

# *Mississippi*



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

# Mississippi



Fiscal Year Ended June 30, 2015

**Department of Finance and Administration**

Post Office Box 267  
Jackson, MS 39205

**Kevin J. Upchurch**  
Executive Director



This book has been printed on recycled materials.

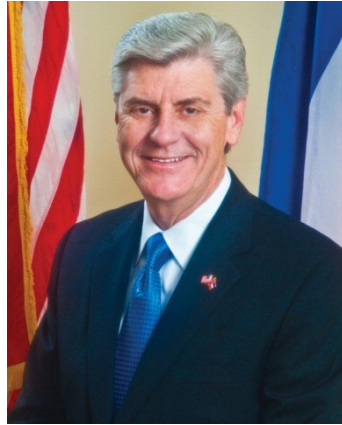
(This page left blank intentionally)



**PHIL BRYANT**  
GOVERNOR

**STATE OF MISSISSIPPI**  
OFFICE OF THE GOVERNOR

---



April 22, 2016

To the Members of the Legislature and my Fellow Mississippians:

As Governor of the State of Mississippi, I present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2015. This report details Mississippi's financial statements and accounting controls.

As the national economy is slowly 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 blue ink that reads "Phil Bryant". The signature is written in a cursive, flowing style.

Phil Bryant

(This page left blank intentionally)

# Mississippi

## Table of Contents

### INTRODUCTION

Letter of Transmittal.....	5
Officials of State Government.....	8
Organization Chart .....	9
Certificate of Achievement for Excellence in Financial Reporting .....	10

### FINANCIAL SECTION

Auditor's Report.....	12
Management's Discussion and Analysis .....	16

#### **Basic Financial Statements**

Government-wide Financial Statements	
Statement of Net Position .....	26
Statement of Activities.....	30

Governmental Funds Financial Statements	
Balance Sheet .....	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	33
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	34
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	35

Proprietary Funds Financial Statements	
Statement of Net Position .....	36
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	40
Statement of Cash Flows .....	42

Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position .....	46
Statement of Changes in Fiduciary Net Position.....	47

Component Units Financial Statements	
Statement of Net Position .....	48
Statement of Activities.....	50

Notes to the Financial Statements	
Note 1 - Significant Accounting Policies.....	51
Note 2 - Other Accounting Disclosures .....	57
Note 3 - Interfund Transactions.....	58
Note 4 - Deposits and Investments .....	59
Note 5 - Receivables .....	69
Note 6 - Due From Other Governments .....	70
Note 7 - Loans and Notes Receivable.....	70
Note 8 - Capital Assets .....	71
Note 9 - Long-term General Obligation Bonds.....	74
Note 10 - Bonds Authorized But Unissued.....	78
Note 11 - Revenue Bonds and Notes.....	78
Note 12 - Other Long-term Liabilities .....	79
Note 13 - Changes in Long-term Liabilities .....	81
Note 14 - Short-term Financing.....	81
Note 15 - Retirement Plans .....	82
Note 16 - Other Postemployment Benefits.....	87
Note 17 - Commitments .....	88
Note 18 - Risk Management.....	90
Note 19 - Contingencies.....	91
Note 20 - Subsequent Events .....	91

# Mississippi

## **Required Supplementary Information**

Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds and Notes .....	94
Schedule of Employer Contributions – Mississippi Highway Safety Patrol Retirement System.....	97
Schedule of Employer Contributions – Supplemental Legislative Retirement Plan.....	98
Schedule of Employer Contributions – Public Employees’ Retirement System.....	99
Schedule of Changes in the Net Pension Liability – Mississippi Highway Safety Patrol Retirement System.....	100
Schedule of Changes in the Net Pension Liability – Supplemental Legislative Retirement Plan.....	101
Schedule of Proportionate Share of the Net Pension Liability – Public Employees’ Retirement System.....	102
Schedule of Funding Progress - Other Postemployment Benefits.....	103

## **Supplementary Information - Combining and Individual Fund Financial Statements and Supporting Schedules**

Proprietary Funds	
Nonmajor Enterprise Funds	
Descriptions .....	107
Combining Statement of Net Position .....	108
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	110
Combining Statement of Cash Flows .....	112
Internal Service Funds	
Descriptions .....	117
Combining Statement of Net Position .....	118
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	119
Combining Statement of Cash Flows .....	120
Fiduciary Funds	
Descriptions .....	123
Pension Trust Funds	
Combining Statement of Fiduciary Net Position.....	124
Combining Statement of Changes in Fiduciary Net Position .....	126
Agency Funds	
Combining Statement of Fiduciary Net Position.....	128
Combining Statement of Changes in Assets and Liabilities.....	129
Nonmajor Component Units	
Descriptions .....	131
Combining Statement of Net Position .....	132
Combining Statement of Activities .....	134

## **STATISTICAL SECTION**

Statistical Section .....	137
Table 1 - Net Position by Component.....	138
Table 2 - Changes in Net Position.....	140
Table 3 - Fund Balances of Governmental Funds.....	144
Table 4 - Changes in Fund Balances of Governmental Funds.....	146
Table 5 - Taxable Sales by Industry .....	150
Table 6 - Sales Tax Revenue Payers by Industry .....	152
Table 7 - Ratios of Outstanding Debt by Type .....	154
Table 8 - Legal Debt Margin.....	156
Table 9 - Demographic and Economic Statistics.....	157
Table 10 - Employment by Industry.....	157
Table 11 - Public School Enrollment .....	158
Table 12 - Community and Junior College Enrollment.....	158
Table 13 - University Enrollment .....	158
Table 14 - Capital Asset Statistics by Function .....	160
Table 15 - State Government Employees by Function.....	162
Table 16 - Operating Indicators by Function .....	164

# *Mississippi*

---

---

## Introduction

---

---



(This page left blank intentionally)



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

KEVIN J. UPCHURCH  
EXECUTIVE DIRECTOR



April 22, 2016

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, 2015 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. An unmodified opinion is presented as the first page of the financial section of this report. Also, as required by federal law, the State Auditor has undertaken a single audit of the State as a whole, which will include a report on compliance and internal control over compliance on major federal program funds expended by state government. This report, along with the report on internal control over financial reporting and on compliance and other matters, will be published separately.

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

## **Profile of the Government**

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

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

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

Mississippi state law requires both the Governor and the 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**

After two consecutive years of decline, the Mississippi economy is expected to show a slight gain in 2015. According to the Bureau of Economic Analysis (BEA), real gross domestic product (GDP) in Mississippi declined 0.5 percent in 2013 and was flat in 2014. Like the nation, the state began 2015 at a slow pace before gaining momentum in the middle of the year. However, real GDP growth is expected to have reached 1.0 percent for the year. While positive, this growth is well below the 2.4 percent observed in the nation as a whole. Growth is expected to strengthen in 2016, reaching 1.9 percent in the state while the nation is expected to see another 2.4 percent growth.

Employment grew 0.9 percent in 2015 over 2014. This rate is slightly better than the 0.7 percent observed in 2014. Growth in the state has not been above 0.9 percent since 2007. The 0.9 percent growth reflects an increase of 10,075 jobs. The gains were broad-based with most sectors adding jobs, as was the case in 2014. Like 2014, the largest decline occurred in the construction sector as large projects such as the Kemper Power Plant continued to wind down. The mining sector also experienced job losses in response to the falling oil prices. The largest job gains for the year occurred in the leisure and hospitality sector. Inflation adjusted gaming revenue rose in 2015 for the first time since 2007. The state also experienced large gains in transportation and warehousing, temporary business services, health care services, manufacturing, and state and local government. Unemployment claims remain relatively low.

The ISM Index of U.S. Manufacturing Activity has weakened in 2015. While this index is a national measure, it is thought to be a relevant indicator for the Mississippi economy. Manufacturing continues to have a significant presence in the state. Despite the weakness nationally, the state's manufacturing sector has been resilient in 2015 as measured by hours worked and employment. Growth in these measures has softened in 2015, however, and may face continued pressure if the U.S. manufacturing continues to struggle.

Building permits are on the rise in Mississippi. For 2015, the number of units rose 21.6 percent. This increase compares to less than 3.2 percent in 2014 and 4.3 percent in 2013 and is similar to the growth observed in 2012 (21.1 percent). Based on the FHFA House Price Index, home prices are also rising, up an average of 3.4 percent in 2015 for the state. This gain is more than twice the pace of growth observed in 2014 and is in fact the strongest growth since 2007.

Mississippi's income growth continues to lag that of the nation. BEA reports nominal total personal income grew 2.8 percent in the state for the first half of 2015 relative to the prior year, which compares to the national average of 4.3 percent. Income is derived from three sources: earnings; transfer payments; dividends, interest, and rent. Mississippi's weakness is primarily concentrated in the earnings growth. Mississippi earnings were up only 1.5 percent in the first half of 2015 compared to the national average growth of 4.0 percent.

Mississippi's Index of Leading Economic Indicators reached a high point in July but weakened in the latter half. The growth relative to six months ago has slowed but has not been negative. This performance suggests the state's economy will continue at a slow pace in the coming months but is not expected to contract.

## **Long-term Financial Planning**

For the first seven months of FY 2016, transfers to the FY 2016 General Fund are \$59.9 million below the Sine Die estimate, excluding transfers from the Working Cash Stabilization Reserve (WCSR) Fund. Relative to the prior year, the General Fund is down 0.3 percent, again excluding the transfers from the WCSR Fund. The FY 2015 Sine Die estimate reflects 2.2 percent growth over actual FY 2015. This estimate was revised in November due to the sluggish collections to-date. The revised General Fund estimate reflects a 1.1 percent growth rate for FY 2016 followed by 1.9 percent growth in FY 2017.

## **Major Initiatives**

Mississippi is working with Continental Tire to locate a tire manufacturing facility in Hinds County. Construction is slated to begin in January 2018 on a multi-million square foot facility and will bring approximately 2500 jobs in the Hinds County area. This will be one of the largest economic development projects in Mississippi history. In addition, the State has negotiated with Edison Chouest offshore to locate a ship building operation in Gulfport bringing 1000 full-time jobs.

## **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 CAFR for the fiscal year ended June 30, 2014. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully yours,



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**

Giles Ward

**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

James A. Barber, 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

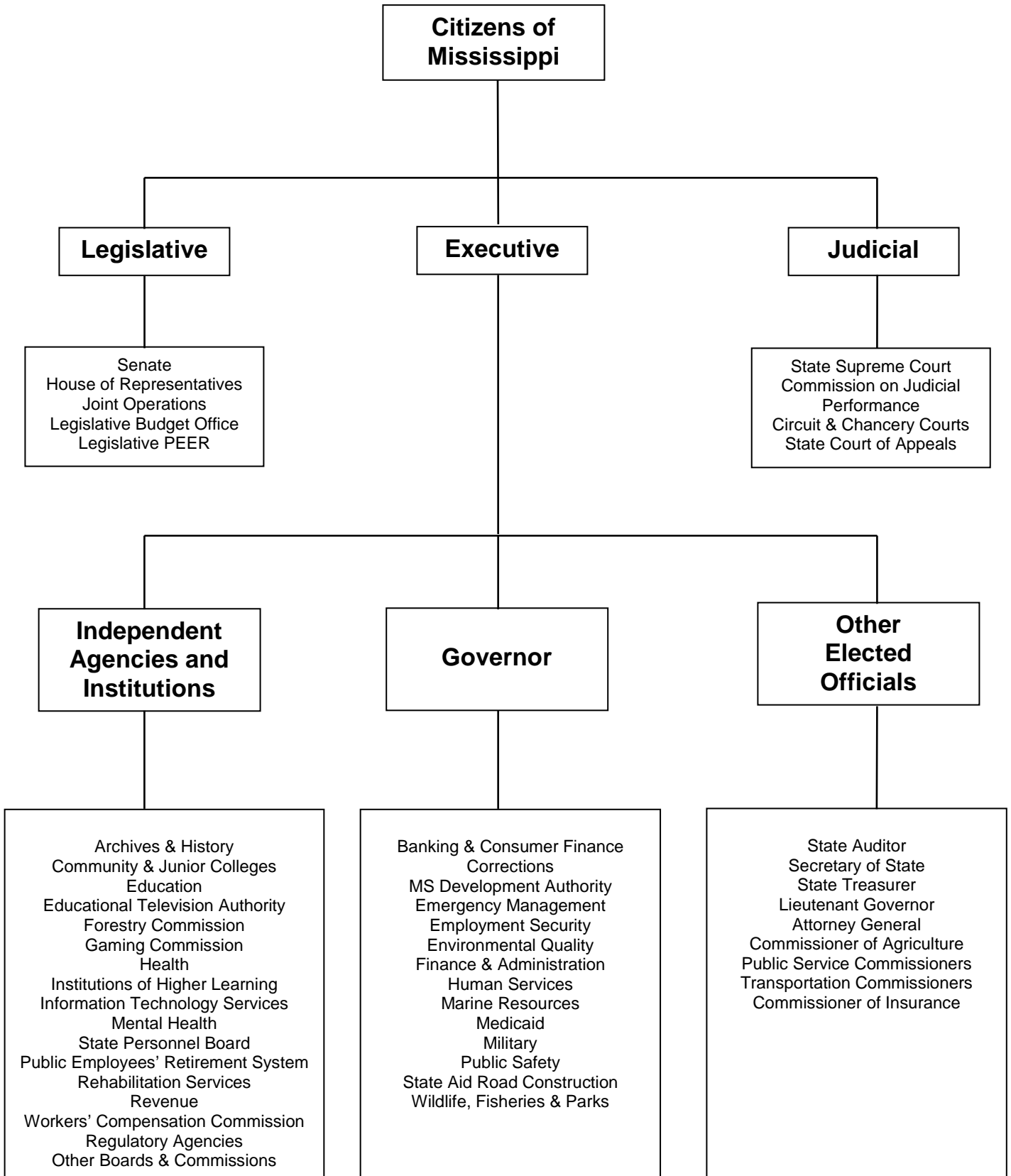
Josiah D. Coleman

**Clerk of the Supreme Court**

Muriel Ellis

# 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, 2014**

Executive Director/CEO

*Mississippi*

**Financial Section**





**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, 2015, 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, the Department of Marine Resources 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 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 9% and 45%, 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 89%, 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, the Department of Marine Resources, 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 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 26% and 41%, 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 97% and 97%, 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, 2015, 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 2015, the State of Mississippi adopted the following Governmental Accounting Standards Board (GASB) standards: GASB Statement No. 68, *Accounting and Financial Reporting for Pension* - an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68. 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 April 22, 2016, 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, appearing to read "Sallie B. Dier". The signature is fluid and cursive, with the first name "Sallie" being more prominent than the last name "Dier".

**SALLIE B. DIER, CPA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
April 22, 2016

# Mississippi

## 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, 2015. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, which is located in the Introduction of this report, and the State's financial statements, which immediately follow this discussion and analysis.

### Financial Highlights

**Government-wide** - The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,986,054,000 (reported as "net position"). Of this amount, a negative \$5,824,331,000 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 \$4,516,667,000 in restricted net position. Net position of governmental activities and business-type activities increased by \$276,058,000 and \$126,974,000, respectively.

**Fund Level** - At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$4,203,829,000, which is \$80,545,000 less 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 \$5,507,991,000 at June 30, 2015. During the year, the State issued \$882,447,000 in bonds and notes, net of premiums. These bonds and notes were issued primarily for refunding and capital improvements.

### Overview of the Financial Statements

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

#### Government-wide Financial Statements

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

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

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

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

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

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

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These categories use different accounting approaches and should be interpreted differently. **Governmental Funds** - 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, the Schedule of Employer Contributions, the Schedules of the Proportionate Share of the Net Pension Liability, and the Schedules of Funding Progress 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 decreased \$2,155,516,000 in fiscal year 2015. Current year net position is \$12,986,054,000 in contrast to the prior year balance of \$15,141,570,000. The decrease is due primarily to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Beginning net position, as restated, decreased by \$2,558,548,000 as a result of the implementation. Business-type activities reported positive balances in all three components of net position, while governmental activities and the State as a whole continued to reflect a negative balance in the unrestricted component of net position.

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

Net investment in capital assets increased \$565,491,000 from the previous year. The governmental activities' increase of \$469,814,000 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 \$95,677,000 can be attributed to ongoing construction projects at the Port Authority at Gulfport.

Restricted net position represents resources that are subject to externally imposed restrictions. Restricted net position increased by 6.6 percent, or \$280,031,000, during fiscal year 2015.

The remaining net position is classified as unrestricted. As of June 30, 2015, the State had a deficit unrestricted net position of \$5,824,331,000. The deficit is due, in part, to the State issuing debt on behalf of component units and other entities for construction, repair and renovation of non-state capital assets. The positive unrestricted balance of \$181,529,000 in business-type activities may be used to meet ongoing obligations to citizens and creditors; however, internally imposed designations of certain resources further limit the purposes for which those resources may be used.

### Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 6,371,968	\$ 6,278,663	\$ 1,362,028	\$ 1,311,263	\$ 7,733,996	\$ 7,589,926
Capital assets	15,375,583	14,945,218	412,657	320,967	15,788,240	15,266,185
Total Assets	21,747,551	21,223,881	1,774,685	1,632,230	23,522,236	22,856,111
Deferred outflows of resources	375,115	122,121	2,958		378,073	122,121
Noncurrent liabilities	7,879,320	5,428,491	498,805	481,882	8,378,125	5,910,373
Other liabilities	2,114,440	1,889,064	54,333	37,225	2,168,773	1,926,289
Total Liabilities	9,993,760	7,317,555	553,138	519,107	10,546,898	7,836,662
Deferred inflows of resources	364,756		2,601		367,357	
Net position:						
Net investment in capital assets	13,900,211	13,430,397	393,507	297,830	14,293,718	13,728,227
Restricted	3,869,799	3,633,805	646,868	602,831	4,516,667	4,236,636
Unrestricted	(6,005,860)	(3,035,755)	181,529	212,462	(5,824,331)	(2,823,293)
Total Net Position	\$ 11,764,150	\$ 14,028,447	\$ 1,221,904	\$ 1,113,123	\$ 12,986,054	\$ 15,141,570

# Mississippi

## Changes in Net Position

Operating grants and contributions of \$7,062,067,000 and taxes of \$6,935,999,000 were the State's major revenue sources. Together, they accounted for 81.9 percent of total revenues. Revenue from taxes increased \$73,318,000 and operating grants and contributions increased by \$208,826,000 over the prior year, improving net position. As in the prior year, the majority of the State's total expenses were related to the health and social services function at \$7,679,895,000 or 46.0 percent. Expenses within this function rose over the prior year by \$285,850,000 as medical expenses continued their upswing. Unemployment compensation expenses were down by \$94,738,000 as fewer claims were filed driven by an improving economy.

### Changes in Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program Revenues:						
Charges for services	\$ 2,325,299	\$ 2,216,861	\$ 192,836	\$ 209,277	\$ 2,518,135	\$ 2,426,138
Operating grants and contributions	7,059,002	6,796,079	3,065	57,162	7,062,067	6,853,241
Capital grants and contributions	487,083	548,283		33	487,083	548,316
General Revenues:						
Taxes	6,935,999	6,862,681			6,935,999	6,862,681
Investment income	53,689	82,307	28,585	70,196	82,274	152,503
Total Revenues	<u>16,861,072</u>	<u>16,506,211</u>	<u>224,486</u>	<u>336,668</u>	<u>17,085,558</u>	<u>16,842,879</u>
Expenses:						
General government	2,951,973	2,069,107			2,951,973	2,069,107
Education	3,383,767	3,996,554			3,383,767	3,996,554
Health and social services	7,679,895	7,394,045			7,679,895	7,394,045
Law, justice and public safety	967,422	923,952			967,422	923,952
Recreation and resource development	556,790	637,850			556,790	637,850
Regulation of business and professions	40,760	39,174			40,760	39,174
Transportation	675,713	647,532			675,713	647,532
Interest on long-term debt	225,512	243,099			225,512	243,099
Unemployment compensation			109,468	204,206	109,468	204,206
Port Authority at Gulfport			26,202	25,688	26,202	25,688
Prepaid affordable college tuition			27,122	103,134	27,122	103,134
Other business-type			37,902	37,379	37,902	37,379
Total Expenses	<u>16,481,832</u>	<u>15,951,313</u>	<u>200,694</u>	<u>370,407</u>	<u>16,682,526</u>	<u>16,321,720</u>
Excess/(Deficit) before Transfers	379,240	554,898	23,792	(33,739)	403,032	521,159
Transfers	(103,182)	(48,583)	103,182	48,583		
Change in Net Position	276,058	506,315	126,974	14,844	403,032	521,159
Net Position - Beginning, as restated	11,488,092	13,522,132	1,094,930	1,098,279	12,583,022	14,620,411
Net Position - Ending	<u>\$ 11,764,150</u>	<u>\$ 14,028,447</u>	<u>\$ 1,221,904</u>	<u>\$ 1,113,123</u>	<u>\$ 12,986,054</u>	<u>\$ 15,141,570</u>

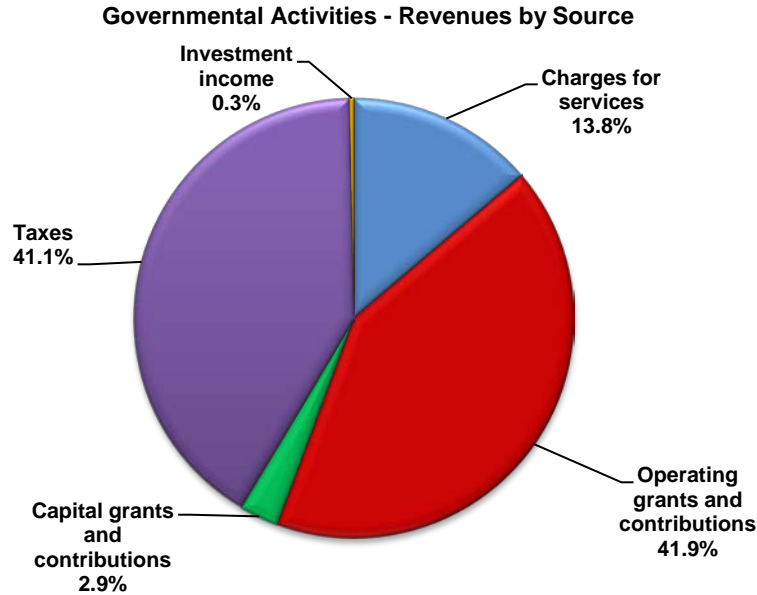
\* The 2014 amounts presented here have not been restated for the implementation of GASB Statement 68.



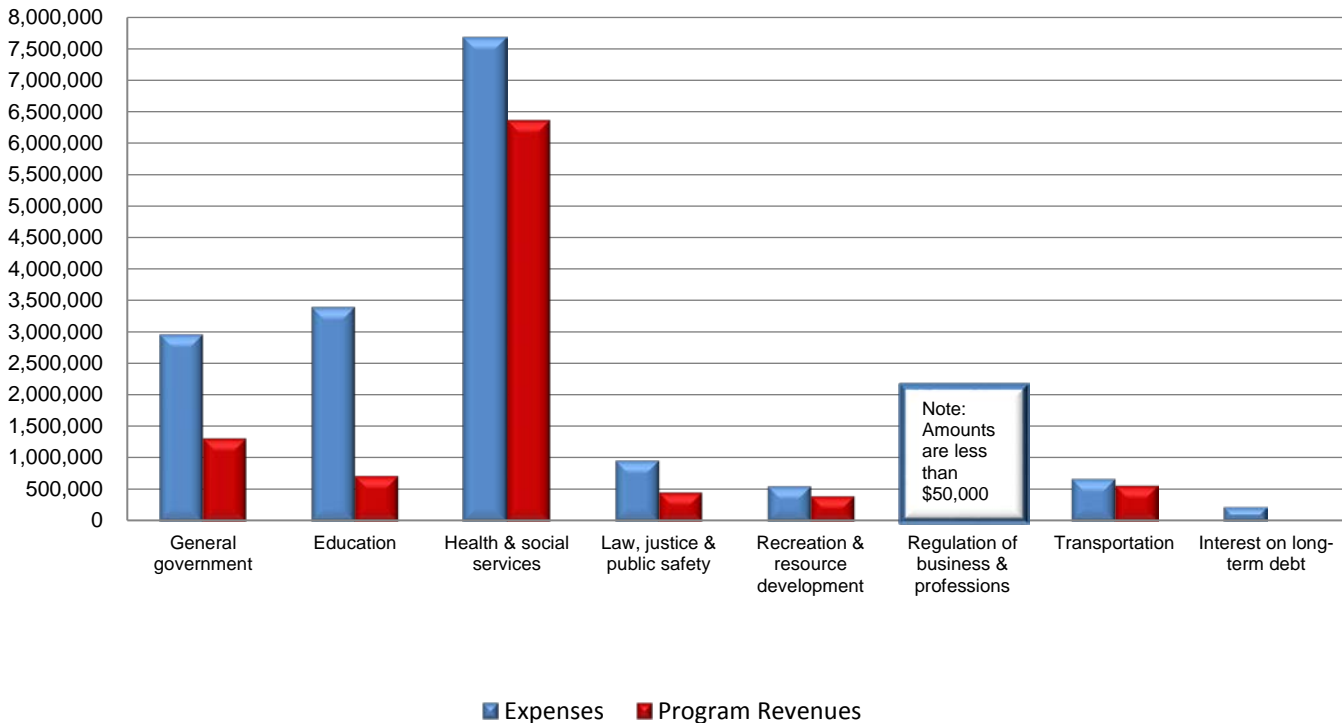
# Mississippi

## Governmental Activities

Governmental activities increased the State's net position by \$276,058,000 for fiscal year 2015. Operating grants and contributions and taxes, the largest sources of revenue, increased by \$262,923,000 and \$73,318,000, respectively, in comparison to the prior year. The majority of both expenses and program revenues were in the health and social services function at \$7,679,895,000 and \$6,359,147,000, respectively. Education expenses of \$3,383,767,000 exceeded program revenues of \$721,237,000 resulting in a negative \$2,662,530,000 to be funded from general revenues.



