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STATE OF

# MISSISSIPPI

Comprehensive Annual Financial Report

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FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020

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# Mississippi



Fiscal Year Ended June 30, 2020

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

**Liz Welch**  
Executive Director

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**TATE REEVES**  
GOVERNOR



March 24, 2021

To the Members of the Legislature and fellow Mississippians:

As Mississippi's 65<sup>th</sup> Governor, I present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020. This report provides an overview of state government fiscal activity and accounting controls.

We continued to support the growth of Mississippi businesses and welcomed new corporations to the state despite the challenges that 2020 held for everyone. We remained committed to keeping the tax burden on our citizens low and creating an environment for businesses to operate with few barriers to the market.

Key to our strong economy is a focus on strengthening the education attainment level of our citizens and training Mississippians for the workforce of tomorrow. Our prosperity is dependent on a strong workforce, dedication to fiscal responsibility, and an environment that encourages private investment and job creation.

The future is bright in Mississippi. I am optimistic about our plans for Mississippi's future and confident that together we will build a better Mississippi for all her people.

Sincerely,

Tate Reeves  
Governor

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# Mississippi

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# *Mississippi*

## Introduction

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

**LIZ WELCH  
EXECUTIVE DIRECTOR**

March 24, 2021

To Governor Reeves, 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, 2020, 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 generally accepted accounting principles (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.

The Governor and Joint Legislative Budget Committee (JLBC) submit a budget based on revenue projections at the beginning of each legislative session for the upcoming fiscal year. The Legislature enacts the annual state budget through the 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**

Real gross domestic product (GDP) for Mississippi grew 0.6 percent in 2019 according to the most recent estimate from the U.S. Bureau of Economic Analysis (BEA). This rate of growth has been fairly typical for the state since about 2011. Prior to last year, the state's economy exhibited a little momentum as the rate of growth improved in 2017 and again in 2018, when real GDP expanded by 1.0 percent, the largest annual growth since 2008. However, this higher rate of growth was likely the result of a temporary stimulus received by the national economy from the enactment of the Tax Cuts and Jobs Act of 2017.

In the first half of 2020 the Mississippi economy, like the U.S. economy, experienced a steep but relatively brief recession as a result of the coronavirus pandemic and the measures intended to contain it. Based on the preliminary estimates from BEA, real GDP for the state contracted at an annualized rate of 35.3 percent in the first and second quarters of 2020, the largest decline over two quarters on record. The U.S. economy experienced a similar contraction during this period. However, much like the U.S. economy, the state's economy rebounded in the third quarter. BEA's preliminary estimate for the change in Mississippi real GDP for the third quarter was an increase at an annualized rate of 39.5 percent, which would be a record gain for a quarter. Nevertheless, both the U.S. and Mississippi economies are expected to contract for the year.

Employment in the state decreased 3.1 percent in 2020 according to the latest data from the U.S. Bureau of Labor Statistics (BLS), a loss of 35,433 jobs and the first annual decline since 2010. In March and April employment in Mississippi fell 10.5 percent, and the state has added jobs in each of the last eight months. Nonetheless, the data are subject to revision by BLS and may be revised down. Employment growth in the state has been relatively meager in recent years with annual gains of 0.5 percent, 0.2 percent, and 0.4 percent in 2017, 2018, and 2019, respectively. The largest job losses occurred in the Leisure and Hospitality sector, a reflection of how the coronavirus pandemic has disproportionately impacted the service sectors of the economy. Other sectors with some of the largest job losses include Professional and Business Services and Health Care and Social Assistance. The only sector in the state to add jobs in 2020 was employment by the Federal Government. The unemployment rate for Mississippi as of January 2021 is elevated compared to one year earlier but is down considerably from April and May. Similarly, both initial and continued unemployment claims in the state remain at recessionary levels but are much lower than the record levels of earlier in 2020.

The firm IHS Markit projects the U.S. economy contracted 3.6 percent in 2020, a considerable change from the 2.2 percent growth experienced in 2019. However, it estimates growth will rebound to 4.0 percent in 2021. Significantly, this estimate assumes coronavirus vaccines are extensively administered by the middle of the year.

The estimate of the change in the Mississippi economy in 2020 is a decline of 4.3 percent, which would be the largest annual contraction since 2009. The projection for the change in Mississippi real GDP in 2021 is a decrease of 0.1 percent.

## Long-term Financial Planning

For the first half of fiscal year 2021, General Fund revenue collected by the Department of Revenue was \$272 million above the prior year and \$318.4 million above the Sine Die estimate. Projections for fiscal year 2022 General Fund revenue are \$63.6 million or 1.1 percent above the fiscal year 2021 estimate.

At the conclusion of fiscal year 2020, the State of Mississippi had an unencumbered cash balance of \$81.6 million in the General Fund. As required by § 27-103-213, Mississippi Code Annotated (1972), the state deposited \$40.4 million of the unencumbered funds into the Working Cash Stabilization Reserve Fund which brought the total fund balance to \$541.1 million. Additionally, \$40.4 million of the unencumbered funds was deposited into the Capital Expense Fund to be used as determined by the legislature.

## Major Initiative

The Coronavirus Aid, Relief, and Economic Security Act (CARES) Act was signed by the President on March 27, 2020, to provide emergency assistance and health care response for individuals, families and businesses affected by the 2020 Coronavirus Pandemic. The Coronavirus Relief Fund (CRF), established by the CARES Act provided \$150 billion in aid to states, tribal governments, and certain local governments. Mississippi received \$1.25 billion of CRF. Through Legislative appropriation, CRF was allocated to assist businesses, cities, counties, state agencies, and other entities with expenses incurred to comply with the public health mandates and to provide economic relief.

Economic development continues to be the focus in the State of Mississippi. Amazon will construct a state-of-the-art fulfillment center in Madison County. The 700,000 square-foot fulfillment center will feature Amazon's innovative robotics technology. The fulfillment center is expected to create approximately 1,000 jobs. Additionally, Idaho Forest Group is constructing a sawmill operation in Lamar County. Construction on the new sawmill operation is expected to begin in early 2021 and create approximately 135 jobs.

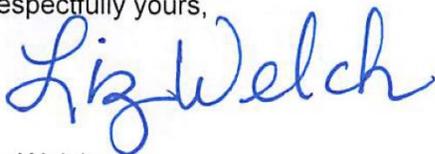
## Awards and Acknowledgements

The Government Finance Officers Association (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, 2019. This was the thirty-third 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,



Liz Welch

# Mississippi

## Officials of State Government

### Executive Branch

**Governor**

Tate Reeves

**Lieutenant Governor**

Delbert Hosemann

**Secretary of State**

Michael Watson

**State Auditor**

Shad White

**State Treasurer**

David McRae

**Attorney General**

Lynn Fitch

**Commissioner of Agriculture  
and Commerce**

Andy Gipson

**Commissioner of Insurance**

Mike Chaney

**Transportation Commissioners**

John Caldwell

Tom King

Willie Simmons

**Public Service Commissioners**

Brandon Presley

Brent Bailey

Dane Maxwell

**State Fiscal Officer**

Liz Welch

### Legislative Branch

**Speaker of the House of Representatives**

Philip Gunn

**Speaker Pro Tempore**

of the House of Representatives

Jason White

**President Pro Tempore of the Senate**

Dean Kirby

**Secretary of Senate**

Buck Clarke

**Clerk of the House of Representatives**

Andrew Ketchings

**Legislative Budget Office**

Tony M. Greer, Director

**Joint Legislative Committee on**

Performance Evaluation and  
Expenditure Review

James A. Barber, Director

### Judicial Branch

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

Michael K. Randolph

**Presiding Justices**

James W. Kitchens

Leslie D. King

**Justices**

David M. Ishee

T. Kenneth Griffis

Josiah D. Coleman

James D. Maxwell II

Dawn H. Beam

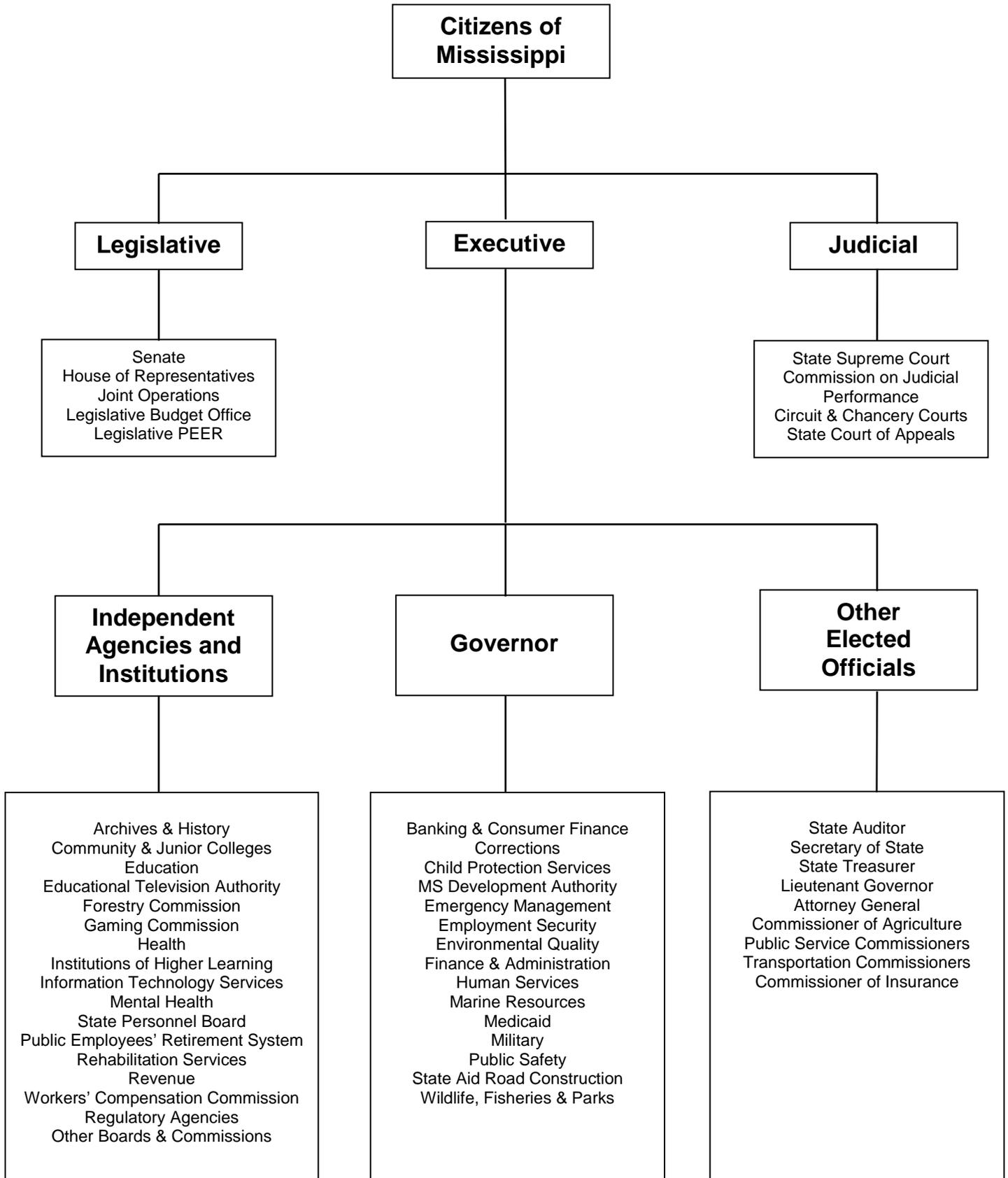
Robert P. Chamberlin

**Clerk of the Supreme Court**

Jeremy Whitmire

# 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, 2019

*Christopher P. Morill*

Executive Director/CEO

*Mississippi*

**Financial Section**



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
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, 2020, 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 State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Community College Board, Department of Corrections, Department of Marine Resources, the Mississippi Development Authority, and the Department of Public Safety, which, in the aggregate, represent 5 percent, 9 percent, and 4 percent, respectively, of the assets, net position, 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 Department of Finance and Administration State Life and Health Plan which, in the aggregate, represent 68 percent, 76 percent, and 32 percent, respectively, of the assets, net position, 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 State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Community College Board, Department of Corrections, Department of Marine Resources, the Mississippi Development Authority, and the Department of Public Safety, which, in the aggregate, represent 15 percent, 13 percent, and 2 percent, respectively, of the assets, fund balance, and revenues of the governmental activities;

• Proprietary Funds

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, and the Department of Finance and Administration State Life and Health Plan which are considered major enterprise funds which, in the aggregate, represent 67 percent, 66 percent, and 30 percent, respectively, of the assets, fund balance, and revenues of the proprietary funds;

• Aggregate Remaining Funds

- Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
- Other Employee Benefits Trust Fund – State Life and Health Insurance Plan;
- the Pension Trust Funds;
- the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 99 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate remaining funds.

Those statements were audited by other auditors whose reports 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 solely 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 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, 2020, 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 described in Note 1 to the basic financial statements, in 2020, the State of Mississippi adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinions are 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 Schedules of Employer Contributions and corresponding notes, the Schedules of Changes in the Net Pension Liability, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Changes in the Net OPEB Liability, the Schedule of Employer Contributions and corresponding notes, the Schedule of the Net OPEB Liability, the Schedule of the Proportionate Share of the Net OPEB Liability, and the Schedule of Employer Contributions and corresponding notes 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***

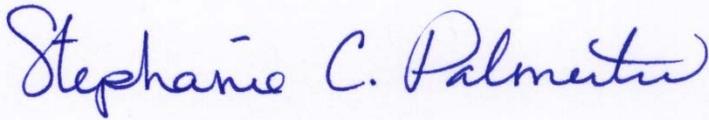
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The introductory section, the supplementary information such as the combining and individual fund financial statements and supporting 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 above, 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 March 24, 2021, 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 solely 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 effectiveness of the State's 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 blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive style with a large initial 'S'.

**STEPHANIE C. PALMERTREE, CPA, CGMA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
March 24, 2021

## 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, 2020. 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 \$15,165,508,000 (reported as "net position"). Of this amount, a negative \$5,410,160,000 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 restricted component of net position amounted to \$4,399,185,000. Net position of governmental activities increased by \$685,175,000 while business-type activities decreased by \$230,321,000.

**Fund Level** - At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$5,103,874,000, which is \$492,635,000 more than the previous year. Revenues from taxes increased slightly from the prior year while other sources of revenues also increased. Expenditures continued to rise slightly.

**Long-term Debt** - The total outstanding net long-term bonds and notes were \$5,767,047,000 at June 30, 2020. During the year, the State issued \$497,962,000 in bonds and notes, including premiums. These bonds and notes were issued primarily for 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** - The State's general activities are reported in governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources

# Mississippi

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 nonmajor funds, which consist of 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 reports the enterprise fund type as proprietary funds. 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.

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, the Prepaid Affordable College Tuition Fund, and the State Life and Health Insurance Plan are presented separately as major funds, with the nonmajor enterprise funds combined into a single column. The seven nonmajor enterprise 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 and other employee benefits 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 for each pension plan, the Schedules of Changes in the Net Pension Liability for the single employer plans, the Schedule of Proportionate Share of the Net Pension Liability for the multiple employer plan, the Schedule of Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability, and the Schedule of Employer Contributions OPEB along with the accompanying notes. The combining financial statements are presented as supplementary information immediately following RSI.

## 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

## Government-wide Financial Analysis

### Net Position

The State's combined net position for governmental and business-type activities increased \$454,854,000 in fiscal year 2020. Current year net position is \$15,165,508,000 in contrast to the prior year balance of \$14,710,654,000. Business-type activities reported positive balances in all three components of net position, while governmental activities and the State as a whole continued to reflect a negative balance in the unrestricted component of net position.

