose coliseum and related facilities within Harrison County, Mississippi.

# Mississippi

Mississippi Development Bank – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and a financial benefit/burden relationship exists. The Bank and the State work together, providing support, one to the other, in the State's economic development.

Mississippi Prison Industries Corporation – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will on the corporation. A financial benefit/burden relationship exists. The Corporation leases and manages the prison industry programs of the Mississippi Correctional Industries.

Pat Harrison Waterway District – This is a legally separate entity created and established as a body corporate and politic. The State does not appoint the voting majority of the board. The district is fiscally dependent and a financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District provides flood relief along the Pascagoula River and its tributaries and preserves and protects these waters for future generations and for economic enhancement of the area and its industrial growth.

Pearl River Basin Development District – This is a legally separate entity created and established as a body corporate and politic. The State does not appoint the voting majority of the board but the district is fiscally dependent and a financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District handles the 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, flood control, timber development, irrigation, navigation, and pollution abatement.

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

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

The discretely presented component units are audited by independent auditors, and their financial statements are issued under separate covers. The audited financial statements are available from each discretely presented component unit.

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

## C. Government-wide and Fund Financial Statements

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

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

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

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

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

The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, thus, are

# Mississippi

clearly identifiable to a particular function. Certain indirect costs have been included as part of the program expenses reported for the various functions and activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and any sources of revenue that are not reported as program revenues.

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

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

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

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

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

The State reports the following major governmental fund:

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

The State reports the following major enterprise funds:

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

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

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

Additionally, the State reports the following funds:

Governmental funds:

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

# Mississippi

## Proprietary Funds:

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

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

## Fiduciary Funds:

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

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

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

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

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

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

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

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

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

- I. **Interfund Balances** - Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities. Fiduciary funds' receivables and payables have been reclassified to accounts receivable and accounts payable, respectively, on the government-wide Statement of Net Position.
- J. **Inventories and Prepaid Items** - Inventories of supplies and materials are stated at cost, generally using the first-in, first-out method. Cost of inventories held for use by the Department of Transportation is determined by the weighted average method. Inventories of supplies and materials of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

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

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

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

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

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

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

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

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



# Mississippi

- O. Unearned Revenues and Deferred Inflows of Resources** - Unearned revenues are recognized when assets are received prior to being earned in an exchange transaction. Deferred revenues are reported in the governmental fund financial statements as deferred inflows of resources until such time as the revenues become available.
- P. Net Position/Fund Balance** - Net Position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources on government-wide, proprietary and fiduciary funds financial statements and Fund Balance on governmental funds financial statements. Fund Balances of governmental funds are classified as:

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

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

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

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

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

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

- Q. Federal Grants** - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.
- R. Bonds and Notes** - Bond and note proceeds, premiums and discounts are reported as other financing sources or uses in the governmental fund financial statements. In the government-wide and proprietary fund financial statements, bond and note premiums and discounts, as well as refunding charges (the difference between the carrying amount of redeemed/deceased debt and its reacquisition price), are deferred and amortized over the life of the bonds and notes using the straight-line method. Bonds and notes payable are reported net of the applicable unamortized bond and note premium and discount while refunding charges are reported as deferred outflows or deferred inflows of resources. Issuance costs are recognized as debt service expenditures/expenses in the period incurred.
- S. Changes in Accounting Standards** - The State implemented the following standards issued by GASB in the current fiscal year as required: GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The provisions of these standards have been incorporated into the financial statements and the notes.

The State will be implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This Statement is effective for fiscal years beginning after June 15, 2014 and will establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures/expenses. For defined benefit pensions, this Statement will identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The impact of this standard could affect a number of the State's financial statement amounts, disclosures and required supplemental information; however the State is unable to determine the magnitude of the Standard's implementation at this time.

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## Note 2 - Other Accounting Disclosures

- A. Net Position Restricted by Enabling Legislation** - The State's net position restricted by enabling legislation represent resources which a party external to government – such as citizens, public interest groups, or the judiciary – can compel the government to use only for the purpose specified by the legislation. The government-wide statement of net position reports \$4,236,636,000 of restricted net position, of which \$700,477,000 is restricted by enabling legislation.
- B. Deficit Net Position** - At June 30, 2014, the State Treasurer Prepaid Affordable College Tuition Fund (a major proprietary fund) has deficit net position of \$129,837,000. The deficit is a result of actual investment earnings being less than actuarial assumptions.
- C. Working Cash Stabilization Reserve Account** - The Budget Reform Act of 1992 created the Working Cash Stabilization Reserve Account (Account) and required that 100% of the unencumbered General Fund cash balance be deposited into the Account at the close of each fiscal year until the balance reaches \$40,000,000. Thereafter, 50% of the unencumbered General Fund ending cash balance must be deposited into the Account until it reaches 7.5% of General Fund appropriations for the current fiscal year. As required by law, the Account is not considered as a surplus or available funds when adopting a balanced budget. The Account balance, in excess of \$40,000,000, may be permanently transferred to the General Fund to cover deficits up to a maximum of \$50,000,000 in any one fiscal year. These transfers are restored to the Account out of future annual General Fund ending cash balances until the 7.5% maximum is again attained. At June 30, 2014, the Account, as reported in the General Fund, has an unassigned fund balance of \$110,180,000.
- D. Fund Balances** - At June 30, 2014, the State's restricted, committed and assigned fund balances are summarized by purpose as follows (amounts expressed in thousands):

	Restricted	Committed	Assigned
<b>Governmental Funds</b>			
<b>General</b>			
General Government			
Taxing Authority	\$ 226,425	\$ 640	\$
Other	74,850	102,841	6,268
Education	124,098	6,689	44
Health and Social Services	367,682		
Law, Justice and Public Safety			
Highway Safety	33,388	1,590	
Other	72,004	17,106	1,765
Recreation and Resources Development			
Industrial Development	714,073	1,726	330
Natural Resources	553,437		
Other	87,126	2,389	2,096
Regulation of Business and Professions	59,680		
Transportation			
Highways	339,243		
State Roads and Bridges	61,979	6,955	
Other	79,240		
Capital Projects	286,454		
Debt Service	369,002		
Total General Fund	3,448,681	139,936	10,503
<b>Permanent</b>			
Education	4,201		
Health and Social Services	284		
Recreation and Resources Development			
Wildlife Conservation	678		
Total Permanent Fund	5,163		
Total Governmental Funds	\$ 3,453,844	\$ 139,936	\$ 10,503

# Mississippi

## Note 3 - Interfund Transactions

At June 30, 2014, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Due From	Due To						Total
	General	Internal Service	Unemployment Compensation	Port Authority at Gulfport	Nonmajor Enterprise	Fiduciary Funds	
Governmental:							
General	\$	\$ 21,473	\$	\$ 7,121	\$ 11,472	\$	\$ 40,066
Permanent	160						160
Internal Service	1,013	102	587		57		1,759
Proprietary:							
Unemployment Compensation	1,135						1,135
Port Authority at Gulfport		1					1
Nonmajor Enterprise	420	2,358					2,778
Fiduciary		2				12	14
Total	\$ 2,728	\$ 23,936	\$ 587	\$ 7,121	\$ 11,529	\$ 12	\$ 45,913

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

At June 30, 2014, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

Due From	Due To									
	Primary Government				Component Units			Total		
	General	Internal Service	Unemployment Compensation	Nonmajor Enterprise	Universities	Nonmajor				
Primary Government:										
General	\$	\$	\$	\$	\$	30,051	\$	57	\$	30,108
Internal Service								57		57
Component Units:										
Universities	396	207	243	9						855
Nonmajor		667								667
Total	\$ 396	\$ 874	\$ 243	\$ 9	\$	30,051	\$	114	\$	31,687

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

At June 30, 2014, interfund transfers consisted of (amounts expressed in thousands):

Transfer From	Transfer To				Total
	General	Internal Service	Port Authority at Gulfport	Nonmajor Enterprise	
Governmental:					
General	\$	\$ 200	\$ 42,227	\$ 9,698	\$ 52,125
Permanent	1,006				1,006
Internal Service	160				160
Proprietary:					
Nonmajor Enterprise	3,342				3,342
Total	\$ 4,508	\$ 200	\$ 42,227	\$ 9,698	\$ 56,633

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

# Mississippi

## Note 4 - Deposits and Investments

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

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

As a result of the settlement of the State's lawsuit against tobacco companies in 1999, Section 43-13-409, Mississippi Code Ann. (1972) created the Health Care Trust Fund Board (the Board). This code designates the State Treasurer as chairman and gives the Board investment authority.

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

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

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

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

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

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

Under the criteria established by the Guaranty Pool Board, an approved guaranty pool member must meet the 90 percent security requirement by depositing eligible collateral with the State Treasurer (or an approved custodian). The agreement provides that if a loss to a public depositor in the guaranty pool is not covered by deposit insurance and the proceeds from the sale of securities pledged by the defaulting depository, the difference will be provided by an assessment against other guaranty pool members on a pro rata basis.

Custodial credit risk for deposits is the risk that in the event of the failure of a financial institution, the government will not be able to recover deposits or collateral securities that are in the possession of an outside party. Of the statewide collateral pool cash deposits reported by the financial institutions as of June 30, 2014, \$53,322,000 was uninsured and uncollateralized. Of the primary government's cash deposits, which are not included in the statewide collateral pool, excluding the System as of June 30, 2014, \$90,000 was uninsured and uncollateralized.

# Mississippi

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

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

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

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

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

U.S. Government agency, U.S. Government instrumentality, or U.S. Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by U.S. Government, U.S. Government agency, U.S. Government instrumentality, or U.S. Government sponsored enterprise, not to exceed 50 percent of total investments with maturities of 30 days or longer. During the year, these investments exceeded the limit imposed by the statute. On September 7, 2008, Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) were placed into conservatorship by the U.S. government, lending an additional level of security to these investments. The Agency bonds purchased over and above the statutory limitation were purchased in lieu of Treasury bonds that were offered at substantially lower yields. As Congress debates possible reforms to FHLMC and FNMA, the risk position of the portfolio will continue to be monitored to ensure that funds are invested in a manner consistent with the risk limitations intended by the statute. Whatever identity FHLMC and FNMA assume post-conservatorship will be evaluated in light of the statute and the appropriate limitations to the asset allocation will be imposed; and

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

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

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

School district bonds of the State;

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

Highway bonds of the State;

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

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

Bonds of the Tennessee Valley Authority;

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

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

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

# Mississippi

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

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

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

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

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

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

## Primary Government Investments (except for the System)

- A. Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government follows the statutes as previously discussed as its policy for limiting exposure to credit risk. The Moody's or S&P credit ratings for the primary government's investments as of June 30, 2014 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings				
	Aaa/AAA	Aa/AA	A/A	Baa/BBB	Not Rated
Asset backed securities	\$ 3,534	\$ 2,381	\$ 1,028	\$ 2,327	
Collateralized mortgage obligations	816	1,988	788		147,589
Corporate bonds		4,913	17,186	5,983	
Mortgage pass-throughs					107,952
Mutual funds	89,839				56,079
State and local obligations		250			
U.S. Government agency obligations		1,780,075			
Total	\$ 94,189	\$ 1,789,607	\$ 19,002	\$ 8,310	\$ 311,620

- B. Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The primary government has no formal policy on limiting exposure to interest rate risk. As of June 30, 2014, the primary government had the following investments and maturities (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 9,270	\$	\$ 3,178	\$ 3,891	\$ 2,201
Collateralized mortgage obligations	278,488	133	8,637	1,522	268,196
Corporate bonds	33,138	2,213	19,973	3,867	7,085
Mortgage pass-throughs	115,976	29	6,909	36,620	72,418
Mutual funds	145,918	91,624	9,782	44,512	
Other pass-through securities	144,148	33	34,897	22,474	86,744
State and local obligations	250		250		
U.S. Government agency obligations	1,783,502	36,829	1,265,030	479,907	1,736
U.S. Treasury Obligations	578,460	82,409	487,539	5,744	2,768
Zero coupon bonds	3,221	1,500	1,675	46	
Total	\$ 3,092,371	\$ 214,770	\$ 1,837,870	\$ 598,583	\$ 441,148

# Mississippi

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

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

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

- C. Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Board limits non-U.S. investments to 20 percent of total investments. The primary government's exposure to foreign currency risk at June 30, 2014, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities	Total Fair Value
Australian dollar	\$	\$ 4,129	\$ 4,129
British Pound sterling		5,396	5,396
Euro		10,040	10,040
Hong Kong dollar		3,116	3,116
Israeli shekel		594	594
Japanese yen		3,769	3,769
Malaysian ringgit	3	1,970	1,973
New Taiwan dollar	135	1,290	1,425
Norwegian krone		352	352
Singapore dollar		2,079	2,079
Swedish krona		1,315	1,315
Swiss franc		4,994	4,994
Total	\$ 138	\$ 39,044	\$ 39,182

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

Federal Home Loan Bank	\$ 566,990	13.30%
Federal Home Loan Mortgage Corporation	544,634	12.78
Federal National Mortgage Association	683,816	16.04

- E. Investment Derivatives** – In a prior year, the State entered into interest rate swap agreements in connection with variable rate bonds with final maturity dates ranging from fiscal year 2026 to 2028 in order to hedge changes in cash flows. The 2012C and 2012D bonds have been refunded with new final maturities of November 1, 2017 and September 1, 2017, respectively. As a result of the refunding, the portions of the swap agreements attributable to payment dates beyond the maturity dates have no hedgeable item and therefore, are being accounted for as investment derivatives. Details of the June 30, 2014 fair values, changes in fair values, and risk disclosures of the investment derivatives are included in the derivative disclosures presented in Note 9 – Long-term General Obligation Bonds.

## System Deposits

Section 25-11-121, Mississippi Code Ann. (1972), requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by federal insurance programs. These statutes also require that, when possible, the types of collateral securing deposits be limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to at least 100 percent of the amount on deposit in excess of that which is guaranteed by federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts, and at June 30, 2014, the System had no deposits in foreign demand deposit accounts.

# Mississippi

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

## **System Investment Policies**

The System is authorized to invest in the following:

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

School district bonds of the State;

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

Highway bonds of the State;

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

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

Bonds of the Tennessee Valley Authority;

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

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

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

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

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

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

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

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

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



# Mississippi

## System Investments

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

The Moody's or S&P credit ratings for the System's investments as of June 30, 2014 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings					
	Aaa/AAA	Aa/AA	A/A	Baa/BBB	Ba/BB	B/B
Asset backed securities	\$ 951,776	\$ 30,159	\$ 35,972	\$ 23,296	\$ 5,249	\$ 6,361
Collateralized mortgage obligations	201,397	198,505	40,146	50,602	17,191	22,441
Commercial paper			514,890			
Corporate bonds	103,260	912,095	1,287,619	926,480	274,263	150,801
Mortgage pass-throughs		299,587				
Repurchase agreements		178,218				
Sovereign governments debt	113,164	127,222	228,876	476,628	124,661	50,961
State and local obligations	1,113	19,416	22,192	3,699		
U.S. Government agency obligations	2,291	70,869				
Yankee/Global bonds	39,665	9,118	1,081	15,012	1,907	
Total	\$ 1,412,666	\$ 1,845,189	\$ 2,130,776	\$ 1,495,717	\$ 423,271	\$ 230,564

Investment Type	Quality Ratings							
	Caa/CCC	Ca/CC	C/C	D/D	F	P	WR	Not Rated
Asset backed securities	\$ 12,476	\$ 3	\$ 18	\$	\$	\$	40	\$
Collateralized mortgage obligations	25,565	1,714	419	17,486			260	3,771
Commercial paper					213,170	11,101		
Corporate bonds	6,363						534	2,505
Sovereign governments debt	29,639	3,319					913	
Yankee/Global bonds								1,287
Total	\$ 74,043	\$ 5,036	\$ 437	\$ 17,486	\$ 213,170	\$ 11,101	\$ 1,747	\$ 7,563

- B. Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Section 25-11-121, Mississippi Code Ann. (1972), requires that all investments be clearly marked as to ownership, and to the extent possible, shall be registered in the name of the System. Within the System, the pension funds have \$29,912,555,000 in investments at June 30, 2014. Of this amount, \$5,100,000,000 was exposed to custodial credit risk. These are cash collateral reinvestment securities held in the name of the custodian who acquired them as the lending agent/counterparty and the securities on loan for securities collateral that is held in the name of the lending agent. This is consistent with the securities lending agreement in place with the custodian.

# Mississippi

The fair value of the System's cash collateral securities and the underlying securities on non-cash loans, as of June 30, 2014, consisted of (amounts expressed in thousands):

Investment Type	Fair Value
Cash collateral securities	
Asset backed securities	\$ 913,980
Collateralized mortgage obligations	25,705
Commercial paper	739,161
Corporate bonds	1,870,065
Repurchase agreements	173,185
Total cash collateral securities	3,722,096
Underlying securities on non-cash loans	
Debt securities	89,684
Equities	1,204,609
Real Estates Investment Trusts	113,050
Total underlying securities on non-cash loans	1,407,343
	<u>\$ 5,129,439</u>

- C. Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System has no formal policy on limiting exposure to interest rate risk. As of June 30, 2014, the System had the following investments and maturities (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 1,065,350	\$ 996,737	\$ 32,729	\$ 20,574	\$ 15,310
Collateralized mortgage obligations	579,497	100,670	4,882	25,343	448,602
Commercial paper	739,161	739,161			
Corporate bonds	3,663,920	869,293	1,650,778	765,321	378,528
Mortgage pass-throughs	376,035		2,239	8,342	365,454
Repurchase agreements	178,218	178,218			
Sovereign governments debt	1,155,383	47,484	276,894	519,224	311,781
State and local obligations	46,420	357	506	9,008	36,549
U.S. Government agency obligations	73,160	10,397	26,904	7,895	27,964
U.S. Treasury obligations	783,823	47,191	324,454	342,064	70,114
Yankee/Global bonds	68,070	1,651	38,189	9,273	18,957
Total	<u>\$ 8,729,037</u>	<u>\$ 2,991,159</u>	<u>\$ 2,357,575</u>	<u>\$ 1,707,044</u>	<u>\$ 1,673,259</u>

During fiscal year 2014, the investments in derivatives were exclusively in asset/liability based derivatives such as interest-only (IO) strips, CMOs and ABS. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields. IO and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors which may result from a decline in interest rates. The System held IO strips valued at \$25,100,000 at fiscal year end. The derivatives policy limits IO and PO strips to 3 percent of the investment portfolio.