**Governmental 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, 2015, the governmental funds reported combined fund balances of \$4,203,829,000, indicating a decrease of \$80,545,000 from the prior year. Within fund balances, \$110,078,000 or 2.6 percent was classified as nonspendable. The majority of the fund balance, \$3,759,721,000 or 89.4 percent was restricted. Committed fund balance equaled \$88,919,000 or 2.1 percent of the total. Assigned fund balance comprised 0.3 percent or \$12,121,000. The remaining 5.6 percent, or \$232,990,000, of fund balance was unassigned.

The General Fund is the chief operating fund of the State. The General Fund decreased \$81,606,000 from the prior year to an ending fund balance of \$4,141,155,000. Taxes increased by \$139,412,000 or 2.0 percent, with increases in all major categories. Federal government revenues rebounded in fiscal year 2015, increasing by \$156,793,000 after a decrease of \$151,516,000 in fiscal year 2014.

Health and social services expenditures related to Medicaid continue to increase as more of the Medicaid eligible population enrolled to comply with the Affordable Care Act mandate for health insurance. Expenditures also increased as children moved from the fee-for-service program to the managed care program. Under the fee-for-service program, providers have up to a year to submit claims for allowable cost reimbursement, while under the managed care program, payments are made to the vendors at the beginning of every month.

### Proprietary Funds

The Unemployment Compensation Fund experienced an increase in net position of \$44,037,000 as compared to the prior year. Operating expenses decreased by \$94,738,000 from the prior year as a result of a reduction in claims and benefits expense as the economy continued to gradually improve. As a result of the end of the Emergency Unemployment Compensation program, federal revenue declined by \$54,140,000.

The Port Authority at Gulfport Fund increased net position by \$84,855,000 as compared to a \$32,531,000 increase reported in the prior year. Operating revenues were flat while operating expenses increased slightly. The increase in net position is attributable to the \$91,316,000 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's net position decreased by \$5,872,000. After being deferred in August 2012, the program was opened to new contracts in fiscal year 2015. As a result tuition receipts increased by \$6,859,000 over the prior year. The \$76,257,000 decrease in claims and benefits expense was directly related to changes in the program's actuarial assumptions.

## General Fund Budgetary Highlights

The original estimated growth rate for fiscal year 2015 General Fund revenues was 2.7 percent. This estimate was revised to sine die, which reflected a 1.1 percent growth, and revised in March 2015 to reflect a growth of 3.0 percent. Actual fiscal year 2015 General Fund revenue collections were \$134,120,000 or 2.5 percent higher than the prior year. These revenues were \$75,827,000 above estimated amounts. Each of these revenue components grew: \$79,206,000 or 4.1 percent in sales tax, \$76,636,000 or 4.6 percent in individual income tax, and \$37,040,000 or 5.5 percent in corporate income and franchise tax.

The final expenditure budget was \$7,271,000 less than the original budget and actual expenditures were \$15,521,000 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, 2015 were \$20,544,653,000, less accumulated depreciation of \$4,756,413,000, resulting in a net book value of \$15,788,240,000. For the current fiscal year, governmental activities and business-type activities increased by \$430,365,000 and \$91,690,000, respectively. These changes amount to 2.8 and 28.0 percent increases, respectively, over the prior year.

Major capital asset events during fiscal year 2015 included the following:

Construction in progress for governmental activities had the largest increases and decreases of any asset class with \$740,927,000 and \$586,526,000, respectively. Mississippi Department of Transportation accounts for the majority of the increase with \$714,140,000. The Department of Finance and Administration added \$16,205,000 which included building projects for the Department of Public Safety Central Mississippi Crime Lab, the Mississippi Museum's Civil Rights and History Museum, and East Mississippi State Hospital's Receiving Units. Decreases to construction in progress are primarily for completed Mississippi Department of Transportation projects moved to infrastructure.

Governmental activities added \$552,179,000 to infrastructure for roads, highways and bridges. These additions included pavement rehabilitation projects in Pearl River, Harrison, Lincoln, and Marshall counties. Bridges were constructed and rehabilitated in Hancock, Jefferson, Pearl River, Desoto, and Jefferson-Davis counties. The Surface Transportation Program (Urban street projects) were brought to a close in Kemper, Hancock, and Prentiss counties. Phase II and III of the Four Lane Highway Program were finalized in Oktibbeha, Convington, and Wayne counties, and interstate projects were completed in Hancock and Lauderdale counties.

During fiscal year 2015, net capital assets for business-type activities increased by \$91,690,000. The Port Authority at Gulfport added \$92,603,000 to construction in progress, which includes the West Pier warehouse and a tenant maintenance and repair shop. Construction of a three rail mounted gantry crane was also started. Projects completed and moved to infrastructure and land improvements included a Small Craft Harbor breakwater, wharf enhancements on the West Pier, and rail improvements on the East Pier. The completed projects were valued at \$31,850,000.

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	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,281,727	\$ 2,234,358	\$ 130,416	\$ 130,416	\$ 2,412,143	\$ 2,364,774
Software	104,036	56,631			104,036	56,631
Buildings	1,503,879	1,501,715	54,144	55,667	1,558,023	1,557,382
Land improvements	136,755	119,225	23,323	18,467	160,078	137,692
Machinery and equipment	249,267	255,836	7,769	8,224	257,036	264,060
Infrastructure	6,842,347	6,674,282	99,877	72,106	6,942,224	6,746,388
Construction in progress	4,257,572	4,103,171	97,128	36,087	4,354,700	4,139,258
Total	<u>\$ 15,375,583</u>	<u>\$ 14,945,218</u>	<u>\$ 412,657</u>	<u>\$ 320,967</u>	<u>\$ 15,788,240</u>	<u>\$ 15,266,185</u>

# Mississippi

## Debt Administration

As of June 30, 2015, outstanding general obligation debt for the State was \$4,393,997,000, including premiums. General Obligation Refunding bonds of \$1,902,346,000, Capital Improvements bonds of \$994,146,000, and Industry Incentive Financing bonds of \$354,475,000 comprise 74.0 percent of this outstanding debt. During the current fiscal year, the State issued \$712,750,000 in general obligation bonds which are reported in governmental activities. Refunding bonds account for \$429,115,000 of the bonds issued, with the remainder being issued primarily for capital improvements. Within business-type activities, general obligation bonds decreased by \$2,833,000 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, 2015, the State had established a constitutional legal debt limit of \$13,312,194,000, 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds and notes	\$ 4,381,327	\$ 4,297,643	\$ 12,670	\$ 15,503	\$ 4,393,997	\$ 4,313,146
Notes payable	1,113,994	1,078,967			1,113,994	1,078,967
Total	<u>\$ 5,495,321</u>	<u>\$ 5,376,610</u>	<u>\$ 12,670</u>	<u>\$ 15,503</u>	<u>\$ 5,507,991</u>	<u>\$ 5,392,113</u>

## Economic Factors and Next Year's Budget

The State's average unemployment rate for the calendar year 2015 was 6.5 percent. The national average was more favorable at 5.3 percent for the same period. After rising toward the end of 2015, the unemployment rate has fallen in the first quarter of 2016. Current inflationary trends in the region compare favorably to national indexes.

The State's economy appears to be experiencing an improvement in fiscal year 2016 relative to fiscal year 2015. However, General Fund transfers are not performing as well as expected. The fiscal year 2016 sine die estimate reflected a 2.2 percent growth rate over actual fiscal year 2015. Because collections in fiscal year 2015 were below the estimate and collections during the first quarter of fiscal year 2016 were sluggish, the estimate was lowered in November 2015 by \$64,900,000 to reflect 1.1 percent growth rate over actual fiscal year 2015. Collections in key revenue sources such as sales tax and corporate tax continued to perform below the revised expectations. However, the fiscal year 2016 General Fund also received additional funds which were not reflected in the November estimate, including: a \$66,200,000 transfer from Attorney General settlements; a \$35,200,000 transfer from the Working Cash Stabilization Fund; and a \$7,100,000 transfer from Special Funds. These transfers of \$108,500,000 were not anticipated in the November revised estimate. Taking into account the sluggish tax collections and the unanticipated influx of revenue, the fiscal year 2016 estimate was revised in April 2016 to 1.6 percent growth rate over the fiscal year 2015 General Fund. Without the unanticipated funds, the April revised estimate would reflect a 0.4 percent reduction in the fiscal year 2016 General Fund relative to fiscal year 2015.

The April revised estimate for fiscal year 2016 reflects an expected gain in sales tax collections of 0.8 percent, a gain in personal income tax of 4.0 percent, and a decline in corporate income and franchise tax of 11.8 percent. Transfers from insurance premium tax are expected to grow 22.2 percent above the fiscal year 2015 figure.

## 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, 2015 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 3,361,605	\$ 70,574	\$ 3,432,179	\$ 2,030
Cash and cash equivalents	580,818	659,979	1,240,797	479,071
Investments	45,500	49,555	95,055	228,202
Receivables, net	577,680	64,903	642,583	309,455
Restricted assets:				
Cash and cash equivalents		150	150	
Due from other governments, net	563,801	377	564,178	187
Internal balances	(24,584)	24,584		
Due from component units	1,656		1,656	
Due from primary government				33,074
Inventories	37,877	548	38,425	31,267
Prepaid items		428	428	35,481
Loans and notes receivable, net	48,053	6,246	54,299	36,567
Other assets				1,436
Total Current Assets	5,192,406	877,344	6,069,750	1,156,770
Noncurrent assets:				
Investments	123,572	309,616	433,188	621,423
Receivables, net	151,816		151,816	
Due from other governments, net	640,294		640,294	
Loans and notes receivable, net	263,880	174,618	438,498	157,181
Restricted assets:				
Cash and cash equivalents		450	450	263,266
Investments				961,048
Capital assets:				
Land and construction in progress	6,539,299	227,544	6,766,843	651,394
Other capital assets, net	8,836,284	185,113	9,021,397	3,116,823
Other assets				10,457
Total Noncurrent Assets	16,555,145	897,341	17,452,486	5,781,592
Total Assets	21,747,551	1,774,685	23,522,236	6,938,362
<b>Deferred Outflows of Resources</b>				
Refunding	148,533		148,533	10,661
Interest rate swaps	674		674	
Pensions	225,908	2,958	228,866	216,721
Total Deferred Outflows	\$ 375,115	\$ 2,958	\$ 378,073	\$ 227,382

(Continued on Next Page)

# Mississippi

## Statement of Net Position

June 30, 2015 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	\$ 116,028	\$ 1,692	\$ 117,720	\$
Accounts payable and other liabilities	715,201	26,169	741,370	219,491
Contracts payable	75,536	3,992	79,528	
Income tax refunds payable	213,517		213,517	
Due to other governments	357,336	11,375	368,711	
Due to component units	33,074		33,074	
Due to primary government				1,656
Claims and benefits payable	140,314	5,772	146,086	
Deposits		1,908	1,908	534
Unearned revenues	71,394	377	71,771	114,966
Pollution remediation obligation	8,017		8,017	
Bonds and notes payable, net	376,848	2,974	379,822	34,243
Lease obligations payable	7,175	74	7,249	2,864
Other liabilities				71,058
Total Current Liabilities	2,114,440	54,333	2,168,773	444,812
Noncurrent liabilities:				
Due to other governments	85	11,920	12,005	
Claims and benefits payable	35,479	457,274	492,753	
Derivative instruments	40,440		40,440	
Other postemployment benefits payable	157,474		157,474	
Pollution remediation obligation	35,072		35,072	
Bonds and notes payable, net	5,118,473	9,696	5,128,169	1,053,983
Lease obligations payable	13,034	197	13,231	68,379
Liabilities payable from restricted assets:				
Deposits		150	150	
Net pension liability	2,370,353	18,943	2,389,296	1,868,224
Other liabilities	108,910	625	109,535	265,847
Total Noncurrent Liabilities	7,879,320	498,805	8,378,125	3,256,433
Total Liabilities	9,993,760	553,138	10,546,898	3,701,245
<b>Deferred Inflows of Resources</b>				
Pensions	364,756	2,601	367,357	270,712

(Continued on Next Page)

# Mississippi

## Statement of Net Position

June 30, 2015 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net Position</b>				
Net investment in capital assets	13,900,211	393,507	14,293,718	2,724,986
Restricted for:				
Expendable:				
General government	289,527		289,527	
Education	217,979		217,979	
Health and social services	429,636		429,636	
Law, justice and public safety	151,393		151,393	
Recreation and resources development	1,360,540		1,360,540	
Regulation of business and professions	63,533		63,533	
Transportation	576,836		576,836	
Capital projects	367,639		367,639	
Debt service	340,515		340,515	2,070
Unemployment compensation benefits		646,418	646,418	
Other purposes		450	450	599,747
Nonexpendable:				
Education	58,815		58,815	750,938
Health and social services	2,025		2,025	
Recreation and resources development	11,361		11,361	
Unrestricted (deficit)	(6,005,860)	181,529	(5,824,331)	(883,954)
Total Net Position	<u>\$ 11,764,150</u>	<u>\$ 1,221,904</u>	<u>\$ 12,986,054</u>	<u>\$ 3,193,787</u>

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



(This page left blank intentionally)

# Mississippi

## Statement of Activities

For the Year Ended June 30, 2015 (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	\$ 2,951,973	\$ 1,292,467	\$ 25,805	\$ 841
Education	3,383,767	15,082	706,145	10
Health and social services	7,679,895	705,199	5,653,326	622
Law, justice and public safety	967,422	125,231	330,954	3,326
Recreation and resource development	556,790	73,478	325,908	516
Regulation of business and professions	40,760	44,456	568	
Transportation	675,713	69,386	16,296	481,768
Interest on long-term debt	225,512			
Total Governmental Activities	16,481,832	2,325,299	7,059,002	487,083
Business-type activities:				
Unemployment compensation	109,468	137,525	3,022	
Port Authority at Gulfport	26,202	15,045		
Prepaid affordable college tuition	27,122	13,220		
Other business-type	37,902	27,046	43	
Total Business-type Activities	200,694	192,836	3,065	
Total Primary Government	\$ 16,682,526	\$ 2,518,135	\$ 7,062,067	\$ 487,083
<b>Component units:</b>				
Universities	\$ 3,305,455	\$ 1,994,437	\$ 471,135	\$ 62,016
Nonmajor	38,798	29,777	2,276	2,256
Total Component Units	\$ 3,344,253	\$ 2,024,214	\$ 473,411	\$ 64,272

General revenues:  
Taxes:  
Sales and use  
Gasoline and other motor fuel  
Individual income  
Corporate income and franchise  
Insurance  
Other  
Investment income  
Other  
Payment from State of Mississippi  
Contributions to permanent endowments  
Transfers  
Total General Revenues, Contributions  
and Transfers  
Change in Net Position  
Net Position - Beginning, as restated  
Net Position - Ending

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

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

<b>Primary Government</b>				<b>Component Units</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>		
\$ (1,632,860)	\$	\$ (1,632,860)		
(2,662,530)		(2,662,530)		
(1,320,748)		(1,320,748)		
(507,911)		(507,911)		
(156,888)		(156,888)		
4,264		4,264		
(108,263)		(108,263)		
(225,512)		(225,512)		
<u>(6,610,448)</u>		<u>(6,610,448)</u>		
	31,079	31,079		
	(11,157)	(11,157)		
	(13,902)	(13,902)		
	(10,813)	(10,813)		
	<u>(4,793)</u>	<u>(4,793)</u>		
<u>(6,610,448)</u>	<u>(4,793)</u>	<u>(6,615,241)</u>		
			\$ (777,867)	
			<u>(4,489)</u>	
			<u>(782,356)</u>	
3,300,516		3,300,516		
414,779		414,779		
1,744,620		1,744,620		
689,171		689,171		
273,710		273,710		
513,203		513,203		
53,689	28,585	82,274	20,208	
			204,782	
			809,208	
			23,107	
<u>(103,182)</u>	<u>103,182</u>			
6,886,506	131,767	7,018,273	1,057,305	
276,058	126,974	403,032	274,949	
11,488,092	1,094,930	12,583,022	2,918,838	
<u>\$ 11,764,150</u>	<u>\$ 1,221,904</u>	<u>\$ 12,986,054</u>	<u>\$ 3,193,787</u>	

# Mississippi

## Governmental Funds

### Balance Sheet

June 30, 2015 (Expressed in Thousands)

	General	Permanent	Totals
<b>Assets</b>			
Equity in internal investment pool	\$ 3,070,586	\$ 2,569	\$ 3,073,155
Cash and cash equivalents	450,772	1,342	452,114
Investments	75,085	57,904	132,989
Receivables, net	728,731	359	729,090
Due from other governments, net	1,203,228		1,203,228
Due from other funds	4,123	531	4,654
Due from component units	469		469
Inventories	37,877		37,877
Loans receivable, net	311,933		311,933
Total Assets	\$ 5,882,804	\$ 62,705	\$ 5,945,509
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
Liabilities:			
Warrants payable	\$ 113,972	\$	\$ 113,972
Accounts payable and accruals	639,886	31	639,917
Contracts payable	75,536		75,536
Income tax refunds payable	213,517		213,517
Due to other governments	357,053		357,053
Due to other funds	48,809		48,809
Due to component units	33,051		33,051
Claims payable	42,276		42,276
Unearned revenues	60,705		60,705
Total Liabilities	1,584,805	31	1,584,836
Deferred inflows of resources:			
Deferred revenues	156,844		156,844
Fund balances:			
Nonspendable			
Inventories	37,877		37,877
Principal	15,000	57,201	72,201
Restricted			
General government	288,448		288,448
Education	213,992	3,987	217,979
Health and social services	414,038	305	414,343
Law, justice and public safety	144,785		144,785
Recreation and resources development	1,359,296	1,181	1,360,477
Regulation of business and professions	63,533		63,533
Transportation	562,002		562,002
Capital projects	367,639		367,639
Debt service	340,515		340,515
Committed			
General government	50,127		50,127
Education	16,949		16,949
Health and social services	3,900		3,900
Recreation and resources development	5,929		5,929
Transportation	12,014		12,014
Assigned			
General government	7,474		7,474
Education	7		7
Health and social services	2,541		2,541
Recreation and resources development	2,099		2,099
Unassigned	232,990		232,990
Total Fund Balances	4,141,155	62,674	4,203,829
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,882,804	\$ 62,705	\$ 5,945,509

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, 2015 (Expressed in Thousands)

Total fund balances for governmental funds \$ 4,203,829

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

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

Land	\$ 2,281,727	
Construction in progress	4,255,817	
Software	116,340	
Buildings	2,099,001	
Land improvements	270,671	
Machinery and equipment	700,025	
Infrastructure	10,232,451	
Accumulated depreciation	<u>(4,613,927)</u>	15,342,105

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

Refunding of debt	148,533	
Interest rate swaps	674	
Pensions	<u>222,987</u>	372,194

Deferred inflows of resources for pensions reported in governmental activities are  
not financial resources and therefore are not reported in the governmental funds (361,413)

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. 156,844

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

General obligation bonds and notes	(4,172,435)	
Notes payable	(1,037,310)	
Unamortized premiums	(285,576)	
Derivative instruments	(40,440)	
Capital lease obligations	(17,431)	
Accrued compensated absences	(117,236)	
Pollution remediation obligation	(43,089)	
Net pension liability	(2,347,290)	
Other postemployment benefits payable	(157,474)	
Claims payable	(3,669)	
Accrued interest payable	<u>(59,411)</u>	(8,281,361)

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.

331,952

**Net position of governmental activities** \$ 11,764,150

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, 2015 (Expressed in Thousands)

	General	Permanent	Totals
<b>Revenues</b>			
Taxes:			
Sales and use	\$ 3,324,776	\$	\$ 3,324,776
Gasoline and other motor fuel	419,622		419,622
Individual income	1,747,961		1,747,961
Corporate income and franchise	691,769		691,769
Insurance	273,710		273,710
Other	515,596		515,596
Licenses, fees and permits	563,901	801	564,702
Federal government	7,500,282		7,500,282
Investment income	55,873	1,129	57,002
Charges for sales and services	361,793		361,793
Rentals	15,553	236	15,789
Court assessments and settlements	163,915		163,915
Other	653,595	13	653,608
Total Revenues	16,288,346	2,179	16,290,525
<b>Expenditures</b>			
Current:			
General government	2,475,434		2,475,434
Education	3,381,828	118	3,381,946
Health and social services	7,685,805		7,685,805
Law, justice and public safety	959,927		959,927
Recreation and resources development	555,793		555,793
Regulation of business and professions	41,284		41,284
Transportation	1,047,355		1,047,355
Debt service:			
Principal	319,916		319,916
Interest and other fiscal charges	224,400		224,400
Total Expenditures	16,691,742	118	16,691,860
Excess of Revenues over (under) Expenditures	(403,396)	2,061	(401,335)
<b>Other Financing Sources (Uses)</b>			
Bonds and notes issued	366,575		366,575
Capital leases issued	2,322		2,322
Discounts on bonds issued	(353)		(353)
Insurance recovery	22,732		22,732
Payments to bond escrow agent	(483,163)		(483,163)
Premiums on bonds and notes issued	86,758		86,758
Refunding bonds issued	429,115		429,115
Transfers in	3,513		3,513
Transfers out	(105,709)	(1,000)	(106,709)
Net Other Financing Sources (Uses)	321,790	(1,000)	320,790
Net Change in Fund Balances	(81,606)	1,061	(80,545)
Fund Balances - Beginning	4,222,761	61,613	4,284,374
Fund Balances - Ending	\$ 4,141,155	\$ 62,674	\$ 4,203,829

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, 2015 (Expressed in Thousands)

**Net change in fund balances - total governmental funds** \$ (80,545)

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	\$ 846,466	
Depreciation expense	<u>(414,319)</u>	432,147

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

(4,784)

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.