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 \$187,611,000 from the previous year. The governmental activities' increase of \$202,927,000 was primarily due to additions to construction in progress related to building projects, as well as, additions to infrastructure for roads, highways, and bridges.

Restricted net position represents resources that are subject to externally imposed restrictions. Restricted net position increased by \$36,307,000, or .8 percent during fiscal year 2020.

The remaining net position is classified as unrestricted. As of June 30, 2020, the State had a deficit unrestricted net position of \$5,410,160,000. 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 \$421,404,000 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,799,603	\$ 6,930,603	\$ 1,573,372	\$ 1,697,830	\$ 10,372,975	\$ 8,628,433
Capital assets	16,920,086	16,707,109	680,864	695,905	17,600,950	17,403,014
Total Assets	25,719,689	23,637,712	2,254,236	2,393,735	27,973,925	26,031,447
Deferred outflows of resources	408,307	351,820	3,070	2,751	411,377	354,571
Noncurrent liabilities	8,790,861	8,846,841	379,501	410,944	9,170,362	9,257,785
Other liabilities	3,608,102	2,073,644	282,143	159,532	3,890,245	2,233,176
Total Liabilities	12,398,963	10,920,485	661,644	570,476	13,060,607	11,490,961
Deferred inflows of resources	158,174	183,363	1,013	1,040	159,187	184,403
Net position:						
Net investment in capital assets	15,501,828	15,298,901	674,655	689,971	16,176,483	15,988,872
Restricted	3,900,595	3,623,137	498,590	739,741	4,399,185	4,362,878
Unrestricted (deficit)	(5,831,564)	(6,036,354)	421,404	395,258	(5,410,160)	(5,641,096)
Total Net Position	\$ 13,570,859	\$ 12,885,684	\$ 1,594,649	\$ 1,824,970	\$ 15,165,508	\$ 14,710,654

# Mississippi

## Changes in Net Position

Operating grants and contributions of \$9,471,374,000 and taxes of \$7,693,653,000 were the State's major revenue sources. Together, they accounted for 83.7 percent of total revenues. Revenue from taxes increased \$194,317,000 and operating grants and contributions increased by \$2,456,552,000 over the prior year. As in the prior year, the majority of the State's total expenses were related to the health and social services function at \$8,287,561,000 or 41.3 percent as medical expenses continued their upswing. Expenses within this function increased over the prior year by \$487,806,000. Unemployment compensation expenses were up by \$2,087,103,000 as demand for unemployment compensation benefits increased.

### Changes in Net Position

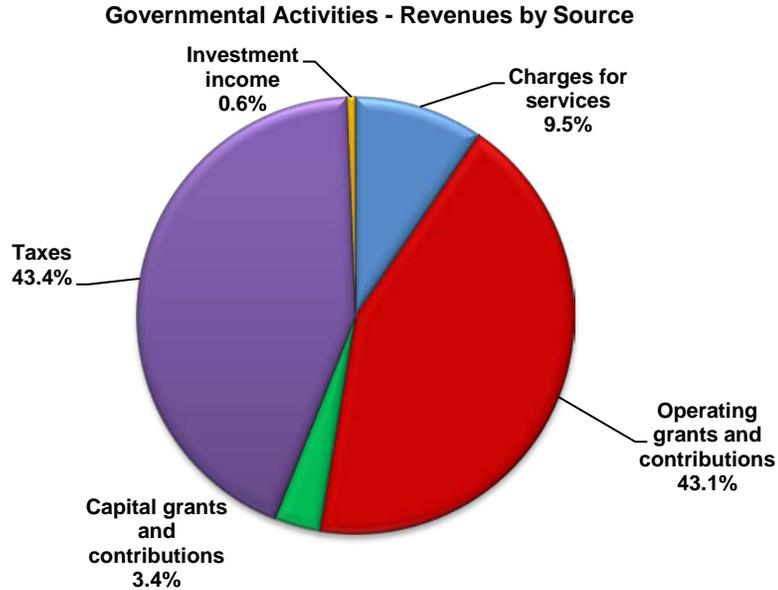
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 1,693,007	\$ 1,654,227	\$ 899,682	\$ 884,062	\$ 2,592,689	\$ 2,538,289
Operating grants and contributions	7,640,360	7,013,833	1,831,014	989	9,471,374	7,014,822
Capital grants and contributions	600,990	594,837		8	600,990	594,845
General Revenues:						
Taxes	7,693,653	7,499,336			7,693,653	7,499,336
Investment income	108,246	113,085	34,364	44,695	142,610	157,780
Total Revenues	<u>17,736,256</u>	<u>16,875,318</u>	<u>2,765,060</u>	<u>929,754</u>	<u>20,501,316</u>	<u>17,805,072</u>
Expenses:						
General government	2,467,094	2,412,774			2,467,094	2,412,774
Education	3,764,765	3,610,869			3,764,765	3,610,869
Health and social services	8,287,561	7,799,755			8,287,561	7,799,755
Law, justice and public safety	980,190	823,290			980,190	823,290
Recreation and resource development	378,211	525,045			378,211	525,045
Regulation of business and professions	46,280	46,308			46,280	46,308
Transportation	897,040	846,227			897,040	846,227
Interest on long-term debt	224,121	216,247			224,121	216,247
Unemployment compensation			2,147,728	60,625	2,147,728	60,625
Port Authority at Gulfport			37,026	36,702	37,026	36,702
Prepaid affordable college tuition			(2,222)	14,826	(2,222)	14,826
State life and health plan			790,519	792,020	790,519	792,020
Other business-type			28,149	27,892	28,149	27,892
Total Expenses	<u>17,045,262</u>	<u>16,280,515</u>	<u>3,001,200</u>	<u>932,065</u>	<u>20,046,462</u>	<u>17,212,580</u>
Excess/(Deficit) before Items and Transfers	690,994	594,803	(236,140)	(2,311)	454,854	592,492
Transfers	(5,819)	(17,901)	5,819	17,901		
Change in Net Position	<u>685,175</u>	<u>576,902</u>	<u>(230,321)</u>	<u>15,590</u>	<u>454,854</u>	<u>592,492</u>
Net Position - Beginning	<u>12,885,684</u>	<u>12,308,782</u>	<u>1,824,970</u>	<u>1,809,380</u>	<u>14,710,654</u>	<u>14,118,162</u>
Net Position - Ending	<u>\$ 13,570,859</u>	<u>\$ 12,885,684</u>	<u>\$ 1,594,649</u>	<u>\$ 1,824,970</u>	<u>\$ 15,165,508</u>	<u>\$ 14,710,654</u>

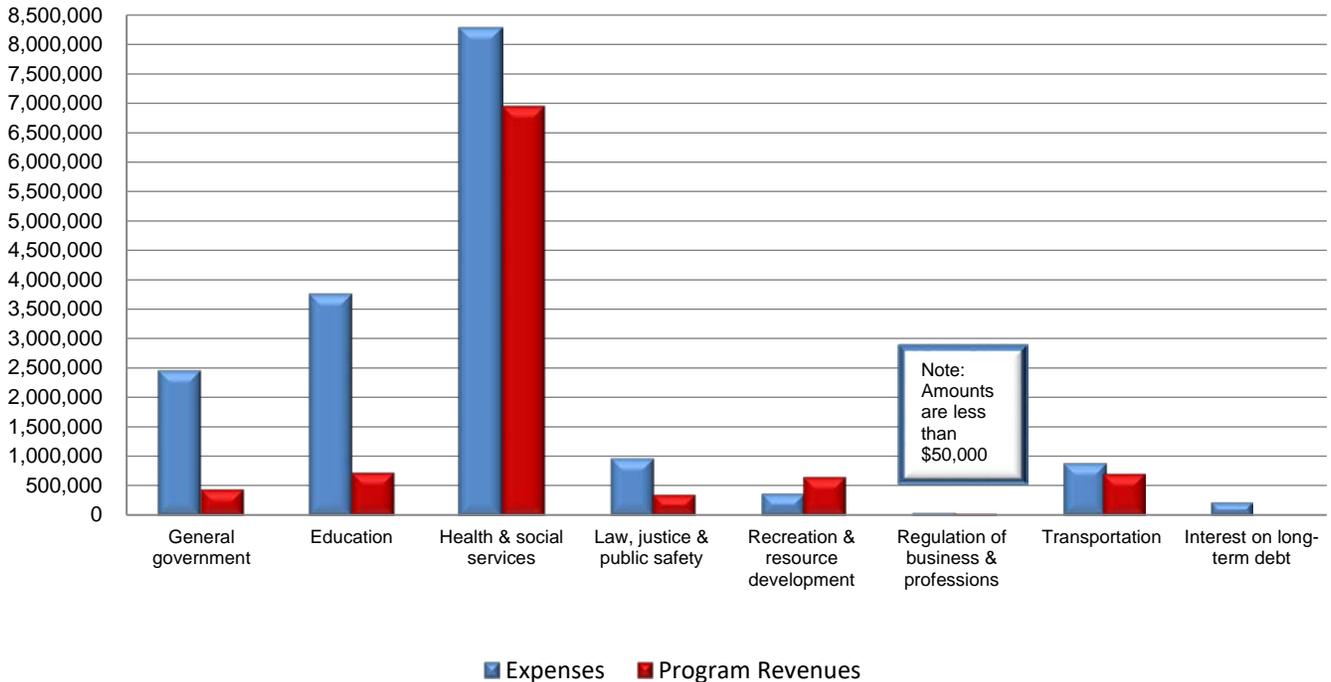
# Mississippi

## Governmental Activities

Governmental activities increased the State's net position by \$685,175,000 for fiscal year 2020. Taxes increased by \$194,317,000, in comparison to the prior year. The majority of both expenses and program revenues were in the health and social services function at \$8,287,561,000 and \$6,963,849,000, respectively. Education expenses of \$3,764,765,000 exceeded program revenues of \$741,290,000 resulting in a negative \$3,023,475,000 to be funded from general revenues.



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

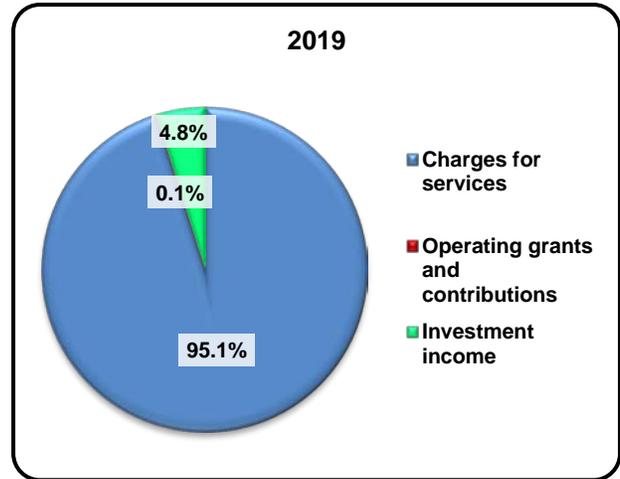
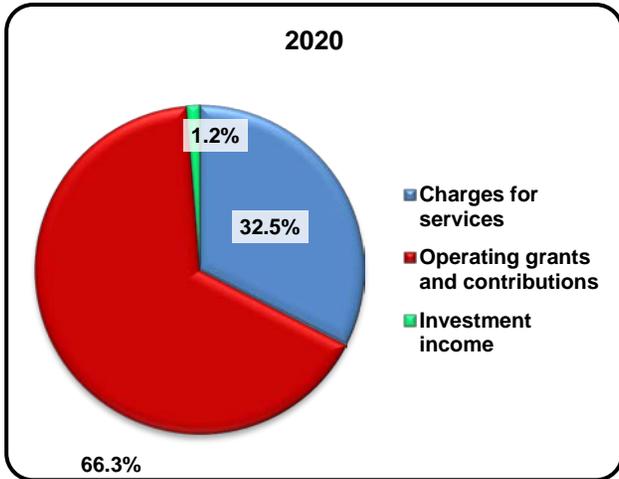


# Mississippi

## Business-type Activities

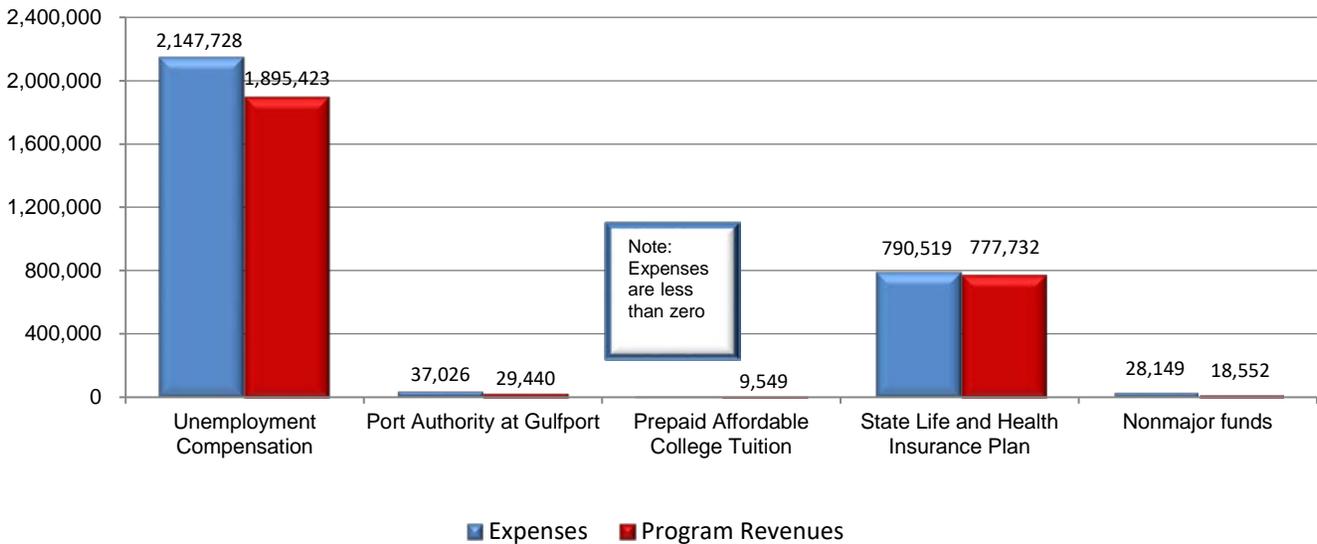
Business-type activities decreased the State's net position by \$230,321,000. The percentage of revenues from charges for services decreased. Federal revenue rose significantly for the Emergency Unemployment Compensation program by \$1.8 billion due to the economic effects of COVID-19 pandemic. Additionally, \$2.1 billion or 72 percent of expenses for the Emergency Unemployment Compensation program is associated with the demand for unemployment compensation benefits. The amount of investment income decreased from the prior year, as did the investment income as a percentage of total revenues, due to market conditions. Operations at the Port Authority at Gulfport added \$1,589,000 to net position in the current year.

### Business-type Activities - Revenues by Source



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

(amounts expressed in thousands)



# Mississippi

## Financial Analysis of the State's Individual Funds

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

### Governmental Funds

At June 30, 2020, the governmental funds reported combined fund balances of \$5,103,874,000, indicating an increase of \$492,635,000 from the prior year. Within fund balances, \$103,220,000 or 2 percent was classified as nonspendable. The majority of the fund balance, \$3,797,375,000 or 74.4 percent was restricted. Committed fund balance equaled \$271,812,000 or 5.3 percent of the total. Assigned fund balance comprised \$30,576,000 or .6 percent while the remaining 17.6 percent, or \$900,891,000, of fund balance was unassigned.