CMOs are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security. The System held \$579,500,000 in CMOs at June 30, 2014. Of this amount, \$223,200,000 were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the derivatives policy.

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

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bond classes. Of the \$1,065,400,000 in ABS held at June 30, 2014, \$46,400,000 are highly sensitive to changes in interest rates. ABS which are leveraged structures or residual interests are prohibited by the derivatives policy.

At June 30, 2014, the System has invested in \$376,000,000 in mortgage pass-through securities issued by the FNMA, FHLMC, and GNMA. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

- D. Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Investment Committee of the Board of Trustees evaluates the actual investment asset allocation quarterly, in accordance with the adopted phase-in policy. Based on current market conditions, the Board adjusts the allocation as necessary. The investment asset allocation policy does not limit foreign currency-denominated investments of the System. The System's exposure to foreign currency risk at June 30, 2014, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities and REITs	Debt Securities	Total Fair Value
Australian dollar	\$ (24,873)	\$ 246,773	\$ 25,767	\$ 247,667
Brazilian real	(7,588)	186,213	33,306	211,931
British pound sterling	(94,450)	904,642	99,288	909,480
Canadian dollar	(41,697)	215,474	45,591	219,368
Chilean peso	1	7,266		7,267
Columbian peso	(2,201)		7,402	5,201
Danish krone	(1,741)	57,809	1,813	57,881
Egyptian pound		3,512		3,512
Euro	(336,565)	1,537,635	375,107	1,576,177
Hong Kong dollar	935	317,585		318,520
Hungarian forint		9,838		9,838
Indian rupee	181	120,403		120,584
Indonesian rupiah	11	60,300		60,311
Israeli shekel	79	19,515		19,594
Japanese yen	(91,930)	869,017	96,892	873,979
Kenyan shilling		2,057		2,057
Malaysian ringgit	5,330	17,899		23,229
Mexican peso	(48,210)	33,842	93,481	79,113
New Taiwan dollar	249	118,820	-	119,069
New Turkish lira	(2,475)	58,710	2,503	58,738
New Zealand dollar	(23,854)	11,997	24,316	12,459
Norwegian krone	(4,299)	69,082	4,480	69,263
Pakistani rupee		18,076		18,076
Peruvian nuevo sol	(1,113)		3,071	1,958
Philippines peso	193	4,645	6,403	11,241
Polish zloty	(4,287)	2,556	6,127	4,396
Qatari riyal		2,139		2,139
Russian ruble	(3,093)	3,948	5,150	6,005
Singapore dollar	(343)	94,204	2,481	96,342
South African rand	(10,739)	128,973	17,431	135,665
South Korean won	1	230,573		230,574
Swedish krona	(7,244)	96,455	7,780	96,991
Swiss franc	2,384	303,507		305,891
Thailand baht		37,603		37,603
Total	\$ (697,338)	\$ 5,791,068	\$ 858,389	\$ 5,952,119

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- E. Investment Derivatives** - The System's derivatives policy limits foreign currency forwards to no more than 100 percent of the aggregate value of the portfolio securities denominated in the hedged currency. The counterparties of the foreign currency forwards have short term credit ratings of A or better as rated by the nationally recognized statistical rating organizations. The System's general policy requires that the counterparty has a long term credit rating of A or better and a short term credit rating of A1/P1 at a minimum. More specifically, the System's policy requires that all over-the-counter derivatives be rated AA or better by the nationally recognized statistical rating organizations. The counterparties of the to-be-announced securities are primarily rated A by the nationally recognized statistical rating organizations. The foreign currency forwards are presented in the foreign currency risk table, and the to-be-announced securities are disclosed in the interest rate risk table by years to maturity. The investment derivative instruments outstanding as of June 30, 2014 are as follows (amounts expressed in thousands):

Investment Type	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2014	
		Classification	Amount	Classification	Amount
Foreign currency forwards	\$ (15,640,273)	Investment income	\$ (5,747)	Investment	\$ (5,747)
To-be-announced securities	108,169	Investment income	805	Debt securities	114,296

- F. Securities Lending Transactions** - The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. There have been no significant violations of the provisions of the agreement during the period of this statement. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2014, by the System are long-term U.S. Government and agency obligations, corporate bonds, REITs, and domestic and international equities.

At the initiation of a cash loan, borrowers are required to provide collateral amounts of 102 percent on U.S. securities and international securities denominated in the same currency of the loaned security. For international securities that are denominated in a currency other than the currency of the loaned security, 105 percent collateral is required at the initiation of the loan. In the event the collateral fair value on U.S. securities and foreign debt falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. In the event the collateral fair value falls below 102 percent for international same-currency transactions or 105 percent for cross-currency transactions, the borrower is required to provide additional collateral. The contractual agreement with the custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults. The System has contracted with its custodian to invest cash collateral received from the transfer of securities in any investment instrument authorized by Section 25-11-121, Mississippi Code Ann. (1972).

For non-cash loans, 110 percent collateral is required from the borrowers. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults. Authorized securities' collateral includes U.S. and non-U.S. government debt obligations and securities, supranational debt obligations, U.S. and non-U.S. equity securities listed on specified indices, U.S. and non-U.S. corporate bonds, and convertible securities. Equities and debt obligations were held as collateral on the non-cash loans as of June 30 2014.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was 4 days at June 30, 2014. Cash collateral was invested in repurchase agreements, commercial paper, corporate bonds, ABS and CMOs. The weighted average effective duration of all collateral investments at June 30, 2014, was 37 days with a weighted average maturity of 37 days.

Securities lent at year end for cash collateral and non-cash collateral are presented by type. Securities lent for securities collateral are classified according to the custodial credit risk category for the collateral. There were \$1,407,343,000 securities lent for securities collateral as of June 30, 2014. The investments purchased with the cash collateral are presented in the discussion of custodial credit risk, since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System. At June 30, 2014, the aggregate fair value of securities lending holdings, including accrued interest was \$3,723,913,000 and the aggregate fair value, including accrued interest, of the underlying securities lent was \$5,010,671,000. The value of the collateral pledged by borrowers at year end was \$5,285,635,000.

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## Note 5 - Receivables

At June 30, 2014, receivables consisted of (amounts expressed in thousands):

	<b>Governmental Funds</b>				<b>Total Governmental Activities</b>	
	General	Permanent	Internal Service	Receivables Reclass		
Accounts	\$ 177,237	\$ 60	\$ 41	\$ 2	\$	177,340
Taxes:						
Sales	336,862					336,862
Income	295,636					295,636
Gasoline	49,155					49,155
Other	66,577					66,577
Interest and dividends	11,119	289	360			11,768
Other	1					1
Gross receivables	936,587	349	401	2		937,339
Allowance for uncollectibles	(182,409)					(182,409)
Receivables, net	\$ 754,178	\$ 349	\$ 401	\$ 2	\$	754,930
Amounts not scheduled for collection in subsequent year	\$ 145,853				\$	145,853

	<b>Business-type Activities</b>					<b>Total</b>
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor		
Accounts	\$ 82,959	\$ 1,466	\$ 2,552	\$ 4,280	\$	91,257
Assessments	51,845					51,845
Interest and dividends		88	602	591		1,281
Gross receivables	134,804	1,554	3,154	4,871		144,383
Allowance for uncollectibles	(73,820)			(9)		(73,829)
Receivables, net	\$ 60,984	\$ 1,554	\$ 3,154	\$ 4,862	\$	70,554

	<b>Component Units</b>		
	Universities	Nonmajor	Total
Accounts	\$ 2,823,063	\$ 3,584	\$ 2,826,647
Interest	2,805	182	2,987
Gross receivables	2,825,868	3,766	2,829,634
Allowance for uncollectibles	(2,543,211)		(2,543,211)
Receivables, net	\$ 282,657	\$ 3,766	\$ 286,423

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## Note 6 - Due From Other Governments

At June 30, 2014, due from other governments consisted of (amounts expressed in thousands):

	<b>Governmental Funds</b>		<b>Total Governmental Activities</b>
	General	Internal Service	
Due from other governments	\$ 1,147,414	\$ 633	\$ 1,148,047
Allowance for uncollectibles	(121)		(121)
Due from other governments, net	\$ 1,147,293	\$ 633	\$ 1,147,926
Amounts not scheduled for collection in subsequent year	\$ 620,058		\$ 620,058

	<b>Business-type Activities</b>		
	Unemployment Compensation	Port Authority at Gulfport	Total
Due from other governments	\$ 2,586	\$ 19	\$ 2,605
Allowance for uncollectibles	(2,032)		(2,032)
Due from other governments, net	\$ 554	\$ 19	\$ 573

## Note 7 - Loans and Notes Receivable

At June 30, 2014, loans and notes receivables consisted of (amounts expressed in thousands):

	<b>Primary Government</b>	<b>Component Units</b>		
	Governmental Activities Governmental Funds General	Universities	Nonmajor	Total
Loans and notes receivable	\$ 376,917	\$ 207,391	\$ 650	\$ 208,041
Allowance for uncollectibles	(50,402)	(26,636)		(26,636)
Loans and notes receivable, net	\$ 326,515	\$ 180,755	\$ 650	\$ 181,405
Amounts not scheduled for collection in subsequent year	\$ 293,208	\$ 142,007		\$ 142,007

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## Note 8 - Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2014, was as follows (amounts expressed in thousands):

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 2,179,301	\$ 55,140	\$ 83	\$ 2,234,358
Construction in progress	4,408,014	786,528	1,091,371	4,103,171
Total capital assets not being depreciated	6,587,315	841,668	1,091,454	6,337,529
Capital assets being depreciated:				
Software	5,953	55,620		61,573
Buildings	2,005,400	92,785	14,130	2,084,055
Land improvements	232,895	11,703	1,855	242,743
Machinery and equipment	662,021	87,959	32,473	717,507
Infrastructure	9,322,380	916,544	257,266	9,981,658
Total capital assets being depreciated	12,228,649	1,164,611	305,724	13,087,536
Less accumulated depreciation for:				
Software	4,505	437		4,942
Buildings	550,403	40,168	8,231	582,340
Land improvements	114,281	9,817	580	123,518
Machinery and equipment	440,226	48,274	26,829	461,671
Infrastructure	3,264,659	299,983	257,266	3,307,376
Total accumulated depreciation	4,374,074	398,679	292,906	4,479,847
Total capital assets being depreciated, net	7,854,575	765,932	12,818	8,607,689
Governmental activities capital assets, net	\$ 14,441,890	\$ 1,607,600	\$ 1,104,272	\$ 14,945,218

<b>Business-type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 71,111	\$ 59,422	\$ 117	\$ 130,416
Construction in progress	62,202	36,837	62,952	36,087
Total capital assets not being depreciated	133,313	96,259	63,069	166,503
Capital assets being depreciated:				
Buildings	75,030	2,346		77,376
Land improvements	41,672	1,178		42,850
Machinery and equipment	20,362	820	416	20,766
Infrastructure	124,636			124,636
Total capital assets being depreciated	261,700	4,344	416	265,628
Less accumulated depreciation for:				
Buildings	20,204	1,505		21,709
Land improvements	22,909	1,474		24,383
Machinery and equipment	11,822	988	268	12,542
Infrastructure	48,609	3,921		52,530
Total accumulated depreciation	103,544	7,888	268	111,164
Total capital assets being depreciated, net	158,156	(3,544)	148	154,464
Business-type activities capital assets, net	\$ 291,469	\$ 92,715	\$ 63,217	\$ 320,967

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

## Governmental Activities:

General government	\$	21,941
Education		3,955
Health and social services		14,418
Law, justice and public safety		28,614
Recreation and resources development		10,938
Regulation of business and profession		201
Transportation		314,419
Depreciation on capital assets held by the government's internal service funds is charged to the various functions based on their usage of the assets		4,193
Total depreciation expense - governmental activities	\$	<u>398,679</u>

## Business-type Activities:

Port Authority at Gulfport	\$	6,397
Other business-type		1,491
Total depreciation expense - business-type activities	\$	<u>7,888</u>

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

	Project Authorization	Expended To Date	Outstanding Commitment
<b>Governmental Activities:</b>			
Department of Transportation	\$ 4,711,621	\$ 3,848,168	\$ 866,006
Department of Finance and Administration	142,863	95,034	44,447
Information Technology Services	11,115	9,634	1,201
Wireless Communication Commission	26,658	13,133	13,525
Department of Public Safety	44,308	31,887	5,713
Department of Health	41,608	33,994	325
Department of Revenue	33,740	18,475	15,264
East MS State Hospital	25,019	11,935	11,978
Military Department	19,242	17,354	1,888
Department of Rehabilitation Services	13,578	12,855	699
Other projects less than \$10 million	16,655	10,702	4,266
Total governmental activities	<u>5,086,407</u>	<u>4,103,171</u>	<u>965,312</u>
<b>Business-type Activities:</b>			
Port Authority at Gulfport	81,211	36,087	45,124
Total business-type activities	<u>81,211</u>	<u>36,087</u>	<u>45,124</u>
Total construction in progress	<u>\$ 5,167,618</u>	<u>\$ 4,139,258</u>	<u>\$ 1,010,436</u>



# Mississippi

## Component Units

At June 30, 2014, capital assets consisted of (expressed in thousands):

	Universities	Nonmajor	Total
Capital assets not being depreciated:			
Land	\$ 87,771	\$ 17,142	\$ 104,913
Construction in progress	494,824	2,984	497,808
Total capital assets not being depreciated	582,595	20,126	602,721
Capital assets being depreciated:			
Buildings	3,088,339	161,857	3,250,196
Land improvements	312,651	50,585	363,236
Machinery and equipment	1,153,571	27,664	1,181,235
Infrastructure		37,965	37,965
Total capital assets being depreciated	4,554,561	278,071	4,832,632
Less accumulated depreciation	1,760,870	124,082	1,884,952
Total capital assets being depreciated, net	2,793,691	153,989	2,947,680
Component units capital assets, net	\$ 3,376,286	\$ 174,115	\$ 3,550,401

## Note 9 - Long-term General Obligation Bonds

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

General obligation bonds are issued to provide funds for capital improvements which include repairing, renovating, or constructing state owned facilities, to provide loans and grants to local governments and other entities for economic development and capital improvements, and to provide grants to community colleges and universities for capital improvements. General obligation refunding bonds are issued to currently refund or advance refund certain outstanding bonds for both capital and non-capital related purposes, the majority of which are non-capital related. Certain general obligation refunding bonds issued by the State as of June 30, 2014 pay interest at variable rates. The remaining general obligation debt has fixed rates of interest.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U. S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. The State must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. As of June 30, 2014, no arbitrage rebate liability existed.

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

### Defeased Bonds

In prior years, the State defeased certain outstanding general obligation bonds of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2014, \$242,625,000 of outstanding general obligation bonds are considered defeased.

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At June 30, 2014, the primary government's outstanding general obligation bonds as presented in governmental activities and business-type activities are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Maturity Date	Original Amount
<b>Governmental Activities:</b>				
Land, Water, and Timber Resources	\$ 1,230	4.4%	Nov. 2014	\$ 10,000
Local Governments Rail Program	370	4.4%	Nov. 2014	3,000
Milk Producers	1,625	4.93% - 5.17%	Dec. 2017	3,500
Technology Alliance	745	5% - 5.25%	Oct. 2023	1,000
Farish Street Historic District	832	1.75% - 5.25%	Nov. 2023	1,500
Heritage, History, and Culture Tourism	655	1.75% - 4.35%	Nov. 2023	700
Small Business and Existing Forestry Industry	4,685	1.75% - 4.35%	Nov. 2023	5,000
State Railroad Revitalization	940	1.75% - 4.35%	Nov. 2023	1,000
Sustainable Energy	910	.70% - 4.35%	Nov. 2023	1,000
Local Governments Capital Improvements	8,270	.79% - 5.25%	Dec. 2025	15,500
Raspet Flight Research Laboratory	113	1.63% - 5%	Dec. 2025	1,200
State Shipyard Improvements	49,310	4.36% - 5.4%	Dec. 2025	116,000
Stennis Space Center	4,561	4.93% - 5.25%	Dec. 2025	11,870
Hinds County Development Project Loans	20,000	.31% - 4.17%	Dec. 2026	20,000
Job Protection	3,200	.31% - 5.25%	Dec. 2026	8,000
Railroad Lines and Bridges Improvement	4,561	.31% - 5.25%	Dec. 2026	5,000
Workforce Training	4,640	.31% - 4.35%	Dec. 2026	5,000
Industry Incentive Financing	336,605	.31% - 4.35%	Oct. 2027	343,010
Small Enterprise Development Finance	12,795	3.63% - 6.5%	July 2028	78,085
ACE Fund	38,145	.70% - 5.54%	Oct. 2029	47,450
Existing Industry	41,274	.70% - 5.54%	Oct. 2029	46,500
Rural Impact	8,162	.31% - 5.54%	Oct. 2029	16,200
Statewide Wireless Communication System	41,192	1.8% - 5.54%	Oct. 2029	47,000
Major Economic Impact	207,250	.31% - 6.09%	Dec. 2033	259,300
Port Improvements	10,000	5%	Dec. 2033	10,000
Rail Authority of East Mississippi	1,000	5%	Dec. 2033	1,000
Farm Reform	3,113	.79% - 5.67%	Oct. 2034	5,000
Small Municipalities and Limited Population Counties	19,550	.31% - 5.67%	Oct. 2034	30,750
Business Investment	22,010	.31% - 5.25%	Nov. 2034	38,400
Economic Development Highway	164,280	.31% - 5.54%	Nov. 2034	195,000
Capital Improvements	1,106,481	.31% - 5.67%	Oct. 2036	1,445,860
General Obligation Refunding Bonds *	1,709,681	.78% - 7.15%	Oct. 2036	2,368,432
Local Governments Water System Improvement	10,682	.31% - 5.25%	Oct. 2036	14,843
Local System Bridge Replacement and Rehabilitation	93,735	1.63% - 5.25%	Oct. 2036	127,200
Rural Fire Truck Acquisition	10,335	1.63% - 5.67%	Oct. 2036	17,250
Transportation	192,335	1.63% - 5.45%	Oct. 2036	193,900
Total	4,135,272			5,494,450
Premiums	162,371			-
Total Governmental Activities	4,297,643			5,494,450
<b>Business-type Activities:</b>				
General Obligation Refunding Bonds	15,503	3.81% - 5.5%	Nov. 2022	27,367
Total General Obligation Bonds	<u>\$ 4,313,146</u>			<u>\$ 5,521,817</u>

\* Interest rate swap agreements have been entered into in connection with \$74,025,000 of outstanding variable rate general obligation refunding bonds where the state pays the counterparty fixed rate payments ranging from 3.98% to 4.037% and receives variable rate payments computed based on the SIFMA swap index. Additionally, interest rate swap agreements have been entered into in connection with \$100,000,000 of outstanding variable rate general obligation refunding bonds where the state pays the counterparties fixed rate payments ranging from 5.248% to 5.708% and receives variable rate payments computed based on one-month LIBOR. The remaining outstanding general obligation bonds have fixed rates of interest.