39,831

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	(86,758)	
Discounts on bonds issued	353	
Bonds and notes issued	(366,575)	
Refunding bonds issued	(429,115)	
Capital leases issued	(2,322)	
Payments of debt principal	319,916	
Payments to bond escrow agent	483,163	
Accrued interest	<u>(8,928)</u>	(90,266)

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	2,708	
Change in claims payable	(801)	
Change in compensated absences	709	
Change in deferred revenues	(34,851)	
Change in other postemployment benefits payable	(17,531)	
Change in pollution remediation obligation	(1,232)	
Change in fair value of investment derivative	(7,510)	
Change in fair value of borrowing derivative	6,763	
Change in net pension liability	360,505	
Change in deferred inflow pension	(361,413)	
Change in deferred outflow pension	31,966	
Amortization of premiums	23,687	
Amortization of deferred amount on refunding	<u>(23,325)</u>	(20,325)

**Change in net position of governmental activities** \$ 276,058

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

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2015 (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	\$	\$ 743	\$ 533
Cash and cash equivalents	607,286	18,183	11,838
Investments		49,555	
Receivables, net	57,478	1,589	755
Restricted assets:			
Cash and cash equivalents		150	
Due from other governments, net	276	19	
Due from other funds	576	22,865	
Due from component units			
Inventories			
Prepaid items		105	
Loans and notes receivable		630	
Total Current Assets	665,616	93,839	13,126
Noncurrent assets:			
Investments			309,616
Loans and notes receivable		21,164	
Restricted assets:			
Cash and cash equivalents		450	
Capital assets:			
Land and construction in progress		221,869	
Other capital assets, net		154,123	
Total Noncurrent Assets		397,606	309,616
Total Assets	\$ 665,616	\$ 491,445	\$ 322,742
<b>Deferred Outflows of Resources</b>			
Pension		413	371



**Enterprise Funds**

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>	
<b>Nonmajor Funds</b>	<b>Totals</b>		
\$ 69,298	\$ 70,574	\$ 288,450	
22,672	659,979	128,703	
	49,555	3,886	
5,081	64,903	392	
	150		
82	377	867	
7,847	31,288	22,431	
		1,187	
548	548		
323	428		
5,616	6,246		
111,467	884,048	445,916	
	309,616	32,196	
153,454	174,618		
	450		
5,675	227,544	1,755	
30,990	185,113	31,723	
190,119	897,341	65,674	
\$ 301,586	\$ 1,781,389	\$ 511,590	
2,174	2,958	2,921	

(Continued on Next Page)

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2015 (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	\$	\$	\$ 342
Accounts payable and other liabilities	61	20,868	692
Contracts payable		3,992	
Due to other governments	11,197		
Due to other funds	1,964		1
Due to component units			
Claims and benefits payable	5,772		
Deposits			
Bonds payable		2,974	
Unearned revenues	204	112	
Lease obligations payable			
Total Current Liabilities	19,198	27,946	1,035
Noncurrent liabilities:			
Due to other governments			
Claims and benefits payable			457,274
Bonds payable		9,696	
Lease obligations payable			
Liabilities payable from restricted assets:			
Deposits		150	
Net pension liability		4,430	728
Other liabilities		233	41
Total Noncurrent Liabilities		14,509	458,043
Total Liabilities	19,198	42,455	459,078
<b>Deferred Inflows of Resources</b>			
Pension		514	106
<b>Net Position</b>			
Net investment in capital assets		364,405	
Restricted for:			
Expendable			
Unemployment compensation benefits	646,418		
Other purposes		450	
Unrestricted (deficit)		84,034	(136,071)
Total Net Position	\$ 646,418	\$ 448,889	\$ (136,071)

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

**Enterprise Funds**

<b>Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>	
<b>Nonmajor Funds</b>	<b>Totals</b>		
\$ 1,350	\$ 1,692	\$ 2,056	
4,548	26,169	6,361	
	3,992		
178	11,375	368	
4,739	6,704	2,846	
		23	
	5,772	94,369	
1,908	1,908		
	2,974		
61	377	10,689	
74	74	759	
12,858	61,037	117,471	
11,920	11,920		
	457,274	35,477	
	9,696		
197	197	2,019	
	150		
13,785	18,943	23,063	
351	625	1,186	
26,253	498,805	61,745	
39,111	559,842	179,216	
1,981	2,601	3,343	
29,102	393,507	30,700	
	646,418		
	450		
233,566	181,529	301,252	
\$ 262,668	\$ 1,221,904	\$ 331,952	

# Mississippi

## Proprietary Funds

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

For the Year Ended June 30, 2015 (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	\$	\$ 14,101	\$
Assessments	137,525		
Investment income			
Federal agencies	3,022		
Rentals			
Fees			799
Tuition receipts			12,421
Other			
Total Operating Revenues	140,547	14,101	13,220
<b>Operating Expenses</b>			
Cost of sales and services			
General and administrative		3,228	563
Contractual services		15,482	1,099
Commodities		588	8
Depreciation		6,317	
Claims and benefits	109,468		25,452
Other			
Total Operating Expenses	109,468	25,615	27,122
Operating Income (Loss)	31,079	(11,514)	(13,902)
<b>Nonoperating Revenues</b>			
Revenue from counties		937	
Insurance recovery		6	
Gain on disposal of capital assets		1	
Investment income	12,958	414	8,030
Other			
Total Nonoperating Revenues	12,958	1,358	8,030
<b>Nonoperating Expenses</b>			
Loss on disposal of capital assets			
Interest and other fiscal charges		587	
Total Nonoperating Expenses		587	
Income (Loss) before Capital Contributions and Transfers	44,037	(10,743)	(5,872)
Capital Contributions			
Transfers In		95,598	
Transfers Out			
Change in Net Position	44,037	84,855	(5,872)
Total Net Position - Beginning, as restated	602,381	364,034	(130,199)
Total Net Position - Ending	\$ 646,418	\$ 448,889	\$ (136,071)

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

**Enterprise Funds**

<b>Nonmajor Funds</b>		<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
\$	24,538	\$ 38,639	\$ 802,950
		137,525	
	6,431	6,431	
		3,022	
	1,318	1,318	
	183	982	
		12,421	
	1,049	1,049	28
	33,519	201,387	802,978
	14,282	14,282	
	12,125	15,916	16,173
	7,504	24,085	63,013
	2,112	2,708	601
	1,569	7,886	2,971
		134,920	685,108
	216	216	
	37,808	200,013	767,866
	(4,289)	1,374	35,112
		937	
		6	
		1	
	752	22,154	4,196
	1	1	
	753	23,099	4,196
	82	82	1
	12	599	52
	94	681	53
	(3,630)	23,792	39,255
			562
	8,907	104,505	1,204
	(1,323)	(1,323)	(1,190)
	3,954	126,974	39,831
	258,714	1,094,930	292,121
\$	262,668	\$ 1,221,904	\$ 331,952

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2015 (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	\$ 3,060	\$	\$
Cash receipts/premiums from interfund services provided			
Cash receipts/premiums from customers		(7,744)	13,220
Cash receipts from assessments	141,562		
Cash payments to suppliers for goods and services		(9,673)	(1,107)
Cash payments to employees for services		(3,006)	(450)
Cash payments for claims and benefits	(108,662)		(25,484)
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	35,960	(20,423)	(13,821)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in		79,835	
Transfers out			
Revenues from counties		937	
Proceeds from other governments			
Net Cash Provided by Noncapital Financing Activities		80,772	
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets		(86,775)	
Proceeds from sales of capital assets		1	
Principal paid on bonds and capital assets contracts		(2,796)	
Interest paid on bonds and capital assets contracts		(633)	
Proceeds from insurance recovery		6	
Net Cash Provided by (Used for) Capital and Related Financing Activities		(90,197)	
<b>Cash Flows From Investing Activities</b>			
Proceeds from sales of investments		31,250	115,469
Purchases of investments		(152)	(102,935)
Investment income	12,958	433	5,698
Net Cash Provided by Investing Activities	12,958	31,531	18,232
Net Change in Cash and Cash Equivalents	48,918	1,683	4,411
Cash and Cash Equivalents - Beginning	558,368	17,843	7,960
Cash and Cash Equivalents - Ending	\$ 607,286	\$ 19,526	\$ 12,371

**Enterprise Funds**

Nonmajor Funds	Totals	Governmental Activities - Internal Service Funds
\$	\$ 3,060	\$
		232,673
30,073	35,549	567,018
	141,562	
(20,901)	(31,681)	(60,208)
(12,040)	(15,496)	(16,134)
	(134,146)	(704,414)
356	356	15
2	2	
28,315	28,315	
(24,792)	(24,792)	
1,013	2,729	18,950
8,870	88,705	1,204
(1,322)	(1,322)	(1,190)
	937	
688	688	
8,236	89,008	14
(976)	(87,751)	(38)
	1	
(72)	(2,868)	(828)
(12)	(645)	(51)
	6	
(1,060)	(91,257)	(917)
	146,719	18,440
	(103,087)	(17,733)
754	19,843	4,332
754	63,475	5,039
8,943	63,955	23,086
83,027	667,198	394,067
\$ 91,970	\$ 731,153	\$ 417,153

(Continued on Next Page)

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2015 (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)	\$ 31,079	\$ (11,514)	\$ (13,902)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		6,317	
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	3,506	(21,848)	
Due from other governments	278		
Due from other funds	11		
Due from component units	243		
Inventories			
Prepaid items		100	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			92
Accounts payable and other liabilities	(86)	6,327	(499)
Due to other governments	879		
Due to other funds	829		1
Due to component units			
Claims and benefits payable	(816)		385
Unearned revenues	37	4	
Pension cost		191	102
Total adjustments	4,881	(8,909)	81
Net Cash Provided by (Used for) Operating Activities	\$ 35,960	\$ (20,423)	\$ (13,821)
<b>Noncash Capital and Related Financing and Investing Activities</b>			
Capital contributions			
Loss on disposal of capital assets			
Change in market value of investments		3	(16,267)

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



**Enterprise Funds**

<b>Nonmajor Funds</b>		<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
\$	(4,289)	\$ 1,374	\$ 35,112
	1,569	7,886	2,971
	(263)	(18,605)	(155)
	(82)	196	(234)
	3,758	3,769	1,669
	9	252	(313)
	233	233	
	7	107	
	(3,124)	(3,124)	
	335	427	1,723
	876	6,618	588
	3	882	15
	1,963	2,793	1,082
			(34)
		(431)	(19,138)
	(79)	(38)	(4,238)
	97	390	(98)
	5,302	1,355	(16,162)
\$	1,013	\$ 2,729	\$ 18,950

			562
82	82		1
	(16,264)		(1,042)

# Mississippi

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2015 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Fund	Agency Funds
<b>Assets</b>			
Equity in internal investment pool	\$ 3,152	\$ 51	\$ 9,660
Cash and cash equivalents	853,263		81,507
Investments, at fair value:			
Short-term investments	488,573	2,078	
Long-term debt securities	4,688,184	62,710	
Equity securities	15,728,549	84,392	
Private equity	1,357,012		
Real estate investments	2,472,803	9,529	
Asset allocation fund			
Fixed rate and variable			
Life insurance contracts		27,680	
Securities lending:			
Short-term investments	230,506		
Long-term debt securities	2,528,111		
Receivables, net:			
Employer contributions	67,982		
Employee contributions	38,469		
Investment proceeds	1,640,216		
Interest and dividends	80,762	111	
Other	1,525	124	391
Due from other funds	3		
Commodity inventory			
Capital assets:			
Land and construction in progress	18,998		
Other capital assets, net	13,294		
Total Assets	<u>30,211,402</u>	<u>186,675</u>	<u>\$ 91,558</u>
<b>Deferred Outflow of Resources</b>			
Pension		10	
<b>Liabilities</b>			
Warrants payable	334	1	\$ 236
Accounts payable and accruals	2,035,876	384	1,824
Due to other governments			1,357
Due to other funds	17		
Amounts held in custody for others			88,141
Net Pension Liability		121	
Obligations under securities lending	2,758,970		
Total Liabilities	<u>4,795,197</u>	<u>506</u>	<u>\$ 91,558</u>
<b>Deferred Inflow of Resources</b>			
Pension		18	
<b>Net Position</b>			
Net position restricted for pensions and trust beneficiaries	<u>\$ 25,416,205</u>	<u>\$ 186,161</u>	

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, 2015 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 1,030,028	\$
Plan participant	560,099	23,820
Total Contributions	1,590,127	23,820
Net Investment Income:		
Net change in fair value of investments	362,760	1,048
Interest and dividends	557,068	3,216
Securities lending:		
Income from securities lending	16,397	
Interest expense and trading costs from securities lending	(2,619)	
Managers' fees and trading costs	(88,884)	
Net Investment Income	844,722	4,264
Other Additions:		
Administrative fees	595	120
Other	75	
Total Other Additions	670	120
Total Additions	2,435,519	28,204
<b>Deductions</b>		
Benefits	2,284,168	21,245
Refunds to terminated employees	119,557	
Administrative expenses	14,714	883
Depreciation	571	
Total Deductions	2,419,010	22,128
Change in Net Position	16,509	6,076
Net Position - Beginning, as restated	25,399,696	180,085
Net Position - Ending	\$ 25,416,205	\$ 186,161

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

# Mississippi

## Component Units

### Statement of Net Position

June 30, 2015 (Expressed in Thousands)

	Universities	Nonmajor	Totals
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$	\$	2,030
Cash and cash equivalents	458,867	20,204	479,071
Investments	196,883	31,319	228,202
Receivables, net	305,956	3,499	309,455
Due from other governments		187	187
Due from primary government	32,834	240	33,074
Inventories	30,070	1,197	31,267
Prepaid items	35,262	219	35,481
Notes receivable, net	36,567		36,567
Other assets	1,421	15	1,436
Total Current Assets	1,097,860	58,910	1,156,770
Noncurrent assets:			
Investments	621,423		621,423
Notes receivable, net	157,181		157,181
Restricted assets:			
Cash and cash equivalents	261,276	1,990	263,266
Investments	954,048	7,000	961,048
Capital assets:			
Land and construction in progress	634,067	17,327	651,394
Other capital assets, net	2,961,448	155,375	3,116,823
Other assets	10,457		10,457
Total Noncurrent Assets	5,599,900	181,692	5,781,592
Total Assets	6,697,760	240,602	6,938,362
<b>Deferred Outflows of Resources</b>			
Refunding	10,661		10,661
Pension	215,304	1,417	216,721
Total Deferred Outflows	225,965	1,417	227,382

(Continued on Next Page)

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

# Mississippi

## Component Units

### Statement of Net Position

June 30, 2015 (Expressed in Thousands)

(Continued from Previous Page)

	Universities	Nonmajor	Totals
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	215,705	3,786	219,491
Due to primary government	625	1,031	1,656
Deposits		534	534
Unearned revenues	114,420	546	114,966
Bonds and notes payable	34,243		34,243
Lease obligations payable	2,820	44	2,864
Other liabilities	71,058		71,058
Total Current Liabilities	438,871	5,941	444,812
Noncurrent liabilities:			
Bonds and notes payable	1,053,983		1,053,983
Lease obligations payable	68,238	141	68,379
Net pension liability	1,850,037	18,187	1,868,224
Other liabilities	264,890	957	265,847
Total Noncurrent Liabilities	3,237,148	19,285	3,256,433
Total Liabilities	3,676,019	25,226	3,701,245
<b>Deferred Inflows of Resources</b>			
Pension	268,176	2,536	270,712
<b>Net Position</b>			
Net investment in capital assets	2,552,469	172,517	2,724,986
Restricted for:			
Debt service		2,070	2,070
Other purposes	595,350	4,397	599,747
Permanent endowments:			
Nonexpendable	743,938	7,000	750,938
Unrestricted	(912,227)	28,273	(883,954)
Total Net Position	\$ 2,979,530	\$ 214,257	\$ 3,193,787

# Mississippi

## Component Units

### Statement of Activities

For the Year Ended June 30, 2015 (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	\$ 3,305,455	\$ 1,994,437	\$ 471,135	\$ 62,016	\$ (777,867)	\$	\$ (777,867)
Nonmajor	38,798	29,777	2,276	2,256		(4,489)	(4,489)
Total	\$ 3,344,253	\$ 2,024,214	\$ 473,411	\$ 64,272	(777,867)	(4,489)	(782,356)
General revenues:							
					19,593	615	20,208
					202,115	2,667	204,782
					809,208		809,208
					23,107		23,107
					1,054,023	3,282	1,057,305
					276,156	(1,207)	274,949
					2,703,374	215,464	2,918,838
					\$ 2,979,530	\$ 214,257	\$ 3,193,787

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

## Notes to the Financial Statements

June 30, 2015

### Note 1 - Significant Accounting Policies

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

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

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

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

Public Employees' Retirement System of Mississippi (PERS) - The System was created having all the powers and privileges of a public corporation for the purpose of providing pension benefits for public employees of the State and its political subdivisions. The Board of Trustees is composed of the State Treasurer, one member appointed by the Governor and eight members elected by its members. The administrative expenses are subject to legislative budget controls. Its four pension trust funds and one agency fund are reported as part of the State using the blended component method. The funds were audited by independent auditors for the period ended June 30, 2015, 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.

In 2014, the System contracted with a third-party administrator for the Government Employees' Deferred Compensation Plan. Because of the change in administration, the plan is no longer considered part of the System's financial reporting entity.

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

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 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.



# Mississippi

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

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

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

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

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

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

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. 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 System.

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.

# Mississippi

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. Pensions** – Net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense have been measured using the same basis as the PERS fiduciary net position. For the purpose of determining the PERS fiduciary net position, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.
- Q. 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.

- R. Federal Grants** - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.
- S. 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/defeased 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.
- T. Changes in Accounting Standards** - The State implemented the following standards issued by GASB in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and the notes.

# Mississippi

## 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 \$4,516,667,000 of restricted net position, of which \$671,973,000 is restricted by enabling legislation.
- B. Deficit Net Position** - At June 30, 2015, the State Treasurer Prepaid Affordable College Tuition Fund (a major proprietary fund) has deficit net position of \$136,071,000. The deficit is a result of actual investment earnings being less than actuarial assumptions. The Department of Corrections Restaurants and Commissary Fund (a nonmajor enterprise fund) and Personnel Board (an internal service fund) have deficit net positions of \$662,000 and \$4,519,000, respectively. These deficits are results of the implementation of GASB Statements No. 68 and 71.
- 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, 2015, the Account, as reported in the General Fund, has an unassigned fund balance of \$396,704,000.
- D. Fund Balances** - At June 30, 2015, 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	\$ 213,032	\$ 41,817	\$ 7,474
Other	75,416	8,310	
Education	213,992	16,949	7
Health and Social Services	414,038	3,900	2,541
Law, Justice and Public Safety			
Disaster Assistance	22,947		
Highway Safety	36,269		
Other	85,569		
Recreation and Resources Development			
Industrial Development	685,751	2,725	254
Natural Resources	576,389		
Other	97,156	3,204	1,845
Regulation of Business and Professions	63,533		
Transportation			
Highways	384,854		
State Roads and Bridges	102,116	12,014	
Other	75,032		
Capital Projects	367,639		
Debt Service	340,515		
Total General Fund	3,754,248	88,919	12,121
<b>Permanent</b>			
Education	3,987		
Health and Social Services	305		
Recreation and Resources Development			
Wildlife Conservation	1,181		
Total Permanent Fund	5,473		
Total Governmental Funds	\$ 3,759,721	\$ 88,919	\$ 12,121

# Mississippi

**E. Restatement of Net Position** – During fiscal year 2015, the State implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses related to pensions. As a result of these implementations, net position was reduced. The restatement of net position is summarized as follows (amounts expressed in thousands):

Net Position	June 30, 2014, as previously reported	Implementation of GASB Statements No. 68 and 71	June 30, 2014, as restated
<b>Governmental Activities:</b>			
Net investment in capital assets	\$ 13,430,397	\$	\$ 13,430,397
Restricted	3,633,805		3,633,805
Unrestricted	(3,035,755)	(2,540,355)	(5,576,110)
Total Governmental Activities	14,028,447	(2,540,355)	11,488,092
<b>Business-type Activities:</b>			
Net investment in capital assets	\$ 297,830	\$	\$ 297,830
Restricted	602,831		602,831
Unrestricted	212,462	(18,193)	194,269
Total Business-type Activities	1,113,123	(18,193)	1,094,930
Total Primary Government	15,141,570	(2,558,548)	12,583,022
<b>Component Units:</b>			
Net investment in capital assets	\$ 2,593,372	\$	\$ 2,593,372
Restricted	1,320,546		1,320,546
Unrestricted	942,610	(1,937,690)	(995,080)
Total Component Units	4,856,528	(1,937,690)	2,918,838

## Note 3 - Interfund Transactions

At June 30, 2015, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Due From	Due To							
	General	Permanent	Internal Service	Unemployment Compensation	Port Authority at Gulfport	Nonmajor Enterprise	Fiduciary Funds	Total
Governmental:								
General	\$	\$ 531	\$ 17,678	\$	\$ 22,865	\$ 7,735	\$	\$ 48,809
Internal Service	2,158			576		112		2,846
Proprietary:								
Unemployment Compensation	1,964							1,964
Prepaid Affordable College Tuition	1							1
Nonmajor Enterprise			4,739					4,739
Fiduciary			14				3	17
Total	\$ 4,123	\$ 531	22,431	\$ 576	\$ 22,865	\$ 7,847	\$ 3	\$ 58,376

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, 2015, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

# Mississippi

Due From	Due To					Total
	Primary Government		Component Units			
	General	Internal Service	Universities	Nonmajor		
Primary Government:						
General	\$	\$	\$ 32,832	\$ 219	\$	33,051
Internal Service			2	21		23
Component Units:						
Universities		438	187			625
Nonmajor		31	1,000			1,031
Total	\$	469	\$ 1,187	\$ 32,834	\$ 240	\$ 34,730

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, 2015, interfund transfers consisted of (amounts expressed in thousands):

Transfer From	Transfer To					Total
	General	Internal Service	Port Authority at Gulfport	Nonmajor Enterprise		
Governmental:						
General	\$	\$ 1,204	\$ 95,598	\$ 8,907	\$	105,709
Permanent		1,000				1,000
Internal Service		1,190				1,190
Proprietary:						
Nonmajor Enterprise		1,323				1,323
Total	\$	3,513	\$ 1,204	\$ 95,598	\$ 8,907	\$ 109,222

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.

## 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.

# Mississippi

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. As of June 30, 2015, of the statewide collateral pool cash deposits reported by the financial institutions, \$133,058,000 was uninsured and uncollateralized. Of the cash deposits not included in the statewide collateral pool, \$779,000 was uninsured and uncollateralized, and \$117,034,000 was uninsured and collateral held by the pledging financial institution's trust department or agent was not in the government's name.

## **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.



# Mississippi

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.

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.

# Mississippi

## 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, 2015 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings				
	AAA	AA	A	BBB	Not Rated
Asset backed securities	\$ 3,429	\$ 1,289	\$ 2,420	\$ 1,889	
Collateralized mortgage obligations	1,345	2,247	763		188,013
Corporate bonds	240	3,766	20,421	4,365	
Mortgage pass-throughs					88,815
Municipal bonds		251			
Mutual funds	49,021				
U.S. Government agency obligations		1,681,761			
<b>Total</b>	<b>\$ 54,035</b>	<b>\$ 1,689,314</b>	<b>\$ 23,604</b>	<b>\$ 6,254</b>	<b>\$ 276,828</b>

- 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, 2015, the primary government had the following investments and maturities (amounts expressed in thousands):

Investment Type	Fair Value (in thousands)	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 9,026	\$	\$ 3,309	\$ 3,891	\$ 1,826
Collateralized mortgage obligations	297,204		4,022	5,979	287,203
Corporate bonds	33,549	1,965	20,022	3,850	7,712
Mortgage pass-throughs	95,736	535	4,701	32,029	58,471
Municipal bonds	252		252		
Mutual funds	49,021	49,021			
Other Pass Through	127,377	18	37,613	12,712	77,034
U.S. Government agency obligations	1,687,064	57,224	1,467,875	160,404	1,561
U.S. Treasury Obligations	582,211	132,942	435,859	10,642	2,768
Zero coupon bonds	1,757		1,710	47	
<b>Total Primary Government</b>	<b>\$ 2,883,197</b>	<b>\$ 241,705</b>	<b>\$ 1,975,363</b>	<b>\$ 229,554</b>	<b>\$ 436,575</b>

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.

# Mississippi

- 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, 2015, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities	Total Fair Value
Australian dollar	\$	\$ 3,865	\$ 3,865
British pound sterling		5,605	5,605
Euro	1	8,717	8,718
Hong Kong dollar		2,719	2,719
Israeli shekel		595	595
Japanese yen		3,457	3,457
Malaysian ringgit	3		3
New Taiwan dollar	1,114		1,114
Norwegian krone		738	738
Singapore dollar		1,749	1,749
Swedish krona		1,352	1,352
Swiss franc		5,025	5,025
Total	\$ 1,118	\$ 33,822	\$ 34,940

- 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	\$ 456,569	10.99%
Federal Home Loan Mortgage Corporation	755,041	18.18
Federal National Mortgage Association	459,403	11.06
Federal Farm Credit Bank	237,239	5.71

- 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, 2015 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, 2015, the System had no deposits in foreign demand deposit accounts.

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

## System Investment Policies

The System is authorized to invest in the following:

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

# Mississippi

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 in foreign government securities. The System is authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments;

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

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

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

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

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

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

## System Investments

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

# Mississippi

The Moody's or S&P credit ratings for the System's investments as of June 30, 2015 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	\$ 1,157,453	\$ 22,309	\$ 46,893	\$ 18,382	\$ 10,650	\$ 2,661
Collateralized mortgage obligations	170,927	178,744	45,378	64,725	20,706	21,484
Corporate bonds	78,564	739,614	989,536	826,787	353,266	174,975
Mortgage pass-throughs		320,285				
Repurchase agreements	178,500	29,262				
Sovereign governments debt	99,023	92,195	228,363	261,343	163,518	69,358
State and local obligations	579	14,612	19,027	2,568		
U.S. Government agency obligations	2,167	126,121				
Yankee/Global bonds	27,287	895	883	13,223		
<b>Total</b>	<b>\$ 1,714,500</b>	<b>\$ 1,524,037</b>	<b>\$ 1,330,080</b>	<b>\$ 1,187,028</b>	<b>\$ 548,140</b>	<b>\$ 268,478</b>

Investment Type	Quality Ratings						Rating Withdrawn	Not Rated
	Caa/CCC	Ca/CC	C/C	D/D	P			
Asset backed securities	\$ 11,274	\$ 4	\$ 18		\$		\$ 9,887	
Collateralized mortgage obligations	8,519	985		14,493			171	
Corporate bonds	16,457	257					13,192	
Repurchase agreements					75,600			
Sovereign governments debt	9,044	3,047					65,310	
Yankee/Global bonds							2,164	
<b>Total</b>	<b>\$ 45,294</b>	<b>\$ 4,293</b>	<b>\$ 18</b>	<b>\$ 14,493</b>	<b>\$ 75,600</b>		<b>\$ 78,673</b>	

- B. Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Section 25-11-121, Mississippi Code Ann. (1972), requires that all investments be clearly marked as to ownership, and to the extent possible, shall be registered in the name of the System. Of the System's \$27,493,738,000 in investments at June 30, 2015, \$3,800,000,000 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.