The General Fund is the chief operating fund of the State. The fund balance for the General Fund increased by \$488,038,000 from the prior year. The increase resulted in an ending fund balance of \$5,031,048,000. Overall, taxes increased by \$165,526,000 or 2.2 percent. There was a \$6,664,000 decrease in corporate income and franchise tax revenues. Sales and use tax revenues rose by \$126,817,000 compared to an increase of \$159,908,000 in the prior year. Gasoline and other motor fuel revenues decreased by 3.2 percent. Federal government revenues increased by \$626,267,000. Court assessments and settlements revenue was \$6,493,000 more than the prior year.

Health and social services expenditures increased 6.3 percent in fiscal year 2020 over fiscal year 2019. Medicaid expenditures were impacted significantly during fiscal year 2020 by the COVID-19 pandemic. The Families First Coronavirus Response Act (FFCRA) provided an increased level of federal funding in the last half of the year, decreasing the need for state funding for the payments made for medical services. FFCRA also introduced new Medicaid eligibility requirements, which increased enrollment and costs during the final quarter of fiscal year 2020. The enrollment increase will continue growing until the end of the public health emergency, as will the associated costs for those beneficiaries. The Centers for Medicare and Medicaid Services (CMS) estimated inflation during fiscal year 2020 to be 4.5 percent.

### Proprietary Funds

The Unemployment Compensation Fund experienced a decrease in net position of \$241,151,000 as compared to prior year, largely due to an increase in claims benefits of \$2,087,103,000. Claims and benefits expense increased as the economy declined. Assessments' revenue decreased by \$7,763,000 or 10.8 percent due to a decline in taxable wages because of the Covid-19 pandemic and employer's experience tax rate continuing to fall from decreased unemployment insurance (UI) benefit claims over the previous three years. Additionally, federal revenue used to pay claims increased significantly by \$1,830,025,000.

The Port Authority at Gulfport Fund increased net position by \$1,589,000 as compared to \$8,732,000 increase reported in the prior year. Operating revenues and expenses increased slightly by \$327,000 and \$2,724,000 respectively. The increase in net position can be attributed to the increase in investment income and grants from other state agencies to assist in restoration projects.

The Prepaid Affordable College Tuition Fund's net position increased by \$15,044,000. Tuition receipts decreased by 18 percent over the prior year due to reduced cash receipts of contract sales in current year. The \$16,816,000 decrease in claims and benefits expense was directly related to changes in the actuarially determined experience of the program. Investment income decreased by \$7,156,000 due to fewer realized gains from the sale of investments in the current year.

## General Fund Budgetary Highlights

Actual fiscal year 2020 General Fund revenue collections decreased by \$154,233,000 or 2.6 percent over the prior year. These revenues were \$44,840,000 below estimated amounts. Individual income tax decreased by \$78,449,000 or 4.1 percent, sales tax collection increased by \$18,084,000 or .8 percent, and corporate income and franchise tax decreased by \$94,960,000 or 14.8 percent.

The final expenditure budget was \$14,815,000 more than the original budget and actual expenditures were \$25,865,000 less than the final budget. Amounts budgeted but not expended during the year are reappropriated in the following year or retained in the General Fund and made available for the subsequent year budget allocations.

# 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, 2020 were \$23,827,836,000, less accumulated depreciation of \$6,226,886,000, resulting in a net book value of \$17,600,950,000. For the current fiscal year, governmental activities increased by \$212,977,000, and business-type activities decreased by \$15,041,000. These changes amount to 1.3 percent increase and 2.2 percent decrease, respectively, over the prior year.

Major capital asset events during fiscal year 2020 included the following:

Construction in progress for governmental activities increased by \$706,147,000 and had the largest amount of decreases of any asset class with \$860,927,000. Mississippi Department of Transportation accounts for the majority of the increase with \$695,908,000. The Department of Finance and Administration added \$32,338,000 which included building projects for East Mississippi State Hospital's Receiving Units and Mississippi State Fairground improvements. Decreases to construction in progress are primarily for completed Mississippi Department of Transportation projects moved to infrastructure.

Governmental activities added \$788,656,000 to infrastructure for roads, highways, and bridges. These additions included pavement rehabilitation projects in Warren and Hinds counties. The Surface Transportation Program (Urban street projects) was completed in Forrest and Madison counties. Interstate projects were completed in Hinds County, and Vision 21 highway projects were completed for Holmes, Lafayette, Lee, Madison, and Quitman counties.

During fiscal year 2020, net capital assets for business-type activities decreased by \$15,041,000. The Port Authority at Gulfport added \$5,570,000 to Construction in Progress, which includes the following current projects: ilmenite facility enhancement project, Northport land improvements, Cotton Compress site improvements, and Ocean Enterprise Facility. Projects completed and moved to infrastructure included the East Pier Wharf Improvements, West Pier Security Gate Painting Project, and West Pier Bull Railing Modifications Project. The completed projects were valued at \$7,081,000.

Additional information about the State's capital assets is presented in Note 8 to the financial statements. Note 17 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,503,258	\$ 2,442,102	\$ 132,044	\$ 132,044	\$ 2,635,302	\$ 2,574,146
Software	105,883	116,339			105,883	116,339
Buildings	1,474,019	1,490,302	128,825	132,005	1,602,844	1,622,307
Land improvements	102,904	110,302	140,909	147,509	243,813	257,811
Machinery and equipment	231,435	220,298	26,415	29,831	257,850	250,129
Infrastructure	8,274,599	7,944,998	239,480	240,305	8,514,079	8,185,303
Construction in progress	4,227,988	4,382,768	13,191	14,211	4,241,179	4,396,979
Total	<u>\$ 16,920,086</u>	<u>\$ 16,707,109</u>	<u>\$ 680,864</u>	<u>\$ 695,905</u>	<u>\$ 17,600,950</u>	<u>\$ 17,403,014</u>

# Mississippi

## Debt Administration

As of June 30, 2020, outstanding general obligation debt for the State was \$4,447,062,000, including premiums. General Obligation Refunding bonds of \$1,525,746,000, Capital Improvements bonds of \$1,321,203,000, and Industry Incentive Financing bonds of \$225,331,000 comprise 69 percent of this outstanding debt. During the current fiscal year, the State issued \$415,540,000 in general obligation bonds and notes which are reported in governmental activities. Within business-type activities, general obligation bonds decreased by \$128,000 as the Port Authority at Gulfport continued to repay its long-term debt.

The State issued \$56,035,000 of notes payable, which is reported in governmental activities. Of the total notes payable issued, \$49,035,000 was for advanced refunding.

### Outstanding Long-term Debt Bonds and Notes

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds and notes	\$ 4,446,881	\$ 4,389,027	\$ 181	\$ 309	\$ 4,447,062	\$ 4,389,336
Limited obligation bonds	490,602	507,839			490,602	507,839
Notes payable	824,131	889,397	5,252	5,715	829,383	895,112
Total	<u>\$ 5,761,614</u>	<u>\$ 5,786,263</u>	<u>\$ 5,433</u>	<u>\$ 6,024</u>	<u>\$ 5,767,047</u>	<u>\$ 5,792,287</u>

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, 2020, the State had established a constitutional debt limit of \$13,922,864,000, 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.

## Economic Factors and Next Year's Budget

Mississippi's average unemployment rate for the calendar year 2019 was 5.4 percent, which is higher than the national average of 3.7 percent. In calendar year 2019, Mississippi's personal income increased by 3.7 percent and per capita personal income increased by 3.9 percent compared to national average increases of 4.4 percent and 3.9 percent, respectively.

Fiscal year 2021 revenue collected by the Department of Revenue (DOR) continues to outperform revenue collected in fiscal year 2020. DOR collections from the beginning of fiscal year 2021 through January 2021 were up by \$358,233,000 or 11.5 percent. Mississippi's two largest revenue generators are collected from sales and individual income taxes. To-date, sales taxes and individual income taxes are outperforming projections by 15.5 percent and 7.3 percent, respectively. Sales and individual income taxes account for approximately 71 percent of Mississippi's revenue, which has the state optimistic, that revenue collections will either meet or exceed expectations.

# *Mississippi*

## **Basic Financial Statements**

# Mississippi

## Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Equity in internal investment pool	\$ 5,332,306	\$ 195,458	\$ 5,527,764	\$ 2,173
Cash and cash equivalents	175,898	652,251	828,149	951,986
Investments	8,749	4,566	13,315	352,934
Receivables, net	969,944	45,544	1,015,488	411,900
Due from other governments, net	679,108	162,038	841,146	330
Internal balances	(9,428)	9,428		
Due from component units	12,926		12,926	
Due from primary government				12,823
Inventories	41,638	286	41,924	37,267
Prepaid items		965	965	36,693
Loans and notes receivable, net	28,621	6,879	35,500	43,359
Other assets				9,211
Total Current Assets	7,239,762	1,077,415	8,317,177	1,858,676
Noncurrent assets:				
Investments	137,159	318,352	455,511	670,075
Receivables, net	600,485		600,485	
Due from other governments, net	620,064		620,064	
Loans and notes receivable, net	202,133	177,605	379,738	173,781
Restricted assets:				
Cash and cash equivalents				115,069
Investments				1,120,034
Capital assets:				
Land and construction in progress	6,731,246	145,235	6,876,481	571,053
Other capital assets, net	10,188,840	535,629	10,724,469	3,955,581
Other assets				62,518
Total Noncurrent Assets	18,479,927	1,176,821	19,656,748	6,668,111
Total Assets	25,719,689	2,254,236	27,973,925	8,526,787
<b>Deferred Outflows of Resources</b>				
Interest rate swaps	12,911		12,911	
Refunding	101,744		101,744	44,204
Pensions	257,286	2,823	260,109	243,898
Other postemployment benefits	36,366	247	36,613	21,839
Total Deferred Outflows	\$ 408,307	\$ 3,070	\$ 411,377	\$ 309,941

(Continued on Next Page)

# Mississippi

## Statement of Net Position

June 30, 2020 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	\$ 108,845	\$ 1,559	\$ 110,404	\$
Accounts payable and other liabilities	664,793	31,616	696,409	305,114
Contracts payable	97,736	94	97,830	
Income tax refunds payable	234,119		234,119	
Due to other governments	390,960	7,656	398,616	
Due to component units	12,823		12,823	
Due to primary government				12,926
Claims and benefits payable	64,376	217,350	281,726	
Deposits	111,657	1,407	113,064	
Unearned revenues	1,385,602	21,838	1,407,440	140,131
Pollution remediation obligation	8,680		8,680	
Bonds and notes payable, net	518,108	552	518,660	53,000
Lease obligations payable	2,950		2,950	304
Net other postemployment benefit liability	7,453	71	7,524	45
Other liabilities				218,055
Total Current Liabilities	3,608,102	282,143	3,890,245	729,575
Noncurrent liabilities:				
Due to other governments	287		287	
Claims and benefits payable	31,044	345,759	376,803	
Derivative instruments	36,045		36,045	
Pollution remediation obligation	36,321		36,321	
Bonds and notes payable, net	5,243,506	4,881	5,248,387	1,185,743
Lease obligations payable	4,687		4,687	466
Net pension liability	3,125,290	26,415	3,151,705	2,862,181
Net other postemployment benefit liability	183,848	1,741	185,589	158,653
Other liabilities	129,833	705	130,538	259,536
Total Noncurrent Liabilities	8,790,861	379,501	9,170,362	4,466,579
Total Liabilities	12,398,963	661,644	13,060,607	5,196,154
<b>Deferred Inflows of Resources</b>				
Refunding				4,638
Pensions	120,327	799	121,126	35,596
Other postemployment benefits	37,847	214	38,061	12,258
Beneficial interest in irrevocable trusts				35,933
Total Deferred Inflows	\$ 158,174	\$ 1,013	\$ 159,187	\$ 88,425

# Mississippi

## Statement of Net Position

June 30, 2020 (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	15,501,828	674,655	16,176,483	3,314,088
Restricted for:				
Expendable:				
General government	96,592		96,592	
Education	150,221		150,221	
Health and social services	758,477		758,477	
Law, justice and public safety	76,546		76,546	
Recreation and resources development	1,530,843		1,530,843	
Regulation of business and professions	33,715		33,715	
Transportation	577,663		577,663	
Capital projects	379,356		379,356	
Debt service	235,600		235,600	131
Unemployment compensation benefits		498,590	498,590	
Other purposes				811,527
Nonexpendable:				
Education	46,133		46,133	872,406
Health and social services	2,025		2,025	
Recreation and resources development	13,424		13,424	
Unrestricted (deficit)	(5,831,564)	421,404	(5,410,160)	(1,446,003)
Total Net Position	\$ 13,570,859	\$ 1,594,649	\$ 15,165,508	\$ 3,552,149

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

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# Mississippi

## Statement of Activities

For the Year Ended June 30, 2020 (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	\$ 2,467,094	\$ 410,915	\$ 43,356	\$ 55
Education	3,764,765	12,523	728,767	
Health and social services	8,287,561	540,041	6,423,604	204
Law, justice and public safety	980,190	86,531	267,956	8,447
Recreation and resource development	378,211	506,725	154,059	1,441
Regulation of business and professions	46,280	31,884	496	
Transportation	897,040	104,388	22,122	590,843
Interest on long-term debt	224,121			
Total Governmental Activities	17,045,262	1,693,007	7,640,360	600,990
Business-type activities:				
Unemployment compensation	2,147,728	64,409	1,831,014	
Port Authority at Gulfport	37,026	29,440		
Prepaid affordable college tuition	(2,222)	9,549		
State life and health insurance plan	790,519	777,732		
Other business-type	28,149	18,552		
Total Business-type Activities	3,001,200	899,682	1,831,014	
Total Primary Government	\$ 20,046,462	\$ 2,592,689	\$ 9,471,374	\$ 600,990
<b>Component units:</b>				
Universities	\$ 3,976,364	\$ 2,294,334	\$ 557,951	\$ 22,791
Nonmajor	340,001	340,150		891
Total Component Units	\$ 4,316,365	\$ 2,634,484	\$ 557,951	\$ 23,682

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>		
\$ (2,012,768)	\$	\$ (2,012,768)		
(3,023,475)		(3,023,475)		
(1,323,712)		(1,323,712)		
(617,256)		(617,256)		
284,014		284,014		
(13,900)		(13,900)		
(179,687)		(179,687)		
(224,121)		(224,121)		
<u>(7,110,905)</u>		<u>(7,110,905)</u>		
	(252,305)	(252,305)		
	(7,586)	(7,586)		
	11,771	11,771		
	(12,787)	(12,787)		
	(9,597)	(9,597)		
	<u>(270,504)</u>	<u>(270,504)</u>		
<u>(7,110,905)</u>	<u>(270,504)</u>	<u>(7,381,409)</u>		
			\$ (1,101,288)	
			1,040	
			<u>(1,100,248)</u>	
3,765,465		3,765,465		
416,820		416,820		
1,976,858		1,976,858		
654,257		654,257		
359,957		359,957		
520,296		520,296		
108,246	34,364	142,610	242	
			305,821	
			787,082	
			32,662	
<u>(5,819)</u>	<u>5,819</u>			
7,796,080	40,183	7,836,263	1,125,807	
685,175	(230,321)	454,854	25,559	
12,885,684	1,824,970	14,710,654	3,526,590	
<u>\$ 13,570,859</u>	<u>\$ 1,594,649</u>	<u>\$ 15,165,508</u>	<u>\$ 3,552,149</u>	

# Mississippi

## Governmental Funds

### Balance Sheet

June 30, 2020 (Expressed in Thousands)