# Mississippi

At June 30, 2014, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 258,687	\$ 184,839	\$ 2,833	\$ 622
2016	280,296	173,030	2,974	505
2017	290,118	160,839	3,022	379
2018	402,823	143,509	3,127	241
2019	232,927	131,402	3,238	92
2020 - 2024	944,306	530,022	309	25
2025 - 2029	770,025	338,865		
2030 - 2034	704,915	159,487		
2035 - 2039	251,175	15,311		
Total	4,135,272	1,837,304	15,503	1,864
Premiums	162,371			
Total Debt Service, Net	\$ 4,297,643	\$ 1,837,304	\$ 15,503	\$ 1,864

## Derivative Instruments

The State entered into interest rate swap agreements in connection with \$174,025,000 of outstanding variable rate debt in order to hedge changes in cash flows.

At June 30, 2014, the State had the following pay-fixed interest rate swap derivative instruments reported in governmental activities, all of which had the objective of hedging the interest rate risk of the variable rate bonds.

Associated Bonds	Notional Amount	Effective Date	Final Maturity Date	Terms	Counterparty Credit Rating
2012C	\$ 50,000,000	Aug. 2012	Nov. 2017	Pay 5.708%; receive one-month LIBOR	A/A2/A
2012C	50,000,000	Aug. 2012	Nov. 2017	Pay 5.248%; receive one-month LIBOR	AA-/Aa2/AA-
2012D	39,115,000	Aug. 2012	Sept. 2017	Pay 3.980%; receive SIFMA swap index	A-/Baa2/A
2012D	34,910,000	Aug. 2012	Sept. 2017	Pay 4.037%; receive SIFMA swap index	A-/Baa2/A

The swaps associated with the 2012C and 2012D variable rate bonds had an effectiveness determined using regression analysis on variable interest rate bonds. The variability of the cash flows of the bond coupons is affected by more than changes in the benchmark interest rate. For example, changes in the credit quality of the State's bonds would affect its interest rates. The State's specific objective, however, is to offset changes in the cash flows of the bond coupons attributable to changes in the benchmark interest rate (a cash flow hedge). The relevant benchmark interest rate indexes for the 2012C and 2012D variable rate bonds are LIBOR and SIFMA, respectively. For the 2012C and 2012D bonds, the swaps that the State entered into do not meet the criteria for the consistent critical terms method. Because the swaps are a hedge of interest rate risk as opposed to the risk of changes in overall cash flows associated with the bond coupons, the State is precluded from using the synthetic instrument method to evaluate effectiveness. Unable to apply either the consistent critical terms method or the synthetic instrument method, the State has chosen to apply the regression analysis method for financial reporting purposes as well as tax compliance purposes.

The regression analysis method evaluates effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedgeable items. The changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item if all of the following criteria are met;

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

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

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

Data was used from November and December 2011 through June 30, 2014, to determine if the potential hedging derivative instruments were effective as of June 30, 2014. The use of the regression analysis method requires appropriate interpretation and understanding of the statistical inferences.

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The resulting calculation shows that using over 30 observations, the resulting adjusted R-square is .99, the F-statistic is zero and the regression coefficients for the slopes are between -1.003 and -.995. Based on these parameters required to apply hedge accounting, the 2012C and 2012D hedges are deemed highly effective.

The hedging derivative instruments are considered hybrid instruments since the derivatives were “off-market” at the time of association with the 2012C and 2012D bonds. Additionally, as a result of the refunding, the resulting maturity date was revised to November 1, 2017 and September 1, 2017, for the 2012C and 2012D bonds, respectively. Therefore, the portion of each hedging derivative instruments value attributable to payment dates beyond the maturity date will be accounted for as an investment derivative, since there is no hedgeable item beyond that date.

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

The fair value balances at June 30, 2014 and the changes in fair value of pay fixed receive-variable interest rate swaps reported in governmental activities are:

Associated Bonds	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2014	
		Classification	Amount	Classification	Amount
2012C	\$ 50,000,000	Interest expense	\$ 4,628,000	Borrowing	\$ (8,049,000)
		Deferred outflows of resources	(8,424,000)	At-market derivative	324,000
		Investment revenue	3,350,000	Investment derivative	(8,753,000)
2012C	50,000,000	Interest expense	3,828,000	Borrowing	(6,606,000)
		Deferred outflows of resources	(7,201,000)	At-market derivative	(334,000)
		Investment revenue	3,260,000	Investment derivative	(5,578,000)
2012D	39,115,000	Interest expense	2,359,000	Borrowing	(3,696,000)
		Deferred outflows of resources	(2,437,000)	At-market derivative	(6,000)
		Investment revenue	517,000	Investment derivative	(1,698,000)
2012D	34,910,000	Interest expense	2,576,000	Borrowing	(3,278,000)
		Deferred outflows of resources	(3,070,000)	At-market derivative	(4,000)
		Investment revenue	820,000	Investment derivative	(1,361,000)
	\$ 174,025,000		\$ 206,000		\$ (39,039,000)

**Hedged Debt and Derivative Instrument Payments** - The interest and net swap payments shown assume that interest rates at year end will remain unchanged for the term of the bonds and the hedges. As interest rates vary, interest payments on the variable rate bonds and the net swap payments will change. The future minimum debt service on long-term general obligation debt reported for the primary government is presented at the end of this note. At June 30, 2014, future debt service requirements on the hedged variable rate bonds and net payments on associated hedging derivative instruments are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Net Swap Payment	Total
2015	\$ 4,375	\$ 1,273	\$ 8,101	\$ 13,749
2016	4,550	1,246	7,923	13,719
2017	4,755	1,219	7,737	13,711
2018	161,255	349	2,198	163,802
	\$ 174,935	\$ 4,087	\$ 25,959	\$ 204,981

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

**Credit Risk** - The swap agreements and Section 31-18-11, Mississippi Code Ann. (1972), require that the counterparties have credit ratings by at least one nationally recognized statistical rating agency that are within the two highest investment grade categories, and credit ratings by all other nationally recognized statistical rating agencies that are within the three highest grade categories, otherwise the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings. Section 31-18-11, Mississippi Code Ann. (1972), also requires that should the credit rating of the counterparty or of the entity unconditionally guaranteeing the counterparty's obligations fall below the required rating, that the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by the United States of America, with a net market value of at least 102% of the net market value of the

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swap agreements and shall be deposited as directed by the State. Additionally, Section 31-18-11, Mississippi Code Ann. (1972), requires that the counterparty, or the entity guaranteeing the counterparty's obligations, have a net worth of at least \$100,000,000. The State is not exposed to credit risk at June 30, 2014, as all hedging and investment derivative instruments are in a liability position.

*Basis Risk* - The swap agreements expose the State to basis risk because the applicable interest rates under the swap agreements are based on LIBOR and SIFMA swap indexes, which may differ from the interest rates for the State's variable rate bonds. As of June 30, 2014, the weighted average variable interest rate paid on the bonds was .74239%, while the SIFMA swap index was .06% and one-month LIBOR was .15520%.

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

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## Note 10 - Bonds Authorized But Unissued

At June 30, 2014, authorized but unissued bond indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized	Authorized But Unissued
<b>General Obligation Bonds:</b>		
ACE Fund	\$ 57,450	\$ 10,000
Business Investment Act	341,500	47,823
Capital Improvements	566,050	102,856
Deer Island Project	10,000	1,200
Economic Development Highway	364,500	75,600
Energy Infrastructure Revolving Loan	5,000	5,000
Farm Reform	128,000	20,000
Job Protection	15,000	1,000
Industry Incentive Financing	468,000	124,990
Local Governments Capital Improvements	128,000	12,500
Major Economic Impact	1,142,800	65,110
North Central Mississippi Regional Railroad Grant	15,000	15,000
Railroad Revitalization and Stimulus	3,000	2,000
Rural Fire Truck Acquisition	17,850	600
Small Business and Existing Forestry Industry Revolving Loan	30,000	25,000
Small Enterprise Development Finance	140,000	127,205
Sustainable Energy Research	2,000	1,000
Technology Alliance	4,000	2,000
Transportation - Access Roads	4,000	4,000
Workforce Training	8,000	3,000
	<u>\$ 3,450,150</u>	<u>\$ 645,884</u>

## Note 11 - Revenue Bonds and Notes

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

At June 30, 2014, outstanding revenue bonds and notes are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
<b>Component Units</b>				
Universities:				
Bonds	\$ 1,002,490	.29% - 6.84%	Sept. 2043	\$ 1,227,333
Notes	17,154	1.29% - 5.13%	Sept. 2039	21,902
Total Component Units	<u>\$ 1,019,644</u>			<u>\$ 1,249,235</u>

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At June 30, 2014, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Component Units	
	Principal	Interest
2015	\$ 30,605	\$ 45,378
2016	32,230	45,317
2017	33,928	44,015
2018	32,033	42,771
2019	33,723	42,288
2020 - 2024	177,575	185,515
2025 - 2029	191,137	143,944
2030 - 2034	218,601	93,448
2035 - 2039	173,461	43,203
2040 - 2044	96,351	7,149
	<u>\$ 1,019,644</u>	<u>\$ 693,028</u>

## Note 12 - Other Long-term Liabilities

- A. Compensated Absences** - The State's liability for compensated absences at June 30, 2014 is \$119,229,000 for governmental activities and \$713,000 for business-type activities. Internal service compensated absences of \$1,284,000 are included in governmental activities. The component units' liability for compensated absences is \$116,517,000, of which \$115,768,000 is for the Universities. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-N).
- B. Pollution Remediation Obligation** - As of June 30, 2014, six Superfund sites in the State are in various stages of cleanup ranging from initial assessment of contamination to cleanup of chemical spills. Numerous leaking underground storage tank sites exist where motor fuels contaminate soil and groundwater, and present inhalation and explosive hazards. Under federal and state law, the State is legally obligated to remedy the detrimental effects of existing pollution through site investigation and assessment, restoration and replacement, cleanup, and monitoring.

At June 30, 2014, the primary government's pollution remediation obligation is \$41,857,000. This estimate is based on professional judgment, experience, historical cost data, and the use of the expected cash flow technique. Recoveries from other responsible parties, which would reduce the State's remediation liability, are not anticipated. Remediation obligation estimates may change over time. Estimated costs will vary due to changes in technology, fluctuation in prices, changes in potential responsible parties, and changes in regulations.

- C. Notes Payable** - At June 30, 2014, the primary government's outstanding notes payable as presented in governmental activities are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Utility restoration	\$ 108,384	5% - 5.45%	Jul. 2019	\$ 189,860
Energy efficiency	13,777	3.08% - 5.73%	Apr. 2026	17,131
Buildings	218,335	2% - 5.37%	Jul. 2031	228,985
Roads and bridges	666,143	2% - 6.59%	Jan. 2040	989,581
Total	<u>1,006,639</u>			<u>1,425,557</u>
Premiums	72,328			
Total Notes Payable, Net	<u>\$ 1,078,967</u>			<u>\$ 1,425,557</u>

**Defeased Notes** - In prior years, the State defeased certain outstanding notes of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased notes and related trust accounts are not included in the financial statements. At June 30, 2014, \$227,910,000 of outstanding notes are considered defeased.

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At June 30, 2014, future debt service requirements for notes payable as presented in governmental activities are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest
2015	\$ 46,711	\$ 51,138
2016	53,710	48,816
2017	61,831	46,172
2018	64,363	43,370
2019	64,739	40,224
2020-2024	276,169	160,094
2025-2029	252,026	91,089
2030-2034	107,715	45,166
2035-2039	67,385	15,175
2040-2044	11,990	769
Total	1,006,639	542,013
Premiums	72,328	
Total Debt Service, Net	<u>\$ 1,078,967</u>	<u>\$ 542,013</u>

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

At June 30, 2014, assets recorded under capital leases are as follows (amounts expressed in thousands):

	Governmental Activities	Business-type Activities
Land	\$ 700	\$ 700
Machinery and Equipment	42,134	1,493
Accumulated Depreciation	(22,936)	(653)
Total	<u>\$ 19,198</u>	<u>\$ 1,540</u>

Internal service funds predominately serve the governmental funds. Accordingly, internal service capital assets recorded under capital leases of \$463,000 are included in the governmental activities column. The discretely presented component units recorded capital assets acquired through capital leases of \$31,528,000.

At June 30, 2014, future minimum commitments under capital leases are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
2015	\$ 7,291	\$ 83	\$ 7,374	\$ 2,420
2016	6,525	83	6,608	3,035
2017	4,945	83	5,028	3,479
2018	2,804	83	2,887	3,563
2019	1,540	43	1,583	10,946
2020-2024	1,340		1,340	5,403
2025-2029				5,395
2030-2034				6,097
2035-2039				4,699
Total Minimum Lease Payments	24,445	375	24,820	45,037
Less Interest	1,670	31	1,701	12,167
Present Value of Minimum Lease Payments	<u>\$ 22,775</u>	<u>\$ 344</u>	<u>\$ 23,119</u>	<u>\$ 32,870</u>

Internal service future minimum lease payments of \$988,000 less interest of \$47,000 are included in the governmental activities column.



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## Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2014 are summarized below (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds (Note 9)	\$ 4,045,596	\$ 339,165	\$ 249,489	\$ 4,135,272	\$ 258,687
Premiums/Discounts (Note 9)	161,642	15,838	15,109	162,371	15,442
Notes Payable (Note 12)	1,061,142	9,612	64,115	1,006,639	46,711
Premiums (Note 12)	78,868		6,540	72,328	6,322
Total Bonds and Notes	5,347,248	364,615	335,253	5,376,610	327,162
Derivative Instruments (Note 9)	39,245		206	39,039	
Capital Lease Obligations (Note 12)	13,158	16,107	6,490	22,775	6,649
Accrued Compensated Absences (Note 12)	126,480	59,822	67,073	119,229	8,891
Pollution Remediation Obligation (Note 12)	41,648	13,198	12,989	41,857	7,080
	<u>\$ 5,567,779</u>	<u>\$ 453,742</u>	<u>\$ 422,011</u>	<u>\$ 5,599,510</u>	<u>\$ 349,782</u>
<b>Business-type Activities:</b>					
General Obligation Bonds (Note 9)	\$ 18,210	\$	\$ 2,707	\$ 15,503	\$ 2,833
Capital Lease Obligations (Note 12)	131	378	165	344	72
Accrued Compensated Absences (Note 12)	663	221	171	713	47
	<u>\$ 19,004</u>	<u>\$ 599</u>	<u>\$ 3,043</u>	<u>\$ 16,560</u>	<u>\$ 2,952</u>

Internal service funds predominantly serve the governmental funds. Therefore, long-term liabilities for internal service funds are included in the governmental activities totals. The beginning and ending balances of governmental activities capital lease obligations include \$1,237,000 and \$941,000, respectively, of internal service funds. The beginning and ending balances of governmental activities accrued compensated absences include \$1,279,000 and \$1,284,000, respectively, of internal service funds. Also, for the governmental activities, accrued compensated absences are generally paid out of the general fund.

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

## Note 14 – Short-term Financing

**Credit Agreements** - The Division of Medicaid, which is reported within the General Fund, is authorized to obtain a line of credit up to \$150,000,000 from any special source funds in the state treasury or commercial lenders to cover temporary cash flow shortfalls in providing health care services. This line of credit is secured by the first available funds received by the Division of Medicaid and is to be repaid by the end of the quarter following the loan origination. Changes in the line of credit activity during fiscal year 2014 are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Medicaid Line of Credit	\$ 0	\$ 30,000	\$ 0	\$ 30,000

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## Note 15 - Retirement Plans

### Plan Description

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

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

### Membership and Benefit Provisions

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

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

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2014, the total annual COLA payments for PERS were \$476,401,043.

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

A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60, with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2014, the total annual COLA payments for MHSPRS were \$8,029,954.

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

Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service beyond 20 years, not to exceed 66.67 percent of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS plans also provide certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Benefit provisions are established by Sections 21-29-1 et seq., Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Statutes may be amended only by the State Legislature.

The retirees and beneficiaries of MRS plans with provisions for COLAs, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2014, the total COLAs for MRS plans were \$5,406,759.

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

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

Retirees and beneficiaries of SLRP may receive COLAs calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2014, the total COLAs for SLRP were \$242,440.

## **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, 2014. An actuarial valuation of MRS is required to be performed at least once in each four-year period. Due to the change in plan year, the actuarial valuation for MRS is now performed as of June 30, with the most recent being June 30, 2014. 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.

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## Funding Policy and Annual Pension Costs

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

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

	PERS	MHSPRS	MRS	SLRP
Contribution rates:				
State	15.75% ***	37% ***	N/A	7.4% ***
Other employers	N/A	N/A	1.44 – 6.9 mills	N/A
Plan members	9%	7.25%	7% - 10%	3% *
Annual pension cost	\$ 921,872	\$ 13,595	\$ 19,344	\$ 519
Employer contributions made	\$ 969,674	\$ 13,500 **	\$ 20,337	\$ 514
Actuarial valuation date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	29.2 years	30 years	20 years	25 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%	8%	8%	8%
Wage inflation rate	4.25%	4.25%	4.25%	4.25%
Projected salary increases	4.5% - 20%	5% - 10.52%	4.5% - 6%	4.5%
Increases in benefits after retirement	3% ~	3% @	2% - 3.75% #	3% ~

\* In addition to 9% required by PERS.

@ Calculated 3% simple interest to age 60, compounded each fiscal year thereafter.

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

# Varies depending on municipality.

\*\* Includes fees authorized by the State Legislature, which are reported as other additions in the pension trust funds. Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of \$3,600,000 (14 percent of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2014 was \$3,496,000.

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

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## Three-Year Trend Information

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

	PERS	MHSPRS*	MRS**	SLRP
<b>Contributions:</b>				
2012	\$ 768,914	\$ 12,044	\$ 22,793	\$ 490
2013	881,847	13,366	21,718	503
2014	969,674	13,500	20,337	514

\* Includes fees authorized by the State Legislature that are reported as other additions in the pension trust funds.

\*\* The 2012 information furnished for MRS is for the period ended September 30. Beginning in 2013, the MRS plan year changed to June 30.