The fair value of the System's cash collateral securities and the underlying securities on non-cash loans as of June 30, 2015, consisted of (amounts expressed in thousands):

Investment Type	Fair Value
Cash collateral securities	
Asset backed securities	\$ 1,116,367
Corporate bonds	1,411,744
Repurchase agreements	230,506
Total cash collateral securities	<u>2,758,617</u>
Underlying securities on non-cash loans	
Debt securities	223,977
Equities	729,653
Real Estates Investment Trusts	38,882
Total underlying securities on non-cash loans	<u>992,512</u>
<b>Total</b>	<b>\$ 3,751,129</b>

# Mississippi

- 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, 2015, 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	\$ 1,279,531	\$ 1,200,249	\$ 21,181	\$ 22,325	\$ 35,776
Collateralized mortgage obligations	561,257	125,919	11,146	15,880	408,312
Corporate bonds	3,193,612	903,782	1,303,706	568,559	417,565
Mortgage pass-throughs	424,745		1,708	4,961	418,076
Repurchase agreements	484,376	484,376			
Sovereign governments debt	1,018,190	92,369	265,173	332,314	328,334
State and local obligations	36,786		272	8,984	27,530
U.S. Government agency obligations	128,288	86,694	28,295	275	13,024
U.S. Treasury obligations	709,268	115,815	232,628	167,134	193,691
Yankee/Global bonds	44,452	5,349	20,308	6,545	12,250
<b>Total</b>	<b>\$ 7,880,505</b>	<b>\$ 3,014,553</b>	<b>\$ 1,884,417</b>	<b>\$ 1,126,977</b>	<b>\$ 1,854,558</b>

During fiscal year 2015, 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 \$22,600,000 at fiscal year-end. The derivatives policy limits IO and PO strips to three percent of the investment portfolio.

CMOs are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security. The System held \$561,300,000 in CMOs at June 30, 2015. Of this amount, \$201,100,000 were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the derivatives policy.

ABS are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, ABS have been structured as pass-throughs and as structures with multiple bond classes. Of the \$1,300,000,000 in ABS held at June 30, 2015, \$43,900,000 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, 2015, the System has invested in \$424,700,000 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.

# Mississippi

**D. Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The investment asset allocation policy does not limit foreign currency-denominated investments of the System. The Investment Committee of the Board of Trustees evaluates the actual investment asset allocation quarterly, in accordance with the adopted phase-in policy. Based on current market conditions, the Board adjusts the allocation as necessary. The System's exposure to foreign currency risk at June 30, 2015, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities and REITs	Debt Securities	Total Fair Value
Australian dollar	\$ (118,875)	\$ 239,398	\$ 25,215	\$ 145,738
Brazilian real	(36,303)	132,110	58,661	154,468
British pound sterling	(340,412)	768,163	88,301	516,052
Canadian dollar	(27,850)	124,815	18,713	115,678
Chilean peso	1	6,937		6,938
Danish krone	(42,726)	82,038	22,373	61,685
Euro	(658,804)	1,392,260	284,495	1,017,951
Hong Kong dollar	(39,193)	354,268		315,075
Hungarian forint		12,985		12,985
Indian Rupee	173	129,402		129,575
Indonesian rupiah	3,838	58,651	2,551	65,040
Israeli shekel	(8,136)	13,609		5,473
Japanese yen	(371,099)	951,365	90,390	670,656
Kenyan shilling		1,965		1,965
Malaysian ringgit	183	16,631		16,814
Mexican peso	(26,166)	39,040	54,532	67,406
New Taiwan dollar	(3,158)	119,223		116,065
New Turkish lira		58,470		58,470
New Zealand dollar	(21,818)	11,631	11,892	1,705
Norwegian krone	(7,705)	29,991	1,310	23,596
Pakistani rupee	34	22,376		22,410
Peruvian nuevo sol	(1,560)	571	2,815	1,826
Philippines peso	3	4,446	6,815	11,264
Polish zloty	(1,243)	6,739	1,289	6,785
Qatari riyal		2,234		2,234
Russian ruble		1,894		1,894
Singapore dollar	(16,813)	92,609		75,796
South African rand	(18,818)	135,436	21,236	137,854
South Korean won	(12,554)	213,069		200,515
Swedish krona	(57,573)	136,610	22,233	101,270
Swiss franc	(116,499)	332,768		216,269
Thailand baht		33,405		33,405
UAE dirham		2,698		2,698
<b>Total</b>	<b>\$ (1,923,073)</b>	<b>\$ 5,527,807</b>	<b>\$ 712,821</b>	<b>\$ 4,317,555</b>

# Mississippi

**E. Investment Derivatives** - The System's derivatives policy limits foreign currency forwards to no more than 100 percent of the aggregate value of the portfolio securities denominated in the hedged currency. At June 30, 2015, the counterparties of the foreign currency forwards primarily had short term credit ratings of A as rated by the nationally recognized statistical rating organizations. The System's general policy requires that the counterparty has a long term credit rating of A or better and a short term credit rating of A1/P1 at a minimum. More specifically, the System's policy requires that all over-the-counter derivatives be rated AA or better by the nationally recognized statistical rating organizations. The counterparties of the to-be-announced securities were primarily rated A by the nationally recognized statistical rating organizations. The foreign currency forwards are presented in the foreign currency risk table, and the to-be-announced securities are disclosed in the interest rate risk table by years to maturity. The investment derivative instruments outstanding as of June 30, 2015 are as follows (amounts expressed in thousands):

Investment Type	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2015	
		Classification	Amount	Classification	Amount
Foreign currency forwards	\$ (28,633,437)	Investment income	\$ 1,926	Investment	\$ 1,926
To-be-announced securities	197,565	Investment income	556	Debt securities	204,183

**F. Securities Lending Transactions** - The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2015, by the System are long-term U.S. Government and agency obligations, corporate bonds, REITs, and domestic and international equities. The contractual agreement with the custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. There have been no significant violations of the provisions of the agreement during the period of this statement.

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

For non-cash loans, 110 percent collateral is required from the borrowers. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults. Authorized securities' collateral includes U.S. and non-U.S. government debt obligations and securities, supranational debt obligations, U.S. and non-U.S. equity securities listed on specified indices, U.S. and non-U.S. corporate bonds, and convertible securities. Equities were held as collateral on the non-cash loans as of June 30 2015.

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 one day at June 30, 2015. Cash collateral was invested in repurchase agreements, corporate bonds and ABS. The weighted average effective duration and the weighted average maturity of all collateral investments at June 30, 2015, were 33 days.

Securities lent at year end for cash and non-cash collateral are presented by type. Securities lent for securities collateral are classified according to the custodial credit risk category for the collateral. There were \$992,512,000 securities lent for securities collateral as of June 30, 2015. 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, 2015, the aggregate fair value of securities lending holdings, including accrued interest was \$2,760,233,000 and the aggregate fair value, including accrued interest, of the underlying securities lent was \$3,679,058,000. The value of the collateral pledged by borrowers at year end was \$3,865,228,000.



# Mississippi

## Note 5 - Receivables

At June 30, 2015, receivables consisted of (amounts expressed in thousands):

	<u>Governmental Funds</u>				Total Governmental Activities
	General	Permanent	Internal Service	Receivables Reclass	
Accounts	\$ 187,754	\$ 98	\$ 197	\$ 14	\$ 188,063
Taxes:					
Sales	309,171				309,171
Income	292,477				292,477
Gasoline	41,901				41,901
Other	71,180				71,180
Interest and dividends	10,428	261	195		10,884
Other	1				1
Gross receivables	912,912	359	392	14	913,677
Allowance for uncollectibles	(184,181)				(184,181)
Receivables, net	\$ 728,731	\$ 359	\$ 392	\$ 14	\$ 729,496
Amounts not scheduled for collection in subsequent year	\$ 151,816				\$ 151,816

	<u>Business-type Activities</u>				
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor	Total
Accounts	\$ 77,842	\$ 1,521	\$ 90	\$ 4,550	\$ 84,003
Assessments	48,235				48,235
Interest and dividends		68	665	540	1,273
Gross receivables	126,077	1,589	755	5,090	133,511
Allowance for uncollectibles	(68,599)			(9)	(68,608)
Receivables, net	\$ 57,478	\$ 1,589	\$ 755	\$ 5,081	\$ 64,903

	<u>Component Units</u>		
	Universities	Nonmajor	Total
Accounts	\$ 2,812,320	\$ 3,382	\$ 2,815,702
Interest	2,707	117	2,824
Gross receivables	2,815,027	3,499	2,818,526
Allowance for uncollectibles	(2,509,071)		(2,509,071)
Receivables, net	\$ 305,956	\$ 3,499	\$ 309,455

# Mississippi

## Note 6 - Due From Other Governments

At June 30, 2015, due from other governments consisted of (amounts expressed in thousands):

	<b>Governmental Funds</b>			<b>Total Governmental Activities</b>	
	<b>General</b>	<b>Internal Service</b>		<b>General</b>	<b>Internal Service</b>
Due from other governments	\$ 1,203,348	\$ 867	\$	\$ 1,204,215	
Allowance for uncollectibles	(120)			(120)	
Due from other governments, net	\$ 1,203,228	\$ 867	\$	\$ 1,204,095	
Amounts not scheduled for collection in subsequent year	\$ 640,294		\$	640,294	

	<b>Business-type Activities</b>			
	<b>Unemployment Compensation</b>	<b>Port Authority at Gulfport</b>	<b>Nonmajor</b>	<b>Total</b>
Due from other governments	\$ 1,694	\$ 19	\$ 82	\$ 1,795
Allowance for uncollectibles	(1,418)			(1,418)
Due from other governments, net	\$ 276	\$ 19	82	\$ 377

## Note 7 - Loans and Notes Receivable

At June 30, 2015, loans and notes receivables consisted of (amounts expressed in thousands):

	<b>Primary Government</b>	<b>Component Units</b>
	Governmental Activities Governmental Funds General	Universities
Loans and notes receivable	\$ 392,548	\$ 222,999
Allowance for uncollectibles	(80,615)	(29,251)
Loans and notes receivable, net	\$ 311,933	\$ 193,748
Amounts not scheduled for collection in subsequent year	\$ 263,880	\$ 157,181

# Mississippi

## Note 8 - Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows (amounts expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,234,358	\$ 47,510	\$ 141	\$ 2,281,727
Construction in progress	4,103,171	740,927	586,526	4,257,572
Total capital assets not being depreciated	6,337,529	788,437	586,667	6,539,299
Capital assets being depreciated:				
Software	61,573	54,767		116,340
Buildings	2,084,055	84,722	42,701	2,126,076
Land improvements	242,743	28,003	35	270,711
Machinery and equipment	717,507	53,466	44,346	726,627
Infrastructure	9,981,658	552,179	299,759	10,234,078
Total capital assets being depreciated	13,087,536	773,137	386,841	13,473,832
Less accumulated depreciation for:				
Software	4,942	7,362		12,304
Buildings	582,340	43,170	3,313	622,197
Land improvements	123,518	10,440	2	133,956
Machinery and equipment	461,671	50,943	35,254	477,360
Infrastructure	3,307,376	326,092	241,737	3,391,731
Total accumulated depreciation	4,479,847	438,007	280,306	4,637,548
Total capital assets being depreciated, net	8,607,689	335,130	106,535	8,836,284
Governmental activities capital assets, net	\$ 14,945,218	\$ 1,123,567	\$ 693,202	\$ 15,375,583

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 130,416	\$	\$	\$ 130,416
Construction in progress	36,087	93,254	32,213	97,128
Total capital assets not being depreciated	166,503	93,254	32,213	227,544
Capital assets being depreciated:				
Buildings	77,376		58	77,318
Land improvements	42,850	6,912	560	49,202
Machinery and equipment	20,766	864	439	21,191
Infrastructure	124,636	32,016	385	156,267
Total capital assets being depreciated	265,628	39,792	1,442	303,978
Less accumulated depreciation for:				
Buildings	21,709	2,696	1,231	23,174
Land improvements	24,383	2,140	644	25,879
Machinery and equipment	12,542	1,080	200	13,422
Infrastructure	52,530	4,191	331	56,390
Total accumulated depreciation	111,164	10,107	2,406	118,865
Total capital assets being depreciated, net	154,464	29,685	(964)	185,113
Business-type activities capital assets, net	\$ 320,967	\$ 122,939	\$ 31,249	\$ 412,657

# Mississippi

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

## Governmental Activities:

General government	\$ 19,212
Education	3,604
Health and social services	17,018
Law, justice and public safety	27,844
Recreation and resources development	11,096
Regulation of business and profession	213
Transportation	335,332
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	2,971
Total depreciation expense - governmental activities	<u>\$ 417,290</u>

## Business-type Activities:

Port Authority at Gulfport	\$ 6,317
Other business-type	1,569
Total depreciation expense - business-type activities	<u>\$ 7,886</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	\$ 4,711,317	\$ 3,974,670	\$ 739,268
Department of Finance and Administration	104,428	126,228	37,904
Information Technology Services	14,110	12,312	660
Wireless Communication Commission	23,050	15,363	7,687
Department of Public Safety	43,391	36,538	4,651
Department of Health	42,301	37,679	4,975
Department of Rehabilitation Services	13,578	13,527	12
East MS State Hospital	34,141	17,001	8,256
Military Department	14,607	6,598	8,009
Other projects less than \$10 million	26,700	17,656	8,407
Total governmental activities	<u>5,027,623</u>	<u>4,257,572</u>	<u>819,829</u>
<b>Business-type Activities:</b>			
Port Authority at Gulfport	279,407	96,477	182,930
Yellow Creek Port Authority	770	651	119
Total business-type activities	<u>280,177</u>	<u>97,128</u>	<u>183,049</u>
Total construction in progress	<u>\$ 5,307,800</u>	<u>\$ 4,354,700</u>	<u>\$ 1,002,878</u>

# Mississippi

## Component Units

At June 30, 2015, capital assets consisted of (expressed in thousands):

	Universities	Nonmajor	Total
Capital assets not being depreciated:			
Land	\$ 91,673	\$ 17,301	\$ 108,974
Construction in progress	542,394	26	542,420
Total capital assets not being depreciated	634,067	17,327	651,394
Capital assets being depreciated:			
Buildings	3,308,692	161,989	3,470,681
Land improvements	337,478	52,652	390,130
Machinery and equipment	1,199,815	28,036	1,227,851
Infrastructure		44,620	44,620
Total capital assets being depreciated	4,845,985	287,297	5,133,282
Less accumulated depreciation	1,884,537	131,922	2,016,459
Total capital assets being depreciated, net	2,961,448	155,375	3,116,823
Component units capital assets, net	\$ 3,595,515	\$ 172,702	\$ 3,768,217

# Mississippi

## 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, 2015 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, 2015, 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.

### Refunding and Defeased Bonds

During fiscal year 2015, the State issued the following general obligation refunding bonds, which are reported in governmental activities:

Tax-exempt General Obligation Refunding Bonds, Series 2015C totaling \$249,980,000 dated February 3, 2015. The Series 2015C Bonds were issued for the purpose of advance refunding and defeasing the following Tax-Exempt Refunded Bonds: \$167,315,000 (original principal amount) General Obligation Bonds (Community Heritage Preservation Grant Program, Local Governments and Rural Water Revolving Loan Fund, Water Pollution Control Revolving Fund, Department of Marine Resources Equipment and Facilities Fund, Mississippi Museum of Art, Local System Bridge Replacement and Rehabilitation Fund, Hillcrest Cemetery Repair Fund, Chalmers Institute Repair Fund, B. B. King Museum, Capital Improvements and GO Captens Series A (Tax-Exempt) Project), Series 2006D, dated as of November 1, 2006; \$299,020,000 (original principal amount) General Obligation Bonds (Capital Improvements Issue), Series 2007B, dated as of December 1, 2007; \$133,545,000 (original principal amount) General Obligation Bonds, Series 2008A (Community Heritage Preservation Grant Program, Local Governments and Rural Water Systems Program, Water Pollution Control Revolving Fund, Local System Bridge Replacement Program, Mississippi Public Health Laboratory Project, Rural Fire Truck Acquisition Assistance Program, Bureau of Buildings Projects and Soil and Water Conservation Program), dated as of October 1, 2008. These bonds mature serially beginning in year 2018 through 2028 with interest rates ranging from 4% to 5%. The advance refunding and defeasing was undertaken to reduce debt service payments by \$28,826,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$24,317,000.

Taxable General Obligation Refunding Bonds, Series 2015D totaling \$179,135,000 dated February 3, 2015. The Series 2015D Bonds were issued for the purpose of advance refunding and defeasing the following Taxable Refunded Bonds: \$96,600,000 (original principal amount) Taxable General Obligation Bonds, Series 2008B (Economic Development Highway Fund, 2006 Shipyard Improvements, Ace Fund, Small Municipalities and Limited Population Counties Fund, Minority Business Enterprise Program, Children's Museum Program and Statewide Wireless Communications System Project), dated as of October 1, 2008; \$120,000,000 (original principal amount) Taxable General Obligation Bonds, Series 2009E, dated October 29, 2009. These bonds mature serially beginning in year 2015 through 2032 with interest rates ranging from 0.31% to 3.729%. The advance refunding and defeasing was undertaken to reduce debt service payments by \$15,910,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$12,064,000.

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, 2015, \$652,640,000 of outstanding general obligation bonds are considered defeased.

# Mississippi

At June 30, 2015, 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>				
Milk Producers	1,250	4.93% - 5.17%	Dec. 2017	3,500
Technology Alliance	970	.28% - 3.73%	Oct. 2026	1,550
Farish Street Historic District	674	1.75% - 5.25%	Nov. 2023	1,500
Heritage, History, and Culture Tourism	595	1.75% - 4.35%	Nov. 2023	700
Small Business and Existing Forestry Industry	4,250	1.75% - 4.35%	Nov. 2023	5,000
State Railroad Revitalization	855	1.75% - 4.35%	Nov. 2023	1,000
Sustainable Energy	805	.70% - 4.35%	Nov. 2023	1,000
Local Governments Capital Improvements	17,170	.28% - 3.73%	Oct. 2026	28,000
Raspet Flight Research Laboratory	58	1.63% - 5%	Dec. 2025	1,200
State Shipyard Improvements	28,675	.31% - 5.4%	Dec. 2025	116,000
Stennis Space Center	3,450	.79% - 5.17%	Dec. 2025	11,870
Hinds County Development Project Loans	18,610	.31% - 4.17%	Dec. 2026	20,000
Job Protection	3,515	.28% - 4.17%	Dec. 2026	9,000
Railroad Lines and Bridges Improvement	6,220	.28% - 4.35%	Dec. 2026	7,400
Workforce Training	6,150	.28% - 4.35%	Dec. 2026	7,000
Industry Incentive Financing	354,475	.28% - 4.35%	Oct. 2027	373,010
Small Enterprise Development Finance	8,680	3.88% - 5.75%	July 2028	78,085
ACE Fund	50,550	.28% - 5.54%	Oct. 2029	65,450
Existing Industry	39,321	.70% - 5.54%	Oct. 2029	46,500
Rural Impact	6,925	.31% - 5.54%	Oct. 2029	16,200
Statewide Wireless Communication System	36,246	.31% - 5.54%	Oct. 2029	47,000
Major Economic Impact	201,310	.28% - 5.54%	Oct. 2035	299,284
Port Improvements	10,000	5%	Dec. 2033	10,000
Rail Authority of East Mississippi	1,492	4% - 5%	Oct. 2035	1,492
Farm Reform	2,573	.31% - 5.67%	Oct. 2034	5,000
Small Municipalities and Limited				
Population Counties	18,320	.28% - 5.67%	Oct. 2034	32,250
Business Investment	22,532	.28% - 5.25%	Nov. 2034	41,400
Economic Development Highway	167,935	.28% - 5.54%	Nov. 2034	210,000
Capital Improvements	994,146	.28% - 5.67%	Oct. 2036	1,603,069
General Obligation Refunding Bonds *	1,889,676	.31% - 7.15%	Oct. 2036	2,793,367
Local Governments Water System Improvement	6,350	.31% - 5.25%	Oct. 2036	14,843
Local System Bridge Replacement and Rehabilitation	70,092	1.63% - 5.25%	Oct. 2036	127,200
Rural Fire Truck Acquisition	8,120	1.63% - 5.67%	Oct. 2036	17,250
Transportation	190,445	2.99% - 5.45%	Oct. 2036	193,900
Total	4,172,435			6,190,020
Premiums	208,892			-
Total Governmental Activities	4,381,327			6,190,020
<b>Business-type Activities:</b>				
General Obligation Refunding Bonds	12,670	3.81% - 5.5%	Nov. 2022	27,367
Total General Obligation Bonds	\$ 4,393,997			\$ 6,217,387

\* General obligation refunding bonds include \$69,655,000 of outstanding variable rate bonds with an associated interest rate swap agreement 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. Also included are \$100,000,000 of outstanding variable rate general obligation refunding bonds with an interest rate swap agreement 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, 2015, 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
2016	292,956	178,490	2,974	505
2017	302,828	166,250	3,022	379
2018	415,618	148,820	3,127	241
2019	244,512	136,595	3,238	92
2020	219,276	127,493	129	13
2021 - 2025	959,005	514,421	180	12
2026 - 2030	808,715	317,975		
2031 - 2035	782,770	132,811		
2036 - 2037	146,755	5,877		
Total	4,172,435	1,728,732	12,670	1,242
Premiums	208,892			
Total Debt Service, Net	\$ 4,381,327	\$ 1,728,732	\$ 12,670	\$ 1,242

## Derivative Instruments

The State entered into interest rate swap agreements in connection with \$169,655,000 of outstanding variable rate debt in order to hedge changes in cash flows. At June 30, 2015, 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	A+/A1/AA-
2012D	32,635,000	Aug. 2012	Sept. 2017	Pay 4.037%; receive SIFMA swap index	A-/A3/A
2012D	37,020,000	Aug. 2012	Sept. 2017	Pay 3.980%; receive SIFMA swap index	A-/A3/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 2012 through June 30, 2015, to determine if the potential hedging derivative instruments were effective as of June 30, 2015. The use of the regression analysis method requires appropriate interpretation and understanding of the statistical inferences.

The resulting calculation shows that using over 30 observations, the resulting adjusted R-square is .99, the F-statistic is zero and the regression coefficients for the slopes are between -1.010 and -1.005. Based on these parameters required to apply hedge accounting, the 2012C and 2012D hedges are deemed highly effective.



# Mississippi

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, 2015 and the changes in fair value of pay fixed receive-variable interest rate swaps reported in governmental activities are (amounts expressed in thousands):

Associated Bonds	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2015	
		Classification	Amount	Classification	Amount
2012C	\$ 50,000	Interest expense	\$ 2,414	Borrowing	\$ (5,635)
		Deferred outflows of resources	(291)	At-market derivative	33
		Investment revenue	(3,231)	Investment derivative	(11,984)
2012C	50,000	Interest expense	1,982	Borrowing	(4,624)
		Deferred outflows of resources	(78)	At-market derivative	(412)
		Investment revenue	(2,264)	Investment derivative	(7,842)
2012D	32,635	Interest expense	1,122	Borrowing	(2,156)
		Deferred outflows of resources	(131)	At-market derivative	(135)
		Investment revenue	(820)	Investment derivative	(2,181)
2012D	37,020	Interest expense	1,245	Borrowing	(2,451)
		Deferred outflows of resources	(154)	At-market derivative	(160)
		Investment revenue	(1,195)	Investment derivative	(2,893)
	\$ 169,655		\$ (1,401)		\$ (40,440)

*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, 2015, 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
2016	4,550	1,284	7,885	13,719
2017	4,755	1,255	7,700	13,710
2018	161,255	360	2,187	163,802
	\$ 170,560	\$ 2,899	\$ 17,772	\$ 191,231

*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 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, 2015, as all hedging and investment derivative instruments are in a liability position.

# Mississippi

*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, 2015, the weighted average variable interest rate paid on the bonds was .76852%, while the SIFMA swap index was .07% and one-month LIBOR was .18590%.

*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.