	General	Permanent	Totals
<b>Assets</b>			
Equity in internal investment pool	\$ 5,328,357	\$ 3,949	\$ 5,332,306
Cash and cash equivalents	173,489	2,409	175,898
Investments	79,595	66,313	145,908
Receivables, net	1,570,120	299	1,570,419
Due from other governments, net	1,299,172		1,299,172
Due from other funds	7,000		7,000
Due from component units	12,926		12,926
Inventories	41,638		41,638
Loans receivable, net	230,754		230,754
<b>Total Assets</b>	<b>\$ 8,743,051</b>	<b>\$ 72,970</b>	<b>\$ 8,816,021</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
<b>Liabilities:</b>			
Warrants payable	\$ 108,845	\$	\$ 108,845
Accounts payable and accruals	718,452	50	718,502
Contracts payable	97,736		97,736
Income tax refunds payable	234,119		234,119
Due to other governments	391,247		391,247
Due to other funds	16,324	94	16,418
Due to component units	12,823		12,823
Claims payable	64,376		64,376
Unearned revenues	1,385,602		1,385,602
<b>Total Liabilities</b>	<b>3,029,524</b>	<b>144</b>	<b>3,029,668</b>
<b>Deferred inflows of resources:</b>			
Deferred revenues	682,479		682,479
<b>Fund balances:</b>			
<b>Nonspendable</b>			
Inventories	41,638		41,638
Principal		61,582	61,582
<b>Restricted</b>			
General government	95,620		95,620
Education	143,535	6,686	150,221
Health and social services	738,254	1,049	739,303
Law, justice and public safety	69,289		69,289
Recreation and resources development	1,527,263	3,509	1,530,772
Regulation of business and professions	33,715		33,715
Transportation	563,499		563,499
Capital projects	379,356		379,356
Debt service	235,600		235,600
<b>Committed</b>			
General government	185,720		185,720
Education	11,652		11,652
Health and social services	38,276		38,276
Law, justice and public safety	25,041		25,041
Recreation and resources development	9,901		9,901
Regulation of business and professions	197		197
Transportation	1,025		1,025
<b>Assigned</b>			
General government	25,094		25,094
Education	15		15
Health and social services	3,095		3,095
Recreation and resources development	2,372		2,372
<b>Unassigned</b>			
	900,891		900,891
<b>Total Fund Balances</b>	<b>5,031,048</b>	<b>72,826</b>	<b>5,103,874</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 8,743,051</b>	<b>\$ 72,970</b>	<b>\$ 8,816,021</b>

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, 2020 (Expressed in Thousands)

**Total fund balances for governmental funds** \$ 5,103,874

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	\$ 2,503,258	
Construction in progress	4,227,988	
Software	171,924	
Buildings	2,295,556	
Land improvements	289,015	
Machinery and equipment	808,104	
Infrastructure	12,704,308	
Accumulated depreciation	<u>(6,080,067)</u>	16,920,086

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

Interest rate swaps	12,911	
Refunding of debt	101,744	
Pensions	257,286	
Other postemployment benefits	<u>36,366</u>	408,307

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

Pensions	(120,327)	
Other postemployment benefits	<u>(37,847)</u>	(158,174)

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.

682,479

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	(4,195,455)	
General obligation notes	(5,000)	
Limited obligation bonds	(439,220)	
Notes payable	(765,489)	
Unamortized premiums	(356,450)	
Derivative instruments	(36,045)	
Capital lease obligations	(7,637)	
Accrued compensated absences	(125,762)	
Pollution remediation obligation	(45,001)	
Net pension liability	(3,125,290)	
Net other postemployment benefits liability	(191,301)	
Claims payable	(31,044)	
Accrued interest payable	(48,060)	
Other liabilities	<u>(13,959)</u>	(9,385,713)

**Net position of governmental activities** \$ 13,570,859

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, 2020 (Expressed in Thousands)

	General	Permanent	Totals
<b>Revenues</b>			
Taxes:			
Sales and use	\$ 3,753,113	\$	\$ 3,753,113
Gasoline and other motor fuel	417,306		417,306
Individual income	1,959,893		1,959,893
Corporate income and franchise	643,954		643,954
Insurance	359,957		359,957
Other	520,296		520,296
Licenses, fees and permits	503,359	653	504,012
Federal government	8,201,641		8,201,641
Investment income	103,933	4,313	108,246
Charges for sales and services	464,522		464,522
Rentals	971	780	1,751
Court assessments and settlements	246,024		246,024
Lottery proceeds	70,703		70,703
Other	466,205	18	466,223
Total Revenues	17,711,877	5,764	17,717,641
<b>Expenditures</b>			
Current:			
General government	2,466,328		2,466,328
Education	3,761,148	127	3,761,275
Health and social services	8,246,255		8,246,255
Law, justice and public safety	908,341		908,341
Recreation and resources development	404,305	40	404,345
Regulation of business and professions	45,477		45,477
Transportation	1,147,155		1,147,155
Debt service:			
Principal	336,004		336,004
Interest and other fiscal charges	246,655		246,655
Total Expenditures	17,561,668	167	17,561,835
Excess of Revenues over (under) Expenditures	150,209	5,597	155,806
<b>Other Financing Sources (Uses)</b>			
Bonds and notes issued	422,540		422,540
Capital leases issued	3,087		3,087
Insurance recovery	1,047		1,047
Payments to note escrow agent	(111,000)		(111,000)
Payments to refunded notes escrow agent	(48,448)		(48,448)
Premiums on bonds issued	26,387		26,387
Refunding notes issued	49,035		49,035
Transfers in	8,173		8,173
Transfers out	(12,992)	(1,000)	(13,992)
Net Other Financing Sources (Uses)	337,829	(1,000)	336,829
Net Change in Fund Balances	488,038	4,597	492,635
Fund Balances - Beginning	4,543,010	68,229	4,611,239
Fund Balances - Ending	\$ 5,031,048	\$ 72,826	\$ 5,103,874

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, 2020 (Expressed in Thousands)

**Net change in fund balances - total governmental funds** \$ 492,635

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	\$ 787,488	
Depreciation expense	<u>(570,525)</u>	216,963

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. (4,303)

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 bonds issued	(26,387)	
Refunding notes issued	(49,035)	
Bonds and notes issued	(422,540)	
Capital leases issued	(3,087)	
Payments of debt principal	336,004	
Payments to note escrow agent	111,000	
Payments to refunded notes escrow agent	48,448	
Accrued interest payable	(3,402)	
Interest at refunding	<u>(120)</u>	(9,119)

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	317	
Change in claims payable	6,319	
Change in compensated absences	(8,473)	
Change in deferred revenues	(790)	
Change in other postemployment benefit costs, net	(732)	
Change in pollution remediation obligation	(981)	
Change in fair value of borrowing derivative	4,370	
Change in pension costs, net	(45,260)	
Change in other liabilities	12,742	
Amortization of premiums	35,327	
Amortization of deferred amount on refunding	<u>(13,840)</u>	(11,001)

**Change in net position of governmental activities** \$ 685,175

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

# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2020 (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	\$	\$ 740	\$ 668
Cash and cash equivalents	446,321	26,111	8,670
Investments		4,566	
Loans and notes receivable		714	
Receivables, net	36,031	5,022	500
Due from other governments, net	162,012	26	
Due from other funds	27	6,879	
Inventories			
Prepaid items		170	
Total Current Assets	644,391	44,228	9,838
Noncurrent assets:			
Investments		32,122	286,230
Loans and notes receivable		11,768	
Capital assets:			
Land and construction in progress		134,889	
Other capital assets, net		505,593	
Total Noncurrent Assets		684,372	286,230
Total Assets	\$ 644,391	\$ 728,600	\$ 296,068
<b>Deferred Outflows of Resources</b>			
Pension		925	70
Other postemployment benefits		44	8
Total Deferred Outflows of Resources		969	78

**Enterprise Funds**

<b>Department of Finance and Administration</b>			
<b>State Life and Health Insurance Plan</b>		<b>Nonmajor Funds</b>	<b>Totals</b>
\$	107,505	\$ 86,545	\$ 195,458
	149,439	21,710	652,251
			4,566
		6,165	6,879
		3,991	45,544
			162,038
	20	9,398	16,324
		286	286
		795	965
	256,964	128,890	1,084,311
			318,352
		165,837	177,605
		10,346	145,235
		30,036	535,629
		206,219	1,176,821
\$	256,964	\$ 335,109	\$ 2,261,132
		1,828	2,823
		195	247
		2,023	3,070

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# Mississippi

## Proprietary Funds

### Statement of Net Position

June 30, 2020 (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	\$	\$	\$ 515
Accounts payable and other liabilities	5,913	7,133	893
Retainage payable		94	
Due to other governments	7,653		
Due to other funds	6,883		
Claims and benefits payable	125,346		38,120
Deposits			
Bonds and notes payable		71	
Unearned revenues	6	488	
Net other postemployment benefits liability		9	2
Total Current Liabilities	145,801	7,795	39,530
Noncurrent liabilities:			
Claims and benefits payable			345,759
Bonds and notes payable		110	
Net pension liability		7,705	1,055
Net other postemployment benefits liability		228	50
Other liabilities		338	22
Total Noncurrent Liabilities		8,381	346,886
Total Liabilities	145,801	16,176	386,416
<b>Deferred Inflows of Resources</b>			
Pension		77	13
Other postemployment benefits		16	6
Total Deferred Inflows of Resources		93	19
<b>Net Position</b>			
Net investment in capital assets		639,526	
Restricted for:			
Expendable			
Unemployment compensation benefits	498,590		
Unrestricted (deficit)		73,774	(90,289)
Total Net Position	\$ 498,590	\$ 713,300	\$ (90,289)

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

**Enterprise Funds**

<b>Department of Finance and Administration</b>			
<b>State Life and Health Insurance Plan</b>		<b>Nonmajor Funds</b>	<b>Totals</b>
\$		\$ 1,044	\$ 1,559
	14,621	3,056	31,616
			94
		3	7,656
		13	6,896
	53,884		217,350
		1,407	1,407
		481	552
	21,221	123	21,838
		60	71
	89,726	6,187	289,039
			345,759
		4,771	4,881
		17,655	26,415
		1,463	1,741
		345	705
		24,234	379,501
	89,726	30,421	668,540
		709	799
		192	214
		901	1,013
		35,129	674,655
			498,590
	167,238	270,681	421,404
\$	167,238	\$ 305,810	\$ 1,594,649

# Mississippi

## Proprietary Funds

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

For the Year Ended June 30, 2020 (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	\$	\$	\$
Assessments	64,409		
Investment income			
Federal agencies	1,831,014		
Rentals			
Fees			
Tuition receipts			9,549
Other			
Total Operating Revenues	1,895,423	28,478	9,549
<b>Operating Expenses</b>			
Cost of sales and services			
General and administrative		4,513	480
Contractual services		12,325	1,053
Commodities		333	9
Depreciation		18,849	
Claims and benefits	2,147,728		(3,764)
Other		456	
Total Operating Expenses	2,147,728	36,476	(2,222)
Operating Income (Loss)	(252,305)	(7,998)	11,771
<b>Nonoperating Revenues</b>			
Revenue from counties		960	
Insurance recovery		2	
Investment income	16,577	3,505	3,273
Total Nonoperating Revenues	16,577	4,467	3,273
<b>Nonoperating Expenses</b>			
Loss on disposal of capital assets		538	
Interest and other fiscal charges		12	
Total Nonoperating Expenses		550	
Income (Loss) before transfers	(235,728)	(4,081)	15,044
Transfers In		5,670	
Transfers Out	(5,423)		
Change in Net Position	(241,151)	1,589	15,044
Total Net Position - Beginning	739,741	711,711	(105,333)
Total Net Position - Ending	\$ 498,590	\$ 713,300	\$ (90,289)

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

**Enterprise Funds**

<b>Department of Finance and Administration</b>		
<b>State Life and Health Insurance Plan</b>	<b>Nonmajor Funds</b>	<b>Totals</b>
\$ 777,690	\$ 10,712	\$ 816,880
		64,409
	5,656	5,656
		1,831,014
	5,793	5,793
	164	164
		9,549
42	1,883	1,925
777,732	24,208	2,735,390
	7,489	7,489
	10,303	15,296
32,698	6,560	52,636
	1,811	2,153
	1,502	20,351
757,821		2,901,785
	167	623
790,519	27,832	3,000,333
(12,787)	(3,624)	(264,943)
		960
		2
3,400	1,953	28,708
3,400	1,953	29,670
	22	560
	295	307
	317	867
(9,387)	(1,988)	(236,140)
	7,322	12,992
(1,750)		(7,173)
(11,137)	5,334	(230,321)
178,375	300,476	1,824,970
\$ 167,238	\$ 305,810	\$ 1,594,649

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2020 (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	\$ 1,678,448	\$	\$
Cash receipts/premiums from customers		25,682	9,543
Cash receipts from assessments	46,801		
Cash payments to suppliers for goods and services		(11,860)	(1,321)
Cash payments to employees for services		(3,911)	(452)
Cash payments for claims and benefits	(2,014,333)		(30,131)
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	(289,084)	9,911	(22,361)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in		5,134	
Transfers out	(5,423)		
Revenues from counties		1,130	
Net Cash Provided by (Used for) Noncapital Financing Activities	(5,423)	6,264	
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets		(6,713)	
Principal received on notes receivable		696	
Proceeds from sales of capital assets		751	
Principal paid on bonds and capital asset contracts		(128)	
Interest paid on bonds and capital asset contracts		(13)	
Proceeds from insurance recovery		2	
Net Cash Used for Capital and Related Financing Activities		(5,405)	
<b>Cash Flows From Investing Activities</b>			
Proceeds from sales of investments		16,932	136,736
Purchases of investments		(23,958)	(120,790)
Investment income	16,577	4,453	4,239
Net Cash Provided by (Used for) Investing Activities	16,577	(2,573)	20,185
Net Change in Cash and Cash Equivalents	(277,930)	8,197	(2,176)
Cash and Cash Equivalents - Beginning	724,251	18,654	11,514
Cash and Cash Equivalents - Ending	\$ 446,321	\$ 26,851	\$ 9,338

**Enterprise Funds**

<b>Department of Finance and Administration</b>		
<b>State Life and Health Insurance Plan</b>	<b>Nonmajor Funds</b>	<b>Totals</b>
\$	\$	\$
784,760	18,761	1,678,448
		838,746
		46,801
(31,182)	(17,005)	(61,368)
	(9,703)	(14,066)
		(2,044,464)
	1,884	1,884
(766,988)		(766,988)
	23,985	23,985
	(21,233)	(21,233)
(13,410)	(3,311)	(318,255)
	7,322	12,456
(1,750)		(7,173)
		1,130
(1,750)	7,322	6,413
	(1,534)	(8,247)
		696
	170	921
	(463)	(591)
	(277)	(290)
		2
	(2,104)	(7,509)
		153,668
		(144,748)
3,463	1,981	30,713
3,463	1,981	39,633
(11,697)	3,888	(279,718)
268,641	104,367	1,127,427
\$	\$	\$
256,944	108,255	847,709

*(Continued on Next Page)*

# Mississippi

## Proprietary Funds

### Statement of Cash Flows

For the Year Ended June 30, 2020 (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)	\$ (252,305)	\$ (7,998)	\$ 11,771
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		18,849	
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	(8,965)	(2,099)	(6)
Due from other governments	(161,434)		
Due from other funds	215		
Due from component units	96		
Inventories			
Prepaid items		(13)	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			84
Accounts payable and other liabilities	5,843	879	(262)
Due to other governments	2,873		(44)
Due to other funds	6,047		
Due to component units			(16)
Claims and benefits payable	118,567		(33,926)
Unearned revenues	(87)	(141)	
Pension cost		491	41
Other postemployment benefits cost		43	(3)
Other Liabilities	66	(100)	
Total adjustments	(36,779)	17,909	(34,132)
Net Cash Provided by (Used for) Operating Activities	\$ (289,084)	\$ 9,911	\$ (22,361)
<b>Noncash Capital and Related Financing and Investing Activities</b>			
Loss on disposal of capital assets		(538)	
Change in market value of investments		2	(7,343)