The annual pension cost is equal to the employer contributions made to the Plans, except for MRS. For each year the contributions met the required contributions except for MRS where the percent contributed was 127% of the required contributions for September 30, 2012, and 102.6% and 105.4% of the required contributions for the years ended June 30, 2013, and 2014, respectively.

## Funded Status and Funding Progress

The following table provides funding information for the most recent actuarial valuation dates (amounts expressed in thousands):

	PERS	MHSPRS	MRS	SLRP
Actuarial Valuation Date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Value of Assets	\$ 22,569,940	\$ 295,298	\$ 157,970	\$ 14,899
Actuarial Accrued Liability (AAL) Entry Age	\$ 37,015,288	\$ 445,822	\$ 340,385	\$ 20,240
Unfunded AAL	\$ 14,445,348	\$ 150,524	\$ 182,415	\$ 5,341
Percent Funded	61.0%	66.2%	46.4%	73.6%
Annual Covered Payroll	\$ 5,834,687	\$ 25,554	\$ 727	\$ 6,918
Unfunded AAL as a Percentage of Annual Covered Payroll	247.6%	589.0%	25,091.5%	77.2%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# Mississippi

## Note 16 - Other Postemployment Benefits

### Plan Description

The State and School Employees' Health Insurance Management Board (the Board) administers the State's self-insured medical plan and life insurance program established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the State has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit healthcare plan. Effective July 1, 2007, the State implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The State does not issue a publicly available financial report for the Plan.

### Funding Policy

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. The Plan is financed on a pay-as-you-go basis. The Board has the sole authority for setting health insurance premiums for the State and School Employees' Life and Health Insurance Plan.

Per Section 25-15-15 (10), Mississippi Code Ann. (1972), any retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from his State retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the board determines actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the state, then the board may impose a premium surcharge, not to exceed fifteen percent, upon such participating retired employees who are under the age for Medicare eligibility and who were initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who were initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determines actuarially to cover the full cost of insurance. For the year ended June 30, 2014, retiree premiums range from \$190 to \$1,472 depending on plan election, dependent coverage, Medicare eligibility, and date of hire.

### Actuarial Valuation

The State and School Employees' Life and Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of June 30, 2014. The Plan presently has an actuarial valuation performed annually in order to be in compliance with GASB Statement 45.

### Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC was determined assuming the Plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC of \$43,939,000 is 1.00 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for fiscal year 2014 (amounts expressed in thousands):

Annual required contribution	\$ 43,939
Interest on prior year net OPEB obligation	5,634
Adjustment to annual required contribution	(4,320)
Annual OPEB cost	45,253
Contributions made	(30,503)
Increase in net OPEB obligation	14,750
Net OPEB obligation – Beginning of year	125,193
Net OPEB obligation – End of year	<u>\$ 139,943</u>

# Mississippi

The following table provides the State's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years as restated (amounts expressed in thousands):

	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2012	\$ 46,994	43.8%	\$ 108,636
2013	46,047	64.0	125,193
2014	45,253	67.4	139,943

## Funded Status and Funding Progress

The following table provides funding information for the most recent actuarial valuation date (amounts expressed in thousands):

Actuarial Valuation Date	June 30, 2014
Actuarial Value of Assets	\$ 0
Actuarial Accrued Liability (AAL) Entry Age Normal	\$ 762,358
Unfunded AAL (UAAL)	\$ 762,358
Funded Ratio	0.0%
Annual Covered Payroll	\$ 4,406,047
UAAL as a Percentage of Annual Covered Payroll	17.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.5%
Projected salary increases**	4.5% - 15.0%
Healthcare cost trend rate*	7.75%
Ultimate trend rate	5.0%
Year of ultimate trend rate	2019
* Includes price inflation at	3.5%
** Includes wage inflation at	4.25%

## Note 17 - Commitments

### A. Operating Leases

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

# Mississippi

Operating lease payments are recorded as expenditures or expenses when paid or incurred. Future minimum commitments due under non-cancellable operating leases for land and buildings as of June 30, 2014 are as follows (amounts expressed in thousands):

<b>Year Ending June 30</b>	<b>Amount</b>
2015	22,176
2016	19,621
2017	14,633
2018	10,424
2019	6,947
2020 - 2024	19,129
2025 - 2029	14,531
2030 - 2034	14,151
2035 - 2039	249
2040 - 2044	168
2045 - 2049	59
Total Minimum Commitments	<u>\$ 122,088</u>

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2014 amounted to \$22,653,000.

## **B. Contracts**

At June 30, 2014, the Department of Transportation had contracts outstanding of approximately \$779,986,000 with performance continuing during fiscal year 2015. Of this amount \$22,314,000 is related to local public agencies, such as planning and development districts, counties and municipalities. These contracts were primarily for construction, repair and maintenance and will be paid through the General Fund. Approximately 57 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline taxes.

The State Aid Road Division had contracts of \$38,362,000 outstanding at June 30, 2014 for construction, repair and maintenance of state and county roads. These contracts will be paid through the General Fund. Approximately 31 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific tax levies.

The Office of Building, Grounds and Real Property Management had outstanding construction, repair and maintenance contracts of \$185,182,000 at June 30, 2014. These contracts will be paid from the General fund.

The Military Department had contracts outstanding of approximately \$1,888,000 at June 30, 2014. 100 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred.

The Port Authority at Gulfport (a major enterprise fund) had contracts outstanding of approximately \$45,124,000 at June 30, 2014. These contracts were primarily for construction costs related to the port. These contracts will be paid from Port Authority at Gulfport's revenues and federal grants.

The Department of Information Technology Services had contracts outstanding of approximately \$37,233,000 at June 30, 2014. These contracts were primarily for the construction of the Mississippi Wireless Information Network (MSWIN) state-wide digital trunked land mobile radio system including enhancements which add broadband data capabilities. Approximately 95 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be paid through the General Fund.

## **C. Encumbrances**

Encumbrances represent executed but unperformed purchase orders that are reported within governmental funds as restricted, committed, or assigned fund balance. At June 30, 2014, the encumbrance amounts in the General Fund were \$8,977,000.



# Mississippi

## Note 18 - Risk Management

The State has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the State are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits. The State utilizes the internal service Risk Management Fund to account for these activities with the noted exception in workers' compensation benefits. Estimates of liabilities for incurred but unpaid claims include both reported and unreported insured events. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments due to immateriality. Changes in claim liabilities recorded in governmental activities for fiscal years 2013 and 2014 are as follows (amounts expressed in thousands):

	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
<b>2013</b>	\$ 150,598	\$ 710,676	\$ 713,599	\$ 147,675
<b>2014</b>	147,675	771,904	727,718	191,861

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

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

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

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

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

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

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

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

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

# Mississippi

## Note 19 - Contingencies

- A. Federal Grants** - The State has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State. The State estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.
- B. Litigation** - The State is party to various legal proceedings that arise in the normal course of governmental operations. The State's legal counsel believes that they will be successful in defending the State and its agencies in a majority of these cases. In the event that they are not successful in defending such cases, they do not believe that the total liability will exceed \$39,002,000. In the opinion of the State, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the State.
- C. Loan Guarantees** - The Mississippi Development Authority (MDA), a state agency, is authorized by state law to provide loan guarantees through the Small Business Loan Guarantee Program, funded through the Federal State Small Business Credit Initiative, in order to increase the amount of capital made available by private lenders to small businesses. The length of the loan guarantees range from one to fifteen years. In the case of default by the borrower, following the private lender's normal collection procedures to seek reimbursement from the loan recipient, the State pays the private lender a percentage of the outstanding loan amount. At June 30, 2014, outstanding MDA loan guarantees totaled \$34,352,000.
- The State has co-signed promissory notes issued by the Federal Emergency Management Agency under the Federal Community Disaster Loan Program (CDL) on behalf of local governments as authorized by state law. The program provides operational funding for local governments or political subdivisions of the State that incurred a significant loss in revenue due to a presidentially declared disaster that adversely affected their ability to provide essential governmental services. In March 2013, federal legislation allowed borrowers to apply for cancellation of debt based on inability to repay their loans. At June 30, 2014, the remaining outstanding CDL loan guarantees totaled \$3,691,000. The loan guarantees expire September 30, 2035.
- D. Conduit Debt** - The Mississippi Development Bank (a nonmajor component unit) issues special obligation bonds in order to provide funds for making loans to governmental units. Although the special obligation bonds bear the name of the Bank, the Bank is not responsible for the payment of the bonds but rather the bonds are secured only by the payments agreed to be paid by the governmental units under the terms of the loan agreements. The outstanding balance of special obligation bonds issued by the Bank was approximately \$2,184,048,000 at June 30, 2014. The faith, credit and taxing power of the State and the Bank are not pledged to the payment of such bonds.

## Note 20 - Subsequent Events

The Working Cash Stabilization Reserve Account and budgetary special funds may be used to meet cash flow needs throughout the year when the General Fund experiences projected cash flow deficiencies. As a result, the General Fund has accumulated borrowings outstanding of \$396,985,000 from the Working Cash Stabilization Reserve Account and \$166,898,049 from budgetary special funds as of February 12, 2015. In order to comply with State law, all borrowings must be repaid by the end of the fiscal year.

The State entered into a financing agreement on July 2, 2014 to accelerate the construction of a highway project. The agreement resulted in notes payable totaling \$82,940,000 payable beginning in year 2015 through year 2030 with interest rates ranging from 1% to 5%.

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# Mississippi

## Required Supplementary Information

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Sales tax	\$ 1,946,000	\$ 1,946,000	\$ 1,955,113	\$ 9,113
Individual income tax	1,668,400	1,668,400	1,666,791	(1,609)
Corporate income and franchise taxes	464,500	464,500	677,046	212,546
Use and wholesale compensating taxes	231,500	231,500	246,322	14,822
Tobacco, beer and wine taxes	186,200	186,200	176,181	(10,019)
Insurance tax	208,500	208,500	250,975	42,475
Oil and gas severance taxes	80,300	80,300	76,654	(3,646)
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	69,500	69,500	71,525	2,025
Other taxes	10,700	10,700	10,869	169
Interest	17,100	17,100	13,511	(3,589)
Auto privilege, tag and title fees	10,800	10,800	9,759	(1,041)
Gaming fees	139,300	139,300	127,777	(11,523)
Highway Safety Patrol fees	21,100	21,100	22,855	1,755
Other fees and services	11,500	11,500	10,292	(1,208)
Miscellaneous	4,300	4,300	3,851	(449)
Court assessments and settlements			70,286	70,286
Special Fund revenues				
Total Revenues	5,069,700	5,069,700	5,389,807	320,107
<b>Expenditures by Major Budgetary Function</b>				
Legislative	28,398	28,942	26,378	(2,564)
Judiciary and justice	64,500	64,500	64,453	(47)
Executive and administrative	3,289	3,289	3,217	(72)
Fiscal affairs	56,850	56,850	56,792	(58)
Public education	2,080,865	2,085,865	2,077,657	(8,208)
Higher education	761,636	761,636	761,596	(40)
Public health	36,039	36,039	35,796	(243)
Hospitals and hospital schools	216,134	216,134	216,072	(62)
Agriculture, commerce and economic development	110,144	110,144	110,034	(110)
Conservation and recreation	48,197	48,197	48,135	(62)
Insurance and banking				
Corrections	334,633	334,633	334,580	(53)
Interdepartmental service				
Social welfare	737,880	737,880	737,836	(44)
Public protection and veterans assistance	88,951	88,951	88,001	(950)
Local assistance	81,109	81,109	81,109	
Motor vehicle and other regulatory agencies	40	40	40	
Miscellaneous	1,337	1,337	1,337	
Public works				
Debt service	375,360	375,860	375,455	(405)
Total Expenditures	5,025,362	5,031,406	5,018,488	(12,918)
Excess of Revenues over (under) Expenditures	44,338	38,294	371,319	333,025
<b>Other Financing Sources (Uses)</b>				
Transfers in	11,200	11,200	13,213	2,013
Transfers out			(397,492)	(397,492)
Other sources of cash			164	164
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	55,538	49,494	(12,796)	(62,290)
Budgetary Fund Balances - Beginning	54,121	54,121	54,121	
Budgetary Fund Balances - Ending	\$ 109,659	\$ 103,615	\$ 41,325	\$ (62,290)

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

Education Enhancement Fund				Special Fund			
Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
\$ 252,492	\$ 258,299	\$ 276,440	\$ 18,141	\$	\$	\$	\$
27,198	27,769	30,037	2,268				
		96	96				
		79	79				
				11,503,982	12,749,936	10,341,746	(2,408,190)
279,690	286,068	306,652	20,584	11,503,982	12,749,936	10,341,746	(2,408,190)
				6	6	6	
				69,109	79,638	61,568	(18,070)
				16,359	65,509	22,871	(42,638)
				80,902	160,576	129,467	(31,109)
254,668	255,907	253,764	(2,143)	916,086	917,722	764,376	(153,346)
98,115	98,115	98,359	244	112,075	115,030	79,833	(35,197)
				408,979	412,708	292,732	(119,976)
				374,816	394,024	366,650	(27,374)
2,966	2,966	2,719	(247)	496,800	497,861	272,311	(225,550)
125	125	125		356,194	419,791	263,898	(155,893)
				47,208	88,309	60,519	(27,790)
				27,269	50,372	44,418	(5,954)
				45,271	52,321	48,422	(3,899)
				6,586,806	6,988,933	6,088,245	(900,688)
				765,184	923,960	457,827	(466,133)
				28,436	30,663	27,759	(2,904)
450	450	450		985	1,030	720	(310)
				1,099,914	1,479,900	1,318,348	(161,552)
				71,583	71,583	46,222	(25,361)
356,324	357,563	355,417	(2,146)	11,503,982	12,749,936	10,346,192	(2,403,744)
(76,634)	(71,495)	(48,765)	22,730			(4,446)	(4,446)
		46,000	46,000			1,500	1,500
						(22,629)	(22,629)
(76,634)	(71,495)	(2,765)	68,730			(25,575)	(25,575)
		25,991	25,991			1,160,909	1,160,909
\$ (76,634)	\$ (71,495)	\$ 23,226	\$ 94,721	\$ 0	\$ 0	\$ 1,135,334	\$ 1,135,334

# Mississippi

## Required Supplementary Information

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

For the Year Ended June 30, 2014

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2014 is presented below (amounts expressed in thousands):

<u>Budgetary Funds</u>	<u>General</u>	<u>Education Enhancement</u>	<u>Special</u>
<u>Financial Statement Major Fund</u>	<u>General</u>		
Net Change in Budgetary Fund Balances	\$ (12,796)	\$ (2,765)	\$ (25,575)
Reclassifications:			
Budgetary fund excesses are reclassified to the General Fund for GAAP reporting	(30,128)	2,765	27,363
The State reports amounts in the budgetary funds that are reported in other major and nonmajor funds			(1,788)
Adjustments:			
The financial reporting fund structure includes funds that are not part of the budgetary fund structure	94,434		
The State's basis of budgeting is the cash basis plus encumbrances, rather than the modified accrual basis	(523,231)		
Lapse period revenues and expenditures are not treated as assets and liabilities in the financial reporting period	508,727		
Net Change in GAAP Fund Balances	\$ 37,006	\$ 0	\$ 0

# Mississippi

## Required Supplementary Information

### Schedule of Funding Progress - Pension Trust Funds

June 30, 2014 (Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b - a)	Percent Funded (a / b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Annual Covered Payroll ((b - a) / c)
<b>Public Employees' Retirement System of Mississippi</b>						
2012	\$ 19,992,797	\$ 34,492,873	\$ 14,500,076	58.0%	\$ 5,857,789	247.5%
2013	20,490,555	35,542,848	15,052,293	57.7	5,823,578	258.5
2014	22,569,940	37,015,288	14,445,348	61.0	5,834,687	589.0
<b>Mississippi Highway Safety Patrol Retirement System</b>						
2012	\$ 268,424	\$ 421,415	\$ 152,991	63.7%	\$ 25,670	596.0%
2013	271,097	431,575	160,478	62.8	25,816	621.6
2014	295,298	445,822	150,524	66.2	25,554	589.0
<b>Municipal Retirement Systems *</b>						
2012	\$ 155,484	\$ 356,571	\$ 201,087	43.6%	\$ 1,131	17,779.6%
2013	153,241	349,588	196,347	43.8	794	24,728.8
2014	157,970	340,385	182,415	46.4	727	25,091.5
<b>Supplemental Legislative Retirement Plan</b>						
2012	\$ 13,268	\$ 19,537	\$ 6,269	67.9%	\$ 6,872	91.2%
2013	13,554	19,978	6,424	67.8	6,695	95.9
2014	14,899	20,240	5,341	73.6	6,918	77.2

\* Valuation information furnished for MRS is as of September 30 for fiscal year 2012. MRS changed its plan year end from September 30 to June 30 beginning in fiscal year 2013.

### Notes to Schedule of Funding Progress - Pension Trust Funds

The funding percentage of 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 for PERS, MHSPRS, MRS and SLRP 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 accrued and future service liabilities is based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, are the same as used to determine the plan's annual required contributions. For additional information regarding this schedule, refer to the separately issued PERS Comprehensive Annual Financial Report for 2014 by writing to Public Employees' Retirement System of Mississippi, 429 Mississippi Street, Jackson, MS 39201-1005.



# Mississippi

## Required Supplementary Information

### Schedule of Funding Progress - Other Postemployment Benefits

June 30, 2014 (Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b – a)	Percent Funded (a / b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Annual Covered Payroll ( (b – a) / c )
June 30, 2012	\$ 0	\$ 664,738	\$ 664,738	0.0%	\$ 4,312,956	15.4%
June 30, 2013	0	690,339	690,339	0.0	4,425,943	15.6
June 30, 2014	0	762,358	762,358	0.0	4,406,047	17.3



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## Nonmajor Enterprise Funds

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

### Nonmajor Enterprise Funds Descriptions

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

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

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

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

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

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

**Department of Corrections** - The **Restaurants and Commissary Fund** accounts for operations of two restaurants and a commissary at the state penitentiary. The restaurants are maintained for the convenience of Department of Corrections penitentiary employees. Profits from the commissary 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.