## Note 10 - Bonds Authorized But Unissued

At June 30, 2015, 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	\$ 87,450	\$ 22,000
Business Investment Act	346,500	49,823
Capital Improvements	744,000	110,696
Deer Island Project	10,000	1,200
Economic Development Highway	374,500	70,600
Energy Infrastructure Revolving Loan	5,000	5,000
Farm Reform	128,000	20,000
Industry Incentive Financing	468,000	94,990
Major Economic Impact	1,142,800	25,126
North Central Mississippi Regional Railroad Grant	45,000	45,000
Railroad Authority of East Mississippi	1,500	8
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	131,320
Sustainable Energy Research	2,000	1,000
Technology Alliance	4,000	1,450
Transportation - Access Roads	4,000	4,000
Workforce Training	8,000	1,000
	<u>\$ 3,561,600</u>	<u>\$ 610,813</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, 2015, 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	\$ 1,072,023	.29% - 6.84%	Aug. 2045	\$ 1,328,028
Notes	16,203	1.29% - 5.13%	Sept. 2039	20,902
Total Component Units	<u>\$ 1,088,226</u>			<u>\$ 1,348,930</u>

# Mississippi

At June 30, 2015, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Component Units	
	Principal	Interest
2016	\$ 34,243	\$ 48,332
2017	36,376	47,188
2018	34,398	45,987
2019	35,974	44,761
2020	36,487	43,454
2021 - 2025	190,995	193,117
2026 - 2030	215,094	146,581
2031 - 2035	224,124	93,343
2036 - 2040	190,946	42,290
2041 - 2045	89,589	6,853
	<u>\$ 1,088,226</u>	<u>\$ 711,906</u>

## Note 12 - Other Long-term Liabilities

**A. Compensated Absences** - The State's liability for compensated absences at June 30, 2015 is \$118,498,000 for governmental activities and \$685,000 for business-type activities. Internal service compensated absences of \$1,262,000 are included in governmental activities. For governmental activities, accrued compensated absences are generally paid out of the general fund. The component units' liability for compensated absences is \$122,327,000 of which \$121,444,000 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, 2015, 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, 2015, the primary government's pollution remediation obligation is \$43,089,000. This estimate is based on professional judgment, experience, historical cost data, and the use of the expected cash flow technique. Recoveries from other responsible parties, which would reduce the State's remediation liability, are not anticipated. Costs of pollution remediation are paid out of the general fund. Remediation obligation estimates may change over time. Estimated costs will vary due to changes in technology, fluctuation in prices, changes in potential responsible parties, and changes in regulations.

**C. Notes Payable** - At June 30, 2015, 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	\$ 92,330	5% - 5.45%	Jul. 2019	\$ 188,415
Energy efficiency	12,334	3.10% - 4.50%	Apr. 2026	14,698
Buildings	216,414	2% - 5.37%	Jul. 2031	220,910
Roads and bridges	716,232	2% - 6.59%	Jan. 2040	793,701
Total	1,037,310			1,217,724
Premiums	76,684			
Total Notes Payable, Net	<u>\$ 1,113,994</u>			<u>\$ 1,217,724</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, 2015, \$190,070,000 of outstanding notes are considered defeased.

# Mississippi

At June 30, 2015, future debt service requirements for notes payable as presented in governmental activities are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest
2016	\$ 57,289	\$ 52,608
2017	65,592	49,779
2018	68,315	46,782
2019	68,887	43,432
2020	70,815	40,087
2021-2025	293,367	158,614
2026-2030	245,905	82,563
2031-2035	111,880	38,644
2036-2040	55,260	10,926
Total	1,037,310	523,435
Premiums	76,684	
Total Debt Service, Net	<u>\$ 1,113,994</u>	<u>\$ 523,435</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, 2015, assets recorded under capital leases are as follows (amounts expressed in thousands):

	Governmental Activities	Business-type Activities
Land	\$ 700	\$ 700
Machinery and Equipment	19,352	568
Accumulated Depreciation	(7,045)	(174)
Total	<u>\$ 12,307</u>	<u>\$ 1,094</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 \$71,678,000.

At June 30, 2015, 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
2016	\$ 7,743	\$ 83	\$ 7,826	\$ 5,088
2017	6,163	83	6,246	18,365
2018	3,836	83	3,919	4,310
2019	2,181	42	2,223	37,382
2020	738		738	1,113
2021-2025	900		900	5,547
2026-2030				5,216
2031-2035				5,540
2036-2040				4,442
Total Minimum Lease Payments	21,561	291	21,852	87,003
Less Interest	1,352	19	1,371	13,959
Present Value of Minimum Lease Payments	<u>\$ 20,209</u>	<u>\$ 272</u>	<u>\$ 20,481</u>	<u>\$ 73,044</u>

Internal service future minimum lease payments of \$3,009,000 less interest of \$231,000 are included in the governmental activities column.

# Mississippi

## Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2015 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)	\$ 4,135,272	\$ 712,750	\$ 675,587	\$ 4,172,435	\$ 292,956
Premiums/Discounts (Note 9)	162,371	75,342	28,821	208,892	19,544
Notes Payable (Note 12)	1,006,639	82,940	52,269	1,037,310	57,289
Premiums (Note 12)	72,328	11,415	7,059	76,684	7,059
Total Bonds and Notes	5,376,610	882,447	763,736	5,495,321	376,848
Derivative Instruments (Note 9)	39,039	1,401		40,440	
Capital Lease Obligations (Note 12)	22,775	4,697	7,263	20,209	7,175
Accrued Compensated Absences (Note 12)	119,229	62,843	63,574	118,498	9,589
Pollution Remediation Obligation (Note 12)	41,857	11,449	10,217	43,089	8,017
	<u>\$ 5,599,510</u>	<u>\$ 962,837</u>	<u>\$ 844,790</u>	<u>\$ 5,717,557</u>	<u>\$ 401,629</u>
<b>Business-type Activities:</b>					
General Obligation Bonds (Note 9)	\$ 15,503	\$	\$ 2,833	\$ 12,670	\$ 2,974
Capital Lease Obligations (Note 12)	344		72	272	74
Accrued Compensated Absences (Note 12)	713	185	213	685	60
	<u>\$ 16,560</u>	<u>\$ 185</u>	<u>\$ 3,118</u>	<u>\$ 13,627</u>	<u>\$ 3,108</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 \$941,000 and \$2,778,000, respectively, of internal service funds. The beginning and ending balances of governmental activities accrued compensated absences include \$1,284,000 and \$1,262,000, respectively, of internal service funds.

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 2015 are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Medicaid Line of Credit	\$ 30,000	\$ 53,000	\$ 30,000	\$ 53,000

# Mississippi

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

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2015, the total annual COLA payments for PERS were \$517,283,000.

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

A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60, with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2015, the total annual COLA payments for MHSPRS were \$8,553,000.

# Mississippi

**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, 2015, the total COLAs for MRS plans were \$5,487,000.

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

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

Retirees and beneficiaries of SLRP may receive COLAs calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2015, the total COLAs for SLRP were \$266,000.

## Contribution Requirements

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

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

	PERS	MHSPRS	MRS	SLRP
Contribution rates as a percent of covered payroll:				
State	15.75% *	37% *	N/A	7.4% *
Other employers	N/A	N/A	1.24 – 7.79 mills****	N/A
Plan members	9%	7.25%	7% - 10%	3% **
Employer contributions made	\$ 996,478	\$ 13,695 ***	\$ 19,344	\$ 511

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

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

\*\*\* Includes fees authorized by the State Legislature, which are reported as other additions in the pension trust funds. Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of \$4,600,000 (18 percent of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2015 was \$3,788,000.

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

# Mississippi

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

At June 30, 2015, the State reported a liability of \$2,265,840,000 for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date, the State's proportion was 18.67%.

At June 30, 2015, the State reported a net pension liability of \$119,790,000 and \$3,787,000 for MHSPRS and SLRP, respectively. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

### Changes in the Net Pension Liability

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

MHSPRS	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2014</b>	\$ 431,575	\$ 287,456	\$ 144,119
<b>Changes for the Year:</b>			
Service Cost	6,461		6,461
Interest	33,396		33,396
Difference between expected and actual experience	2,652		2,652
Contributions - employer		13,500	(13,500)
Contributions - employee		1,963	(1,963)
Net investment income		51,575	(51,575)
Benefit payment, including refunds of employee contributions	(28,262)	(28,262)	0
Administrative expense		(200)	200
<b>Net Changes</b>	<b>14,247</b>	<b>38,576</b>	<b>(24,329)</b>
<b>Balances at June 30, 2015</b>	<b>\$ 445,822</b>	<b>\$ 326,032</b>	<b>\$ 119,790</b>

SLRP	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2014</b>	\$ 19,978	\$ 14,374	\$ 5,604
<b>Changes for the Year:</b>			
Service Cost	404		404
Interest	1,549		1,549
Difference between expected and actual experience	(453)		(453)
Contributions - employer		514	(514)
Contributions - employee		208	(208)
Net investment income		2,605	(2,605)
Benefit payment, including refunds of employee contributions	(1,238)	(1,238)	0
Administrative expense		(10)	10
<b>Net Changes</b>	<b>262</b>	<b>2,079</b>	<b>(1,817)</b>
<b>Balances at June 30, 2015</b>	<b>\$ 20,240</b>	<b>\$ 16,453</b>	<b>\$ 3,787</b>



# Mississippi

For the year ended June 30, 2015, the State recognized pension expense of \$159,213,000. At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Governmental Activities:</b>		
Difference between expected and actual experience	\$ 37,112	\$ 343
Net difference between projected and actual earnings on pension plan investments		350,147
Changes in proportion		14,266
Contributions subsequent to the measurement date	188,796	
Total Government Activities	<u>225,908</u>	<u>364,756</u>
<b>Business-type Activities:</b>		
Differences between expected and actual experience	273	
Net difference between projected and actual earnings on pension plan investments		2,601
Changes in proportions	1,148	
Contributions subsequent to the measurement date	1,537	
Total Business-type Activities	<u>2,958</u>	<u>2,601</u>
<b>Private Purpose Trust:</b>		
Differences between expected and actual experience	2	
Net difference between projected and actual earnings on pension plan investments		18
Contributions subsequent to the measurement date	8	
Total Private Purpose Trust	<u>10</u>	<u>18</u>
Totals	<u>\$ 228,876</u>	<u>\$ 367,375</u>

Contributions subsequent to the measurement date of \$190,341,000, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts expressed in thousands):

Year ended June 30	<u>Governmental Activities Net Outflows &amp; Inflows of Resources</u>	<u>Business-Type Activities Net Outflows &amp; Inflows of Resources</u>	<u>Private Purpose Trust Net Outflows &amp; Inflows of Resources</u>
2016	\$ (79,582)	\$ (138)	\$ (4)
2017	(79,582)	(138)	(4)
2018	(81,226)	(251)	(4)
2019	(87,254)	(650)	(4)
Total	<u>\$ (327,644)</u>	<u>\$ (1,177)</u>	<u>\$ (16)</u>

## Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>MHSPRS</u>	<u>SLRP</u>
Inflation	3.5 %	3.5 %	3.5 %
Salary increases, including inflation	4.25% - 19.5 %	5% - 10.52 %	4.25 %
Investment rate of return*	8 %	8 %	8 %
Increases in benefits after retirement**	3 %	3 %	3 %

\* net of pension plan investment expense, including inflation

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

# Mississippi

Mortality rates for PERS, MHSPRS and SLRP were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions for PERS, MHSPRS and SLRP used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments for PERS, MHSPRS and SLRP was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
U.S. Broad	34 %	5.20 %
International equity	19	5.00
Emerging markets equity	8	5.45
Fixed income	20	0.25
Real assets	10	4.00
Private equity	8	6.15
Cash	1	(0.50)
Totals	100 %	

## Single-Employer Benefit Plan Employees

The following employees were covered by the benefit terms of MHSPRS and SLRP at June 30, 2015:

	MHSPRS	SLRP
Inactive employees or beneficiaries currently receiving benefits	720	187
Inactive employees entitled to but not yet receiving benefits	58	56
Active employees	495	175
<b>Totals</b>	<b>1,273</b>	<b>418</b>

## Discount Rate

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate of 9%, 7.25% and 3% for PERS, MHSPRS and SLRP, respectively, and that employer contributions will be made at the current employer contribution rate 15.75%, 37% and 7.4% for PERS, MHSPRS and SLRP, respectively. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plans members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the State's proportionate share of the net pension liability using the discount rate of 8%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (amounts expressed in thousands):

Net Pension Liability	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
PERS	\$ 3,089,091	\$ 2,265,840	\$ 1,579,226
MHSPRS	172,521	119,790	75,853
SLRP	5,893	3,787	1,983
Total	\$ 3,267,505	\$ 2,389,417	\$ 1,657,062

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

# 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. For governmental activities, the general fund is typically used to retire the OPEB obligation.

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, 2015, 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, 2015. 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 \$48,308,000 is 1.05 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 2015 (amounts expressed in thousands):

Annual required contribution	\$	48,308
Interest on prior year net OPEB obligation		6,297
Adjustment to annual required contribution		(4,829)
Annual OPEB cost		<u>49,776</u>
Contributions made		<u>(32,245)</u>
Increase in net OPEB obligation		17,531
Net OPEB obligation – Beginning of year		<u>139,943</u>
Net OPEB obligation – End of year	\$	<u><u>157,474</u></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>
2013	\$ 46,047	64.0%	\$ 125,193
2014	45,253	67.4	139,943
2015	49,776	64.8	157,474

## 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, 2015
Actuarial Value of Assets	\$ 0
Actuarial Accrued Liability (AAL) Entry Age Normal	\$ 732,127
Unfunded AAL (UAAL)	\$ 732,127
Funded Ratio	0.0%
Annual Covered Payroll	\$ 4,617,302
UAAL as a Percentage of Annual Covered Payroll	15.9%

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, 2015
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	3.0%
** Includes wage inflation at	3.75%

## 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, 2015 are as follows (amounts expressed in thousands):

<u>Year Ending June 30</u>	<u>Amount</u>
2016	21,229
2017	17,463
2018	12,757
2019	8,854
2020	6,431
2021 - 2025	21,101
2026 - 2030	14,539
2031 - 2035	11,312
2036 - 2040	216
2041 - 2045	166
2046 - 2050	30
Total Minimum Commitments	<u>\$ 114,098</u>

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2015 amounted to \$24,973,000.

## **B. Contracts**

At June 30, 2015, the Department of Transportation had contracts outstanding of approximately \$757,849,000 with performance continuing during fiscal year 2016. Of this amount \$56,602,000 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 64 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 \$50,353,000 outstanding at June 30, 2015 for construction, repair and maintenance of state and county roads. These contracts will be paid through the General Fund. Approximately 36 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 \$319,805,000 at June 30, 2015. These contracts will be paid from the General fund.

The Military Department had contracts outstanding of approximately \$8,009,000 at June 30, 2015. Approximately 90 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.

The Port Authority at Gulfport (a major enterprise fund) had contracts outstanding of approximately \$182,930,000 at June 30, 2015. 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 \$30,510,000 at June 30, 2015. These contracts were primarily for the construction of the Mississippi Wireless Information Network state-wide digital trunked land mobile radio system including enhancements which add broadband data capabilities. 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, 2015, the encumbrance amounts in the General Fund were \$52,500,000.

# 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 2014 and 2015 are as follows (amounts expressed in thousands):

	<u>Beginning</u>	<u>Changes</u>	<u>Claims</u>	<u>Ending</u>
	<u>Balance</u>	<u>in Estimates</u>	<u>Payments</u>	<u>Balance</u>
2014	\$ 147,675	\$ 771,904	\$ 727,718	\$ 191,861
2015	191,861	697,167	713,235	175,793

**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 incurral and payment to estimate incurred claims from available claims data. Liabilities are based on the estimated ultimate cost of settling the claims, including inflation and other factors, and provisions for estimated claims adjustment expenses.

**Tort Liability:** The State manages tort claims through the retention of all liability exposure. The 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 \$43,685,000. 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, 2015, outstanding MDA loan guarantees totaled \$43,090,000.

The State has co-signed promissory notes issued by the Federal Emergency Management Agency under the Federal Community Disaster Loan Program (CDL) on behalf of local governments as authorized by state law. The program provides operational funding for local governments or political subdivisions of the State that incurred a significant loss in revenue due to a presidentially declared disaster that adversely affected their ability to provide essential governmental services. At June 30, 2015, the remaining outstanding CDL loan guarantees totaled \$2,862,000. 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 \$2,083,328,000 at June 30, 2015. 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 \$311,776,000 from the Working Cash Stabilization Reserve Account and \$485,209,000 from budgetary special funds as of April 22, 2016. 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 September 15, 2015 to advance refund a portion of a 2007 highway project note payable. The agreement resulted in notes payable totaling \$63,720,000 payable beginning in year 2016 through year 2035 with interest rates ranging from 3% to 5%.

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

Taxable General Obligation Note, Series 2015A totaling \$30,000,000 dated July 08, 2015. This note was a private placement agreement between the State and a local lending institution to provide short-term financing for the North Central Mississippi Municipal Rail Authority. The 2015A note was scheduled to mature on December 31, 2016, with an interest rate of 0.9%. This note was redeemed with the proceeds of Taxable General Obligation Bonds, Series 2015G dated November 1, 2015.

Gaming Tax Revenue Bonds, Series 2015E, totaling \$200,000,000 dated October 15, 2015. These bonds were issued to provide funding for road and bridge projects. These bonds mature serially beginning in year 2016 through 2035 with interest rates ranging from 2% to 5%.

General Obligation Bonds, Series 2015F totaling \$182,595,000 dated November 1, 2015. These bonds were issued to provide funding for the Marine Resources Equipment and Facilities Act, IHL Capital Improvements, Mississippi Community Heritage Preservation Grant Act, Community and Junior Colleges Capital Improvements, Center for Manufacturing Technology Excellence Act, Mississippi Civil Rights Museum and Museum of Mississippi History Construction Act, City of Bolton Facilities Improvements Act, Mississippi State Fairground Improvements Act, Mississippi Arts and Entertainment Act, City of Taylorsville Water Supply and Georgia Pacific Chip Mill Access Road Improvements Act, City of Columbus – Columbus Air Force Base Improvements Act, Bureau of Buildings State-

# Mississippi

Owned Buildings Discretionary Act, Department of Mental Health East Mississippi State Hospital Psychiatric Receiving Unit Act, Elvis Presley Birthplace – Museum and Chapel Improvements Act, Ridgeland Corridor Act, Jackson Zoo Improvements Act, City of Wesson Water Tank Rehabilitation Act, New Capitol Repair, Renovation, and Rehabilitation Act, City of Baldwin – U.S. Highway 45 Frontage Road Project Act, Marty Stuart Center for Country Music Act, Hattiesburg Longleaf Trace Improvements Act, Lake Hazle Dam Improvements Act, Mississippi Maritime Museum Improvements Act, City of New Albany Recreation Improvements Act, Lowndes County Equine Center Construction Act, Calhoun County Multipurpose Building Repair, Renovation and Rehabilitation Act, City of Utica Community Center Act, City of Bolton Community Center and Parks Act, Chickasaw County Heritage Museum Act, City of Gulfport Aquarium Construction Act, City of Clinton Marker and Northside Drive Park Act, Grammy Museum Mississippi Interpretive Center Act, and the Rail Authority of East Mississippi Act. These bonds mature serially beginning in year 2026 through 2035 with interest rates ranging 3% to 5%.

Taxable General Obligation Bonds, Series 2015G, totaling \$116,300,000 dated November 1, 2015. The Series 2015G bonds were issued for the purpose of providing funding for the Toyota Act, Economic Development Highway Act, Development Infrastructure Grant Act, Mississippi Industry Incentive Financing Act, ACE Act, Workforce Training Act, Small Municipalities and Limited Population Counties Act, Railroad Improvements Act, State Shipyard Improvements Act, IHL Capital Improvements Act, and the North Central Mississippi Regional Rail Authority Loan Act/Temporary Borrowing Act. These bonds mature serially beginning in year 2016 through 2025 with interest rates ranging from .997% to 3.5%.



# *Mississippi*

## Required Supplementary Information

# Mississippi

## Required Supplementary Information

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Sales tax	\$ 2,045,000	\$ 2,045,000	\$ 2,034,319	\$ (10,681)
Individual income tax	1,736,000	1,736,000	1,743,427	7,427
Corporate income and franchise taxes	666,200	666,200	714,086	47,886
Use and wholesale compensating taxes	252,100	252,100	226,522	(25,578)
Tobacco, beer and wine taxes	176,600	176,600	177,786	1,186
Insurance tax	212,300	212,300	240,413	28,113
Oil and gas severance taxes	84,700	84,700	54,761	(29,939)
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	70,700	70,700	73,854	3,154
Other taxes	10,800	10,800	15,256	4,456
Interest	15,400	15,400	13,336	(2,064)
Auto privilege, tag and title fees	10,900	10,900	9,443	(1,457)
Gaming fees	130,500	130,500	131,270	770
Highway Safety Patrol fees	21,100	21,100	23,595	2,495
Other fees and services	11,500	11,500	12,534	1,034
Miscellaneous	4,300	4,300	3,314	(986)
Court assessments and settlements			50,011	50,011
Special Fund revenues				
Total Revenues	5,448,100	5,448,100	5,523,927	75,827
<b>Expenditures by Major Budgetary Function</b>				
Legislative	29,536	27,309	26,454	(855)
Judiciary and justice	71,402	71,402	71,260	(142)
Executive and administrative	3,198	3,198	3,171	(27)
Fiscal affairs	63,520	63,520	63,396	(124)
Public education	2,171,777	2,171,777	2,162,141	(9,636)
Higher education	790,798	790,798	789,825	(973)
Public health	36,065	36,065	35,442	(623)
Hospitals and hospital schools	219,479	219,479	219,418	(61)
Agriculture, commerce and economic development	116,155	116,155	116,204	49
Conservation and recreation	52,036	51,992	51,867	(125)
Insurance and banking				
Corrections	346,063	346,063	345,280	(783)
Interdepartmental service				
Social welfare	991,630	991,630	990,961	(669)
Public protection and veterans assistance	105,460	105,460	104,006	(1,454)
Local assistance	84,455	84,455	84,455	
Motor vehicle and other regulatory agencies	40	40	40	
Miscellaneous	1,380	1,380	1,378	(2)
Public works	32,000	32,000	32,000	
Debt service	385,628	380,628	380,532	(96)
Total Expenditures	5,500,622	5,493,351	5,477,830	(15,521)
Excess of Revenues over (under) Expenditures	(52,522)	(45,251)	46,097	91,348
<b>Other Financing Sources (Uses)</b>				
Transfers in	11,700	11,700	12,184	484
Transfers out			(50,761)	(50,761)
Other sources of cash			(343)	(343)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(40,822)	(33,551)	7,177	40,728
Budgetary Fund Balances - Beginning	109,659	103,615	41,325	(62,290)
Budgetary Fund Balances - Ending	\$ 68,837	\$ 70,064	\$ 48,502	\$ (21,562)

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)
\$ 266,246	\$ 270,240	\$ 288,934	\$ 18,694	\$	\$	\$	\$
26,524	27,187	27,540	353				
		136	136				
		10	10				
				14,011,290	14,563,860	10,397,584	(4,166,276)
292,770	297,427	316,620	19,193	14,011,290	14,563,860	10,397,584	(4,166,276)
				24	24	6	(18)
				83,645	85,068	63,687	(21,381)
				18,006	19,885	39,500	19,615
				143,311	141,726	158,908	17,182
268,096	268,096	265,110	(2,986)	910,692	914,990	763,363	(151,627)
103,849	103,849	103,843	(6)	2,196,785	2,202,912	91,523	(2,111,389)
				390,669	405,659	297,741	(107,918)
				382,375	409,263	382,160	(27,103)
2,966	2,966	2,966		531,412	531,752	257,455	(274,297)
125	125	125		360,190	485,296	239,583	(245,713)
				54,779	72,617	70,253	(2,364)
				36,214	25,302	13,747	(11,555)
				46,352	49,252	47,116	(2,136)
				6,756,433	6,897,836	6,292,075	(605,761)
				767,312	842,824	497,464	(345,360)
				32,543	32,956	28,346	(4,610)
450	450	448	(2)	985	985	767	(218)
				1,227,582	1,373,532	1,161,434	(212,098)
				71,981	71,981	28,464	(43,517)
375,486	375,486	372,492	(2,994)	14,011,290	14,563,860	10,433,592	(4,130,268)
(82,716)	(78,059)	(55,872)	22,187			(36,008)	(36,008)
		56,325	56,325				
(82,716)	(78,059)	453	78,512			(36,008)	(36,008)
		23,226	23,226			1,135,334	1,135,334
\$ (82,716)	\$ (78,059)	\$ 23,679	\$ 101,738	\$ 0	\$ 0	\$ 1,099,326	\$ 1,099,326

# Mississippi

## Required Supplementary Information

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

For the Year Ended June 30, 2015

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, 2015 is presented below (amounts expressed in thousands):

<b>Budgetary Funds</b>	<b>General</b>	<b>Education Enhancement</b>	<b>Special</b>
<b>Financial Statement Major Fund</b>	<b>General</b>		
Net Change in Budgetary Fund Balances	\$ 7,177	\$ 453	\$ (36,008)
Reclassifications:			
Budgetary fund excesses are reclassified to the General Fund for GAAP reporting	(33,377)	(453)	33,830
The State reports amounts in the budgetary funds that are reported in other major and nonmajor funds			2,178
Adjustments:			
The financial reporting fund structure includes funds that are not part of the budgetary fund structure	184,275		
The State's basis of budgeting is the cash basis plus encumbrances, rather than the modified accrual basis	(250,829)		
Lapse period revenues and expenditures are not treated as assets and liabilities in the financial reporting period	11,148		
Net Change in GAAP Fund Balances	\$ (81,606)	\$ 0	\$ 0

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions

#### Mississippi Highway Safety Patrol Retirement System

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

	<u>2015</u>
Actuarially required employer contribution	\$ 13,695
Contributions in relation to actuarially required contribution	<u>13,695</u>
Contribution deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll	\$ 25,505
Actual contributions as a percentage of covered-employee payroll	53.7%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in schedule of employee contributions are calculated as of June 30, 2013, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33 years
Asset valuation method	5-year smoothed market
Price Inflation	3.5%
Salary increase	4.75% to 9.84%, including infaction
Investment rate of return	8%, net of pension plan investment expense, including inflation

**\*Only the current fiscal year is presented because 10-year data is not yet available.**

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions Supplemental Legislative Retirement Plan Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	<u>2015</u>
Actuarially required employer contribution	\$ 511
Contributions in relation to actuarially required contribution	<u>511</u>
Contribution deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll	\$ 6,861
Actual contributions as a percentage of covered-employee payroll	7.45%

#### Notes to Schedule of Employer Contributions:

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

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	39.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.5%
Salary increase	4.25%, including infaction
Investment rate of return	8%, net of pension plan investment expense, including inflation

**\*Only the current fiscal year is presented because 10-year data is not yet available.**

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions Public Employees' Retirement System Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	<u>2015</u>
Actuarially required employer contribution	\$ 179,936
Contributions in relation to actuarially required contribution	<u>179,936</u>
Contribution deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll	\$ 1,142,452
Actual contributions as a percentage of covered-employee payroll	15.75%

*\*Only the current fiscal year is presented because 10-year data is not yet available.*

# Mississippi

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability

#### Mississippi Highway Safety Patrol Retirement System

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

	<u>2015**</u>
<b>Total pension liability</b>	
Service Cost	\$ 6,461
Interest	33,396
Differences between expected and actual experience	2,652
Benefit payments	(28,220)
Refund of contributions	(42)
<b>Net change in total pension liability</b>	<u>14,247</u>
<b>Total pension liability - beginning</b>	<u>431,575</u>
<b>Total pension liability - ending</b>	<u><u>\$ 445,822</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 13,500
Contributuion - employee	1,963
Net investment income	51,575
Benefit payments	(28,220)
Refund of contributions	(42)
Administrative expense	(200)
<b>Net Change in plan fiduciary net position</b>	<u>38,576</u>
<b>Plan fiduciary net position - beginninig</b>	<u>287,456</u>
<b>Plan fiduciary net position - ending</b>	<u>326,032</u>
<b>Net pension liability - ending</b>	<u><u>\$ 119,790</u></u>
Total pension liability	445,822
Total plan fiduciary net position	326,032
Net Pension liability	<u><u>\$ 119,790</u></u>
Plan fiduciary net position as a percentage of the pension liability	73.13%
Covered-employee payroll	\$ 25,554
Net pension liability as a percentage of covered-employee payroll	468.77%

\* Only the current fiscal year is presented because 10-year data is not yet available.