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

**Enterprise Funds**

<b>Department of Finance and Administration</b>		
<b>State Life and Health Insurance Plan</b>	<b>Nonmajor Funds</b>	<b>Totals</b>
\$ (12,787)	\$ (3,624)	\$ (264,943)
	1,502	20,351
	4	(11,066)
3		(161,431)
	2,227	2,442
		96
	(35)	(35)
	(214)	(227)
	(3,307)	(3,307)
	499	583
1,951	(210)	8,201
(435)	(15)	2,379
	(583)	5,464
		(16)
		84,641
7,024	(92)	6,704
	520	1,052
	18	58
(9,166)	(1)	(9,201)
(623)	313	(53,312)
\$ (13,410)	\$ (3,311)	\$ (318,255)

	(22)	(560)
206		(7,135)

# Mississippi

## Fiduciary Funds

### Statement of Fiduciary Net Position

June 30, 2020 (Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Private-purpose Trust Fund	Agency Funds
<b>Assets</b>			
Equity in internal investment pool	\$ 1,268	\$ 45	\$ 10,816
Cash and cash equivalents	661,970		21,106
Investments, at fair value:			
Short-term investments	353,146		
Long-term debt securities	5,264,083	64,835	
Equity securities	17,279,325	116,744	
Private equity	2,393,242		
Real estate investments	2,666,789	11,651	
Life insurance contracts		54,012	
Securities lending:			
Short-term investments	976,699		
Long-term debt securities	1,941,311		
Receivables, net:			
Employer contributions	68,392		
Employee contributions	34,735		
Investment proceeds	608,022		
Interest and dividends	92,719	8	
Other	695	231	284
Commodity inventory			3,011
Capital assets:			
Land and construction in progress	1,717		
Other capital assets, net	12,064		
Total Assets	<u>32,356,177</u>	<u>247,526</u>	<u>\$ 35,217</u>
<b>Deferred Outflow of Resources</b>			
Pension		35	
Other postemployment benefits	148	2	
Total Deferred Outflows	<u>148</u>	<u>37</u>	
<b>Liabilities</b>			
Investment purchases payable	1,078,982		
Warrants payable	102	2	2
Accounts payable and accruals	8,903	354	1,389
Due to other governments			1,040
Amounts held in custody for others			32,786
Net Pension Liability		176	
Obligations under securities lending	2,919,812		
Net other postemployment benefits liability	1,130	12	
Due to state of Mississippi	10		
Total Liabilities	<u>4,008,939</u>	<u>544</u>	<u>\$ 35,217</u>
<b>Deferred Inflow of Resources</b>			
Pension		88	
Other postemployment benefits	77	2	
Total Deferred Inflows	<u>77</u>	<u>90</u>	
<b>Net Position</b>			
Net position restricted for pensions and trust beneficiaries	<u>\$ 28,347,309</u>	<u>\$ 246,929</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, 2020 (Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Private-purpose Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 1,240,110	\$
Plan participant	597,354	34,759
Total Contributions	<u>1,837,464</u>	<u>34,759</u>
Net Investment Income:		
Net change in fair value of investments	395,474	(1,768)
Interest and dividends	561,530	6,778
Securities lending:		
Income from securities lending	59,729	
Interest expense and trading costs from securities lending	(44,291)	
Managers' fees and trading costs	(99,541)	
Net Investment Income	<u>872,901</u>	<u>5,010</u>
Other Additions:		
Administrative fees		177
Other	22	
Total Other Additions	<u>22</u>	<u>177</u>
Total Additions	<u>2,710,387</u>	<u>39,946</u>
<b>Deductions</b>		
Benefits	2,978,590	32,529
Refunds to terminated employees	104,919	
Administrative expenses	15,939	1,458
Depreciation	4,487	
Total Deductions	<u>3,103,935</u>	<u>33,987</u>
Change in Net Position	(393,548)	5,959
Net Position - Beginning	<u>28,740,857</u>	<u>240,970</u>
Net Position - Ending	<u>\$ 28,347,309</u>	<u>\$ 246,929</u>

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

# Mississippi

## Component Units

### Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Universities	Nonmajor	Totals
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$	\$ 2,173	\$ 2,173
Cash and cash equivalents	898,312	53,674	951,986
Investments	319,927	33,007	352,934
Receivables, net	398,338	13,562	411,900
Due from other governments		330	330
Due from primary government	12,779	44	12,823
Inventories	36,213	1,054	37,267
Prepaid items	36,424	269	36,693
Notes receivable, net	43,359		43,359
Other assets	9,105	106	9,211
Total Current Assets	1,754,457	104,219	1,858,676
Noncurrent assets:			
Investments	670,075		670,075
Notes receivable, net	173,781		173,781
Restricted assets:			
Cash and cash equivalents	114,938	131	115,069
Investments	1,120,034		1,120,034
Capital assets:			
Land and construction in progress	556,038	15,015	571,053
Other capital assets, net	3,909,223	46,358	3,955,581
Other assets	62,518		62,518
Total Noncurrent Assets	6,606,607	61,504	6,668,111
Total Assets	8,361,064	165,723	8,526,787
<b>Deferred Outflows of Resources</b>			
Refunding	44,204		44,204
Pension	242,194	1,704	243,898
Other postemployment benefits	21,671	168	21,839
Total Deferred Outflows	308,069	1,872	309,941

(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, 2020 (Expressed in Thousands)

(Continued from Previous Page)

	Universities	Nonmajor	Totals
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	269,374	35,740	305,114
Due to primary government	1,894	11,032	12,926
Unearned revenues	139,202	929	140,131
Bonds and notes payable	53,000		53,000
Lease obligations payable	201	103	304
Net other postemployment benefits liability		45	45
Other liabilities	218,055		218,055
Total Current Liabilities	681,726	47,849	729,575
Noncurrent liabilities:			
Bonds and notes payable	1,185,743		1,185,743
Lease obligations payable	449	17	466
Net pension liability	2,843,515	18,666	2,862,181
Net other postemployment benefits liability	157,499	1,154	158,653
Other liabilities	258,806	730	259,536
Total Noncurrent Liabilities	4,446,012	20,567	4,466,579
Total Liabilities	5,127,738	68,416	5,196,154
<b>Deferred Inflows of Resources</b>			
Refunding	4,638		4,638
Pension	34,170	1,426	35,596
Other postemployment benefits	12,051	207	12,258
Beneficial interest in irrevocable trusts	35,933		35,933
Total Deferred Inflows	86,792	1,633	88,425
<b>Net Position</b>			
Net investment in capital assets	3,253,385	60,703	3,314,088
Restricted for:			
Debt service		131	131
Other purposes	811,527		811,527
Permanent endowments:			
Nonexpendable	872,406		872,406
Unrestricted (deficit)	(1,482,715)	36,712	(1,446,003)
Total Net Position	\$ 3,454,603	\$ 97,546	\$ 3,552,149

# Mississippi

## Component Units

### Statement of Activities

For the Year Ended June 30, 2020 (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	\$ 3,976,364	\$ 2,294,334	\$ 557,951	\$ 22,791	\$ (1,101,288)	\$	\$ (1,101,288)
Nonmajor	340,001	340,150		891		1,040	1,040
Total	\$ 4,316,365	\$ 2,634,484	\$ 557,951	\$ 23,682	(1,101,288)	1,040	(1,100,248)
General revenues:							
					(1,192)	1,434	242
					302,930	2,891	305,821
					787,082		787,082
					32,662		32,662
					1,121,482	4,325	1,125,807
					20,194	5,365	25,559
					3,434,409	92,181	3,526,590
					\$ 3,454,603	\$ 97,546	\$ 3,552,149

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

## Notes to the Financial Statements

June 30, 2020

### 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, 2020, and their report has been issued under separate cover. The Comprehensive Annual Financial Report may be obtained by writing to Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Universities – The Board of Trustees of State Institutions of Higher Learning (IHL) is appointed by the primary government. IHL includes 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 audited financial statements may be obtained from IHL at 3825 Ridgewood Road, Jackson, MS 39211.

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. The audited financial statements may be obtained from Mississippi Business Finance Corporation at 735 Riverside Drive, Suite 300, Jackson, MS 39202-1166.

# 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. The audited financial statements may be obtained from Mississippi Development Bank at 735 Riverside Drive, Suite 300, Jackson, MS 39202-1166.

Mississippi Lottery 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 conducts and administers lottery games within the State resulting in maximization of revenues to support various State programs. The audited financial statements may be obtained from Mississippi Lottery Corporation at P.O. Box 321433, Flowood, MS 39232.

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. The audited financial statements may be obtained from Mississippi Prison Industries Corporation at 663 North State Street, Jackson, MS 39202.

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. The audited financial statements may be obtained from Pat Harrison Waterway District at P.O. Drawer 1509, Hattiesburg, MS 39403-1509.

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. The audited financial statements may be obtained from Pearl River Valley Water Supply District at P.O. Box 2180, Ridgeland, MS 39158-2180.

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 audited financial statements may be obtained from Tombigbee River Valley Water Management District at P.O. Box 616, Tupelo, MS 38802-0616.

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

## C. Government-wide and Fund Financial Statements

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

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

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

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

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

# Mississippi

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. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the balance sheet as applicable. 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.

The State Life and Health Insurance Plan 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.

Additionally, the State reports the following nonmajor 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.

Proprietary Funds:

# Mississippi

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.

## Fiduciary Funds:

Pension Trust and Other Employee Benefits Trust Funds account for transactions, assets, liabilities and net position held in trust for plan benefits of the State's Public Employee Retirement System and the State Life and Health Insurance Plan.

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

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

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

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

- F. Fair Value Measurements** – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB establishes a fair value reporting hierarchy to maximize the use of observable inputs when measuring fair value and defines the three levels of inputs as noted below:

Level 1 – Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments or futures contracts.

Level 2 – Assets and liabilities valued based on observable market data for similar instruments. Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets and liabilities, either directly or indirectly.

Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market and instruments, which are valued based on the best available data. Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets may include instruments for which the determination of fair value requires significant management judgment or estimation.

- G. 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.

- H. 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.

# Mississippi

- I. **Interfund Activity** – Interfund activity consists primarily of transfers between funds. Transfers represent flows of assets between funds of the primary government without the equivalent flows of assets in return and without a requirement for payment. Eliminations have been made to minimize the internal activity. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.
- J. **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.
- K. **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.

- L. **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.
- M. **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 acquisition value on the date of donation. Classes of capital assets and their related capitalization thresholds are: land - cost or acquisition 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 20 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.

- N. **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.

- O. **Accumulated Unpaid Leave** - State law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. Additionally, in accordance with the Fair Labor Standards Act, nonexempt employees may accrue up to 240 hours of compensatory leave (480 hours for emergency response personnel). 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 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.

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- P. 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.
- Q. 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.
- R. Postemployment Benefits Other Than Pensions (OPEB)** – The OPEB liability is the actuarial present value of projected healthcare benefit payments to be provided to employees in the period after employment. The net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense have been measured using the same basis as the State Life and Health Insurance Plan's fiduciary net position. For the purpose of determining the OPEB fiduciary net position, benefit payments are recognized when due and payable in accordance with benefit terms. The OPEB Plan reports investments at fair value.
- S. 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.

- T. 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.
- U. 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.
- V. Changes in Accounting Standards** - The State implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* issued by GASB in the current fiscal year as required.

## 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 \$4,399,185,000 of restricted net position, of which \$346,247,000 is restricted by enabling legislation.
- B. Deficit Net Position** - At June 30, 2020, the State Treasurer Prepaid Affordable College Tuition Fund (a major proprietary fund) has a deficit net position of \$90,289,000. The deficit is a result of actual investment earnings being less than actuarial

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assumptions. The Department of Finance and Administration Office of Surplus Property (a nonmajor enterprise fund) has a deficit net position of \$44,000. The deficit is a result of the actuarially determined net pension liability and net OPEB liability reported in the funds financial statements.

**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 10% of General Fund appropriations for the fiscal year that the unencumbered General Fund cash balance represents. 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 10% maximum is again attained. At June 30, 2020, the Account, as reported in the General Fund, has an unassigned fund balance of \$501,462,000.

**D. Fund Balances** – At June 30, 2020, the State’s restricted, committed and assigned fund balances are summarized by purpose as follows (amounts expressed in thousands):

	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>
<b>Governmental Funds</b>			
<b>General</b>			
General Government			
Fiscal Affairs	\$ 51,784	\$ 171,497	\$ 25,094
Regulatory	14,983	298	
Other	28,853	13,925	
Education	143,535	11,652	15
Health and Social Services	738,254	38,276	3,095
Law, Justice and Public Safety			
Judicial and Justice	12,348	7,626	
Highway safety	22,377	8,297	
Other	34,564	9,118	
Recreation and Resources Development			
Industrial Development	704,851	7,148	256
Natural Resources	706,538	582	
Other	115,874	2,171	2,116
Regulation of Business and Professions	33,715	197	
Transportation			
Highways	371,995		
State Roads and Bridges	98,682		
Other	92,822	1,025	
Capital Projects	379,356		
Debt Service	235,600		
Total General Fund	3,786,131	271,812	30,576
<b>Permanent</b>			
Education	6,686		
Health and Social Services	1,049		
Recreation and Resources Development			
Wildlife Conservation	3,509		
Total Permanent Fund	11,244		
Total Governmental Funds	\$ 3,797,375	\$ 271,812	\$ 30,576

**E. Restatements of Fund Balance and Net Position** – During fiscal year 2020, Pat Harrison Waterway District, a nonmajor component unit, recorded a prior period adjustment to correct the understatement of accounts payables.

# Mississippi

The restatement of net position is summarized as follows (amounts expressed in thousands):

Net Position	June 30, 2019 as previously reported	Prior Period Adjustment	June 30, 2019 as restated
<b>Component Units:</b>			
Net Investment in capital assets	\$ 3,204,504		\$ 3,204,504
Restricted	1,703,504		1,703,504
Unrestricted (deficit)	(1,381,408)	(10)	(1,381,418)
<b>Total Component Units</b>	<b>\$ 3,526,600</b>	<b>\$ (10)</b>	<b>\$ 3,526,590</b>

## Note 3 - Interfund Transactions

At June 30, 2020, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Due From	Due To					Total
	General	Unemployment Compensation	Port Authority at Gulfport	State Life and Health Insurance Plan	Nonmajor Enterprise	
Governmental:						
General	\$	\$ 27	\$ 6,879	\$ 20	\$ 9,398	\$ 16,324
Permanent	94					94
Fiduciary	10					10
Proprietary:						
Unemployment Compensation	6,883					6,883
Nonmajor Enterprise	13					13
<b>Total</b>	<b>\$ 7,000</b>	<b>\$ 27</b>	<b>\$ 6,879</b>	<b>\$ 20</b>	<b>\$ 9,398</b>	<b>\$ 23,324</b>

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, 2020, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

Due From	Due To			Total
	Primary Government	Universities	Nonmajor	
Primary Government:				
General	\$	\$ 12,779	\$ 44	\$ 12,823
Component Units:				
Universities	1,894			1,894
Nonmajor	11,032			11,032
<b>Total</b>	<b>\$ 12,926</b>	<b>\$ 12,779</b>	<b>\$ 44</b>	<b>\$ 25,749</b>

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, 2020, interfund transfers consisted of (amounts expressed in thousands):

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## Transfer To

Transfer From	General	Port Authority at Gulfport	Nonmajor Enterprise	Total
Governmental:				
General	\$	\$ 5,670	\$ 7,322	\$ 12,992
Permanent	1,000			1,000
Proprietary:				
Unemployment				
Compensation	5,423			5,423
State Life and Health				
Insurance Plan	1,750			1,750
Total	\$ 8,173	\$ 5,670	\$ 7,322	\$ 21,165

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).