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 1,111	\$ 62,652	\$ 805	\$
Cash and cash equivalents	58	29		6,940
Receivables, net	19	634		154
Due from other funds	33			39
Due from component units				
Inventories			14	
Prepaid items		28		21
Loans and notes receivable		5,375		
Total Current Assets	1,221	68,718	819	7,154
Noncurrent assets:				
Loans and notes receivable		149,964		607
Capital assets:				
Land and construction in progress	840	226	100	2,168
Other capital assets, net	13,705	1,169	332	12,191
Total Noncurrent Assets	14,545	151,359	432	14,966
Total Assets	15,766	220,077	1,251	22,120
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	23	906	25	
Accounts payable and other liabilities	117	21	26	24
Due to other governments				174
Due to other funds	100	11	1	7
Deposits		1,565		
Unearned revenues	140			
Lease obligations payable				
Total Current Liabilities	380	2,503	52	205
Noncurrent liabilities:				
Due to other governments				11,232
Lease obligations payable				
Other liabilities	69	51	30	35
Total Noncurrent Liabilities	69	51	30	11,267
Total Liabilities	449	2,554	82	11,472
<b>Net Position</b>				
Net investment in capital assets	14,545	1,395	432	7,069
Unrestricted	772	216,128	737	3,579
Total Net Position	\$ 15,317	\$ 217,523	\$ 1,169	\$ 10,648

<b>Department of Rehabilitation Services</b>	<b>Department of Agriculture and Commerce</b>	<b>Department of Corrections</b>		
AbilityWorks	Agriculture and Forestry Museum	Restaurants and Commissary	Prison Agricultural Enterprises	<b>Totals</b>
\$	\$	\$	\$	\$
9,476	87		1,416	66,071
3,477	21	432		16,956
11,396		578		4,862
9		1	60	11,529
172	31		563	9
282				780
				331
				5,375
24,812	139	1,011	2,039	105,913
				150,571
	1,690			5,024
	2,011	34	2,876	32,318
	3,701	34	2,876	187,913
24,812	3,840	1,045	4,915	293,826
	3		57	1,014
3,093	20	606	54	3,961
	1			175
2,245		414		2,778
				1,565
				140
			72	72
5,338	24	1,020	183	9,705
				11,232
			272	272
	31		195	411
	31		467	11,915
5,338	55	1,020	650	21,620
	3,701	34	2,532	29,708
19,474	84	(9)	1,733	242,498
\$ 19,474	\$ 3,785	\$ 25	\$ 4,265	\$ 272,206

# Mississippi

## Nonmajor Enterprise Funds

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

			Department of Finance and Administration	
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Operating Revenues</b>				
Charges for sales and services	\$ 4,157	\$ 23	\$ 577	\$ 1,264
Investment income		6,564		
Rentals		47		848
Fees		54		
Other	459	2	12	
Total Operating Revenues	4,616	6,690	589	2,112
<b>Operating Expenses</b>				
Cost of sales and services	54			
General and administrative	1,228	962	455	586
Contractual services	3,242	318	137	895
Commodities	321	30	51	91
Depreciation	465	37	54	599
Other	7	6		
Total Operating Expenses	5,317	1,353	697	2,171
Operating Income (Loss)	(701)	5,337	(108)	(59)
<b>Nonoperating Revenues</b>				
Insurance recovery			50	
Gain on disposal of capital assets				333
Investment income		947	4	36
Total Nonoperating Revenues		947	54	369
<b>Nonoperating Expenses</b>				
Loss on disposal of capital assets			18	
Interest				
Total Nonoperating Expenses			18	
Income (Loss) before Capital Contributions and Transfers	(701)	6,284	(72)	310
Capital Contributions				
Transfers In	20	15		587
Transfers Out		(250)	(60)	
Change in Net Position	(681)	6,049	(132)	897
Total Net Position - Beginning	15,998	211,474	1,301	9,751
Total Net Position - Ending	\$ 15,317	\$ 217,523	\$ 1,169	\$ 10,648

Department of Rehabilitation Services		Department of Agriculture and Commerce		Department of Corrections					
AbilityWorks		Agriculture and Forestry Museum		Restaurants and Commissary		Prison Agricultural Enterprises	Totals		
\$	10,162	\$	197	\$	7,524	\$	1,380	\$	25,284
			350				462		6,564
									1,707
									54
	909		67		19				1,468
	11,071		614		7,543		1,842		35,077
	8,788		73		5,635		742		15,292
	7,931		457		434		456		12,509
	1,189		406		230		341		6,758
	51		73		276		736		1,629
			143				193		1,491
			2						15
	17,959		1,154		6,575		2,468		37,694
	(6,888)		(540)		968		(626)		(2,617)
									50
			2				8		343
	12								999
	12		2				8		1,392
									18
							10		10
							10		28
	(6,876)		(538)		968		(628)		(1,253)
			33						33
	7,863		469		15		729		9,698
	(2,000)				(974)		(58)		(3,342)
	(1,013)		(36)		9		43		5,136
	20,487		3,821		16		4,222		267,070
\$	19,474	\$	3,785	\$	25	\$	4,265	\$	272,206



# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Cash Flows from Operating Activities</b>				
Cash receipts from customers	\$ 4,632	\$ 104	\$ 597	\$ 2,103
Cash payments to suppliers for goods and services	(3,538)	(383)	(192)	(1,115)
Cash payments to employees for services	(1,210)	(931)	(443)	(562)
Other operating cash receipts		155	12	
Other operating cash payments		(2)		
Principal and interest received on program loans		23,306		
Issuance of program loans		(22,642)		
Net Cash Provided by (Used for) Operating Activities	(116)	(393)	(26)	426
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in	20	15		587
Transfers out		(250)	(60)	
Proceeds from other governments				677
Net Cash Provided by (Used for) Noncapital Financing Activities	20	(235)	(60)	1,264
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets			(131)	(464)
Proceeds from sale of capital assets				450
Principal paid on bonds and capital assets contracts				
Interest paid on bonds and capital assets contracts				
Proceeds from insurance recovery			50	
Net Cash Provided by (Used for) Capital and Related Financing Activities	0	0	(81)	(14)
<b>Cash Flows from Investing Activities</b>				
Investment income		933	5	36
Net Cash Provided by Investing Activities		933	5	36
Net Change in Cash and Cash Equivalents	(96)	305	(162)	1,712
Cash and Cash Equivalents - Beginning	1,265	62,376	967	5,228
Cash and Cash Equivalents - Ending	\$ 1,169	\$ 62,681	\$ 805	\$ 6,940

<u>Department of Rehabilitation Services</u>		<u>Department of Agriculture and Commerce</u>	<u>Department of Corrections</u>		
AbilityWorks		Agriculture and Forestry Museum	Restaurants and Commissary	Prison Agricultural Enterprises	Totals
\$	10,063	\$ 613	\$ 7,422	\$ 1,843	\$ 27,377
	(8,754)	(571)	(5,985)	(1,924)	(22,462)
	(7,931)	(454)	(421)	(453)	(12,405)
	909		18		1,094
					(2)
					23,306
					(22,642)
	(5,713)	(412)	1,034	(534)	(5,734)
	7,862	469	15	708	9,676
	(2,000)		(922)	(58)	(3,290)
					677
	5,862	469	(907)	650	7,063
				(47)	(642)
		2			452
				(166)	(166)
				(10)	(10)
					50
		2		(223)	(316)
	12				986
	12				986
	161	59	127	(107)	1,999
	9,315	49	305	1,523	81,028
\$	9,476	\$ 108	\$ 432	\$ 1,416	\$ 83,027

(Continued on Next Page)

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2014 (Expressed in Thousands)

(Continued from Previous Page)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ (701)	\$ 5,337	\$ (108)	\$ (59)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	465	37	54	599
Change in assets and liabilities:				
(Increase) decrease in assets:				
Receivables, net	21	(1)	6	30
Due from other governments	3	20	15	
Due from other funds	(17)			(39)
Due from component units				
Inventories			(14)	
Prepaid items		(6)		(1)
Loans and notes receivable		(6,304)		
Increase (decrease) in liabilities:				
Warrants payable	4	451	(3)	
Accounts payable and other liabilities	58	69	25	(86)
Due to other governments				
Due to other funds	43	4		(18)
Due to component units			(1)	
Unearned revenues	8			
Total adjustments	585	(5,730)	82	485
Net Cash Provided by (Used for) Operating Activities	\$ (116)	\$ (393)	\$ (26)	\$ 426
<b>Noncash Capital and Related Financing Activities</b>				
Capital contributions				
Gain (loss) on disposal of capital assets			(18)	333

<b>Department of Rehabilitation Services</b>	<b>Department of Agriculture and Commerce</b>	<b>Department of Corrections</b>		
AbilityWorks	Agriculture and Forestry Museum	Restaurants and Commissary	Prison Agricultural Enterprises	<b>Totals</b>
\$ (6,888)	\$ (540)	\$ 968	\$ (626)	\$ (2,617)
	143		193	1,491
99		(102)		53
(190)		(1)		38
(9)				(247)
(5)	(7)		(145)	(9)
106				(171)
				99
				(6,304)
			57	509
10	(9)	169	(13)	223
	1			1
1,164				1,193
				(1)
				8
1,175	128	66	92	(3,117)
\$ (5,713)	\$ (412)	\$ 1,034	\$ (534)	\$ (5,734)

33	33
2	325
	8

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## Internal Service Funds

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

### Internal Service Funds Descriptions

**Personnel Board** - The **Personnel Board Fund** accounts for the expenses of establishing personnel policies, regulating the pay of state employees, and 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. Funding is provided by premiums collected from active and retired employees, local school districts, and the State's operating fund. 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 assessments of state agencies. Tort claims filed against state agencies and state employees are paid from this fund, as well as administrative expenses.

# Mississippi

## Internal Service Funds

### Combining Statement of Net Position

June 30, 2014 (Expressed in Thousands)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 1,506	\$ 4,083	\$ 297,601	\$ 303,190
Cash and cash equivalents			90,877	90,877
Investments			4,636	4,636
Receivables	7	34	360	401
Due from other governments	2	280	351	633
Due from other funds	141	4,183	19,612	23,936
Due from component units	4	179	691	874
Total Current Assets	1,660	8,759	414,128	424,547
Noncurrent assets:				
Investments			32,286	32,286
Other capital assets, net	17	33,125	43	33,185
Total Noncurrent Assets	17	33,125	32,329	65,471
Total Assets	1,677	41,884	446,457	490,018
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	62	188	83	333
Accounts payable and other liabilities	45	1,542	4,081	5,668
Due to other governments		3	350	353
Due to other funds		57	1,702	1,759
Due to component units			57	57
Claims and benefits payable			111,732	111,732
Unearned revenues			14,927	14,927
Lease obligations payable		305		305
Total Current Liabilities	107	2,095	132,932	135,134
Noncurrent liabilities:				
Claims and benefits payable			37,375	37,375
Lease obligations payable		636		636
Other liabilities	248	803	119	1,170
Total Noncurrent Liabilities	248	1,439	37,494	39,181
Total Liabilities	355	3,534	170,426	174,315
<b>Net Position</b>				
Net investment in capital assets	17	32,192	43	32,252
Unrestricted	1,305	6,158	275,988	283,451
Total Net Position	\$ 1,322	\$ 38,350	\$ 276,031	\$ 315,703

# Mississippi

## Internal Service Funds

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Department of Finance and Administration			
	Personnel Board	Information Technology Services	Risk Management	Totals
<b>Operating Revenues</b>				
Charges for sales and services/premiums	\$ 5,275	\$ 39,661	\$ 758,231	\$ 803,167
Other	1		4	5
Total Operating Revenues	5,276	39,661	758,235	803,172
<b>Operating Expenses</b>				
General and administrative	3,797	10,731	1,673	16,201
Contractual services	1,228	28,542	35,576	65,346
Commodities	167	589	91	847
Depreciation	26	4,159	8	4,193
Claims and benefits			727,857	727,857
Total Operating Expenses	5,218	44,021	765,205	814,444
Operating Income (loss)	58	(4,360)	(6,970)	(11,272)
<b>Nonoperating Revenues</b>				
Investment income			5,226	5,226
Total Nonoperating Revenues			5,226	5,226
<b>Nonoperating Expenses</b>				
Loss on disposal of assets		4		4
Interest		33		33
Total Nonoperating Expenses		37		37
Income (loss) before Capital Contributions and Transfers	58	(4,397)	(1,744)	(6,083)
Capital Contributions		27,775		27,775
Transfers In		200		200
Transfers Out			(160)	(160)
Change in Net Position	58	23,578	(1,904)	21,732
Total Net Position - Beginning	1,264	14,772	277,935	293,971
Total Net Position - Ending	\$ 1,322	\$ 38,350	\$ 276,031	\$ 315,703



# Mississippi

## Internal Service Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Personnel Board	Information Technology Services	Department of Finance and Administration Risk Management	Totals
<b>Cash Flows from Operating Activities</b>				
Cash receipts/premiums from interfund services provided	\$ 5,158	\$ 35,604	\$ 190,732	\$ 231,494
Cash receipts/premiums from customers	(1)	4,051	574,617	578,667
Cash payments to suppliers for goods and services	(1,592)	(30,422)	(36,897)	(68,911)
Cash payments to employees for services	(3,776)	(10,635)	(1,658)	(16,069)
Cash payments for claims and benefits			(719,813)	(719,813)
Net Cash Provided by (Used for) Operating Activities	(211)	(1,402)	6,981	5,368
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in		200		200
Transfers out			(160)	(160)
Net Cash Provided by (Used for) Noncapital Financing Activities		200	(160)	40
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(18)	(2,951)		(2,969)
Proceeds from sale of capital assets		2		2
Principal paid on capital assets contracts		(296)		(296)
Interest paid on capital assets contracts		(33)		(33)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(18)	(3,278)		(3,296)
<b>Cash Flows from Investing Activities</b>				
Proceeds from sales of investments			10,958	10,958
Purchases of investments			(11,227)	(11,227)
Investment income			5,174	5,174
Net Cash Provided by Investing Activities			4,905	4,905
Net Change in Cash and Cash Equivalents	(229)	(4,480)	11,726	7,017
Cash and Cash Equivalents - Beginning	1,735	8,563	376,752	387,050
Cash and Cash Equivalents - Ending	\$ 1,506	\$ 4,083	\$ 388,478	\$ 394,067

(Continued on Next Page)

# Mississippi

## Internal Service Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2014 (Expressed in Thousands)

(Continued from Previous Page)

	Department of Finance and Administration			
	Personnel Board	Information Technology Services	Risk Management	Totals
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ 58	\$ (4,360)	\$ (6,970)	\$ (11,272)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	26	4,159	8	4,193
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(1)	(1)	31	29
Due from other governments	2	14	(188)	(172)
Due from other funds	(117)	(119)	4,776	4,540
Due from component units	(4)	101	(75)	22
Increase (decrease) in liabilities:				
Warrants payable	(3)	(1,038)	(1)	(1,042)
Accounts payable and other liabilities	(80)	(183)	130	(133)
Due to other governments		3	173	176
Due to other funds	(92)	22	(1,290)	(1,360)
Due to component units			28	28
Claims and benefits payable			7,791	7,791
Unearned revenues			2,568	2,568
Total adjustments	(269)	2,958	13,951	16,640
Net Cash Provided by (Used for) Operating Activities	\$ (211)	\$ (1,402)	\$ 6,981	\$ 5,368

### Noncash Capital and Related Financing and Investing Activities

Capital contributions	27,775	27,775
Loss on disposal of capital assets	(4)	(4)
Change in market value of investments	(3)	(3)

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

### Fiduciary Funds Descriptions

#### Pension Trust Funds

**Public Employees' Retirement System** - The **Public Employees' Retirement System Fund** provides retirement and disability benefits to substantially all employees of the state and its political subdivisions. Benefits are funded by contributions from the members, the state and political subdivisions and by investment income. The **Mississippi Highway Safety Patrol Retirement System Fund** provides retirement and disability benefits to sworn officers of the Department of Public Safety. Benefits are funded by contributions from the members and the state and by investment income. The **Municipal Retirement Systems Fund** provides retirement and disability benefits to employees, firefighters and police officers of participating municipalities. Benefits are funded by contributions from the members and the municipalities and by investment income. The **Supplemental Legislative Retirement Plan Fund** provides retirement and disability benefits supplemental to the benefits of the Public Employees' Retirement System to all elected members of the legislature and the president of the senate. Benefits are funded by contributions from the members and the state and by investment income. The **Deferred Compensation Plan Fund** accounts for deposits of gross compensation deferred by employees of the state and its political subdivisions. Political subdivisions may make contributions on behalf of their employees. Deposits are invested until retirement, severance from public service, death or extreme hardship of the individual participants.