\*\* Based on the measurement date of June 30, 2014



# Mississippi

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability Supplemental Legislative Retirement Plan

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

	<u>2015**</u>
<b>Total pension liability</b>	
Service Cost	\$ 404
Interest	1,549
Differences between expected and actual experience	(453)
Benefit payments	(1,216)
Refund of contribution	(22)
<b>Net change in total pension liability</b>	<u>262</u>
<b>Total pension liability - beginning</b>	<u>19,978</u>
<b>Total pension liability - ending</b>	<u><u>\$ 20,240</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 514
Contributuion - employee	208
Net investment income	2,605
Benefit payments	(1,216)
Refund of contributions	(22)
Administrative expense	(10)
<b>Net Change in plan fiduciary net position</b>	<u>2,079</u>
<b>Plan fiduciary net position - beginninig</b>	<u>14,374</u>
<b>Plan fiduciary net position - ending</b>	<u>16,453</u>
<b>Net pension liability - ending</b>	<u><u>\$ 3,787</u></u>
Total pension liability	20,240
Total plan fiduciary net position	16,453
Net Pension liability	<u><u>\$ 3,787</u></u>
Plan fiduciary net position as a percentage of the pension liability	81.29%
Covered-employee payroll	\$ 6,918
Net pension liability as a percentage of covered-employee payroll	54.74%

\* Only the current fiscal year is presented because 10-year data is not yet available.

\*\* Based on the measurement date of June 30, 2014

# Mississippi

## Required Supplementary Information

### Schedule of the Proportionate Share of the Net Pension Liability Public Employees' Retirement Plan

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

	<u>2015**</u>
State's proportion of the net pension liability	18.67%
State's proportionate share of the net pension liability	\$ 2,265,840
State's covered-employee payroll	\$ 1,139,512
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.84%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

\* *Only the current fiscal year is presented because 10-year data is not yet available.*

\*\* *Based on the measurement date of June 30, 2014*

# Mississippi

## Required Supplementary Information

### Schedule of Funding Progress - Other Postemployment Benefits

June 30, 2015 (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, 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
June 30, 2015	0	732,127	732,127	0.0	4,617,302	15.9

(This page left blank intentionally)



(This page left blank intentionally)

## 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, 2015 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration	
			Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 1,054	\$ 65,563	\$ 856	\$
Cash and cash equivalents	168	336		7,224
Receivables, net	117	544		123
Due from other funds	13	43		112
Due from other governments		82		
Inventories				
Prepaid items		25		22
Loans and notes receivable		5,616		
Total Current Assets	1,352	72,209	856	7,481
Noncurrent assets:				
Loans and notes receivable		152,847		607
Capital assets:				
Land and construction in progress	840	226	100	2,819
Other capital assets, net	13,420	1,146	291	11,546
Total Noncurrent Assets	14,260	154,219	391	14,972
Total Assets	15,612	226,428	1,247	22,453
<b>Deferred Outflow of Resources</b>				
Pension	150	307	35	70
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	50	1,166	51	
Accounts payable and other liabilities	180	15	14	236
Due to other governments			4	174
Due to other funds	211	7	14	
Deposits		1,908		
Unearned revenues	53	8		
Lease obligations payable				
Total Current Liabilities	494	3,104	83	410
Noncurrent liabilities:				
Due to other governments				11,920
Lease obligations payable				
Net pension liability	1,214	1,378	364	827
Other liabilities	73	62	28	23
Total Noncurrent Liabilities	1,287	1,440	392	12,770
Total Liabilities	1,781	4,544	475	13,180
<b>Deferred Inflow of Resources</b>				
Pension	176	200	53	102
<b>Net Position</b>				
Net investment in capital assets	14,260	1,372	391	7,074
Unrestricted	(455)	220,619	363	2,167
Total Net Position	\$ 13,805	\$ 221,991	\$ 754	\$ 9,241



<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	<b>Totals</b>
\$	\$	\$	\$	\$
14,237	79		1,746	69,298
3,689	4	703		22,672
7,492		608		5,081
		1	186	7,847
195	44		309	82
276				548
				323
				5,616
25,889	127	1,312	2,241	111,467
				153,454
	1,690			5,675
	1,856	31	2,700	30,990
	3,546	31	2,700	190,119
25,889	3,673	1,343	4,941	301,586
1,490		61	61	2,174
	1		82	1,350
3,406	9	499	189	4,548
				178
3,717	1	789		4,739
				1,908
				61
			74	74
7,123	11	1,288	345	12,858
				11,920
			197	197
8,642		680	680	13,785
	36		129	351
8,642	36	680	1,006	26,253
15,765	47	1,968	1,351	39,111
1,253		98	99	1,981
	3,546	31	2,428	29,102
10,361	80	(693)	1,124	233,566
\$ 10,361	\$ 3,626	\$ (662)	\$ 3,552	\$ 262,668

# Mississippi

## Nonmajor Enterprise Funds

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Operating Revenues</b>				
Charges for sales and services	\$ 4,247	\$	\$ 681	\$ 943
Investment income		6,431		
Rentals		47		838
Fees		183		
Other	691	2	40	8
Total Operating Revenues	4,938	6,663	721	1,789
<b>Operating Expenses</b>				
Cost of sales and services	67			
General and administrative	1,201	1,051	480	608
Contractual services	3,161	302	164	961
Commodities	299	41	17	97
Depreciation	453	42	60	670
Other	3	213		
Total Operating Expenses	5,184	1,649	721	2,336
Operating Income (Loss)	(246)	5,014	0	(547)
<b>Nonoperating Revenues</b>				
Investment income		715	6	21
Other				1
Total Nonoperating Revenues	0	715	6	22
<b>Nonoperating Expenses</b>				
Loss on disposal of capital assets			35	
Interest				
Total Nonoperating Expenses	0	0	35	0
Income (Loss) before Capital Contributions and Transfers	(246)	5,729	(29)	(525)
Transfers In	24			
Transfers Out		(30)		
Change in Net Position	(222)	5,699	(29)	(525)
Total Net Position - Beginning, as restated	14,027	216,292	783	9,766
Total Net Position - Ending	\$ 13,805	\$ 221,991	\$ 754	\$ 9,241

<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>				
\$	9,047	\$	256	\$	7,620	\$	1,744	\$	24,538
			333				100		6,431
	308								1,318
	9,355		589		7,620		1,844		183
									1,049
	8,500		76		5,615		24		14,282
	7,537		489		385		374		12,125
	1,944		456		245		271		7,504
	14		117		121		1,406		2,112
			138				206		1,569
									216
	17,995		1,276		6,366		2,281		37,808
	(8,640)		(687)		1,254		(437)		(4,289)
	10								752
									1
	10		0		0		0		753
			28		3		16		82
			1				11		12
	0		29		3		27		94
	(8,630)		(716)		1,251		(464)		(3,630)
	7,777		557		6		543		8,907
					(1,222)		(71)		(1,323)
	(853)		(159)		35		8		3,954
	11,214		3,785		(697)		3,544		258,714
\$	10,361	\$	3,626	\$	(662)	\$	3,552	\$	262,668

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2015 (Expressed in Thousands)

	<u>Department of Finance and Administration</u>			
	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	\$ 4,774	\$ 195	\$ 682	\$ 1,740
Cash payments to suppliers for goods and services	(3,341)	(195)	(136)	(870)
Cash payments to employees for services	(1,234)	(975)	(487)	(628)
Other operating cash receipts			40	8
Other operating cash payments		2		
Principal and interest received on program loans		28,315		
Issuance of program loans		(24,792)		
Net Cash Provided by (Used for) Operating Activities	199	2,550	99	250
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in	23			
Transfers out		(30)		
Proceeds from other governments				688
Net Cash Provided by (Used for) Noncapital Financing Activities	23	(30)	0	688
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(169)	(19)	(54)	(675)
Principal paid on bonds and capital assets				
Interest paid on bonds and capital assets				
Net Cash Used for Capital and Related Financing Activities	(169)	(19)	(54)	(675)
<b>Cash Flows from Investing Activities</b>				
Investment income		717	6	21
Net Cash Provided by Investing Activities		717	6	21
Net Change in Cash and Cash Equivalents	53	3,218	51	284
Cash and Cash Equivalents - Beginning	1,169	62,681	805	6,940
Cash and Cash Equivalents - Ending	\$ 1,222	\$ 65,899	\$ 856	\$ 7,224

<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		
\$	12,748	\$	590	\$	7,588	\$	1,756	\$	30,073
	(8,690)		(680)		(5,717)		(1,272)		(20,901)
	(7,392)		(479)		(385)		(460)		(12,040)
	308								356
									2
									28,315
									(24,792)
	(3,026)		(569)		1,486		24		1,013
	7,777		557		6		507		8,870
					(1,221)		(71)		(1,322)
									688
	7,777		557		(1,215)		436		8,236
			(12)				(47)		(976)
							(72)		(72)
			(1)				(11)		(12)
			(13)				(130)		(1,060)
	10								754
	10								754
	4,761		(25)		271		330		8,943
	9,476		108		432		1,416		83,027
\$	14,237	\$	83	\$	703	\$	1,746	\$	91,970

(Continued on Next Page)

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2015 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration	
			Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
<b>Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ (246)	\$ 5,014	\$	\$ (547)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	453	42	60	670
Change in assets and liabilities:				
(Increase) decrease in assets:				
Receivables, net	(96)	47		31
Due from other governments		(82)		
Due from other funds	17	(1)		(73)
Due from component units				
Inventories			15	
Prepaid items		3		(2)
Loans and notes receivable		(3,124)		
Increase (decrease) in liabilities:				
Warrants payable	27	260	25	
Accounts payable and other liabilities	67	348	(13)	200
Due to other governments			4	
Due to other funds	113	(4)	13	(7)
Unearned revenues	(87)	8		
Pension cost	(49)	39	(5)	(22)
Total adjustments	445	(2,464)	99	797
Net Cash Provided by (Used for) Operating Activities	\$ 199	\$ 2,550	\$ 99	\$ 250
<b>Noncash Capital and Related Financing Activities</b>				
Loss on disposal of capital assets			35	

<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	<b>Totals</b>
\$ (8,640)	\$ (687)	\$ 1,254	\$ (437)	\$ (4,289)
	138		206	1,569
(213)		(32)		(263)
3,905			(90)	3,758
9				9
(22)	(13)		253	233
6				7
				(3,124)
	(2)		25	335
313	(5)	(106)	72	876
	(1)			3
1,472	1	375		1,963
				(79)
144		(5)	(5)	97
5,614	118	232	461	5,302
\$ (3,026)	\$ (569)	\$ 1,486	\$ 24	\$ 1,013

	28	3	16	82
--	----	---	----	----

(This page left blank intentionally)



## Internal Service Funds

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

### Internal Service Funds Descriptions

**Personnel Board** - The **Personnel Board Fund** accounts for the expenses of establishing personnel policies, regulating the pay of state employees, and 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, 2015 (Expressed in Thousands)

	Department of Finance and Administration			Totals
	Personnel Board	Information Technology Services	Risk Management	
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 1,511	\$ 8,459	\$ 278,480	\$ 288,450
Cash and cash equivalents		622	128,081	128,703
Investments			3,886	3,886
Receivables	6	187	199	392
Due from other governments	2	226	639	867
Due from other funds	316	3,764	18,351	22,431
Due from component units	42	134	1,011	1,187
Total Current Assets	1,877	13,392	430,647	445,916
Noncurrent assets:				
Investments			32,196	32,196
Land and construction in progress		1,755		1,755
Other capital assets, net	8	31,645	70	31,723
Total Noncurrent Assets	8	33,400	32,266	65,674
Total Assets	1,885	46,792	462,913	511,590
<b>Deferred Outflows of Resources</b>				
Pension	554	2,236	131	2,921
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	90	1,927	39	2,056
Accounts payable and other liabilities	28	2,437	3,896	6,361
Due to other governments		4	364	368
Due to other funds	51	64	2,731	2,846
Due to component units			23	23
Claims and benefits payable			94,369	94,369
Unearned revenues			10,689	10,689
Lease obligations payable		759		759
Total Current Liabilities	169	5,191	112,111	117,471
Noncurrent liabilities:				
Claims and benefits payable			35,477	35,477
Lease obligations payable		2,019		2,019
Net pension liability	5,705	16,144	1,214	23,063
Other liabilities	257	804	125	1,186
Total Noncurrent Liabilities	5,962	18,967	36,816	61,745
Total Liabilities	6,131	24,158	148,927	179,216
<b>Deferred Inflows of Resources</b>				
Pension	827	2,340	176	3,343
<b>Net Position</b>				
Net investment in capital assets	8	30,622	70	30,700
Unrestricted	(4,527)	(8,092)	313,871	301,252
Total Net Position	\$ (4,519)	\$ 22,530	\$ 313,941	\$ 331,952

# Mississippi

## Internal Service Funds

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Personnel Board	Information Technology Services	Department of Finance and Administration	
			Risk Management	Totals
<b>Operating Revenues</b>				
Charges for sales and services/premiums	\$ 5,383	\$ 41,933	\$ 755,634	\$ 802,950
Other		15	13	28
Total Operating Revenues	5,383	41,948	755,647	802,978
<b>Operating Expenses</b>				
General and administrative	3,879	10,636	1,658	16,173
Contractual services	1,201	28,177	33,635	63,013
Commodities	97	468	36	601
Depreciation	9	2,959	3	2,971
Claims and benefits			685,108	685,108
Total Operating Expenses	5,186	42,240	720,440	767,866
Operating Income (loss)	197	(292)	35,207	35,112
<b>Nonoperating Revenues</b>				
Investment income			4,196	4,196
Total Nonoperating Revenues			4,196	4,196
<b>Nonoperating Expenses</b>				
Loss on disposal of assets		1		1
Interest		52		52
Total Nonoperating Expenses		53		53
Income (loss) before Capital Contributions and Transfers	197	(345)	39,403	39,255
Capital Contributions		562		562
Transfers In	18	200	986	1,204
Transfers Out			(1,190)	(1,190)
Change in Net Position	215	417	39,199	39,831
Total Net Position - Beginning, as restated	(4,734)	22,113	274,742	292,121
Total Net Position - Ending	\$ (4,519)	\$ 22,530	\$ 313,941	\$ 331,952

# Mississippi

## Internal Service Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2015 (Expressed in Thousands)

	<u>Department of Finance and Administration</u>			<b>Totals</b>
	<b>Personnel Board</b>	<b>Information Technology Services</b>	<b>Risk Management</b>	
<b>Cash Flows from Operating Activities</b>				
Cash receipts/premiums from interfund services provided	\$ 5,333	\$ 38,148	\$ 189,192	\$ 232,673
Cash receipts/premiums from customers	(160)	4,149	563,029	567,018
Cash payments to suppliers for goods and services	(1,282)	(26,078)	(32,848)	(60,208)
Cash payments to employees for services	(3,904)	(10,549)	(1,681)	(16,134)
Cash payments for claims and benefits			(704,414)	(704,414)
Other operating cash receipts		15		15
Net Cash Provided by (Used for) Operating Activities	(13)	5,685	13,278	18,950
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in	18	200	986	1,204
Transfers out			(1,190)	(1,190)
Net Cash Provided by (Used for) Noncapital Financing Activities	18	200	(204)	14
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets		(8)	(30)	(38)
Principal paid on capital assets contracts		(828)		(828)
Interest paid on capital assets contracts		(51)		(51)
Net Cash used for Capital and Related Financing Activities		(887)	(30)	(917)
<b>Cash Flows from Investing Activities</b>				
Proceeds from sales of investments			18,440	18,440
Purchases of investments			(17,733)	(17,733)
Investment income			4,332	4,332
Net Cash Provided by Investing Activities			5,039	5,039
Net Change in Cash and Cash Equivalents	5	4,998	18,083	23,086
Cash and Cash Equivalents - Beginning	1,506	4,083	388,478	394,067
Cash and Cash Equivalents - Ending	\$ 1,511	\$ 9,081	\$ 406,561	\$ 417,153

(Continued on Next Page)

# Mississippi

## Internal Service Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2015 (Expressed in Thousands)

(Continued from Previous Page)

	<u>Department of Finance and Administration</u>			<b>Totals</b>
	<b>Personnel Board</b>	<b>Information Technology Services</b>	<b>Risk Management</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ 197	\$ (292)	\$ 35,207	\$ 35,112
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	9	2,959	3	2,971
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	1	(153)	(3)	(155)
Due from other governments		54	(288)	(234)
Due from other funds	(175)	419	1,425	1,669
Due from component units	(38)	45	(320)	(313)
Increase (decrease) in liabilities:				
Warrants payable	28	1,739	(44)	1,723
Accounts payable and other liabilities	(7)	895	(300)	588
Due to other governments		1	14	15
Due to other funds	51	7	1,024	1,082
Due to component units			(34)	(34)
Claims and benefits payable			(19,138)	(19,138)
Unearned revenues			(4,238)	(4,238)
Pension cost	(79)	11	(30)	(98)
Total adjustments	(210)	5,977	(21,929)	(16,162)
Net Cash Provided by (Used for) Operating Activities	\$ (13)	\$ 5,685	\$ 13,278	\$ 18,950

### Noncash Capital and Related Financing and Investing Activities

Capital contributions	562	562
Loss on disposal of capital assets	1	1
Change in market value of investments	(1,042)	(1,042)

(This page left blank intentionally)

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, 2015 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Assets</b>			
Equity in internal investment pool	\$ 3,152	\$	\$
Cash and cash equivalents	836,095	10,884	5,729
Investments, at fair value:			
Short-term investments	478,739	6,234	3,282
Long-term debt securities	4,593,816	59,824	31,491
Equity securities	15,411,951	200,706	105,652
Private equity	1,329,697	17,316	9,115
Real estate investments	2,423,028	31,554	16,611
Securities lending:			
Short-term investments	225,851	2,951	1,553
Long-term debt securities	2,477,064	32,361	17,035
Receivables:			
Employer contributions	67,813		169
Employee contributions	38,466		3
Investment proceeds	1,607,200	20,930	11,018
Interest and dividends	79,136	1,031	542
Other	857	647	21
Due from other funds	3		
Capital assets:			
Land and construction in progress	18,998		
Other capital assets, net	13,294		
Total Assets	29,605,160	384,438	202,221
<b>Liabilities</b>			
Warrants payable	334		
Accounts payable and accruals	1,994,994	25,915	13,642
Due to other funds	14		3
Obligations under securities lending	2,703,262	35,316	18,590
Total Liabilities	4,698,604	61,231	32,235
<b>Net Position</b>			
Net position restricted for pensions	\$ 24,906,556	\$ 323,207	\$ 169,986



<b>Supplemental Legislative Retirement Plan</b>		<b>Totals</b>	
\$		\$	3,152
	555		853,263
	318		488,573
	3,053		4,688,184
	10,240		15,728,549
	884		1,357,012
	1,610		2,472,803
	151		230,506
	1,651		2,528,111
			67,982
			38,469
	1,068		1,640,216
	53		80,762
			1,525
			3
			18,998
			13,294
	19,583		30,211,402
			334
	1,325		2,035,876
			17
	1,802		2,758,970
	3,127		4,795,197
\$	16,456	\$	25,416,205

# Mississippi

## Pension Trust Funds

### Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Additions</b>			
Contributions:			
Employer	\$ 996,478	\$ 13,695	\$ 19,344
Employee	557,909	1,938	45
Total Contributions	1,554,387	15,633	19,389
Net Investment Income:			
Net change in fair value of investments	355,435	4,644	2,444
Interest and dividends	545,819	7,131	3,754
Securities lending:			
Income from securities lending	16,066	209	111
Interest expense and trading costs from securities lending	(2,565)	(34)	(18)
Managers' fees and trading costs	(87,089)	(1,138)	(599)
Net Investment Income	827,666	10,812	5,692
Other Additions:			
Administrative fees	595		
Other	75		
Total Other Additions	670		
Total Additions	2,382,723	26,445	25,081
<b>Deductions</b>			
Retirement annuities	2,219,240	28,909	34,799
Refunds to terminated employees	119,356	163	1
Administrative expenses	14,119	198	387
Depreciation	571		
Total Deductions	2,353,286	29,270	35,187
Change in Net Position	29,437	(2,825)	(10,106)
Net Position - Beginning	24,877,119	326,032	180,092
Net Position - Ending	\$ 24,906,556	\$ 323,207	\$ 169,986

<b>Supplemental Legislative Retirement Plan</b>		<b>Totals</b>	
\$	511	\$	1,030,028
	207		560,099
	718		1,590,127
	237		362,760
	364		557,068
	11		16,397
	(2)		(2,619)
	(58)		(88,884)
	552		844,722
			595
			75
			670
	1,270		2,435,519
	1,220		2,284,168
	37		119,557
	10		14,714
			571
	1,267		2,419,010
	3		16,509
	16,453		25,399,696
\$	16,456	\$	25,416,205

# Mississippi

## Agency Funds

### Combining Statement of Fiduciary Net Position

June 30, 2015 (Expressed in Thousands)

	Local Government			
	Distributive	Program	Institutional	Totals
<b>Assets</b>				
Equity in internal investment pool	\$ 3,028	\$ 6,632	\$	\$ 9,660
Cash and cash equivalents	413	74,398	6,696	81,507
Receivables, net:				
Accounts	369		22	391
Total Assets	<u>\$ 3,810</u>	<u>\$ 81,030</u>	<u>\$ 6,718</u>	<u>\$ 91,558</u>
<b>Liabilities</b>				
Warrants payable	\$ 236	\$	\$	\$ 236
Accounts payable and accruals	2	295	1,527	1,824
Due to other governments	1,306	51		1,357
Amounts held in custody for others	2,266	80,684	5,191	88,141
Total Liabilities	<u>\$ 3,810</u>	<u>\$ 81,030</u>	<u>\$ 6,718</u>	<u>\$ 91,558</u>

# Mississippi

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2015 (Expressed in Thousands)