Sections 37-155-9 and 37-155-115, Mississippi Code Ann. (1972) authorize the Board of Directors of the College Savings Plans of Mississippi Trust Funds (the Board) to invest funds held in the Mississippi Affordable College Tuition (MPACT) Account and the Mississippi Affordable College Savings (MACS) Account, respectively.

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

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

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

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

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

Sections 27-105-5 and 27-105-6, Mississippi Code Ann. (1972) establish criteria for a financial institution that has been in existence for three years or more to be approved as a qualified public funds depository and a public funds guaranty pool member. Potential guaranty pool members must submit an application and supply financial information to the State Treasurer as provided to its regulatory authority to verify the institution meets certain financial criteria established in the law. In addition to the

# Mississippi

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 75 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, 2020, of the statewide collateral pool cash deposits reported by the financial institutions, \$17,523,886 was uninsured and uncollateralized. Of the cash deposits not included in the statewide collateral pool, \$953,000 was uninsured and uncollateralized, and \$17,440,000 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; and

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

The State Treasurer, for the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account and the Board for the MPACT Account, 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

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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 for the MPACT Account, 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.

The Board is authorized to invest for the MACS account as permitted under Section 529 of the Internal Revenue Code of 1986.

## 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, 2020 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings				
	AAA	AA	A	BBB	Not Rated
Asset backed securities	\$ 3,744	\$ 1,474	\$ 2,794	\$ 742	
Collateralized mortgage obligations					278,400
Corporate bonds	242	2,905	26,860	5,810	
Mortgage pass-throughs					163,865
Mutual funds	58,706				64,835
State and local obligations		2,070			626
U.S. Government agency obligations	29,642	1,722,426	379,387		679,049
<b>Total</b>	<b>\$ 92,334</b>	<b>\$ 1,728,875</b>	<b>\$ 409,041</b>	<b>\$ 6,552</b>	<b>\$ 1,186,775</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, 2020, the primary government had the following investments and maturities (amounts expressed in thousands):

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Investment Type	Fair Value (in thousands)	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 8,976	\$ 164	\$ 5,253	\$ 3,559	\$
Collateralized mortgage obligations	429,342			67,004	362,338
Corporate bonds	40,756	4,317	22,494	7,428	6,517
Fixed income securities	47,050		8,482	38,568	
International fixed	22,118	9,997	9,762	2,359	
Mortgage pass-throughs	168,172	440	8,712	111,746	47,274
State and local obligations	2,696	221	1,598	877	
Mutual funds	38,632	38,632			
Other pass-throughs	247,992	183	7,345	60,434	180,030
U.S. Government agency obligations	2,795,870	1,038,891	1,524,626	205,035	27,318
U.S. Treasury Obligations	73,323	6,392	38,390	24,151	4,390
U.S. Treasury bills	451,107	451,107			
Zero coupon bonds	499		499		
<b>Total Primary Government</b>	<b>\$ 4,326,533</b>	<b>\$ 1,550,344</b>	<b>\$ 1,627,161</b>	<b>\$ 521,161</b>	<b>\$ 627,867</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.

- C. Fair Value Measurements** - The State categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. As of June 30, 2020, the primary government has the following recurring fair value measurements (amounts expressed in thousands):

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Investment by Fair Value Level	Fair Value	Fair Value Measurements Using:	
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Debt securities:</b>			
Asset backed securities	\$ 8,976	\$	\$ 8,976
Collateralized mortgage obligations	429,342		429,342
Corporate bonds	40,756	2,352	38,404
Fixed income securities	47,050	47,050	
International fixed	22,117	2,358	19,759
Mortgage pass-throughs	168,172		168,172
Mutual funds	52,180	52,180	
Other pass-throughs	247,992		247,992
Real estate investments	11,651	11,651	
State and local obligations	2,696		2,696
U.S. Government agency obligations	2,795,870		2,795,870
U.S. Treasury obligations	73,323	73,323	
U.S. Treasury bills	451,107	451,107	
<b>Total Debt Securities</b>	<b>4,351,232</b>	<b>\$ 640,021</b>	<b>\$ 3,711,211</b>
<b>Equity securities:</b>			
Domestic equities	209,196	209,196	
International equities	50,563	50,563	
<b>Total Equity Securities</b>	<b>259,759</b>	<b>259,759</b>	
<b>Total Investments By Fair Value Level</b>	<b>4,610,991</b>	<b>\$ 899,780</b>	<b>\$ 3,711,211</b>
Open-ended comingled funds - foreign	53,610		
Real estate funds	10,985		
<b>Total Investments Measured at NAV</b>	<b>64,595</b>		
<b>Total Investments Measured at Fair Value</b>	<b>\$ 4,675,586</b>		

Certain investments that are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. Investments measured at NAV per share (or its equivalent) are (amounts expressed in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Open-ended comingled funds - foreign	\$ 53,610	\$ -	Daily	Up to 30 days
Real estate funds	10,985	-	Daily	Up to 60 days
<b>Total Investments at NAV</b>	<b>\$ 64,595</b>	<b>-</b>		

Open-ended comingled funds include two investments that take both long and short positions, primarily in foreign common stocks. Real estate funds include three real estate funds that invest primarily in U.S. commercial real estate and timberland. The investment in the timberland fund can be redeemed upon maturity of the fund. Distributions from the timberland fund will be made as the underlying investments of the funds are liquidated. The U.S. commercial real estate funds have quarterly liquidity availability.

**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

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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	\$ 673,543	10.67%
Federal Home Loan Mortgage Corporation	871,267	13.81
Federal National Mortgage Association	343,800	5.45
Federal Farm Credit Bank	664,921	10.54
Federal Agricultural Mortgage Corporation	678,349	10.75

## 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, 2020, 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;

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;

# Mississippi

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.

The Moody's or S&P credit ratings for the System's investments as of June 30, 2020 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	\$ 971,931	\$ 27,657	\$ 23,353	\$ 23,317	\$ 938	\$ 4,335
Collateralized mortgage obligations	349,609	251,111	16,784	25,371	10,507	10,983
Commercial paper		228,455	475,002			
Corporate bonds	38,872	604,144	998,777	945,792	280,891	68,462
Mortgage pass-throughs	69	571,864				
Repurchase agreements			65,631			
Sovereign governments debt	85,514	178,843	180,454	245,616	134,008	146,230
State and local obligations	3,373	15,759	8,225	6,312	142	
U.S. Government agency obligations	163	19,436				
Yankee/Global bonds	22,428	357	2,774	12,854	34	
<b>Total</b>	<b>\$ 1,471,959</b>	<b>\$ 1,897,626</b>	<b>\$ 1,771,000</b>	<b>\$ 1,259,262</b>	<b>\$ 426,520</b>	<b>\$ 230,010</b>

# Mississippi

## Quality Ratings

Investment Type	Caa/CCC	Ca/CC	C/C	D/D	Not Rated
Asset backed securities	\$ 2,793	\$ 2	\$ 13	\$ 1553	\$ 17,708
Collateralized mortgage obligations	4,165	181			44,292
Commercial paper					
Corporate bonds	18,559		613	280	1,767
Repurchase agreements					199,545
Sovereign governments debt	6,852	6,727		9,157	93,103
State and local obligations					1,568
Total	<u>\$ 32,369</u>	<u>\$ 6,910</u>	<u>\$ 626</u>	<u>\$ 10,990</u>	<u>\$ 357,983</u>

- 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 \$30,874,595,000 in investments at June 30, 2020, \$3,658,129,000 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, 2020, consisted of (amounts expressed in thousands):

Investment Type	Fair Value
Cash collateral securities	
Asset backed securities	\$ 868,798
Commercial paper	703,457
Corporate bonds	1,085,813
Repurchase agreements	259,942
Total cash collateral securities	<u>2,918,010</u>
Underlying securities on non-cash loans	
Debt securities	111,298
Equities	611,470
Real Estates Investment Trusts	17,351
Total underlying securities on non-cash loans	<u>740,119</u>
Total	<u>\$ 3,658,129</u>

- C. Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System has no formal policy on limiting exposure to interest rate risk. As of June 30, 2020, 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	\$ 1,073,600	\$ 955,835	\$ 44,280	\$ 22,804	\$ 50,681
Collateralized mortgage obligations	713,003	313,624	15,403	20,693	363,283
Commercial paper	703,457	703,457			
Corporate bonds	2,958,157	1,073,856	852,377	512,551	519,373
Mortgage pass-throughs	630,099	4	3,475	12,202	614,418
Repurchase agreements	265,176	265,176			
Sovereign governments debt	1,086,504	69,280	261,452	349,856	405,916
State and local obligations	35,379		3,275	7,462	24,642
U.S. Government agency obligations	19,599	1,900	4,090	317	13,292
U.S. Treasury obligations	750,768	34,813	210,277	190,071	315,607
Yankee/Global bonds	38,447		27,922	7,732	2,793
Total	<u>\$ 8,274,189</u>	<u>\$ 3,417,945</u>	<u>\$ 1,422,551</u>	<u>\$ 1,123,688</u>	<u>\$ 2,310,005</u>

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During fiscal year 2020, 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 \$11,600,000 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 \$744,500,000 in CMOs at June 30, 2020. Of this amount, \$168,900,000 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 \$1,100,000,000 in ABS held at June 30, 2020, \$8,600,000 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, 2020, the System has invested in \$630,100,000 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.

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**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, 2020, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities and REITs	Debt Securities	Total Fair Value
Argentina peso	\$ 751	\$	\$ 481	\$ 1,232
Australian dollar	(19,342)	294,578	17,830	293,066
Brazilian real	4,735	132,176	843	137,754
British pound sterling	(97,110)	677,188	77,917	657,995
Canadian dollar	(49,137)	156,039	46,413	153,315
Chilean peso	(3,242)	2,770		(472)
Chinese Yuan Renminbi	(7,028)	71,813	13,647	78,432
Columbian peso	(3,261)	474		(2,787)
Czech koruna	38	1,848		1,886
Danish krone	(5,205)	126,846	8,715	130,356
Euro	(338,569)	1,468,904	361,875	1,492,210
Hong Kong dollar	51	506,506		506,557
Hungarian forint	(1,690)	16,611	1,717	16,638
Indian Rupee	8,218	117,873		126,091
Indonesian rupiah	129	39,265	807	40,201
Israeli shekel	(5,591)	13,082	5,290	12,781
Japanese yen	(92,747)	1,211,756	96,607	1,215,616
Kenyan shilling		1,280		1,280
Malaysian ringgit	(4,171)	1,410	4,184	1,423
Mexican peso	1,033	43,382	17,236	61,651
New Taiwan dollar	6,248	162,122		168,370
New Zealand dollar	(3,170)	11,601		8,431
Norwegian krone	1,782	20,278		22,060
Pakistani rupee	72	1,237		1,309
Peruvian nuevo sol	(4,079)		4,574	495
Philippines peso	4	369		373
Polish zloty	4,749	1,177	1,345	7,271
Qatari riyal	258	1,501		1,759
Russian ruble	9,560	1,085	6,260	16,905
Singapore dollar	5,357	81,436		86,793
South African rand	(11,841)	66,991	11,896	67,046
South Korean won	(20,191)	287,163	19,223	286,195
Swedish krona	(2,513)	164,032	3,746	165,265
Swiss franc	4,454	362,060		366,514
Thailand baht	(45)	25,290		25,245
Turkish lira	3,358	39,586		42,944
UAE dirham		284		284
Uruguayan peso			2,368	2,368
<b>Total</b>	<b>\$ (618,135)</b>	<b>\$ 6,110,013</b>	<b>\$ 702,974</b>	<b>\$ 6,194,852</b>

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**E. Investment Derivatives** - The System's derivatives policy limits foreign currency forwards to no more than 100 percent of the aggregate value of the portfolio securities denominated in the hedged currency. At June 30, 2020, 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, 2020, are as follows (amounts expressed in thousands):

Investment Type	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2020	
		Classification	Amount	Classification	Amount
Foreign currency forwards	\$ (54,787,978)	Investment income	\$ (6,089)	Investment	\$ 6,089
To-be-announced securities	166,450	Investment income	1,408	Debt Securities	173,382

**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, 2020, 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. As such, these securities are not presented on the Statement of Fiduciary Net Position. 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, 2020.

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 three days at June 30, 2020. Cash collateral was invested in commercial paper, repurchase agreements, corporate bonds, and asset-backed securities. The weighted average effective duration and the weighted average maturity of all collateral investments at June 30, 2020, were 26 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 \$740,119,000 securities lent for securities collateral as of June 30, 2020. 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, 2020, the aggregate cost of securities lending holdings, including accrued interest, was \$2,920,123,000 (fair value of \$2,920,767,000) and the aggregate fair value, including accrued interest, of the underlying securities lent was \$3,609,964,000. The value of the collateral pledged by borrowers at year end was \$3,747,421,000.

**G. Fair Value Measurements** - The System categorizes its fair value measurements within the fair value hierarchy established by GASB Statement 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the NAV value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and

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considers factors specific to each asset or liability. As of June 30, 2020, the System has the following recurring fair value measurements (amounts expressed in thousands):

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities:</b>				
Commercial paper	\$ 703,457	\$	\$ 703,457	\$
Repurchase agreement	265,176		265,176	
U.S. Government agency obligations	19,599		19,599	
U.S. Treasury obligations	750,768	750,768		
Collateralized mortgage obligations	713,003		704,933	8,070
U.S. Corporate bonds	1,780,836	1,854	1,737,217	41,765
Non-U.S. Corporate bonds	1,177,321	667	1,176,654	
Mortgage pass-throughs	630,099		630,099	
State and local obligations	35,379		35,379	
Asset-Backed securities	1,073,600		1,073,600	
Yankee/Global bonds	38,447		38,447	
Sovereign government debt	1,086,504		1,086,504	
<b>Total Debt Securities</b>	<b>8,274,189</b>	<b>\$ 753,289</b>	<b>\$ 7,471,065</b>	<b>\$ 49,835</b>
<b>Equity securities:</b>				
Basic materials	624,403	624,403		
Communications	2,717,582	2,717,582		
Consumer, cyclical	1,619,450	1,619,237	213	
Consumer, non-cyclical	3,925,525	3,925,525		
Diversified	33,825	33,825		
Energy	442,356	442,356		
Financial	3,202,240	3,202,240		
Industrial	1,856,302	1,856,302		
Technology	2,902,770	2,902,770		
Utilities	358,611	358,611		
<b>Total Equity Securities</b>	<b>17,683,064</b>	<b>17,682,851</b>	<b>213</b>	
<b>Total Investments By Fair Value Level</b>	<b>25,957,253</b>	<b>\$ 18,436,140</b>	<b>\$ 7,471,278</b>	<b>\$ 49,835</b>
<b>Investments measured at NAV:</b>				
Real estate funds	2,263,050			
Private equity funds	2,393,242			
<b>Total Investments Measured at NAV</b>	<b>4,656,292</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$ 30,613,545</b>			
<b>International Currency</b>	<b>\$ 261,050</b>			
<b>Total Investments</b>	<b>\$ 30,874,595</b>			
<b>Investment derivative instruments:</b>				
Foreign exchange contracts (Liabilities)	935,694			
<b>Total Investment Derivative Instruments</b>	<b>\$ 935,694</b>			

**Debt and Equity** - The System's debt and equity securities in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a proprietary pricing source. The primary proprietary pricing source utilizes continuous evaluations throughout the trading day based on factors such as dealer quotes and trades, trade execution data, and transaction reporting services. Along with market sources, relative credit information, observed market movements, and sector news is integrated and incorporated into evaluation pricing applications and models. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using a proprietary model that monitors structured product markets, interest rate movements, new issue information, and other pertinent data. Evaluations of tranches (non-volatile and volatile) are based on market modeling, trading, and pricing conventions. New issue features are analyzed on data such as pricing speed, spread, and volatility. Information is also solicited from outside sources including secondary dealers, portfolio managers and research analysts.