#### Agency Funds

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

# Mississippi

## Pension Trust Funds

### Combining Statement of Fiduciary Net Position

June 30, 2014 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Assets</b>			
Equity in internal investment pool	\$ 2,030	\$	\$
Cash and cash equivalents	740,784	9,742	5,374
Investments, at fair value:			
Short-term investments	103,095	1,357	749
Long-term debt securities	4,818,994	63,430	34,994
Equity securities	15,993,384	210,512	116,140
Private equity	953,297	12,547	6,923
Real estate investments	2,223,347	29,265	16,146
Asset allocation fund			
Fixed rate and variable			
Life insurance contracts			
Securities lending:			
Short-term investments	893,443	11,798	6,509
Long-term debt securities	2,751,537	36,333	20,045
Receivables:			
Employer contributions	66,164		359
Employee contributions	37,528		14
Investment proceeds	385,441	5,074	2,799
Interest and dividends	78,791	1,037	572
Other	996	280	8
Due from other funds	7		
Capital assets:			
Land and construction in progress	16,613		
Other capital assets, net	13,708		
<b>Total Assets</b>	<b>29,079,159</b>	<b>381,375</b>	<b>210,632</b>
<b>Liabilities</b>			
Warrants payable	138		
Accounts payable and accruals	557,850	7,224	3,986
Due to other funds	7		7
Obligations under securities lending	3,644,045	48,119	26,547
<b>Total Liabilities</b>	<b>4,202,040</b>	<b>55,343</b>	<b>30,540</b>
<b>Net Position</b>			
Net position restricted for pensions	\$ 24,877,119	\$ 326,032	\$ 180,092

<b>Supplemental Legislative Retirement Plan</b>	<b>Government Employees' Deferred Compensation Plan</b>	<b>Totals</b>
\$	\$	\$
492	933	2,030
		757,325
68	24,307	129,576
3,203	61,066	4,981,687
10,632	852,019	17,182,687
634		973,401
1,478	2,369	2,272,605
	92,154	92,154
	558,010	558,010
	339	339
596		912,346
1,835		2,809,750
		66,523
	1,666	39,208
256		393,570
53	335	80,788
		1,284
	5	12
		16,613
		13,708
19,247	1,593,203	31,283,616
		138
364	301	569,725
		14
2,430		3,721,141
2,794	301	4,291,018
\$ 16,453	\$ 1,592,902	\$ 26,992,598

# Mississippi

## Pension Trust Funds

### Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Additions</b>			
Contributions:			
Employer	\$ 969,674	\$ 13,500	\$ 20,337
Employee	549,528	1,963	78
Total Contributions	1,519,202	15,463	20,415
Net Investment Income:			
Net change in fair value of investments	3,405,962	44,975	24,812
Interest and dividends	565,374	7,466	4,119
Securities lending:			
Income from securities lending	18,737	247	136
Interest expense and trading costs from securities lending	(2,625)	(34)	(19)
Managers' fees and trading costs	(81,720)	(1,079)	(595)
Net Investment Income	3,905,728	51,575	28,453
Other Additions:			
Administrative fees	617		
Other	268		
Total Other Additions	885		
Total Additions	5,425,815	67,038	48,868
<b>Deductions</b>			
Retirement annuities	2,099,843	28,220	35,014
Refunds to terminated employees	121,532	42	3
Administrative expenses	13,454	200	407
Depreciation	778		
Total Deductions	2,235,607	28,462	35,424
Change in Net Position	3,190,208	38,576	13,444
Net Position - Beginning	21,686,911	287,456	166,648
Net Position - Ending	\$ 24,877,119	\$ 326,032	\$ 180,092

<b>Supplemental Legislative Retirement Plan</b>	<b>Government Employees' Deferred Compensation Plan</b>	<b>Totals</b>
\$ 514	\$ 1,194	\$ 1,005,219
208	74,090	625,867
722	75,284	1,631,086
2,272	176,121	3,654,142
377	12,609	589,945
13		19,133
(2)		(2,680)
(55)		(83,449)
2,605	188,730	4,177,091
		617
		268
		885
3,327	264,014	5,809,062
1,216	98,868	2,263,161
22		121,599
10		14,071
		778
1,248	98,868	2,399,609
2,079	165,146	3,409,453
14,374	1,427,756	23,583,145
\$ 16,453	\$ 1,592,902	\$ 26,992,598



# Mississippi

## Agency Funds

### Combining Statement of Fiduciary Net Position

June 30, 2014 (Expressed in Thousands)

	Local Government Distributive	Program	Institutional	Totals
<b>Assets</b>				
Equity in internal investment pool	\$ 3,023	\$ 6,467	\$	\$ 9,490
Cash and cash equivalents	187	54,673	6,702	61,562
Receivables, net:				
Accounts	422		105	527
Commodity inventory		1,229		1,229
Total Assets	\$ 3,632	\$ 62,369	\$ 6,807	\$ 72,808
<b>Liabilities</b>				
Warrants payable	\$ 168	\$ 166	\$	\$ 334
Accounts payable and accruals		67	1,506	1,573
Due to other governments	1,137	1		1,138
Amounts held in custody for others	2,327	62,135	5,301	69,763
Total Liabilities	\$ 3,632	\$ 62,369	\$ 6,807	\$ 72,808

# Mississippi

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2014 (Expressed in Thousands)

Fund	Assets					Total Assets
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Receivables	Due from Other Governments	Commodity Inventory	
<b>Local Government Distributive:</b>						
Balance - Beginning	\$ 930	\$ 184	\$ 505	\$ 2	\$	\$ 1,621
Additions	39,570	240	422			40,232
Deductions	37,477	237	505	2		38,221
Balance - Ending	3,023	187	422	0		3,632
<b>Program:</b>						
Balance - Beginning	5,640	49,492			324	55,456
Additions	2,718	153,434			18,010	174,162
Deductions	1,891	148,253			17,105	167,249
Balance - Ending	6,467	54,673			1,229	62,369
<b>Institutional:</b>						
Balance - Beginning		6,518	74			6,592
Additions		23,217	133			23,350
Deductions		23,033	102			23,135
Balance - Ending		6,702	105			6,807
<b>Total - All Agency Funds:</b>						
Balance - Beginning	6,570	56,194	579	2	324	63,669
Additions	42,288	176,891	555		18,010	237,744
Deductions	39,368	171,523	607	2	17,105	228,605
Balance - Ending	\$ 9,490	\$ 61,562	\$ 527	\$ 0	\$ 1,229	\$ 72,808

	Liabilities				Total Liabilities
	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Amounts Held In Custody for Others	
<b>Local Government Distributive:</b>					
Balance - Beginning	\$ 407	\$ 1	\$ 1,213	\$	\$ 1,621
Additions	24,887	31	1,167	9,365	35,450
Deductions	25,126	32	1,243	7,038	33,439
Balance - Ending	168	0	1,137	2,327	3,632
<b>Program:</b>					
Balance - Beginning	24	17,614	8	37,810	55,456
Additions	875	404		172,419	173,698
Deductions	733	17,951	7	148,094	166,785
Balance - Ending	166	67	1	62,135	62,369
<b>Institutional:</b>					
Balance - Beginning		1,469		5,123	6,592
Additions		911		22,752	23,663
Deductions		874		22,574	23,448
Balance - Ending		1,506		5,301	6,807
<b>Total - All Agency Funds:</b>					
Balance - Beginning	431	19,084	1,221	42,933	63,669
Additions	25,762	1,346	1,167	204,536	232,811
Deductions	25,859	18,857	1,250	177,706	223,672
Balance - Ending	\$ 334	\$ 1,573	\$ 1,138	\$ 69,763	\$ 72,808

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## Nonmajor Component Units

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

### Nonmajor Component Units Descriptions

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

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

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

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

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

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

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

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

# Mississippi

## Nonmajor Component Units

### Combining Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Mississippi Business Finance Corporation	Mississippi Coast Coliseum Commission	Mississippi Development Bank
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$ 2,012	\$	\$
Cash and cash equivalents	1,151	965	605
Investments	12,676	2,019	2,328
Receivables, net	59	632	76
Due from other governments			
Due from primary government			
Inventories			
Prepaid items		204	
Notes receivable	650		
Other assets			
Total Current Assets	16,548	3,820	3,009
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents			2,804
Investments		7,000	
Capital assets:			
Land and construction in progress		4,888	
Other capital assets, net	21	111,932	4
Total Noncurrent Assets	21	123,820	2,808
Total Assets	16,569	127,640	5,817
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	59	210	
Due to primary government			
Deposits		594	
Unearned revenues		22	
Notes payable			650
Lease obligations payable			
Total Current Liabilities	59	826	650
Noncurrent liabilities:			
Lease obligations payable			
Other liabilities	60		
Total Noncurrent Liabilities	60		
Total Liabilities	119	826	650
<b>Net Position</b>			
Net investment in capital assets	21	116,820	4
Restricted for:			
Debt service			2,804
Other purposes			
Permanent endowments:			
Nonexpendable		7,000	
Unrestricted	16,429	2,994	2,359
Total Net Position	\$ 16,450	\$ 126,814	\$ 5,167

Mississippi Prison Industries Corporation	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
\$	\$	\$	\$	\$	\$
358	3,189	430	6,346	8,356	2,012
4,001	3,968	3,957			21,400
412	2		2,505	80	28,949
	17	94		36	3,766
57	37	19		1	147
1,115	21				114
58		17			1,136
					279
					650
15					15
6,016	7,234	4,517	8,851	8,473	58,468
					2,804
					7,000
404	1,834	1,523	10,547	930	20,126
3,648	4,419	1,935	30,407	1,623	153,989
4,052	6,253	3,458	40,954	2,553	183,919
10,068	13,487	7,975	49,805	11,026	242,387
254	1,898	16	1,435	83	3,955
51	345		237	34	667
					594
21	4		474		521
					650
	43				43
326	2,290	16	2,146	117	6,430
	185				185
	109	15	495	69	748
	294	15	495	69	933
326	2,584	31	2,641	186	7,363
4,052	6,025	3,458	40,336	2,553	173,269
	80				2,884
		4,384			4,384
					7,000
5,690	4,798	102	6,828	8,287	47,487
\$ 9,742	\$ 10,903	\$ 7,944	\$ 47,164	\$ 10,840	\$ 235,024

# Mississippi

## Nonmajor Component Units

### Combining Statement of Activities

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Mississippi Business Finance Corporation	\$ 1,141	\$ 834	\$	\$	(307)
Mississippi Coast Coliseum Commission	9,251	5,437	49	23	(3,742)
Mississippi Development Bank	444	224			(220)
Mississippi Prison Industries Corporation	6,543	6,375			(168)
Pat Harrison Waterway District	5,738	3,615	2,128		5
Pearl River Basin Development District	741	110		311	(320)
Pearl River Valley Water Supply District	12,761	11,557		1,823	619
Tombigbee River Valley Water Management District	1,738	155			(1,583)
Total	\$ 38,357	\$ 28,307	\$ 2,177	\$ 2,157	\$ (5,716)

General Revenues					
Investment Income	Other	Change in Net Position	Net Position - Beginning	Net Position - Ending	
\$ 346	\$ 300	\$ 339	\$ 16,111	\$ 16,450	
278	19	(3,445)	130,259	126,814	
78		(142)	5,309	5,167	
3		(165)	9,907	9,742	
11		16	10,887	10,903	
3	554	237	7,707	7,944	
3		622	46,542	47,164	
8	1,566	(9)	10,849	10,840	
\$ 730	\$ 2,439	\$ (2,547)	\$ 237,571	\$ 235,024	



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# Mississippi

## Statistical Section

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

### Financial Trends

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

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### Debt Capacity

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### Demographic and Economic Information

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# Mississippi

## Net Position by Component

Last Ten Fiscal Years

Table 1

Accrual Basis of Accounting (Expressed in Thousands)

	2014	2013	2012	2011
<b>Governmental activities</b>				
Net investment in capital assets	\$ 13,430,397	\$ 13,107,678	\$ 12,667,849	\$ 11,845,579
Restricted	3,633,805	3,602,589	3,615,270	3,480,202
Unrestricted	(3,035,755)	(3,188,135)	(3,132,568)	(2,680,509)
Total governmental activities net position	<u>\$ 14,028,447</u>	<u>\$ 13,522,132</u>	<u>\$ 13,150,551</u>	<u>\$ 12,645,272</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 297,830	\$ 265,837	\$ 209,497	\$ 216,682
Restricted	602,831	578,710	540,875	433,703
Unrestricted	212,462	253,732	228,423	250,052
Total business-type activities net position	<u>\$ 1,113,123</u>	<u>\$ 1,098,279</u>	<u>\$ 978,795</u>	<u>\$ 900,437</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 13,728,227	\$ 13,373,515	\$ 12,877,346	\$ 12,062,261
Restricted	4,236,636	4,181,299	4,156,145	3,913,905
Unrestricted	(2,823,293)	(2,934,403)	(2,904,145)	(2,430,457)
Total primary government net position	<u>\$ 15,141,570</u>	<u>\$ 14,620,411</u>	<u>\$ 14,129,346</u>	<u>\$ 13,545,709</u>

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

2010	2009	2008	2007	2006	2005
\$ 11,408,744	\$ 10,980,353	\$ 10,642,484	\$ 9,770,760	\$ 8,883,410	\$ 8,306,585
655,192	625,174	667,456	477,321	427,128	336,262
(267,768)	(336,905)	29,649	575,042	159,530	(120,923)
\$ 11,796,168	\$ 11,268,622	\$ 11,339,589	\$ 10,823,123	\$ 9,470,068	\$ 8,521,924
\$ 208,101	\$ 195,171	\$ 161,144	\$ 136,836	\$ 112,393	\$ 143,055
433,216	614,988	778,010	784,367	789,759	807,059
202,455	192,005	209,175	243,751	209,745	169,590
\$ 843,772	\$ 1,002,164	\$ 1,148,329	\$ 1,164,954	\$ 1,111,897	\$ 1,119,704
\$ 11,616,845	\$ 11,175,524	\$ 10,803,628	\$ 9,907,596	\$ 8,995,803	\$ 8,449,640
1,088,408	1,240,162	1,445,466	1,261,688	1,216,887	1,143,321
(65,313)	(144,900)	238,824	818,793	369,275	48,667
\$ 12,639,940	\$ 12,270,786	\$ 12,487,918	\$ 11,988,077	\$ 10,581,965	\$ 9,641,628

# Mississippi

## Changes in Net Position

Last Ten Fiscal Years

Table 2

Accrual Basis of Accounting (Expressed in Thousands)

	2014	2013	2012	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,069,107	\$ 2,028,155	\$ 1,959,116	\$ 1,881,692
Education	3,996,554	3,912,889	4,126,252	4,138,774
Health and social services <sup>1</sup>	7,394,045	7,372,085	7,074,781	6,873,932
Law, justice and public safety <sup>2</sup>	923,952	983,870	878,668	1,013,451
Recreation and resources development <sup>3</sup>	637,850	587,367	722,713	1,008,883
Regulation of business and professions	39,174	39,703	37,578	37,457
Transportation	647,532	596,160	555,955	600,224
Interest on long-term debt	243,099	247,012	257,304	223,856
Total governmental activities expenses	15,951,313	15,767,241	15,612,367	15,778,269
Business-type activities:				
Unemployment compensation <sup>4</sup>	204,206	338,390	408,399	520,790
Port Authority at Gulfport	25,688	28,589	51,950	30,276
Prepaid affordable college tuition	103,134	41,278	56,568	45,754
Other business-type	37,379	35,421	47,009	40,702
Total business-type activities expenses	370,407	443,678	563,926	637,522
Total primary government expenses	\$ 16,321,720	\$ 16,210,919	\$ 16,176,293	\$ 16,415,791
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,310,188	\$ 1,305,202	\$ 1,226,107	\$ 1,183,632
Education	23,989	24,539	37,491	36,151
Health and social services	583,738	620,930	659,245	622,266
Law, justice and public safety	126,054	118,797	102,689	101,992
Recreation and resources development	79,287	98,496	90,643	132,401
Regulation of business and professions	43,764	44,138	42,229	43,005
Transportation	49,841	34,819	32,865	36,335
Operating grants and contributions <sup>5</sup>	6,796,079	6,934,753	7,038,237	7,896,876
Capital grants and contributions	548,283	561,283	612,734	603,098
Total governmental activities program revenues	9,561,223	9,742,957	9,842,240	10,655,756
Business-type activities:				
Charges for services:				
Unemployment compensation <sup>6</sup>	158,741	202,715	274,063	209,318
Port Authority at Gulfport	15,603	15,050	15,140	27,807
Prepaid affordable college tuition	6,370	12,786	22,458	21,764
Other business-type	28,563	28,016	27,738	39,319
Operating grants and contributions <sup>7</sup>	57,162	161,613	244,325	310,704
Capital grants and contributions	33	904	246	16
Total business-type activities program revenues	266,472	421,084	583,970	608,928
Total primary government program revenues	\$ 9,827,695	\$ 10,164,041	\$ 10,426,210	\$ 11,264,684
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (6,390,090)	\$ (6,024,284)	\$ (5,770,127)	\$ (5,122,513)
Business-type activities	(103,935)	(22,594)	20,044	(28,594)
Total primary government net expense	\$ (6,494,025)	\$ (6,046,878)	\$ (5,750,083)	\$ (5,151,107)

2010	2009	2008	2007	2006	2005
\$ 2,011,806	\$ 2,052,954	\$ 2,000,778	\$ 1,803,339	\$ 1,826,995	\$ 1,683,021
4,082,117	4,093,018	4,163,587	3,961,573	3,668,314	3,344,598
6,747,426	6,139,808	5,609,247	5,311,270	5,180,153	5,074,151
1,095,181	1,052,434	1,173,359	1,152,359	1,384,238	566,146
1,058,604	1,127,670	1,261,268	1,932,646	364,796	423,983
38,188	37,215	36,318	33,192	30,944	30,355
689,802	683,663	643,867	581,446	728,716	531,775
146,732	209,516	196,277	167,233	150,556	150,555
15,869,856	15,396,278	15,084,701	14,943,058	13,334,712	11,804,584
669,679	422,764	143,013	143,348	242,134	138,825
23,243	15,239	12,614	10,349	17,221	14,957
42,183	20,316	40,972	38,391	29,983	33,226
38,074	40,392	34,204	37,559	49,737	45,560
773,179	498,711	230,803	229,647	339,075	232,568
\$ 16,643,035	\$ 15,894,989	\$ 15,315,504	\$ 15,172,705	\$ 13,673,787	\$ 12,037,152

\$ 1,214,243	\$ 1,149,464	\$ 1,135,546	\$ 1,059,532	\$ 944,744	\$ 1,041,597
51,848	29,721	27,838	33,991	29,784	24,857
569,685	563,917	507,876	480,944	446,315	465,923
99,098	103,178	100,206	147,360	81,807	76,864
145,988	84,984	85,610	69,949	64,182	60,230
41,644	40,727	39,491	36,173	28,223	32,315
7,787	51,695	40,243	35,192	26,762	29,477
7,795,111	6,847,036	6,462,823	7,125,688	6,058,258	4,636,824
643,843	556,571	795,572	960,369	792,929	415,530
10,569,247	9,427,293	9,195,205	9,949,198	8,473,004	6,783,617

84,916	90,301	100,840	106,256	104,548	158,695
14,652	16,865	22,569	30,166	7,609	21,892
21,799	19,374	21,121	21,343	21,513	19,679
36,811	38,532	33,522	37,083	40,644	37,604
382,141	141,038	10,069	9,745	93,156	5,905
24	954	1,838	3,900	539	159
540,343	307,064	189,959	208,493	268,009	243,934
\$ 11,109,590	\$ 9,734,357	\$ 9,385,164	\$ 10,157,691	\$ 8,741,013	\$ 7,027,551

\$ (5,300,609)	\$ (5,968,985)	\$ (5,889,496)	\$ (4,993,860)	\$ (4,861,708)	\$ (5,020,967)
(232,836)	(191,647)	(40,844)	(21,154)	(71,066)	11,366
\$ (5,533,445)	\$ (6,160,632)	\$ (5,930,340)	\$ (5,015,014)	\$ (4,932,774)	\$ (5,009,601)

(Continued on Next Page)

# Mississippi

## Changes in Net Position

**Table 2**

**Last Ten Fiscal Years**

Accrual Basis of Accounting (Expressed in Thousands)

(Continued from Previous Page)

	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Sales and use <sup>8</sup>	\$ 3,263,643	\$ 3,118,658	\$ 3,031,689	\$ 2,935,523
Gasoline and other motor fuel	408,667	402,724	419,811	420,410
Individual income	1,703,736	1,666,840	1,572,334	1,374,843
Corporate income and franchise	677,168	533,246	476,423	477,443
Insurance	267,971	216,173	209,937	192,146
Other	541,496	531,494	551,119	520,689
Gain on sale of assets				
Investment income	82,307	9,208	50,607	91,185
Extraordinary item - Impairment loss from hurricane damage, net of insurance recovery				
Transfers	(48,583)	(82,478)	(36,514)	(22,871)
Total governmental activities	6,896,405	6,395,865	6,275,406	5,989,368
Business-type activities:				
Gain on sale of assets				
Investment income	70,196	59,600	21,800	62,388
Extraordinary item - Impairment gain from hurricane damage, net of insurance recovery				
Transfers	48,583	82,478	36,514	22,871
Total business-type activities	118,779	142,078	58,314	85,259
Total primary government	\$ 7,015,184	\$ 6,537,943	\$ 6,333,720	\$ 6,074,627
<b>Change in Net Position</b>				
Governmental activities	\$ 506,315	\$ 371,581	\$ 505,279	\$ 866,855
Business-type activities	14,844	119,484	78,358	56,665
Total primary government	\$ 521,159	\$ 491,065	\$ 583,637	\$ 923,520

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

<sup>1</sup> Health and social services expenditures rose from 2009 to 2010 primarily as benefits and the number of participants in the Medicaid and the Supplemental Nutrition Assistance Programs increased.