Fund	Assets				
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Receivables	Commodity Inventory	Total Assets
<b>Local Government Distributive:</b>					
Balance - Beginning	\$ 3,023	\$ 187	\$ 422	\$	\$ 3,632
Additions	35,034	226	745		36,005
Deductions	35,029		798		35,827
Balance - Ending	3,028	413	369		3,810
<b>Program:</b>					
Balance - Beginning	6,467	54,673		1,229	62,369
Additions	4,542	132,296		19,746	156,584
Deductions	4,377	112,571		20,975	137,923
Balance - Ending	6,632	74,398		0	81,030
<b>Institutional:</b>					
Balance - Beginning		6,702	105		6,807
Additions		19,752	49		19,801
Deductions		19,758	132		19,890
Balance - Ending		6,696	22		6,718
<b>Total - All Agency Funds:</b>					
Balance - Beginning	9,490	61,562	527	1,229	72,808
Additions	39,665	152,274	794	19,746	212,479
Deductions	39,495	132,329	930	20,975	193,729
Balance - Ending	\$ 9,660	\$ 81,507	\$ 391	\$ 0	\$ 91,558
	Liabilities				
	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Amounts Held In Custody for Others	Total Liabilities
<b>Local Government Distributive:</b>					
Balance - Beginning	\$ 168	\$	\$ 1,137	\$ 2,327	\$ 3,632
Additions	24,015	261	4,876	6,942	36,094
Deductions	23,947	259	4,707	7,003	35,916
Balance - Ending	236	2	1,306	2,266	3,810
<b>Program:</b>					
Balance - Beginning	166	67	1	62,135	62,369
Additions	3,735	643	102	152,104	156,584
Deductions	3,901	415	52	133,555	137,923
Balance - Ending	0	295	51	80,684	81,030
<b>Institutional:</b>					
Balance - Beginning		1,506		5,301	6,807
Additions		658		19,143	19,801
Deductions		637		19,253	19,890
Balance - Ending		1,527		5,191	6,718
<b>Total - All Agency Funds:</b>					
Balance - Beginning	334	1,573	1,138	69,763	72,808
Additions	27,750	1,562	4,978	178,189	212,479
Deductions	27,848	1,311	4,759	159,811	193,729
Balance - Ending	\$ 236	\$ 1,824	\$ 1,357	\$ 88,141	\$ 91,558

(This page left blank intentionally)

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, 2015 (Expressed in Thousands)

	Mississippi Business Finance Corporation	Mississippi Coast Coliseum Commission	Mississippi Development Bank
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$ 2,030	\$	\$
Cash and cash equivalents	998	1,556	469
Investments	13,511	1,629	2,499
Receivables, net	70	599	9
Due from other governments			
Due from primary government			
Inventories			
Prepaid items		169	
Other assets			
Total Current Assets	16,609	3,953	2,977
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents			1,990
Investments		7,000	
Capital assets:			
Land and construction in progress		4,947	
Other capital assets, net	15	109,047	1
Total Noncurrent Assets	15	120,994	1,991
Total Assets	16,624	124,947	4,968
Deferred Outflows of Resources			
Pension	75	233	
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	60	457	
Due to primary government			
Deposits		534	
Unearned revenues		18	
Lease obligations payable			
Total Current Liabilities	60	1,009	
Noncurrent liabilities:			
Lease obligations payable			
Net pension liability	850	2,618	
Other liabilities	60		
Total Noncurrent Liabilities	910	2,618	
Total Liabilities	970	3,627	
Deferred Inflows of Resources			
Pension	99	380	
<b>Net Position</b>			
Net investment in capital assets	15	113,994	1
Restricted for:			
Debt service			1,990
Other purposes			
Permanent endowments:			
Nonexpendable		7,000	
Unrestricted	15,615	179	2,977
Total Net Position	\$ 15,630	\$ 121,173	\$ 4,968



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	
\$	\$	\$	\$	\$	\$	2,030
516	3,685	607	5,730	6,643	20,204	
3,753	3,968	3,958		2,001	31,319	
664	1	11	2,033	112	3,499	
	84	60		43	187	
90		21	129		240	
1,176	21				1,197	
32		18			219	
15					15	
6,246	7,759	4,675	7,892	8,799	58,910	
					1,990	
					7,000	
404	1,834	1,523	7,689	930	17,327	
3,331	4,130	1,878	35,505	1,468	155,375	
3,735	5,964	3,401	43,194	2,398	181,692	
9,981	13,723	8,076	51,086	11,197	240,602	
229	47	31	678	124	1,417	
200	2,311	10	505	243	3,786	
4	614	3	395	15	1,031	
57	5		466		534	
	44				546	
261	2,974	13	1,366	258	44	
	141				5,941	
2,755	3,020	320	7,283	1,341	141	
	118	12	696	71	18,187	
2,755	3,279	332	7,979	1,412	957	
3,016	6,253	345	9,345	1,670	19,285	
					25,226	
319	438	46	1,056	198	319	
					2,536	
3,735	5,779	3,401	43,194	2,398	172,517	
	80				2,070	
		4,397			4,397	
					7,000	
3,140	1,220	(82)	(1,831)	7,055	28,273	
\$ 6,875	\$ 7,079	\$ 7,716	\$ 41,363	\$ 9,453	\$ 214,257	

# Mississippi

## Nonmajor Component Units

### Combining Statement of Activities

For the Year Ended June 30, 2015 (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	\$ 1,110	\$ 631	\$	\$	(479)
Mississippi Coast Coliseum Commission	9,077	5,830	120		(3,127)
Mississippi Development Bank	426	179			(247)
Mississippi Prison Industries Corporation	6,653	6,705			52
Pat Harrison Waterway District	5,582	3,011	2,156		(415)
Pearl River Basin Development District	778	103			(675)
Pearl River Valley Water Supply District	13,266	12,971		2,256	1,961
Tombigbee River Valley Water Management District	1,906	347			(1,559)
Total	\$ 38,798	\$ 29,777	\$ 2,276	\$ 2,256	(4,489)

**General Revenues**

<b>Investment Income</b>	<b>Other</b>	<b>Change in Net Position</b>	<b>Net Position - Beginning, as restated</b>	<b>Net Position - Ending</b>
\$ 266	\$ 300	\$ 87	\$ 15,543	\$ 15,630
266		(2,861)	124,034	121,173
48		(199)	5,167	4,968
2	4	58	6,817	6,875
10		(405)	7,484	7,079
13	773	111	7,605	7,716
1		1,962	39,401	41,363
9	1,590	40	9,413	9,453
<b>\$ 615</b>	<b>\$ 2,667</b>	<b>\$ (1,207)</b>	<b>\$ 215,464</b>	<b>\$ 214,257</b>

(This page left blank intentionally)

# 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.

Table 1 – Net Position by Component .....	138
Table 2 – Changes in Net Position .....	140
Table 3 – Fund Balances of Governmental Funds .....	144
Table 4 – Changes in Fund Balances of Governmental Funds .....	146

### Revenue Capacity

These tables contain information to help users in understanding and assessing the factors affecting the State's ability to generate its sales tax revenues.

Table 5 – Taxable Sales by Industry .....	150
Table 6 – Sales Tax Revenue Payers by Industry .....	152

### Debt Capacity

These tables present information to help users assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Table 7 – Ratios of Outstanding Debt by Type .....	154
Table 8 – Legal Debt Margin .....	156

### Demographic and Economic Information

These tables offer demographic and economic indicators to help users understand the environment within which the State's financial activities take place.

Table 9 – Demographic and Economic Statistics .....	157
Table 10 – Employment by Industry .....	157
Table 11 – Public School Enrollment .....	158
Table 12 – Community and Junior College Enrollment .....	158
Table 13 – University Enrollment .....	158

### Operating Information

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

Table 14 – Capital Asset Statistics by Function .....	160
Table 15 – State Government Employees by Function .....	162
Table 16 – Operating Indicators by Function .....	164

# Mississippi

## Net Position by Component

Last Ten Fiscal Years

Table 1

Accrual Basis of Accounting (Expressed in Thousands)

	2015	2014	2013	2012
<b>Governmental activities</b>				
Net investment in capital assets	\$ 13,900,211	\$ 13,430,397	\$ 13,107,678	\$ 12,667,849
Restricted	3,869,799	3,633,805	3,602,589	3,615,270
Unrestricted	(6,005,860)	(3,035,755)	(3,188,135)	(3,132,568)
Total governmental activities net position	\$ 11,764,150	\$ 14,028,447	\$ 13,522,132	\$ 13,150,551
<b>Business-type activities</b>				
Net investment in capital assets	\$ 393,507	\$ 297,830	\$ 265,837	\$ 209,497
Restricted	646,868	602,831	578,710	540,875
Unrestricted	181,529	212,462	253,732	228,423
Total business-type activities net position	\$ 1,221,904	\$ 1,113,123	\$ 1,098,279	\$ 978,795
<b>Primary Government</b>				
Net investment in capital assets	\$ 14,293,718	\$ 13,728,227	\$ 13,373,515	\$ 12,877,346
Restricted	4,516,667	4,236,636	4,181,299	4,156,145
Unrestricted	(5,824,331)	(2,823,293)	(2,934,403)	(2,904,145)
Total primary government net position	\$ 12,986,054	\$ 15,141,570	\$ 14,620,411	\$ 14,129,346

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

2011	2010	2009	2008	2007	2006
\$ 11,845,579	\$ 11,408,744	\$ 10,980,353	\$ 10,642,484	\$ 9,770,760	\$ 8,883,410
3,480,202	655,192	625,174	667,456	477,321	427,128
(2,680,509)	(267,768)	(336,905)	29,649	575,042	159,530
<u>\$ 12,645,272</u>	<u>\$ 11,796,168</u>	<u>\$ 11,268,622</u>	<u>\$ 11,339,589</u>	<u>\$ 10,823,123</u>	<u>\$ 9,470,068</u>
\$ 216,682	\$ 208,101	\$ 195,171	\$ 161,144	\$ 136,836	\$ 112,393
433,703	433,216	614,988	778,010	784,367	789,759
250,052	202,455	192,005	209,175	243,751	209,745
<u>\$ 900,437</u>	<u>\$ 843,772</u>	<u>\$ 1,002,164</u>	<u>\$ 1,148,329</u>	<u>\$ 1,164,954</u>	<u>\$ 1,111,897</u>
\$ 12,062,261	\$ 11,616,845	\$ 11,175,524	\$ 10,803,628	\$ 9,907,596	\$ 8,995,803
3,913,905	1,088,408	1,240,162	1,445,466	1,261,688	1,216,887
(2,430,457)	(65,313)	(144,900)	238,824	818,793	369,275
<u>\$ 13,545,709</u>	<u>\$ 12,639,940</u>	<u>\$ 12,270,786</u>	<u>\$ 12,487,918</u>	<u>\$ 11,988,077</u>	<u>\$ 10,581,965</u>

# Mississippi

## Changes in Net Position

Last Ten Fiscal Years

Table 2

Accrual Basis of Accounting (Expressed in Thousands)

	2015	2014	2013	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,951,973	\$ 2,069,107	\$ 2,028,155	\$ 1,959,116
Education	3,383,767	3,996,554	3,912,889	4,126,252
Health and social services <sup>1</sup>	7,679,895	7,394,045	7,372,085	7,074,781
Law, justice and public safety	967,422	923,952	983,870	878,668
Recreation and resources development <sup>2</sup>	556,790	637,850	587,367	722,713
Regulation of business and professions	40,760	39,174	39,703	37,578
Transportation	675,713	647,532	596,160	555,955
Interest on long-term debt	225,512	243,099	247,012	257,304
Total governmental activities expenses	16,481,832	15,951,313	15,767,241	15,612,367
Business-type activities:				
Unemployment compensation <sup>3</sup>	109,468	204,206	338,390	408,399
Port Authority at Gulfport	26,202	25,688	28,589	51,950
Prepaid affordable college tuition	27,122	103,134	41,278	56,568
Other business-type	37,902	37,379	35,421	47,009
Total business-type activities expenses	200,694	370,407	443,678	563,926
Total primary government expenses	\$ 16,682,526	\$ 16,321,720	\$ 16,210,919	\$ 16,176,293
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,292,467	\$ 1,310,188	\$ 1,305,202	\$ 1,226,107
Education	15,082	23,989	24,539	37,491
Health and social services	705,199	583,738	620,930	659,245
Law, justice and public safety	125,231	126,054	118,797	102,689
Recreation and resources development	73,478	79,287	98,496	90,643
Regulation of business and professions	44,456	43,764	44,138	42,229
Transportation	69,386	49,841	34,819	32,865
Operating grants and contributions <sup>4</sup>	7,059,002	6,796,079	6,934,753	7,038,237
Capital grants and contributions	487,083	548,283	561,283	612,734
Total governmental activities program revenues	9,871,384	9,561,223	9,742,957	9,842,240
Business-type activities:				
Charges for services:				
Unemployment compensation <sup>5</sup>	137,525	158,741	202,715	274,063
Port Authority at Gulfport	15,045	15,603	15,050	15,140
Prepaid affordable college tuition	13,220	6,370	12,786	22,458
Other business-type	27,046	28,563	28,016	27,738
Operating grants and contributions <sup>6</sup>	3,065	57,162	161,613	244,325
Capital grants and contributions		33	904	246
Total business-type activities program revenues	195,901	266,472	421,084	583,970
Total primary government program revenues	\$ 10,067,285	\$ 9,827,695	\$ 10,164,041	\$ 10,426,210
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (6,610,448)	\$ (6,390,090)	\$ (6,024,284)	\$ (5,770,127)
Business-type activities	(4,793)	(103,935)	(22,594)	20,044
Total primary government net expense	\$ (6,615,241)	\$ (6,494,025)	\$ (6,046,878)	\$ (5,750,083)



	2011	2010	2009	2008	2007	2006
\$	1,881,692	\$ 2,011,806	\$ 2,052,954	\$ 2,000,778	\$ 1,803,339	\$ 1,826,995
	4,138,774	4,082,117	4,093,018	4,163,587	3,961,573	3,668,314
	6,873,932	6,747,426	6,139,808	5,609,247	5,311,270	5,180,153
	1,013,451	1,095,181	1,052,434	1,173,359	1,152,359	1,384,238
	1,008,883	1,058,604	1,127,670	1,261,268	1,932,646	364,796
	37,457	38,188	37,215	36,318	33,192	30,944
	600,224	689,802	683,663	643,867	581,446	728,716
	223,856	146,732	209,516	196,277	167,233	150,556
	15,778,269	15,869,856	15,396,278	15,084,701	14,943,058	13,334,712
	520,790	669,679	422,764	143,013	143,348	242,134
	30,276	23,243	15,239	12,614	10,349	17,221
	45,754	42,183	20,316	40,972	38,391	29,983
	40,702	38,074	40,392	34,204	37,559	49,737
	637,522	773,179	498,711	230,803	229,647	339,075
\$	16,415,791	\$ 16,643,035	\$ 15,894,989	\$ 15,315,504	\$ 15,172,705	\$ 13,673,787
\$	1,183,632	\$ 1,214,243	\$ 1,149,464	\$ 1,135,546	\$ 1,059,532	\$ 944,744
	36,151	51,848	29,721	27,838	33,991	29,784
	622,266	569,685	563,917	507,876	480,944	446,315
	101,992	99,098	103,178	100,206	147,360	81,807
	132,401	145,988	84,984	85,610	69,949	64,182
	43,005	41,644	40,727	39,491	36,173	28,223
	36,335	7,787	51,695	40,243	35,192	26,762
	7,896,876	7,795,111	6,847,036	6,462,823	7,125,688	6,058,258
	603,098	643,843	556,571	795,572	960,369	792,929
	10,655,756	10,569,247	9,427,293	9,195,205	9,949,198	8,473,004
	209,318	84,916	90,301	100,840	106,256	104,548
	27,807	14,652	16,865	22,569	30,166	7,609
	21,764	21,799	19,374	21,121	21,343	21,513
	39,319	36,811	38,532	33,522	37,083	40,644
	310,704	382,141	141,038	10,069	9,745	93,156
	16	24	954	1,838	3,900	539
	608,928	540,343	307,064	189,959	208,493	268,009
\$	11,264,684	\$ 11,109,590	\$ 9,734,357	\$ 9,385,164	\$ 10,157,691	\$ 8,741,013
\$	(5,122,513)	\$ (5,300,609)	\$ (5,968,985)	\$ (5,889,496)	\$ (4,993,860)	\$ (4,861,708)
	(28,594)	(232,836)	(191,647)	(40,844)	(21,154)	(71,066)
\$	(5,151,107)	\$ (5,533,445)	\$ (6,160,632)	\$ (5,930,340)	\$ (5,015,014)	\$ (4,932,774)

(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)

	2015	2014	2013	2012
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Sales and use <sup>7</sup>	\$ 3,300,516	\$ 3,263,643	\$ 3,118,658	\$ 3,031,689
Gasoline and other motor fuel	414,779	408,667	402,724	419,811
Individual income	1,744,620	1,703,736	1,666,840	1,572,334
Corporate income and franchise	689,171	677,168	533,246	476,423
Insurance	273,710	267,971	216,173	209,937
Other	513,203	541,496	531,494	551,119
Gain on sale of assets				
Investment income	53,689	82,307	9,208	50,607
Extraordinary item - Impairment loss from hurricane damage, net of insurance recovery				
Transfers	(103,182)	(48,583)	(82,478)	(36,514)
Total governmental activities	6,886,506	6,896,405	6,395,865	6,275,406
Business-type activities:				
Gain on sale of assets				
Investment income	28,585	70,196	59,600	21,800
Extraordinary item - Impairment gain from hurricane damage, net of insurance recovery				
Transfers	103,182	48,583	82,478	36,514
Total business-type activities	131,767	118,779	142,078	58,314
Total primary government	\$ 7,018,273	\$ 7,015,184	\$ 6,537,943	\$ 6,333,720
<b>Change in Net Position</b>				
Governmental activities	\$ 276,058	\$ 506,315	\$ 371,581	\$ 505,279
Business-type activities	126,974	14,844	119,484	78,358
Total primary government	\$ 403,032	\$ 521,159	\$ 491,065	\$ 583,637

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

<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.

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

<sup>2</sup> 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>3</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>4</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.

	2011	2010	2009	2008	2007	2006
\$	2,935,523	\$ 2,885,064	\$ 2,961,865	\$ 3,166,130	\$ 3,161,005	\$ 3,075,657
	420,410	406,279	411,729	438,676	444,489	442,190
	1,374,843	1,385,623	1,415,091	1,503,869	1,501,334	1,204,055
	477,443	416,978	420,739	500,996	469,182	425,091
	192,146	197,970	187,050	194,129	192,861	169,727
	520,689	511,351	461,064	459,483	397,515	385,810
	91,185	54,935	83,119	145,465	184,500	585
						122,553
						(9,871)
	(22,871)	(29,896)	(42,639)	(2,786)	(3,971)	(5,945)
	5,989,368	5,828,304	5,898,018	6,405,962	6,346,915	5,809,852
						7
	62,388	44,548	2,843	21,433	70,240	55,974
						1,333
	22,871	29,896	42,639	2,786	3,971	5,945
	85,259	74,444	45,482	24,219	74,211	63,259
\$	6,074,627	\$ 5,902,748	\$ 5,943,500	\$ 6,430,181	\$ 6,421,126	\$ 5,873,111
\$	5,989,368	\$ 527,695	\$ (70,967)	\$ 516,466	\$ 1,353,055	\$ 948,144
	85,259	(158,392)	(146,165)	(16,625)	53,057	(7,807)
\$	6,074,627	\$ 369,303	\$ (217,132)	\$ 499,841	\$ 1,406,112	\$ 940,337

<sup>5</sup> Unemployment Compensation Charges for Services increased from 2010 to 2011. Employer assessments grew because the taxable wage base doubled.

<sup>6</sup> 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 .

Operating grants and contributions decreased from 2014 to 2015 as federal funding for unemployment compensation programs came to an end.

<sup>7</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.

# Mississippi

## Fund Balances of Governmental Funds

**Table 3**

**Last Ten Fiscal Years**

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2015	2014	2013	2012
<b>General Fund</b>				
Nonspendable	\$ 52,877	\$ 52,061	\$ 50,480	\$ 52,236
Restricted	3,754,248	3,448,681	3,491,146	3,528,727
Committed	88,919	139,936	112,788	192,939
Assigned	12,121	10,503	10,729	45,757
Unassigned	232,990	571,580	520,612	452,744
Total General Fund	\$ 4,141,155	\$ 4,222,761	\$ 4,185,755	\$ 4,272,403
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 57,201	\$ 56,450	\$ 55,711	\$ 54,918
Restricted	5,473	5,163	5,252	7,132
Committed				
Total All Other Governmental Funds	\$ 62,674	\$ 61,613	\$ 60,963	\$ 62,050
	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.

**2011**

\$ 52,571  
2,895,706  
198,340  
110,648  
287,764  

---

**\$ 3,545,029**

---

\$ 54,476  
477,449  
187,041  

---

**\$ 718,966**

---

**2006**

\$ 702,417  
1,253,819  

---

**\$ 1,956,236**

---

\$ 306,171  
  
427,942  
250,799  
49,385  
1,003  

---

**\$ 1,035,300**

---

# Mississippi

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 4

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2015	2014	2013	2012
<b>Revenues</b>				
Taxes				
Sales and use <sup>1</sup>	\$ 3,324,776	\$ 3,264,343	\$ 3,122,591	\$ 3,037,136
Gasoline and other motor fuel	419,622	406,647	409,730	415,508
Individual income	1,747,961	1,676,064	1,680,470	1,551,576
Corporate income and franchise	691,769	677,501	539,174	497,879
Insurance	273,710	267,971	216,173	209,937
Other	515,596	541,496	531,494	551,119
Licenses, fees and permits	564,702	522,824	533,880	533,573
Federal government <sup>2</sup>	7,500,282	7,343,489	7,495,005	7,647,096
Investment income	57,002	69,134	10,897	47,037
Charges for sales and services	361,793	363,976	346,611	347,252
Rentals	15,789	32,662	27,698	27,641
Court assessments and settlements	163,915	169,497	141,008	156,163
Refund of prior year disaster payments				
Other	653,608	562,028	607,047	535,500
Total Revenues	16,290,525	15,897,632	15,661,778	15,557,417
<b>Expenditures</b>				
General government	2,475,434	1,493,951	1,495,665	1,414,395
Education	3,381,946	3,994,332	3,909,703	4,121,827
Health and social services <sup>3</sup>	7,685,805	7,404,608	7,373,548	7,064,468
Law, justice and public safety	959,927	930,805	985,149	933,574
Recreation and resources development <sup>4</sup>	555,793	639,569	590,813	715,739
Regulation of business and professions	41,284	39,444	39,654	37,440
Transportation	1,047,355	1,143,230	1,109,584	1,204,625
Debt service				
Principal	319,916	319,798	307,377	290,870
Interest and other fiscal charges	224,400	244,164	246,962	240,940
Defeasance of debt				
Capital outlay				68,471
Total Expenditures	16,691,860	16,209,901	16,058,455	16,092,349
Excess of revenues over (under) expenditures	\$ (401,335)	\$ (312,269)	\$ (396,677)	\$ (534,932)

	2011	2010	2009	2008	2007	2006
\$	2,916,298	\$ 2,848,169	\$ 3,008,042	\$ 3,146,711	\$ 3,136,554	\$ 3,074,831
	415,200	406,837	412,206	437,810	445,876	443,150
	1,409,473	1,337,000	1,441,141	1,523,231	1,486,074	1,213,733
	447,322	413,930	420,482	503,165	477,166	412,839
	192,146	197,970	187,050	194,129	192,861	169,727
	520,689	511,351	461,064	459,483	397,515	385,810
	519,033	505,314	527,099	547,844	499,787	448,482
	8,496,243	8,434,957	7,402,207	7,197,515	8,079,581	6,844,298
	88,553	96,596	69,725	132,566	174,142	118,888
	379,741	311,236	351,618	327,874	310,769	279,899
	29,044	27,844	24,008	24,353	18,559	13,004
	145,462	188,337	130,762	139,803	159,131	113,135
					55,557	
	511,610	521,636	410,345	345,593	309,521	281,908
	16,070,814	15,801,177	14,845,749	14,980,077	15,743,093	13,799,704
	1,301,010	1,377,855	1,392,656	1,430,623	1,345,200	1,379,847
	4,134,654	4,076,285	4,090,971	4,155,180	3,949,505	3,663,082
	6,863,679	6,711,466	6,129,997	5,601,993	5,302,796	5,176,071
	953,468	1,053,017	1,069,705	1,385,082	1,172,469	1,364,750
	1,002,286	1,055,786	1,138,031	1,203,801	1,926,281	351,801
	37,713	37,847	36,450	35,841	33,364	30,981
	1,168,090	1,180,908	1,134,357	1,178,966	1,390,677	1,284,905
	316,103	321,825	419,973	295,060	277,538	261,878
	226,906	163,207	210,654	210,311	184,346	177,228
		2,505				2,138
	84,671	98,825	80,378	110,620	88,575	69,604
	16,088,580	16,079,526	15,703,172	15,607,477	15,670,751	13,762,285
\$	(17,766)	\$ (278,349)	\$ (857,423)	\$ (627,400)	\$ 72,342	\$ 37,419

(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)

	2015	2014	2013	2012
<b>Other Financing Sources (Uses)</b>				
Bonds and notes issued	\$ 366,575	\$ 348,777	\$ 341,420	\$ 603,030
Capital leases issued	2,322	16,107	487	9,524
Discounts on bonds and notes issued	(353)			
Insurance recovery	22,732	17,826	7,303	332
Payments on refunded bond anticipation notes				(19,000)
Payments on refunded bonds and notes				
Payments to bond escrow agent	(483,163)			
Payments to refunded bond, note and lease escrow agents			(776,032)	(115,002)
Premiums on bonds, notes, and refunding bonds and notes issued	86,758	15,838	120,265	40,400
Refunding bonds and notes issued	429,115		697,790	123,075
Transfers in	3,513	4,508	4,461	196,971
Transfers out	(106,709)	(53,131)	(86,752)	(233,940)
Net Other Financing Sources (Uses)	320,790	349,925	308,942	605,390
<b>Extraordinary Item</b>				
Insurance recovery from hurricane damage				
Net Change in Fund Balances	\$ (80,545)	\$ 37,656	\$ (87,735)	\$ 70,458
<b>Debt Service as a Percentage of Noncapital Expenditures</b>				
	3.4%	3.5%	3.7%	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.