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**Derivative Instruments** – The System held derivative instruments in the form of U.S. Treasury strips, collateralized mortgage obligations, asset-backed securities, and currency conversions as of June 30, 2020.

**Real Estate** - The System's real estate funds include open-end funds and closed-end limited partnerships that invest primarily in US commercial real estate. The fair values of these investments have been determined using the NAV per share (or its equivalent) of the System's ownership interest in the fund or partners' capital, as applicable. The governing document for each open-end real estate fund provides investors the ability to request the redemption of all or part of their fund investments. The funds resulting from an investor's redemption request are raised by the sale of underlying real estate investments held by the open-end fund. Closed-end real estate funds, governed by limited partnership agreements, do not contain provisions for limited partner redemptions on demand. Closed-end funds have a finite life or term, which is defined in the limited partnership agreement. Typically, real estate investments must be made within the first three to four years of the partnership's lifespan, and liquidated by the end of the 10<sup>th</sup> year. As underlying real estate investments are sold over the life of the closed-end fund, pro-rata distributions of the proceeds are made to each partner in the fund partnership. The standard liquidation period of 10 years with the option of two one-year extensions applies to the one percent of the total portfolio invested in closed-end funds.

**Private Equity** – The System's private equity investments consist of two fund-of-funds (FOF) limited partnerships that invest in multiple private equity funds on behalf of the System. Private equity funds invest primarily in non-public companies whose prices are not quoted on a stock exchange; therefore, these investments are typically illiquid in nature. The System's ownership in the underlying private equity funds consists of limited partnership interests. Because these partnership interest are illiquid, the System's investments cannot be redeemed on demand. Instead pro-rata distributions are received through the liquidation of the assets of the underlying partnerships. Based on the terms of each limited partnership within the System's FOFs, all partnership assets should be liquidated over the 10-to-12 year life of the individual partnership.

As of June 30, 2020, it is probable that all the System's private equity underlying investments will be sold at an amount different from the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. Therefore, the fair values of these underlying investments have been determined using recent observable transaction information for similar investments and non-binding bids received from potential buyers of the investments of each partnership. As of June 30, 2020, a buyer (or buyers) for these investments has not yet been identified. Each underlying private equity fund's general partner has full discretion for the disposition of each partnership investment. The general partner is solely responsible for determining the most appropriate timing for the sale of each investment and the best exit strategy to utilize. In addition, the general partner is responsible for identifying all buyers and approving all sale transactions of partnership investments.

Investments measured at the NAV (amounts expressed in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Real Estate Funds:</b>				
Core - Open End	\$ 1,874,498	\$	Quarterly	45-90 days
Value Added - Closed End	295,014	338,376	N/A	10-12 years
Timber	93,538		Various*	Various*
<b>Total Real Estate</b>	<b>2,263,050</b>	<b>338,376</b>		
<b>Private Equity Funds:</b>				
Diversified	2,393,242	1,503,410	10-12 years	N/A
Total Private Equity	2,393,242	1,503,410		
Total Investment Measured at NAV	\$ 4,656,292	\$ 1,841,786		

\*Based on partnership agreement terms

**H. Concentration of Credit Risk** – As of June 30, 2020, the System had an investment in an organization that was more than 5.0 percent of the System's total investments. The investment in Pathway Capital Management, LLC, a private equity investment, reached \$1,590,000 or 5.68 percent of total investments.

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## Note 5 - Receivables

At June 30, 2020, receivables consisted of (amounts expressed in thousands):

	Governmental Activities			
	General	Permanent	Receivables Reclass	Total
Accounts	\$ 280,542	\$ 1	\$ 10	\$ 280,553
Settlements	520,000			520,000
Taxes:				
Sales	393,987			393,987
Income	503,946			503,946
Gasoline	41,397			41,397
Other	84,471			84,471
Interest and dividends	12,049	298		12,347
Other	5			5
Gross receivables	1,836,397	299	10	1,836,706
Allowance for uncollectibles	(266,277)			(266,277)
Receivables, net	\$ 1,570,120	\$ 299	\$ 10	\$ 1,570,429

Amounts not  
scheduled for collection  
in subsequent year

\$ 600,485	\$ 600,485
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	Business-type Activities				
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor	Total
Accounts	\$ 117,948	\$ 4,750	\$ 165	\$ 3,558	\$ 126,421
Assessments	23,262				23,262
Interest and dividends		272	335	433	1,040
Gross receivables	141,210	5,022	500	3,991	150,723
Allowance for uncollectibles	(105,179)				(105,179)
Receivables, net	\$ 36,031	\$ 5,022	\$ 500	\$ 3,991	\$ 45,544

	Component Units		
	Universities	Nonmajor	Total
Accounts	\$ 1,106,429	\$ 16,781	\$ 1,123,210
Interest	3,325	78	3,403
Gross receivables	1,109,754	16,859	1,126,613
Allowance for uncollectibles	(708,279)	(3,297)	(711,576)
Receivables, net	\$ 401,475	\$ 13,562	\$ 415,037

Amounts not  
scheduled for collection  
in subsequent year

\$ 3,137	\$ 3,137
----------	----------

# Mississippi

## Note 6 - Due From Other Governments

At June 30, 2020, due from other governments consisted of (amounts expressed in thousands):

	<u>Governmental Activities</u>	
	General	
Due from other governments	\$	1,323,475
Allowance for uncollectibles		(24,303)
Due from other governments, net	\$	<u>1,299,172</u>
Amounts not scheduled for collection in subsequent year	\$	<u>620,064</u>

	<u>Business-type Activities</u>		
	Unemployment Compensation	Port Authority at Gulfport	Total
Due from other governments	\$ 164,145	\$ 26	\$ 164,171
Allowance for uncollectibles	(2,133)		(2,133)
Due from other governments, net	\$ 162,012	\$ 26	\$ 162,038

## Note 7 - Loans and Notes Receivable

At June 30, 2020, loans and notes receivables consisted of (amounts expressed in thousands):

	<u>Primary Government</u>	<u>Component Units</u>
	Governmental Activities Governmental Funds General	Universities
Loans and notes receivable	\$ 396,569	\$ 242,740
Allowance for uncollectibles	(165,815)	(25,600)
Loans and notes receivable, net	\$ <u>230,754</u>	\$ <u>217,140</u>
Amounts not scheduled for collection in subsequent year	\$ <u>202,133</u>	\$ <u>173,781</u>

# Mississippi

## Note 8 - Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2020, was as follows (amounts expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,442,102	\$ 61,365	\$ 209	\$ 2,503,258
Construction in progress	4,382,768	706,147	860,927	4,227,988
Total capital assets not being depreciated	6,824,870	767,512	861,136	6,731,246
Capital assets being depreciated:				
Software	171,924			171,924
Buildings	2,270,779	27,197	2,420	2,295,556
Land improvements	285,878	3,137		289,015
Machinery and equipment	774,563	62,700	29,159	808,104
Infrastructure	12,132,780	788,656	217,128	12,704,308
Total capital assets being depreciated	15,635,924	881,690	248,707	16,268,907
Less accumulated depreciation for:				
Software	55,585	10,456		66,041
Buildings	780,477	41,772	712	821,537
Land improvements	175,576	10,535		186,111
Machinery and equipment	554,265	48,707	26,303	576,669
Infrastructure	4,187,782	459,055	217,128	4,429,709
Total accumulated depreciation	5,753,685	570,525	244,143	6,080,067
Total capital assets being depreciated, net	9,882,239	311,165	4,564	10,188,840
Governmental activities capital assets, net	\$ 16,707,109	\$ 1,078,677	\$ 865,700	\$ 16,920,086

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 132,044	\$	\$	\$ 132,044
Construction in progress	14,211	6,711	7,731	13,191
Total capital assets not being depreciated	146,255	6,711	7,731	145,235
Capital assets being depreciated:				
Buildings	162,166			162,166
Land improvements	174,036	120		174,156
Machinery and equipment	49,302	438	4,173	45,567
Infrastructure	293,478	7,081		300,559
Total capital assets being depreciated	678,982	7,639	4,173	682,448
Less accumulated depreciation for:				
Buildings	30,161	3,180		33,341
Land improvements	26,527	6,720		33,247
Machinery and equipment	19,471	2,545	2,864	19,152
Infrastructure	53,173	7,906		61,079
Total accumulated depreciation	129,332	20,351	2,864	146,819
Total capital assets being depreciated, net	549,650	(12,712)	1,309	535,629
Business-type activities capital assets, net	\$ 695,905	\$ (6,001)	\$ 9,040	\$ 680,864

# Mississippi

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

**Governmental Activities:**

General government	\$ 35,289
Education	2,621
Health and social services	15,736
Law, justice and public safety	28,506
Recreation and resources development	11,010
Regulation of business and profession	237
Transportation	477,126
Total depreciation expense - governmental activities	<u>\$ 570,525</u>

**Business-type Activities:**

Port Authority at Gulfport	\$ 18,849
Other business-type	1,502
Total depreciation expense - business-type activities	<u>\$ 20,351</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	\$ 4,965,388	\$ 3,942,391	\$ 1,024,324
Department of Finance and Administration	127,130	120,984	581
Department of Public Safety	39,339	37,448	192
Department of Rehabilitation Services	13,536	13,536	
East MS State Hospital	42,479	40,724	1,382
Military Department	97,763	13,544	35,624
Fair Commission	34,965	27,110	5,783
Other projects less than \$10 million	90,410	32,251	5,811
Total governmental activities	<u>5,411,010</u>	<u>4,227,988</u>	<u>1,073,697</u>
<b>Business-type Activities:</b>			
Port Authority at Gulfport	41,625	7,828	34,572
Yellow Creek Port Authority	6,828	5,363	1,576
Total business-type activities	<u>48,453</u>	<u>13,191</u>	<u>36,148</u>
Total construction in progress	<u>\$ 5,459,463</u>	<u>\$ 4,241,179</u>	<u>\$ 1,109,845</u>

# Mississippi

## Component Units

At June 30, 2020, capital assets consisted of (expressed in thousands):

	Universities	Nonmajor	Total
Capital assets not being depreciated:			
Land	\$ 116,591	\$ 10,765	\$ 127,356
Construction in progress	439,447	4,250	443,697
Total capital assets not being depreciated	556,038	15,015	571,053
Capital assets being depreciated:			
Buildings	4,524,479	25,828	4,550,307
Land improvements	513,252	52,364	565,616
Machinery and equipment	1,391,295	24,477	1,415,772
Infrastructure		48,971	48,971
Total capital assets being depreciated	6,429,026	151,640	6,580,666
Less accumulated depreciation	2,519,803	105,282	2,625,085
Total capital assets being depreciated, net	3,909,223	46,358	3,955,581
Component units capital assets, net	\$ 4,465,261	\$ 61,373	\$ 4,526,634

## Note 9 - Long-term General Obligation Bonds and Notes and Limited 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.

### A. General Obligation Bonds and Notes

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 notes are issued to provide funds for economic development. 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, 2020 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, 2020, no arbitrage rebate liability existed.

General obligation bonds and notes 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.

In accordance with Statement No. 88 of the Governmental Accounting Standards Board, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, the Series 2019A Note has been separated from the general obligation bonds related to governmental activities. The State has outstanding general obligation notes from direct borrowings and direct placements related to governmental activities totaling \$5,000,000. The Series 2019A Note was issued with a Private Placement Agreement between the State and Trustmark National Bank to provide temporary financing for the Continental Tire Project. During the fiscal year, \$111,000,000 of the Series 2019A Note was refinanced from proceeds of the \$235,840,000 State of Mississippi Taxable General Obligation Bonds, Series 2019C, dated October 23, 2019. The remaining \$82,000,000 undrawn may be supplied by multiple advances of at least \$5,000,000. The Series 2019A Note will constitute a general obligation of the State, secured by a pledge of the full faith and credit of the State. As stated above, at June 30, 2020 the outstanding balance is \$5,000,000. The Series 2019A Note matures March 15, 2022.

### Defeased Bonds

In prior years, the State defeased certain outstanding general obligation bonds of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2020, \$434,095,000 of outstanding general obligation bonds are considered defeased.

# Mississippi

At June 30, 2020, the primary government's outstanding general obligation bonds and notes as presented in governmental activities and business-type activities are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
<b>Governmental Activities:</b>				
Bonds:				
Technology Alliance	\$ 1,700	1.80% - 5.10%	Oct. 2032	\$ 3,000
Farish Street Historic District	192	3.73% - 4.35%	Nov. 2023	500
Heritage, History, and Culture Tourism	270	3.73% - 4.35%	Nov. 2023	700
Small Business and Existing Forestry Industry	1,920	3.73% - 4.35%	Nov. 2023	5,000
State Railroad Revitalization	385	3.73% - 4.35%	Nov. 2023	1,000
Sustainable Energy	190	3.73% - 4.35%	Nov. 2023	500
Local Governments Capital Improvements	8,200	1.98% - 5.10%	Oct. 2026	23,000
State Shipyard Improvements	181,933	1.80% - 5.10%	Oct. 2032	241,961
Hinds County Development Project Loans	11,280	2.88% - 4.17%	Dec. 2026	20,000
Job Protection	1,800	1.98% - 5.10%	Dec. 2026	4,000
Railroad Lines and Bridges Improvement	3,329	1.98% - 5.10%	Dec. 2026	7,400
Workforce Training	3,142	1.98% - 4.35%	Dec. 2026	6,000
Industry Incentive Financing	225,331	1.98% - 4.35%	Oct. 2027	388,010
Small Enterprise Development Finance	1,525	4.75% - 4.88%	Jul. 2023	16,500
ACE Fund	73,658	1.80% - 5.54%	Oct. 2032	109,672
Existing Industry	22,521	3.04% - 5.54%	Oct. 2029	38,000
Rural Impact	2,604	2.88% - 5.54%	Oct. 2029	4,700
Statewide Wireless Communication System	22,475	3.04% - 5.54%	Oct. 2029	47,000
Major Economic Impact	324,905	1.80% - 5.54%	Oct. 2039	433,195
Port Improvements	5,812	5%	Dec. 2033	10,000
Rail Authority of East Mississippi	1,965	3% - 5%	Nov. 2035	2,384
North Central MS Regional Railroad Grant	18,798	2.10% - 3.16%	Nov. 2025	30,000
Railroad Improvements	1,629	2.10% - 3.16%	Nov. 2025	2,600
Farm Reform	1,660	4.63% - 5.67%	Oct. 2034	3,000
Small Municipalities and Limited				
Population Counties	24,752	1.80% - 5.67%	Oct. 2034	33,747
Business Investment	43,187	1.80% - 5.25%	Nov. 2034	53,382
Economic Development Highway	146,385	1.80% - 5.54%	Nov. 2034	187,996
Capital Improvements	1,321,203	1.80% - 5.67%	Oct. 2039	1,650,680
General Obligation Refunding Bonds *	1,525,565	1.98% - 11.0%	Oct. 2036	2,201,707
Local Governments Water System Improvement	6,007	1.80% - 5.25%	Oct. 2036	9,099
Local System Bridge Replacement and Rehabilitation	78,192	3.50% - 5.25%	Nov. 2038	108,694
Rural Fire Truck Acquisition	5,922	3.50% - 5.67%	Oct. 2036	7,250
Transportation	127,018	1.80% - 5.45%	Oct. 2039	192,798
Total Bonds	4,195,455			5,843,475
Premiums	246,426			-
Notes:				
Major Economic Impact	5,000	3.25%	Mar 2022	5,000
Total Governmental Activities	4,446,881			5,848,475
<b>Business-type Activities:</b>				
General Obligation Refunding Bonds	181	5.25%	Nov. 2022	1,025
Total General Obligation Bonds and Notes	\$ 4,447,062			\$ 5,849,500

\*General obligation refunding bonds include \$151,825,000 of outstanding variable rate bonds, \$144,795,000 of which have associated interest rate swap agreements. Under the interest rate swap agreements, the state pays the counterparty fixed rate payments ranging from 3.75% to 3.843% on \$44,795,000 and 5.248% to 5.708% on \$100,000,000. The state receives variable rate payments computed on one-month LIBOR. The remaining outstanding general obligation bonds have fixed rates of interest.