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

<sup>2</sup> Law, justice and public safety expenses rose from 2005 to 2006 primarily due to the Hurricane Katrina response.

<sup>3</sup> Recreation and resources development expenses rose from 2006 to 2007 as a result of federal assistance being distributed to homeowners to aid in their rebuilding efforts.

<sup>4</sup> Unemployment Compensation expenses increased from 2008 to 2009 and again from 2009 to 2010. The number of eligible workers rose due to the climb in the unemployment rate and benefits were extended under the American Recovery and Reinvestment Act.

<sup>5</sup> Operating grants and contributions increased from 2009 to 2010. This is due in part to funding provided by the American Recovery and Reinvestment Act.

Operating grants and contributions increased from 2006 to 2007. This can be attributed to federal assistance for homeowners affected by Hurricane Katrina.

Operating grants and contributions increased from 2005 to 2006. This can be attributed to federal assistance in the Hurricane Katrina recovery efforts.

	2010	2009	2008	2007	2006	2005
\$	2,885,064	\$ 2,961,865	\$ 3,166,130	\$ 3,161,005	\$ 3,075,657	\$ 2,626,792
	406,279	411,729	438,676	444,489	442,190	433,307
	1,385,623	1,415,091	1,503,869	1,501,334	1,204,055	1,243,192
	416,978	420,739	500,996	469,182	425,091	365,140
	197,970	187,050	194,129	192,861	169,727	165,955
	511,351	461,064	459,483	397,515	385,810	362,526
					585	2,964
	54,935	83,119	145,465	184,500	122,553	79,306
					(9,871)	
	(29,896)	(42,639)	(2,786)	(3,971)	(5,945)	(6,557)
	5,828,304	5,898,018	6,405,962	6,346,915	5,809,852	5,272,625
					7	
	44,548	2,843	21,433	70,240	55,974	55,459
					1,333	
	29,896	42,639	2,786	3,971	5,945	6,557
	74,444	45,482	24,219	74,211	63,259	62,016
\$	5,902,748	\$ 5,943,500	\$ 6,430,181	\$ 6,421,126	\$ 5,873,111	\$ 5,334,641
\$	527,695	\$ (70,967)	\$ 516,466	\$ 1,353,055	\$ 948,144	\$ 251,658
	(158,392)	(146,165)	(16,625)	53,057	(7,807)	73,382
\$	369,303	\$ (217,132)	\$ 499,841	\$ 1,406,112	\$ 940,337	\$ 325,040

<sup>6</sup> Unemployment Compensation Charges for Services increased from 2010 to 2011. Employer assessments grew because the taxable wage base doubled.

<sup>7</sup> Operating grants and contributions increased from 2005 to 2006. This can be attributed to federal assistance for disaster unemployment payments.

Operating grants and contributions increased from 2008 to 2009. This can be attributed to additional federal funding for unemployment compensation programs under the American Recovery and Reinvestment Act .

<sup>8</sup> Sales and use taxes increased from 2005 to 2006 primarily due to the volume of items purchased as citizens rebuilt and replaced damaged assets after Hurricane Katrina.

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



# Mississippi

## Fund Balances of Governmental Funds

**Table 3**

**Last Ten Fiscal Years**

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2014	2013	2012	2011
<b>General Fund</b>				
Nonspendable	\$ 52,061	\$ 50,480	\$ 52,236	\$ 52,571
Restricted	3,448,681	3,491,146	3,528,727	2,895,706
Committed	139,936	112,788	192,939	198,340
Assigned	10,503	10,729	45,757	110,648
Unassigned	571,580	520,612	452,744	287,764
Total General Fund	\$ 4,222,761	\$ 4,185,755	\$ 4,272,403	\$ 3,545,029
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 56,450	\$ 55,711	\$ 54,918	\$ 54,476
Restricted	5,163	5,252	7,132	477,449
Committed				187,041
Total All Other Governmental Funds	\$ 61,613	\$ 60,963	\$ 62,050	\$ 718,966
	2010	2009	2008	2007
<b>General Fund</b>				
Reserved	\$ 813,291	\$ 829,688	\$ 833,922	\$ 864,522
Unreserved	1,895,503	1,359,911	1,822,412	1,625,064
Total General Fund	\$ 2,708,794	\$ 2,189,599	\$ 2,656,334	\$ 2,489,586
<b>All Other Governmental Funds</b>				
Reserved	\$ 82,783	\$ 316,774	\$ 325,180	\$ 317,053
Unreserved, reported in:				
Special revenue funds	596,557	552,911	568,091	769,769
Capital project funds	323,080	375,268	383,225	224,942
Debt service funds				
Permanent funds	6,601	5,119	3,862	2,398
Total All Other Governmental Funds	\$ 1,009,021	\$ 1,250,072	\$ 1,280,358	\$ 1,314,162

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

2006	2005
\$ 702,417	\$ 709,505
1,253,819	715,549
<u>\$ 1,956,236</u>	<u>\$ 1,425,054</u>

\$ 306,171	\$ 308,032
427,942	469,379
250,799	191,010
49,385	41,818
1,003	2,104
<u>\$ 1,035,300</u>	<u>\$ 1,012,343</u>

# Mississippi

## Changes in Fund Balances of Governmental Funds

**Table 4**

**Last Ten Fiscal Years**

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2014	2013	2012	2011
<b>Revenues</b>				
Taxes				
Sales and use <sup>1</sup>	\$ 3,264,343	\$ 3,122,591	\$ 3,037,136	\$ 2,916,298
Gasoline and other motor fuel	406,647	409,730	415,508	415,200
Individual income	1,676,064	1,680,470	1,551,576	1,409,473
Corporate income and franchise	677,501	539,174	497,879	447,322
Insurance	267,971	216,173	209,937	192,146
Other	541,496	531,494	551,119	520,689
Licenses, fees and permits	522,824	533,880	533,573	519,033
Federal government <sup>2</sup>	7,343,489	7,495,005	7,647,096	8,496,243
Investment income	69,134	10,897	47,037	88,553
Charges for sales and services	363,976	346,611	347,252	379,741
Rentals	32,662	27,698	27,641	29,044
Court assessments and settlements	169,497	141,008	156,163	145,462
Refund of prior year disaster payments				
Other	562,028	607,047	535,500	511,610
Total Revenues	15,897,632	15,661,778	15,557,417	16,070,814
<b>Expenditures</b>				
General government	1,493,951	1,495,665	1,414,395	1,301,010
Education	3,994,332	3,909,703	4,121,827	4,134,654
Health and social services <sup>3</sup>	7,404,608	7,373,548	7,064,468	6,863,679
Law, justice and public safety <sup>4</sup>	930,805	985,149	933,574	953,468
Recreation and resources development <sup>5</sup>	639,569	590,813	715,739	1,002,286
Regulation of business and professions	39,444	39,654	37,440	37,713
Transportation	1,143,230	1,109,584	1,204,625	1,168,090
Debt service				
Principal	319,798	307,377	290,870	316,103
Interest and other fiscal charges	244,164	246,962	240,940	226,906
Defeasance of debt				
Capital outlay			68,471	84,671
Total Expenditures	16,209,901	16,058,455	16,092,349	16,088,580
Excess of revenues over (under) expenditures	\$ (312,269)	\$ (396,677)	\$ (534,932)	\$ (17,766)

2010	2009	2008	2007	2006	2005
\$ 2,848,169	\$ 3,008,042	\$ 3,146,711	\$ 3,136,554	\$ 3,074,831	\$ 2,609,936
406,837	412,206	437,810	445,876	443,150	432,023
1,337,000	1,441,141	1,523,231	1,486,074	1,213,733	1,224,403
413,930	420,482	503,165	477,166	412,839	363,361
197,970	187,050	194,129	192,861	169,727	165,955
511,351	461,064	459,483	397,515	385,810	362,526
505,314	527,099	547,844	499,787	448,482	444,257
8,434,957	7,402,207	7,197,515	8,079,581	6,844,298	5,050,410
96,596	69,725	132,566	174,142	118,888	76,874
311,236	351,618	327,874	310,769	279,899	265,089
27,844	24,008	24,353	18,559	13,004	19,564
188,337	130,762	139,803	159,131	113,135	209,541
			55,557		
521,636	410,345	345,593	309,521	281,908	349,625
15,801,177	14,845,749	14,980,077	15,743,093	13,799,704	11,573,564
1,377,855	1,392,656	1,430,623	1,345,200	1,379,847	1,227,277
4,076,285	4,090,971	4,155,180	3,949,505	3,663,082	3,341,991
6,711,466	6,129,997	5,601,993	5,302,796	5,176,071	5,057,704
1,053,017	1,069,705	1,385,082	1,172,469	1,364,750	567,718
1,055,786	1,138,031	1,203,801	1,926,281	351,801	410,624
37,847	36,450	35,841	33,364	30,981	30,574
1,180,908	1,134,357	1,178,966	1,390,677	1,284,905	911,974
321,825	419,973	295,060	277,538	261,878	239,525
163,207	210,654	210,311	184,346	177,228	152,766
2,505				2,138	1,386
98,825	80,378	110,620	88,575	69,604	85,443
16,079,526	15,703,172	15,607,477	15,670,751	13,762,285	12,026,982
\$ (278,349)	\$ (857,423)	\$ (627,400)	\$ 72,342	\$ 37,419	\$ (453,418)

(Continued on Next Page)

# Mississippi

## Changes in Fund Balances of Governmental Funds

**Table 4**

**Last Ten Fiscal Years**

Modified Accrual Basis of Accounting (Expressed in Thousands)

(Continued from Previous Page)

	2014	2013	2012	2011
<b>Other Financing Sources (Uses)</b>				
Bonds and notes issued	\$ 348,777	\$ 341,420	\$ 603,030	\$ 569,794
Capital leases issued	16,107	487	9,524	8,009
Discounts on bonds and notes issued				
Insurance recovery	17,826	7,303	332	185
Payments on refunded bond anticipation notes			(19,000)	(105,105)
Payments on refunded bonds and notes				(183,105)
Payments to bond escrow agent				
Payments to refunded bond, note and lease escrow agents		(776,032)	(115,002)	
Premiums on bonds, notes, and refunding bonds and notes issued	15,838	120,265	40,400	13,114
Refunding bonds and notes issued		697,790	123,075	284,453
Transfers in	4,508	4,461	196,971	138,686
Transfers out	(53,131)	(86,752)	(233,940)	(161,936)
Net Other Financing Sources (Uses)	349,925	308,942	605,390	564,095
<b>Extraordinary Item</b>				
Insurance recovery from hurricane damage				
Net Change in Fund Balances	\$ 37,656	\$ (87,735)	\$ 70,458	\$ 546,329
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.5%	3.7%	3.6%	3.6%

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

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

Sales and use taxes increased from 2005 to 2006 primarily due to the volume of items purchased as citizens rebuilt and replaced damaged assets after Hurricane Katrina.

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

Federal government revenues increased from 2006 to 2007. This can be attributed to federal assistance for homeowners affected by Hurricane Katrina.

Federal government revenues increased from 2005 to 2006. This can be attributed to federal assistance in the Hurricane Katrina recovery efforts.

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

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

<sup>4</sup> Law, justice and public safety expenditures rose from 2005 to 2006 primarily due to the Hurricane Katrina response.

	2010		2009		2008		2007		2006		2005
\$	581,972	\$	362,720	\$	721,172	\$	714,400	\$	486,780	\$	188,494
	2,987		10,759		724		5,497		11,324		3,975
					(390)		(250)		(242)		
	1,822		8,838		3,874		781		4,408		
	(241,100)						(33,000)				
	(141,892)										
			(1,992)								
	(41,998)		(82,265)		(191,894)		(147,765)		(50,462)		(6,882)
	10,562		13,916		19,613		29,209		15,442		874
	413,965		76,460		208,955		175,365		51,870		7,215
	756,592		335,056		387,993		616,239		498,623		294,453
	(786,417)		(363,090)		(389,703)		(620,606)		(501,943)		(294,588)
	556,493		360,402		760,344		739,870		515,800		193,541
									920		
\$	278,144	\$	(497,021)	\$	132,944	\$	812,212	\$	554,139	\$	(259,877)
	3.2%		4.3%		3.5%		3.2%		3.4%		3.5%

<sup>5</sup> Recreation and resources development expenditures rose from 2006 to 2007 as a result of federal assistance being distributed to homeowners to aid in their rebuilding efforts.

# Mississippi

## Taxable Sales by Industry

**Last Ten Fiscal Years**  
(Expressed in Thousands)

**Table 5**

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

Notes: Average effective rate equals gross tax collections divided by taxable sales. The most current fiscal year available is fiscal year 2013.

Source: Mississippi Department of Revenue

## Sales Tax Revenue Payers by Industry

**Fiscal Years 2013 and 2004**

**Table 6**

	2013			
	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Automotive	12,239	13.7 %	\$ 356,469	12.4 %
Contracting	10,405	11.6	211,444	7.3
Food and Beverage	15,812	17.6	591,443	20.5
Furniture	2,119	2.3	59,758	2.1
General Merchandise	5,748	6.4	553,209	19.2
Lumber and Building Materials	5,195	5.8	187,088	6.5
Machinery, Equipment and Supplies	6,688	7.5	172,059	6.0
Miscellaneous Retail	23,072	25.8	256,711	8.9
Miscellaneous Services	6,293	7.0	184,013	6.4
Public Utilities	1,235	1.4	238,967	8.3
Recreation	703	0.8	10,715	0.4
Wholesale	52	0.1	57,125	2.0
Total	89,561	100.0 %	\$ 2,879,001	100.0 %

Notes: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current fiscal year available is fiscal year 2013.

Source: Mississippi Department of Revenue

	2009		2008		2007		2006		2005		2004
\$	5,023,772	\$	6,083,873	\$	6,425,719	\$	6,659,353	\$	6,146,219	\$	6,153,868
	7,771,199		7,887,529		7,289,281		6,077,508		4,450,580		4,227,714
	7,658,372		7,502,956		7,183,345		6,860,282		6,667,695		6,585,188
	858,990		959,992		1,017,087		1,011,007		759,240		740,400
	7,697,208		7,339,220		7,517,150		7,389,359		6,627,840		6,350,285
	2,870,910		3,423,567		3,892,931		3,944,938		2,675,275		2,384,863
	2,655,964		2,962,978		3,065,223		2,883,980		2,253,956		2,056,435
	3,567,676		3,743,749		3,741,915		3,562,267		3,317,464		3,480,913
	2,829,490		2,823,849		2,605,241		2,582,114		1,944,014		1,881,371
	4,383,720		4,225,268		4,160,798		4,323,055		3,687,135		3,332,978
	136,388		134,763		135,866		119,248		110,930		116,464
	763,532		749,042		728,840		721,747		758,074		744,355
\$	46,217,221	\$	47,836,786	\$	47,763,396	\$	46,134,858	\$	39,398,422	\$	38,054,834
\$	2,809,904	\$	2,893,966	\$	2,899,368	\$	2,807,350	\$	2,421,537	\$	2,338,086
	6.08%		6.05%		6.07%		6.09%		6.15%		6.14%

2004				
Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)		Percentage of Total
11,206	13.5 %	\$	338,741	14.6 %
7,874	9.5		154,387	6.6
15,098	18.3		459,043	19.6
2,662	3.2		51,730	2.2
5,320	6.5		445,024	19.0
5,233	6.3		164,770	7.0
5,888	7.1		111,016	4.8
22,207	26.8		237,872	10.2
5,698	6.9		131,623	5.6
1,100	1.3		191,066	8.2
424	0.5		8,151	0.3
85	0.1		44,663	1.9
82,795	100.0 %	\$	2,338,086	100.0 %



# Mississippi

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Thousands, except Per capita)

Table 7

	2014	2013	2012	2011
<b>Governmental Activities</b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834	\$ 3,862,590
Limited Obligation Bonds				
Capital Lease Obligations	22,775	13,158	18,079	13,935
Notes Payable <sup>1</sup>	1,078,967	1,140,010	989,336	1,021,016
Certificates of Participation				
Total Governmental Activities	5,399,385	5,360,406	5,247,249	4,897,541
<b>Business-type Activities</b>				
General Obligation Bonds	15,503	18,210	20,792	23,426
Revenue Bonds				
Capital Lease Obligations	344	131	381	618
Total Business-type Activities	15,847	18,341	21,173	24,044
Total Primary Government	\$ 5,415,232	\$ 5,378,747	\$ 5,268,422	\$ 4,921,585
Amount of Debt Per capita <sup>2</sup>	\$ 1,811	\$ 1,805	\$ 1,768	\$ 1,652
Debt as a percentage of Personal Income <sup>3</sup>	5.3%	5.4%	5.3%	5.2%
<b>Net General Obligation Bonded Debt<sup>4</sup></b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834	\$ 3,862,590
Less: Debt Service	369,002	339,308	344,061	323,235
Net General Obligation Bonded Debt	\$ 3,928,641	\$ 3,867,930	\$ 3,895,773	\$ 3,539,355
Amount of Net General Obligation Bonded Debt Per capita <sup>2</sup>	\$ 1,313	\$ 1,298	\$ 1,307	\$ 1,188
Net General Obligation Bonded Debt as a percentage of Taxable Sales <sup>5</sup>	8.4%	8.6%	8.6%	8.0%

Notes:

<sup>1</sup> Fiscal years 2005 - 2012 have been restated for GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, presentation.