<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.

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

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

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

<sup>4</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.



	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$	569,794	\$ 581,972	\$ 362,720	\$ 721,172	\$ 714,400	\$ 486,780
	8,009	2,987	10,759	724	5,497	11,324
				(390)	(250)	(242)
	185	1,822	8,838	3,874	781	4,408
	(105,105)	(241,100)			(33,000)	
	(183,105)	(141,892)				
			(1,992)			
		(41,998)	(82,265)	(191,894)	(147,765)	(50,462)
	13,114	10,562	13,916	19,613	29,209	15,442
	284,453	413,965	76,460	208,955	175,365	51,870
	138,686	756,592	335,056	387,993	616,239	498,623
	(161,936)	(786,417)	(363,090)	(389,703)	(620,606)	(501,943)
	564,095	556,493	360,402	760,344	739,870	515,800
						920
\$	546,329	\$ 278,144	\$ (497,021)	\$ 132,944	\$ 812,212	\$ 554,139
	3.6%	3.2%	4.3%	3.5%	3.2%	3.4%

# Mississippi

## Taxable Sales by Industry

Table 5

**Last Ten Fiscal Years**

(Expressed in Thousands)

	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
<b>Total taxable sales</b>	<b>\$ 46,825,516</b>	<b>\$ 45,178,719</b>	<b>\$ 44,132,053</b>	<b>\$ 43,047,432</b>
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%

	2014
Accommodation and Food Services	\$ 4,590,836
Administrative, Support, Waste Management	335,163
Arts, Entertainment, Recreation	124,955
Construction	5,716,050
Information	2,635,722
Manufacturing	896,040
Mining, Quarrying and Oil and Gas Extraction	412,702
Other Services	1,335,779
Real Estate, Rental, and Leasing	862,594
Retail Trade	25,048,766
Utilities	1,439,020
Wholesale Trade	3,658,202
Other Industries	325,675
<b>Total taxable sales</b>	<b>\$ 47,381,504</b>
Gross tax collections	\$ 2,945,016
Average effective rate	6.22%

Notes: During Fiscal year 2014, the Mississippi Department of Revenue converted sales tax collection data from the Standard Industrial Classification (SIC) System to the North American Industry Classification System (NAICS).

The most current fiscal year available is fiscal year 2014.

Source: Mississippi Department of Revenue

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

# Mississippi

## Sales Tax Revenue Payers by Industry

Fiscal Years 2014 and 2005

Table 6

	2014			
	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Accommodation and Food Services	9,649	10.8 %	\$ 321,277	10.9 %
Administrative, Support, Waste Management	1,686	1.9	23,380	0.8
Arts, Entertainment, Recreation	1,151	1.3	8,745	0.3
Construction	10,538	11.8	217,428	7.4
Information	778	0.9	184,498	6.3
Manufacturing	3,803	4.2	45,311	1.5
Mining, Quarrying and Oil and Gas Extraction	723	0.8	27,793	0.9
Other Services	5,834	6.5	92,139	3.1
Real Estate, Rental, and Leasing	2,160	2.4	55,689	1.9
Retail Trade	40,118	44.8	1,658,072	56.3
Utilities	763	0.9	80,171	2.7
Wholesale Trade	9,162	10.2	209,226	7.1
Other Industries	3,154	3.5	21,287	0.8
Total taxable sales	89,519	100.0 %	\$ 2,945,016	100.0 %

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

Source: Mississippi Department of Revenue

## 2005

	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability (expressed in thousands)</b>	<b>Percentage of Total</b>
Automotive	11,407	13.5 %	\$ 338,188	14.0 %
Contracting	8,113	9.6	162,870	6.7
Food and Beverage	15,515	18.4	464,743	19.2
Furniture	2,679	3.2	53,710	2.2
General Merchandise	5,386	6.4	464,513	19.2
Lumber and Building Materials	5,354	6.3	184,937	7.6
Machinery, Equipment, and Supplies	6,047	7.2	125,267	5.2
Miscellaneous Retail	22,352	26.5	228,370	9.4
Miscellaneous Services	5,859	6.9	135,960	5.6
Public Utilities	1,131	1.3	209,731	8.7
Recreation	454	0.5	7,764	0.3
Wholesale	44	0.2	45,484	1.9
Total taxable sales	84,341	100.0 %	\$ 2,421,537	100.0 %

# Mississippi

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Thousands, except Per capita)

Table 7

	2015	2014	2013	2012
<b>Governmental Activities</b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,381,327	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834
Limited Obligation Bonds				
Capital Lease Obligations	20,209	22,775	13,158	18,079
Notes Payable <sup>1</sup>	1,113,994	1,078,967	1,140,010	989,336
Certificates of Participation				
Total Governmental Activities	5,515,530	5,399,385	5,360,406	5,247,249
<b>Business-type Activities</b>				
General Obligation Bonds	12,670	15,503	18,210	20,792
Revenue Bonds				
Capital Lease Obligations	272	344	131	381
Total Business-type Activities	12,942	15,847	18,341	21,173
Total Primary Government	\$ 5,528,472	\$ 5,415,232	\$ 5,378,747	\$ 5,268,422
Amount of Debt Per capita <sup>2</sup>	\$ 1,841	\$ 1,811	\$ 1,805	\$ 1,768
Debt as a percentage of Personal Income <sup>3</sup>	5.4%	5.3%	5.4%	5.3%
<b>Net General Obligation Bonded Debt<sup>4</sup></b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,381,327	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834
Less: Debt Service	340,515	369,002	339,308	344,061
Net General Obligation Bonded Debt	\$ 4,040,812	\$ 3,928,641	\$ 3,867,930	\$ 3,895,773
Amount of Net General Obligation Bonded Debt Per capita <sup>2</sup>	\$ 1,350	\$ 1,313	\$ 1,298	\$ 1,307
Net General Obligation Bonded Debt as a percentage of Taxable Sales <sup>5</sup>	8.5%	8.4%	8.6%	8.6%

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.

	2011	2010	2009	2008	2007	2006
\$	3,862,590	\$ 3,578,528	\$ 3,516,385	\$ 3,516,217	\$ 3,205,576	\$ 3,085,787
				24,460	47,880	70,320
	13,935	13,212	17,231	12,555	18,568	19,034
	1,021,016	1,047,983	853,156	883,283	709,940	347,200
			2,045	2,190	2,330	2,460
	4,897,541	4,639,723	4,388,817	4,438,705	3,984,294	3,524,801
	23,426	26,476	29,231	32,064	35,084	38,016
	618	841	1,636	926	214	320
	24,044	27,317	30,867	32,990	35,298	38,336
\$	4,921,585	\$ 4,667,040	\$ 4,419,684	\$ 4,471,695	\$ 4,019,592	\$ 3,563,137
\$	1,652	\$ 1,571	\$ 1,493	\$ 1,516	\$ 1,372	\$ 1,229
	5.2%	5.1%	5.0%	4.9%	4.6%	4.4%
\$	3,862,590	\$ 3,578,528	\$ 3,516,385	\$ 3,516,217	\$ 3,205,576	\$ 3,085,787
	323,235	248,686	197,131	214,647	175,515	105,347
\$	3,539,355	\$ 3,329,842	\$ 3,319,254	\$ 3,301,570	\$ 3,030,061	\$ 2,980,440
\$	1,188	\$ 1,121	\$ 1,121	\$ 1,119	\$ 1,034	\$ 1,028
	8.0%	7.7%	7.2%	6.9%	6.3%	6.5%

# Mississippi

## Legal Debt Margin

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

**Table 8**

	2015		2014		2013		2012		2011
Legal debt limit	\$ 13,312,194	\$	12,823,921	\$	12,505,104	\$	12,451,109	\$	12,451,109
Less: Net debt applicable to limit	4,040,812		3,928,641		3,867,930		3,847,744		3,490,465
Legal debt margin	\$ 9,271,382	\$	8,895,280	\$	8,637,174	\$	8,603,365	\$	8,960,644
Net debt applicable to the limit as a percentage of legal debt limit	30.4%		30.6%		30.9%		30.9%		28.0%

	2010		2009		2008		2007		2006
Legal debt limit	\$ 12,451,109	\$	12,451,109	\$	12,009,366	\$	10,930,262	\$	10,056,571
Less: Net debt applicable to limit	3,275,320		3,259,476		3,237,426		2,959,717		2,906,373
Legal debt margin	\$ 9,175,789	\$	9,191,633	\$	8,771,940	\$	7,970,545	\$	7,150,198
Net debt applicable to the limit as a percentage of legal debt limit	26.3%		26.2%		27.0%		27.1%		28.9%

**Legal Debt Margin Calculation for Fiscal Year 2015:**

Legal debt limit <sup>1</sup>					\$ 13,312,194
Amount of debt applicable to limit <sup>2</sup>				\$ 4,381,327	
Less: amounts available for debt service				340,515	
Less: Net debt applicable to limit					4,040,812
Legal debt margin					\$ 9,271,382

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
2014	\$ 8,874,796
2013	\$ 8,549,281
2012	8,336,736
2011	7,956,269

<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.		
2014	2,994,000	7.8%	6.2%	\$ 102,795,000,000	\$ 34,333
2013	2,991,000	8.7	7.4	103,132,000,000	34,478
2012	2,980,000	9.0	8.1	98,722,000,000	33,128
2011	2,980,000	10.0	8.9	95,313,000,000	31,984
2010	2,970,000	10.4	9.6	91,600,000,000	30,842
2009	2,960,000	9.5	9.3	88,801,000,000	30,000
2008	2,950,000	6.6	5.8	91,220,000,000	30,922
2007	2,930,000	6.1	4.6	86,585,000,000	29,551
2006	2,900,000	6.5	4.6	81,098,000,000	27,965
2005	2,900,000	7.5	5.1	77,748,000,000	26,810

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	2014			2005		
	Rank	Average Number of Employees	Percentage of All Employees	Rank	Average Number of Employees	Percentage of All Employees
Government	1	245,100	21.5 %	1	240,800	19.8 %
Manufacturing	2	139,300	12.2	2	178,300	14.6
Retail Trade	3	135,400	11.9	3	138,200	11.3
Health Care and Social Assistance	4	123,300	10.8	5	105,700	8.7
Accommodation and Food Services	5	114,700	10.1	4	112,200	9.2
Professional and Business Services	6	100,800	8.8	6	87,500	7.2
Transportation and Warehousing	7	50,300	4.4	7	47,000	3.9
Construction	8	49,000	4.3	8	52,200	4.3
Other Services	9	38,800	3.4	9	40,900	3.4
Wholesale Trade	10	34,100	3.0	10	35,300	2.9
Total		1,030,800	90.4 %		1,038,100	85.3 %
Total Employed Labor Force		1,140,000	100.0 %		1,218,800	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

	2014/2015	2013/2014	2012/2013	2011/2012
Kindergarten	44,950	46,297	47,198	44,890
Grades 1-3	120,791	119,432	116,562	114,814
Grades 4-6	108,968	110,211	111,609	114,498
Grades 7-9	112,337	113,675	113,490	111,616
Grades 10-12	95,767	95,399	96,485	97,292
Special Education	7,412	7,572	7,503	7,509
Total Enrollment	490,225	492,586	492,847	490,619

Source: Mississippi Department of Education

## Community and Junior College Enrollment

Last Ten Academic Years

Table 12

	2014-2015	2013/2014	2012/2013	2011/2012
Coahoma Community College	1,746	2,722	2,694	2,889
Copiah-Lincoln Community College	3,040	3,186	3,308	3,578
East Central Community College	2,621	3,049	3,112	3,091
East Mississippi Community College	3,676	3,712	4,367	5,240
Hinds Community College	12,844	10,975	10,609	14,306
Holmes Community College	4,905	6,330	6,728	6,707
Itawamba Community College	6,320	6,972	6,977	7,602
Jones County Junior College	4,617	5,113	4,192	4,637
Meridian Community College	3,386	3,047	3,330	3,883
Mississippi Delta Community College	2,499	3,006	3,001	3,977
Mississippi Gulf Coast Community College	9,767	11,821	11,350	11,434
Northeast Mississippi Community College	3,643	3,520	3,603	3,736
Northwest Mississippi Community College	7,294	8,450	7,202	8,437
Pearl River Community College	4,140	4,231	4,675	4,675
Southwest Mississippi Community College	2,097	2,224	2,143	2,224
Total Enrollment	72,595	78,358	77,291	86,416

Source: Mississippi Community College Board

## University Enrollment

Last Ten Academic Years

Table 13

	2014/2015	2013/2014	2012/2013	2011/2012
Alcorn State University	3,639	3,848	3,950	4,018
Delta State University	3,614	4,785	4,763	4,624
Jackson State University	9,508	9,134	8,819	8,903
Mississippi State University	20,138	20,161	20,365	20,424
Mississippi University for Women	2,696	2,629	2,650	2,661
Mississippi Valley State University	2,221	2,203	2,479	2,452
University of Mississippi	23,096	22,291	21,528	20,830
University of Southern Mississippi	14,792	15,249	16,468	16,604
Total Enrollment	79,704	80,300	81,022	80,516

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

2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
42,371	42,790	41,602	41,453	42,277	42,824
115,503	116,320	118,249	118,969	117,424	114,830
115,057	114,328	111,783	111,009	112,101	113,468
111,826	113,802	115,901	118,593	120,271	120,852
98,536	97,942	97,024	96,003	93,287	91,663
7,233	6,923	6,635	7,275	8,775	10,401
490,526	492,105	491,194	493,302	494,135	494,038

2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
2,781	3,210	2,239	2,398	2,201	2,428
5,221	4,649	3,886	3,811	3,933	3,792
2,738	3,554	3,219	2,841	3,096	3,268
5,906	6,063	6,356	6,353	4,938	4,569
13,693	15,370	12,661	16,747	13,487	13,004
5,711	5,943	5,754	5,124	5,164	5,220
8,003	9,965	9,173	8,339	7,363	7,089
6,783	6,982	5,951	5,658	5,785	6,219
3,956	4,856	4,317	4,065	3,946	3,813
4,320	4,410	4,011	3,659	3,815	3,995
12,171	13,426	11,736	9,674	9,045	8,934
3,966	5,482	5,006	5,223	5,264	5,266
7,312	8,777	7,326	6,900	7,457	6,953
4,406	4,853	5,081	4,263	4,411	4,256
2,283	2,289	2,106	2,080	1,986	2,121
89,250	99,829	88,822	87,135	81,891	80,927

2010/2011	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
3,682	3,334	3,252	3,668	3,583	3,544
4,327	4,031	4,064	4,091	4,217	4,119
8,687	8,783	8,374	8,698	8,256	8,416
19,643	18,600	17,824	17,039	16,206	16,101
2,587	2,476	2,365	2,379	2,428	2,285
2,636	2,846	2,929	3,009	3,162	3,165
19,546	18,344	17,601	17,323	17,312	16,928
15,778	15,293	14,793	14,592	14,777	15,030
76,886	73,707	71,202	70,799	69,941	69,588

# Mississippi

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 14

	2015	2014	2013	2012
<b>General Government</b>				
Department of Finance and Administration				
Buildings	59	36	37	37
Vehicles	44	44	41	42
Department of Revenue				
Vehicles	62	49	46	46
<b>Education</b>				
Department of Education				
Vehicles	55	44	45	41
<b>Law, Justice and Public Safety</b>				
Department of Corrections				
Buildings	252	558	572	576
Vehicles	618	691	611	611
Department of Public Safety				
Buildings	45	43	41	41
Vehicles	1,118	913	896	963
<b>Recreation and Resource Development</b>				
Department of Wildlife, Fisheries and Parks				
State Parks	25	25	25	25
Acres of State Parks	24,481	24,481	24,591	24,591
Buildings	211	843	835	842
Vehicles	594	558	591	614
Forestry Commission				
Buildings	24	317	369	388
Vehicles	490	413	421	429
<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	10,897	10,898	10,886	10,913
Vehicles	2,272	2,339	2,352	2,554
<b>Health and Social Sciences</b>				
Department of Mental Health				
Buildings	475	538	545	551
Vehicles	755	752	756	778

Sources:

Mississippi Department of Wildlife, Fisheries and Parks

Mississippi Department of Transportation

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	36	37	37	46	46	42
	49	48	42	42	41	37
	44	49	49	47	47	45
	44	43	42	47	44	46
	611	627	627	626	633	633
	593	608	673	676	707	683
	39	39	38	37	37	37
	877	845	908	924	943	907
	25	26	26	26	26	24
	24,446	24,260	24,260	24,260	23,904	23,908
	843	831	817	815	812	831
	606	614	632	609	614	627
	392	394	398	408	418	422
	430	440	446	493	508	483
	1	1	1	1	1	1
	10,907	10,907	10,984	10,949	10,974	10,950
	2,534	2,569	2,530	2,547	2,595	2,604
	551	553	553	547	541	535
	786	801	794	802	798	755

# Mississippi

## State Government Employees by Function

Last Ten Fiscal Years

Table 15

	2015	2014	2013	2012	2011	2010
<b>General Government</b>						
Department of Finance and Administration	413	413	418	413	407	387
Department of Revenue	764	727	694	664	681	659
Treasury	38	39	36	37	38	38
All Other	1,429	1,441	1,454	1,405	1,399	1,408
<b>Education</b>						
Department of Education	607	653	687	714	717	741
All Other	185	182	187	195	191	193
<b>Health and Social Services</b>						
Department of Human Services	3,411	3,391	3,483	3,302	3,276	3,219
Division of Medicaid	925	936	923	869	897	934
Department of Mental Health	7,460	7,716	7,815	8,189	8,173	8,586
Department of Rehabilitation Services	954	964	969	995	1,026	1,060
All Other	3,251	3,340	3,449	3,476	3,399	3,549
<b>Law, Justice and Public Safety</b>						
Department of Corrections	2,647	2,870	2,958	2,746	2,824	2,919
Department of Public Safety	1,282	1,215	1,252	1,291	1,256	1,275
All Other	2,087	2,163	2,188	2,192	2,141	2,130
<b>Recreation and Resource Development</b>						
Department of Environmental Quality	394	397	401	423	432	435
Department of Wildlife, Fisheries and Parks	522	522	543	566	582	665
Forestry Commission	401	418	414	423	443	455
Mississippi Development Authority	271	287	300	308	316	324
All Other	366	365	367	378	375	392
<b>Regulation of Business and Professions</b>						
Public Service Commission	67	85	101	100	100	92
Oil and Gas Board	32	31	32	34	34	34
All Other	279	260	248	245	252	262
<b>Transportation</b>						
Department of Transportation	3,162	3,277	3,351	3,342	3,363	3,448
<b>Total</b>	<b>30,947</b>	<b>31,692</b>	<b>32,270</b>	<b>32,307</b>	<b>32,322</b>	<b>33,205</b>

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

2009	2008	2007	2006
408	380	363	338
711	726	713	697
38	39	37	38
1,484	1,438	1,402	1,380
779	782	773	737
201	200	195	191
3,284	3,046	2,991	2,925
940	908	917	942
8,978	8,951	8,930	8,685
1,024	964	949	882
3,438	3,329	3,393	3,336
3,090	3,153	3,071	3,072
1,338	1,365	1,274	1,199
2,134	1,994	1,883	1,746
448	428	433	426
807	710	788	777
475	521	513	479
319	279	282	261
402	412	408	395
97	97	95	92
36	33	32	31
255	246	242	244
3,413	3,346	3,267	3,271
34,099	33,347	32,951	32,144

# Mississippi

## Operating Indicators by Function

Last Ten Fiscal Years

Table 16

	2014	2013	2012	2011
<b>General Government</b>				
Tax returns processed	4,950,000	4,950,000	4,950,000	4,950,000
On-going construction projects	699	743	783	820
Tort claims processed	929	1,098	986	1,117
Unclaimed property claims paid	5,187	5,309	7,298	4,581
Corporate filings processed	67,873	110,008	243,634	112,983
UCC filings processed	318,307	322,350	342,552	254,872
<b>Education</b>				
Average cost per public school student	\$9,209	\$8,921	\$8,932	\$8,752
Public high school graduates	28,556	28,317	28,933	29,569
Public school teachers, K-12	32,102	32,356	32,170	32,042
<b>Health and Social Services</b>				
Average monthly households receiving food assistance	304,060	303,719	289,660	266,966
Child support collections from non-custodial parents	\$333,825,397	\$332,931,089	\$332,298,519	\$314,027,549
Medicaid recipients receiving medical services	689,153	643,687	640,957	637,781
<b>Law, Justice and Public Safety</b>				
Average inmate population in prisons	9,719	9,868	9,449	9,636
Supervised offenders in communities	30,689	30,078	35,097	Not Available
Driver licenses issued	594,005	807,582	747,173	821,000
<b>Recreation and Resource Development</b>				
Tourist registered at welcome centers	2,454,373	2,502,048	2,471,958	2,462,209
Land reforested (acres)	32,238	29,732	52,830	38,753
Hunting and fishing licenses sold	571,785	578,154	550,000	493,773
Overnight accommodations at state parks	689,774	544,887	646,752	573,975
<b>Regulation of Business and Professions</b>				
Utility complaints investigated	3,915	3,988	4,002	8,059
Well inspections by Oil and Gas Board	25,073	21,893	22,236	12,166
<b>Transportation</b>				
Overlays (miles)	320	135	64	279
Replacement of deficit bridges	66	50	55	85

Note: The most current fiscal year available is fiscal year 2014.

Sources:

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



2010	2009	2008	2007	2006	2005
4,950,000	4,900,000	4,850,000	4,800,000	4,750,000	4,700,000
688	656	676	725	708	707
1,117	538	353	1,081	726	1,354
8,050	7,799	6,175	9,781	6,670	5,360
104,842	113,217	40,218	30,740	30,441	27,184
280,335	268,108	286,740	289,990	28,317	261,215
\$8,930	\$8,895	\$8,737	\$8,298	\$7,996	\$7,208
28,517	24,393	23,935	23,149	23,691	23,415
33,210	33,972	33,613	32,746	32,129	32,027
241,785	204,068	184,779	174,924	172,814	153,943
\$292,715,332	\$286,696,080	\$264,727,366	\$242,768,697	\$230,206,702	\$218,293,613
621,607	598,476	569,294	547,811	583,523	673,571
10,054	10,761	10,856	10,145	9,669	9,891
Not Available	25,910	27,323	29,964	21,736	23,781
780,000	783,508	907,850	755,000	755,000	667,800
2,485,233	2,962,056	2,906,700	2,782,648	2,551,894	2,862,349
24,239	38,257	44,546	61,075	54,886	91,035
502,024	588,095	584,891	585,466	525,000	525,000
548,224	575,502	675,000	674,280	682,525	672,525
7,906	7,701	7,299	6,766	6,749	6,520
15,323	24,419	21,227	22,083	20,879	18,000
397	455	251	146	340	421
47	63	55	62	11	29

# *Acknowledgements*

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

## *Management*

*Donna McFarland, Director  
Cindy L. Ogletree, CPA, Assistant Director  
Robert Johnson, Assistant Director*

## *Fiscal Analysts*

*Shondra Barker, CPA  
Chelsea Boothe  
R. Jeff Brown  
Nekeida A. McSwain  
Monique Sims  
Kristi Webb*

## *Additional assistance*

*Betty L. Smith  
Dianne P. Sturgis  
Deborah L. White*

## *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*

*“Biloxi Blues Lighthouse Reflection” 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).*

*This report is available on the DFA website: [www.dfa.state.ms.us](http://www.dfa.state.ms.us)*