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

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

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

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

	2010		2009		2008		2007		2006		2005
\$	3,578,528	\$	3,516,385	\$	3,516,217	\$	3,205,576	\$	3,085,787	\$	2,959,839
					24,460		47,880		70,320		91,845
	13,212		17,231		12,555		18,568		19,034		62,456
	1,047,983		853,156		883,283		709,940		347,200		162,340
			2,045		2,190		2,330		2,460		2,585
	4,639,723		4,388,817		4,438,705		3,984,294		3,524,801		3,279,065
	26,476		29,231		32,064		35,084		38,016		40,705
											150
	841		1,636		926		214		320		449
	27,317		30,867		32,990		35,298		38,336		41,304
\$	4,667,040	\$	4,419,684	\$	4,471,695	\$	4,019,592	\$	3,563,137	\$	3,320,369
\$	1,571	\$	1,493	\$	1,516	\$	1,372	\$	1,229	\$	1,145
	5.1%		5.0%		4.9%		4.6%		4.4%		4.3%
\$	3,578,528	\$	3,516,385	\$	3,516,217	\$	3,205,576	\$	3,085,787	\$	2,959,839
	248,686		197,131		214,647		175,515		105,347		97,312
\$	3,329,842	\$	3,319,254	\$	3,301,570	\$	3,030,061	\$	2,980,440	\$	2,862,527
\$	1,121	\$	1,121	\$	1,119	\$	1,034	\$	1,028	\$	987
	7.7%		7.2%		6.9%		6.3%		6.5%		7.3%

# Mississippi

## Legal Debt Margin

### Last Ten Fiscal Years

(Expressed in Thousands)

**Table 8**

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

	2009	2008	2007	2006	2005
Legal debt limit	\$ 12,451,109	\$ 12,009,366	\$ 10,930,262	\$ 10,056,571	\$ 8,740,586
Less: Net debt applicable to limit	3,259,476	3,237,426	2,959,717	2,906,373	2,771,968
Legal debt margin	\$ 9,191,633	\$ 8,771,940	\$ 7,970,545	\$ 7,150,198	\$ 5,968,618
Net debt applicable to the limit as a percentage of legal debt limit	26.2%	27.0%	27.1%	28.9%	31.7%

### Legal Debt Margin Calculation for Fiscal Year 2014:

Legal debt limit <sup>1</sup>	\$ 12,823,921
Amount of debt applicable to limit <sup>2</sup>	\$ 4,297,643
Less: amounts available for debt service	369,002
Less: Net debt applicable to limit	3,928,641
Legal debt margin	\$ 8,895,280

### Notes:

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

Fiscal Year	Applicable Revenues
2013	\$ 8,549,281
2012	8,336,736
2011	7,956,269
2010	7,698,390
2009	7,960,862

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

# Mississippi

## Demographic and Economic Statistics

Last Ten Calendar Years

Table 9

Year	Population	Unemployment Rate		Personal Income	Per capita Personal Income
		Mississippi	U. S.		
2013	2,991,000	9.2%	7.4%	\$ 103,132,000,000	\$ 34,478
2012	2,980,000	9.2	8.1	98,722,000,000	33,128
2011	2,980,000	10.6	8.9	95,313,000,000	31,984
2010	2,970,000	10.6	9.6	91,600,000,000	30,842
2009	2,960,000	9.5	9.3	88,801,000,000	30,000
2008	2,950,000	6.8	5.8	91,220,000,000	30,922
2007	2,930,000	6.3	4.6	86,585,000,000	29,551
2006	2,900,000	6.8	4.6	81,098,000,000	27,965
2005	2,900,000	7.8	5.1	77,748,000,000	26,810
2004	2,890,000	6.3	5.5	72,579,000,000	25,114

Sources:

U.S. Bureau of Economic Analysis

Mississippi Department of Employment Security

U.S. Department of Labor, Bureau of Labor Statistics

## Employment by Industry

Most Current Calendar Year and Nine Years Prior

Table 10

(Ranked by Number of Employees)

Industry	Rank	2013		Rank	2004	
		Average Number of Employees	Percentage of All Employees		Average Number of Employees	Percentage of All Employees
Government	1	246,000	20.6 %	1	242,100	19.7 %
Manufacturing	2	137,000	11.5	2	179,600	14.6
Retail Trade	3	133,500	11.2	3	138,200	11.2
Health Care and Social Assistance	4	121,300	10.2	5	103,800	8.4
Accommodation and Food Services	5	110,600	9.3	4	113,100	9.2
Professional and Business Services	6	96,300	8.1	6	82,800	6.7
Construction	7	48,300	4.0	7	49,100	4.0
Transportation and Warehousing	8	47,900	4.0	8	46,700	3.8
Other Services	9	38,200	3.2	9	41,200	3.3
Wholesale Trade	10	34,300	2.9	10	34,900	2.8
Total		1,013,400	85.0 %		1,031,500	83.7 %
Total Employed Labor Force		1,192,400	100.0 %		1,232,200	100.0 %

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

Source: Mississippi Department of Employment Security

# Mississippi

## Public School Enrollment

Last Ten Academic Years

Table 11

	2013/2014	2012/2013	2011/2012	2010/2011
Kindergarten	46,297	47,198	44,890	42,371
Grades 1-3	119,432	116,562	114,814	115,503
Grades 4-6	110,211	111,609	114,498	115,057
Grades 7-9	113,675	113,490	111,616	111,826
Grades 10-12	95,399	96,485	97,292	98,536
Special Education	7,572	7,503	7,509	7,233
Total Enrollment	492,586	492,847	490,619	490,526

Source: Mississippi Department of Education

## Community and Junior College Enrollment

Last Ten Academic Years

Table 12

	2013/2014	2012/2013	2011/2012	2010/2011
Coahoma Community College	2,722	2,694	2,889	2,781
Copiah-Lincoln Community College	3,186	3,308	3,578	5,221
East Central Community College	3,049	3,112	3,091	2,738
East Mississippi Community College	3,712	4,367	5,240	5,906
Hinds Community College	10,975	10,609	14,306	13,693
Holmes Community College	6,330	6,728	6,707	5,711
Itawamba Community College	6,972	6,977	7,602	8,003
Jones County Junior College	5,113	4,192	4,637	6,783
Meridian Community College	3,047	3,330	3,883	3,956
Mississippi Delta Community College	3,006	3,001	3,977	4,320
Mississippi Gulf Coast Community College	11,821	11,350	11,434	12,171
Northeast Mississippi Community College	3,520	3,603	3,736	3,966
Northwest Mississippi Community College	8,450	7,202	8,437	7,312
Pearl River Community College	4,231	4,675	4,675	4,406
Southwest Mississippi Community College	2,224	2,143	2,224	2,283
Total Enrollment	78,358	77,291	86,416	89,250

Source: Mississippi Community College Board

## University Enrollment

Last Ten Academic Years

Table 13

	2013/2014	2012/2013	2011/2012	2010/2011
Alcorn State University	3,848	3,950	4,018	3,682
Delta State University	4,785	4,763	4,624	4,327
Jackson State University	9,134	8,819	8,903	8,687
Mississippi State University	20,161	20,365	20,424	19,643
Mississippi University for Women	2,629	2,650	2,661	2,587
Mississippi Valley State University	2,203	2,479	2,452	2,636
University of Mississippi	22,291	21,528	20,830	19,546
University of Southern Mississippi	15,249	16,468	16,604	15,778
Total Enrollment	80,300	81,022	80,516	76,886

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

<b>2009/2010</b>	<b>2008/2009</b>	<b>2007/2008</b>	<b>2006/2007</b>	<b>2005/2006</b>	<b>2004/2005</b>
42,790	41,602	41,453	42,277	42,824	42,158
116,320	118,249	118,969	117,424	114,830	114,453
114,328	111,783	111,009	112,101	113,468	116,383
113,802	115,901	118,593	120,271	120,852	120,186
97,942	97,024	96,003	93,287	91,663	89,641
6,923	6,635	7,275	8,775	10,401	11,769
492,105	491,194	493,302	494,135	494,038	494,590

<b>2009/2010</b>	<b>2008/2009</b>	<b>2007/2008</b>	<b>2006/2007</b>	<b>2005/2006</b>	<b>2004/2005</b>
3,210	2,239	2,398	2,201	2,428	2,506
4,649	3,886	3,811	3,933	3,792	3,681
3,554	3,219	2,841	3,096	3,268	3,540
6,063	6,356	6,353	4,938	4,569	4,523
15,370	12,661	16,747	13,487	13,004	13,803
5,943	5,754	5,124	5,164	5,220	4,991
9,965	9,173	8,339	7,363	7,089	6,567
6,982	5,951	5,658	5,785	6,219	6,344
4,856	4,317	4,065	3,946	3,813	4,089
4,410	4,011	3,659	3,815	3,995	3,862
13,426	11,736	9,674	9,045	8,934	10,894
5,482	5,006	5,223	5,264	5,266	5,854
8,777	7,326	6,900	7,457	6,953	6,663
4,853	5,081	4,263	4,411	4,256	4,585
2,289	2,106	2,080	1,986	2,121	2,303
99,829	88,822	87,135	81,891	80,927	84,205

<b>2009/2010</b>	<b>2008/2009</b>	<b>2007/2008</b>	<b>2006/2007</b>	<b>2005/2006</b>	<b>2004/2005</b>
3,334	3,252	3,668	3,583	3,544	3,443
4,031	4,064	4,091	4,217	4,119	3,990
8,783	8,374	8,698	8,256	8,416	8,351
18,600	17,824	17,039	16,206	16,101	15,934
2,476	2,365	2,379	2,428	2,285	2,231
2,846	2,929	3,009	3,162	3,165	3,621
18,344	17,601	17,323	17,312	16,928	16,500
15,293	14,793	14,592	14,777	15,030	15,253
73,707	71,202	70,799	69,941	69,588	69,323

# Mississippi

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 14

	2014	2013	2012	2011
<b>General Government</b>				
Department of Finance and Administration				
Buildings	36	37	37	36
Vehicles	44	41	42	49
Department of Revenue				
Vehicles	49	46	46	44
<b>Education</b>				
Department of Education				
Vehicles	44	45	41	44
<b>Law, Justice and Public Safety</b>				
Department of Corrections				
Buildings	558	572	576	611
Vehicles	691	611	611	593
Department of Public Safety				
Buildings	43	41	41	39
Vehicles	913	896	963	877
<b>Recreation and Resource Development</b>				
Department of Wildlife, Fisheries and Parks				
State Parks	25	25	25	25
Acres of State Parks	24,481	24,591	24,591	24,446
Buildings	843	835	842	843
Vehicles	558	591	614	606
Forestry Commission				
Buildings	317	369	388	392
Vehicles	413	421	429	430
<b>Regulation of Business and Professions</b>				
Workers' Compensation Commission				
Buildings	1	1	1	1
<b>Transportation</b>				
Department of Transportation				
Miles of state highway	10,898	10,886	10,913	10,907
Vehicles	2,339	2,352	2,554	2,534
<b>Health and Social Sciences</b>				
Department of Mental Health				
Buildings	538	545	551	551
Vehicles	752	756	778	786

Sources:

Mississippi Office of the State Auditor, Property Audit Division  
Mississippi Department of Wildlife, Fisheries and Parks  
Mississippi Department of Transportation

2010	2009	2008	2007	2006	2005
37	37	46	46	42	26
48	42	42	41	37	35
49	49	47	47	45	45
43	42	47	44	46	42
627	627	626	633	633	642
608	673	676	707	683	674
39	38	37	37	37	36
845	908	924	943	907	805
26	26	26	26	24	28
24,260	24,260	24,260	23,904	23,908	23,800
831	817	815	812	831	844
614	632	609	614	627	681
394	398	408	418	422	429
440	446	493	508	483	531
1	1	1	1	1	1
10,907	10,984	10,949	10,974	10,950	10,927
2,569	2,530	2,547	2,595	2,604	2,604
553	553	547	541	535	525
801	794	802	798	755	742



# Mississippi

## State Government Employees by Function

Last Ten Fiscal Years

Table 15

	2014	2013	2012	2011	2010	2009
<b>General Government</b>						
Department of Finance and Administration	413	418	413	407	387	408
Department of Revenue	727	694	664	681	659	711
Treasury	39	36	37	38	38	38
All Other	1,441	1,454	1,405	1,399	1,408	1,484
<b>Education</b>						
Department of Education	653	687	714	717	741	779
All Other	182	187	195	191	193	201
<b>Health and Social Services</b>						
Department of Human Services	3,391	3,483	3,302	3,276	3,219	3,284
Division of Medicaid	936	923	869	897	934	940
Department of Mental Health	7,716	7,815	8,189	8,173	8,586	8,978
Department of Rehabilitation Services	964	969	995	1,026	1,060	1,024
All Other	3,340	3,449	3,476	3,399	3,549	3,438
<b>Law, Justice and Public Safety</b>						
Department of Corrections	2,870	2,958	2,746	2,824	2,919	3,090
Department of Public Safety	1,215	1,252	1,291	1,256	1,275	1,338
All Other	2,163	2,188	2,192	2,141	2,130	2,134
<b>Recreation and Resource Development</b>						
Department of Environmental Quality	397	401	423	432	435	448
Department of Wildlife, Fisheries and Parks	522	543	566	582	665	807
Forestry Commission	418	414	423	443	455	475
Mississippi Development Authority	287	300	308	316	324	319
All Other	365	367	378	375	392	402
<b>Regulation of Business and Professions</b>						
Public Service Commission	85	101	100	100	92	97
Oil and Gas Board	31	32	34	34	34	36
All Other	260	248	245	252	262	255
<b>Transportation</b>						
Department of Transportation	3,277	3,351	3,342	3,363	3,448	3,413
<b>Total</b>	<b>31,692</b>	<b>32,270</b>	<b>32,307</b>	<b>32,322</b>	<b>33,205</b>	<b>34,099</b>

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

2008	2007	2006	2005
380	363	338	330
726	713	697	708
39	37	38	37
1,438	1,402	1,380	1,413
782	773	737	766
200	195	191	195
3,046	2,991	2,925	2,987
908	917	942	877
8,951	8,930	8,685	9,043
964	949	882	871
3,329	3,393	3,336	3,467
3,153	3,071	3,072	3,051
1,365	1,274	1,199	1,183
1,994	1,883	1,746	1,749
428	433	426	447
710	788	777	826
521	513	479	548
279	282	261	271
412	408	395	412
97	95	92	94
33	32	31	28
246	242	244	239
3,346	3,267	3,271	3,384
33,347	32,951	32,144	32,926

# Mississippi

## Operating Indicators by Function

Last Ten Fiscal Years

Table 16

	2013	2012	2011	2010
<b>General Government</b>				
Tax returns processed	4,950,000	4,950,000	4,950,000	4,950,000
On-going construction projects	743	783	820	688
Tort claims processed	1,098	986	1,117	1,117
Unclaimed property claims paid	5,309	7,298	4,581	8,050
Corporate filings processed	110,008	243,634	112,983	104,842
UCC filings processed	322,350	342,552	254,872	280,335
<b>Education</b>				
Average cost per public school student	\$8,921	\$8,932	\$8,752	\$8,930
Public high school graduates	28,317	28,933	29,569	28,517
Public school teachers, K-12	32,356	32,170	32,042	33,210
<b>Health and Social Services</b>				
Average monthly households receiving food assistance	303,719	289,660	266,966	241,785
Child support collections from non-custodial parents	\$332,931,089	\$332,298,519	\$314,027,549	\$292,715,332
Medicaid recipients receiving medical services	643,687	640,957	637,781	621,607
<b>Law, Justice and Public Safety</b>				
Average inmate population in prisons	9,868	9,449	9,636	10,054
Supervised offenders in communities	30,078	35,097	Not Available	Not Available
Driver licenses issued	807,582	747,173	821,000	780,000
<b>Recreation and Resource Development</b>				
Tourist registered at welcome centers	2,502,048	2,471,958	2,462,209	2,485,233
Land reforested (acres)	29,732	52,830	38,753	24,239
Hunting and fishing licenses sold	578,154	550,000	493,773	502,024
Overnight accommodations at state parks	544,887	646,752	573,975	548,224
<b>Regulation of Business and Professions</b>				
Utility complaints investigated	3,988	4,002	8,059	7,906
Well inspections by Oil and Gas Board	21,893	22,236	12,166	15,323
<b>Transportation</b>				
Overlays (miles)	135	64	279	397
Replacement of deficit bridges	50	55	85	47

Note: The most current fiscal year available is fiscal year 2013.

Sources:

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

2009	2008	2007	2006	2005	2004
4,900,000	4,850,000	4,800,000	4,750,000	4,700,000	4,650,000
656	676	725	708	707	756
538	353	1,081	726	1,354	2,529
7,799	6,175	9,781	6,670	5,360	41,652
113,217	40,218	30,740	30,441	27,184	29,293
268,108	286,740	289,990	28,317	261,215	231,688
\$8,895	\$8,737	\$8,298	\$7,996	\$7,208	\$6,794
24,393	23,935	23,149	23,691	23,415	23,427
33,972	33,613	32,746	32,129	32,027	31,611
204,068	184,779	174,924	172,814	153,943	149,817
\$286,696,080	\$264,727,366	\$242,768,697	\$230,206,702	\$218,293,613	\$206,596,005
598,476	569,294	547,811	583,523	673,571	730,000
10,761	10,856	10,145	9,669	9,891	10,833
25,910	27,323	29,964	21,736	23,781	22,053
783,508	907,850	755,000	755,000	667,800	753,809
2,962,056	2,906,700	2,782,648	2,551,894	2,862,349	2,937,560
38,257	44,546	61,075	54,886	91,035	57,980
588,095	584,891	585,466	525,000	525,000	533,533
575,502	675,000	674,280	682,525	672,525	765,564
7,701	7,299	6,766	6,749	6,520	6,547
24,419	21,227	22,083	20,879	18,000	19,763
455	251	146	340	421	594
63	55	62	11	29	73

# *Acknowledgements*

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

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## ***Special acknowledgements***

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

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

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

## ***Cover***

*“Picture Mississippi” photograph is courtesy of Kim Hunt.*

*Mississippi photographer Kim Hunt enjoys capturing the natural and man-made beauty of this beautiful state. Kim Hunt’s website is [www.PictureMississippi.com](http://www.PictureMississippi.com). Kim Hunt has additional photos of Mississippi scenes posted on the web at [www.facebook.com/PictureMississippi](http://www.facebook.com/PictureMississippi).*

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