# Mississippi

At June 30, 2020, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 409,084	\$ 175,798	\$	\$ 163
2022	255,876	158,585	5,000	129
2023	251,285	149,237		
2024	241,160	140,130		
2025	234,900	130,842		
2026-2030	1,149,400	501,889		
2031-2035	1,201,120	239,413		
2036-2040	452,630	29,572		
Total	4,195,455	1,525,466	5,000	292
Premiums	246,426			
Total Debt Service, Net	\$ 4,441,881	\$ 1,525,466	\$ 5,000	\$ 292

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 71	\$ 8
2022	74	4
2023	36	1
Total	181	13
Premiums		
Total Debt Service, Net	\$ 181	\$ 13

## Derivative Instruments

The State entered into interest rate swap agreements in connection with \$144,795,000 of outstanding variable rate debt in order to hedge changes in cash flows. At June 30, 2020, 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
2017C	\$ 50,000,000	Aug. 2017	Nov. 2028	Pay 5.708%; receive one-month LIBOR	BBB+/A2/A+
2017C	50,000,000	Aug. 2017	Nov. 2026	Pay 5.248%; receive one-month LIBOR	A/A1/AA-
2017B	19,680,000	Aug. 2017	Sept. 2025	Pay 3.843%; receive one-month LIBOR x 67%	BBB+/A3/A
2017B	25,115,000	Aug. 2017	Sept. 2027	Pay 3.750%; receive one-month LIBOR x 67%	BBB+/A3/A

The swaps associated with the 2017B and 2017C 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 index for the 2017B and 2017C variable rate bonds is LIBOR. For the 2017B and 2017C 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.

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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 2017 through June 2020, to determine if the potential hedging derivative instruments were effective as of June 30, 2020. 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 1.00, the F-statistic is zero and the regression coefficients for the slopes is -1.0000. Based on these parameters required to apply hedge accounting, 2017B and 2017C hedges are deemed highly effective.

The hedging derivative instruments are considered hybrid instruments since the derivatives were “off-market” at the time of association with the 2017B and 2017C bonds. The restructuring of the associated bonds resulted in a conversion date of September 1, 2020 and final maturity of September 1, 2027 for the 2017B bonds, and a conversion date of November 1, 2020 and final maturity of November 1, 2028 for the 2017C bonds.

*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, 2020 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, 2020	
		Classification	Amount	Classification	Amount
2017C	\$ 50,000	Interest expense	\$ (1,662)	Borrowing	\$ (12,346)
		Deferred outflows of resources	5,898	At-market derivative	(7,061)
2017C	50,000	Interest expense	(1,583)	Borrowing	(7,055)
		Deferred outflows of resources	3,491	At-market derivative	(4,087)
2017B	19,680	Interest expense	(517)	Borrowing	(1,409)
		Deferred outflows of resources	580	At-market derivative	(626)
2017B	25,115	Interest expense	(608)	Borrowing	(2,324)
		Deferred outflows of resources	1,019	At-market derivative	(1,137)
	\$ 144,795		\$ 6,618		\$ (36,045)

*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. At June 30, 2020, future debt service requirements on the 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
2021	144,795	233	2,042	147,070
	\$ 144,795	\$ 233	\$ 2,042	\$ 147,070

*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

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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, 2020, as all hedging derivative instruments are in a liability position.

*Basis Risk* - The swap agreements expose the State to basis risk because the applicable interest rates under the swap agreements are based on the LIBOR swap index, which may differ from the interest rates for the State's variable rate bonds. As of June 30, 2020, the weighted average variable interest rate paid on the bonds was .53189%, while the one-month LIBOR was .17100%.

*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.

*Market-Access Risk and Rollover Risk* – The swap agreements are for the same maturity terms as the hedged variable rate bonds. Therefore, the State is not exposed to market access risk or rollover risk that would be present if the swap agreements' maturity terms ended prior to the maturities of the hedged bonds.

## B. Limited Obligation Bonds

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

These bonds, with an original issue amount of \$468,775,000, were issued to provide funding for road and bridge projects and mature serially through fiscal year 2039 with interest rates ranging from 4.00% to 5.00%. At June 30, 2020, the primary government's future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest
2021	\$ 14,385	\$ 21,255
2022	15,100	20,518
2023	15,855	19,744
2024	16,650	18,932
2025	17,480	18,078
2026-2030	101,425	76,023
2031-2035	129,450	47,300
2036-2039	128,875	12,069
Total	439,220	233,919
Premiums	51,382	
Total Debt Service, Net	\$ 490,602	\$ 233,919

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## Note 10 – Bonds Authorized but Unissued

At June 30, 2020, 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	61,000	61,000
Business Investment Act	382,500	60,223
Capital Improvements	441,079	83,911
Deer Island Project	10,000	1,200
Economic Development Highway	63,000	50,600
Major Economic Impact	900,100	200,560
MS Industry Incentive Financing Program	175,000	80,000
Small Enterprise Development Finance	140,000	138,475
Transportation - Access Roads	4,000	4,000
	<u>\$ 2,176,679</u>	<u>\$ 679,969</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, 2020, 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	\$ 1,226,184	.29% - 6.84%	June 2047	\$ 1,803,253
Notes	<u>12,559</u>	1.39% - 3%	June 2033	<u>37,505</u>
Total Component Units	<u>\$ 1,238,743</u>			<u>\$ 1,840,758</u>

At June 30, 2020, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Component Units	
	Principal	Interest
2021	\$ 52,999	\$ 50,055
2022	52,860	48,408
2023	52,860	46,587
2024	54,939	44,588
2025	53,895	42,502
2026-2030	283,869	177,228
2031-2035	279,853	117,328
2036-2040	219,183	63,826
2041-2045	153,292	24,732
2046-2050	34,993	2,201
	<u>\$ 1,238,743</u>	<u>\$ 617,455</u>

## Note 12 - Other Long-term Liabilities

- A. **Compensated Absences** - The State's liability for compensated absences at June 30, 2020 is \$125,762,000 for governmental activities and \$744,000 for business-type activities. For governmental activities, accrued compensated absences are generally paid out of the general fund. The component units' liability for compensated absences is \$146,136,000 of which \$145,398,000 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-O).

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- B. Pollution Remediation Obligation** - As of June 30, 2020, five 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, 2020, the primary government's pollution remediation obligation is \$45,001,000. 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 – Direct Borrowings** At June 30, 2020, the primary government's outstanding notes payable from direct borrowings are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
<b>Governmental Activities:</b>				
Energy efficiency	2,710	3.10% - 4.50%	Apr. 2023	7,455
Buildings	175,794	2% - 5.37%	Feb. 2034	325,479
Roads and bridges	586,985	1% - 6.59%	Jan. 2040	864,490
Total	765,489			1,197,424
Premiums	58,642			
Total Notes Payable, Net	<u>\$ 824,131</u>			<u>\$ 1,197,424</u>
<b>Business-Type Activities:</b>				
Land	\$ 5,252	4.50%	Apr. 2029	\$ 5,750
Total	5,252			5,750
Premiums				
Total Notes Payable, Net	<u>\$ 5,252</u>			<u>\$ 5,750</u>

The State's outstanding notes payable from direct borrowings related to business-type activities of \$5,252,000 is secured with land.

## Refunding and Defeased Notes

During fiscal year 2020, the State issued \$49,035,000 of refunding notes to advance refund a portion of notes payable reported in governmental activities. The advance refunding was undertaken to reduce debt service payments over the next 10 years by \$2,470,000 and obtain an economic gain (the difference between the present value of the debt service payments for the refunded and refunding) of \$2,134,000.

The net proceeds of the refunding issues were deposited 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, 2020, \$206,200,000 of outstanding notes are considered defeased.

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At June 30, 2020, the primary government's future debt service requirements for notes payable are (amounts expressed in thousands):

Year Ending June 30	Notes Payable from Direct Borrowings			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 59,724	\$ 38,936	\$ 481	\$ 290
2022	62,412	36,210	506	239
2023	64,411	33,583	534	211
2024	66,196	28,698	562	183
2025	68,928	25,978	592	153
2026-2030	265,612	84,265	2,577	271
2031-2035	122,946	38,606		
2036-2040	55,260	10,925		
Total	765,489	297,201	5,252	1,347
Premiums	58,642			
Total Debt Service, Net	\$ 824,131	\$ 297,201	\$ 5,252	\$ 1,347

- 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, 2020, assets recorded under capital leases are as follows (amounts expressed in thousands):

	Governmental Activities	Business-type Activities
Land	\$ 700	\$ 700
Machinery and Equipment	15,935	239
Accumulated Depreciation	(9,860)	(87)
Total	\$ 6,075	\$ 852

The discretely presented component units recorded capital assets acquired through capital leases of \$1,531,000.

At June 30, 2020, future minimum commitments under capital leases are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities	Component Units
2021	\$ 3,186	\$ 337
2022	1,961	158
2023	1,339	140
2024	841	140
2025	366	70
2026-2030	496	
Total Minimum Lease Payments	8,189	845
Less Interest	552	75
Present Value of Minimum Lease Payments	\$ 7,637	\$ 770

# Mississippi

## Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2020 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)	\$ 4,039,486	\$ 405,540	\$ 249,571	\$ 4,195,455	\$ 409,084
General Obligation Notes from Direct Borrowings (Note 9)	106,000	10,000	111,000	5,000	
Premiums/Discounts (Note 9)	243,541	26,387	23,502	246,426	23,090
Limited Obligation Bonds (Note 9)	453,420		14,200	439,220	14,385
Premiums (Note 9)	54,419		3,037	51,382	3,037
Notes Payable from Direct Borrowings (Note 12)	821,967	56,035	112,513	765,489	59,724
Premiums (Note 12)	67,430		8,788	58,642	8,788
Total Bonds and Notes	5,786,263	497,962	522,611	5,761,614	518,108
Derivative Instruments (Note 9)	29,427	6,618		36,045	
Capital Lease Obligations (Note 12)	7,404	3,087	2,854	7,637	2,950
Accrued Compensated Absences (Note 12)	117,289	73,077	64,604	125,762	9,888
Pollution Remediation Obligation (Note 12)	44,020	10,745	9,764	45,001	8,680
	<u>\$ 5,984,403</u>	<u>\$ 591,489</u>	<u>\$ 599,833</u>	<u>\$ 5,976,059</u>	<u>\$ 539,626</u>
<b>Business-type Activities:</b>					
General Obligation Bonds (Note 9)	\$ 309	\$	\$ 128	\$ 181	\$ 71
Accrued Compensated Absences (Note 12)	706	378	340	744	42
Notes Payable from Direct Borrowings (Note 12)	5,715		463	5,252	481
	<u>\$ 6,730</u>	<u>\$ 378</u>	<u>\$ 931</u>	<u>\$ 6,177</u>	<u>\$ 594</u>

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

**General Obligation Note** – During fiscal year 2020, the State issued a Tax-Exempt General Obligation Note, Series 2019B dated July 18, 2019 totaling \$1,750,000 to provide short-term financing for capital improvements. The 2019B note was scheduled to mature on July 18, 2020, with an interest rate of 2.33%. This note was redeemed with proceeds of Tax-Exempt Obligation Bond, Series 2019B and Taxable General Obligation Bond, Series 2019C with both series dated September 26, 2019. At June 30, 2020, there were no outstanding short-term general obligation notes. Changes in general obligation short-term note activity recorded in governmental activities during fiscal year 2020 are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Note, Series 2019B	\$ 0	\$ 1,750	\$ 1,750	\$ 0

## 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 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,

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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, 2020, the total annual COLA payments for PERS were \$751,646,000.

**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, 2020, the total annual COLA payments for MHSPRS were \$10,876,000.

**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

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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, 2020, the total COLAs for MRS plans were \$5,451,000.

**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, 2020, the total COLAs for SLRP were \$359,000.

## 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	17.4%	49.08%	N/A	7.4%
Other employers	N/A	N/A	.84 – 5.82 mills***	N/A
Plan members	9%	7.25%	7% - 10%	3% *
Employer contributions made	\$ 1,171,805	\$ 20,144**	\$ 16,614	\$ 512

\* In addition to 9% required by PERS.

\*\* Includes fees authorized by the State Legislature, which are reported as employer contributions in the pension trust funds. Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of \$3,700,000 was used to calculate the actuarially determined contributions for MHSPRS. The actual amount received in 2020 was \$3,719,000.

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

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

At June 30, 2020, the State reported a liability of \$2,972,649,000 for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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 16.9%.

At June 30, 2020, the State reported a net pension liability of \$175,766,000 and \$3,466,000 for MHSPRS and SLRP, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

## 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):

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MHSPRS	Total Pension Liability (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2019</b>	\$ 527,428	\$ 354,169	\$ 173,259
<b>Changes for the Year:</b>			
Service Cost	7,372		7,372
Interest	39,532		39,532
Change in assumption	2,286		2,286
Contributions - employer		19,375	(19,375)
Contributions - employee		2,340	(2,340)
Net investment income		25,280	(25,280)
Benefit payment, including refunds of employee contributions	(34,687)	(34,687)	0
Administrative expense		(312)	312
<b>Net Changes</b>	<b>14,503</b>	<b>11,996</b>	<b>2,507</b>
<b>Balances at June 30, 2020</b>	<b>\$ 541,931</b>	<b>\$ 366,165</b>	<b>\$ 175,766</b>

SLRP	Total Pension Liability (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2019</b>	\$ 21,301	\$ 18,036	\$ 3,265
<b>Changes for the Year:</b>			
Service Cost	590		590
Interest	1,595		1,595
Change in assumption	31		31
Contributions - employer		525	(525)
Contributions - employee		214	(214)
Net investment income		1,287	(1,287)
Benefit payment, including refunds of employee contributions	(1,442)	(1,442)	0
Administrative expense		(11)	11
<b>Net Changes</b>	<b>774</b>	<b>573</b>	<b>201</b>
<b>Balances at June 30, 2020</b>	<b>\$ 22,075</b>	<b>\$ 18,609</b>	<b>\$ 3,466</b>

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For the year ended June 30, 2020, the State recognized pension expense of \$237,162,000 for PERS, \$25,404,000 for MHSPRS, and \$423,000 for SLRP. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts expressed in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>PERS</b>		
Difference between expected and actual experience	\$ 1,790	\$ 3,329
Net difference between projected and actual earnings on pension plan investments		34,431
Changes in proportion	782	76,346
Changes of assumptions	29,163	
Contributions subsequent to the measurement date	196,508	
Total PERS	228,243	114,106
<b>MHSPRS</b>		
Differences between expected and actual experience	9,449	1,811
Net difference between projected and actual earnings on pension plan investments		3,574
Changes of assumptions	1,773	1,129
Contributions subsequent to the measurement date	20,144	
Total MHSPRS	31,366	6,514
<b>SLRP</b>		
Differences between expected and actual experience		102
Net difference between projected and actual earnings on pension plan investments		188
Changes of assumptions	23	304
Contributions subsequent to the measurement date	512	
Total SLRP	535	594
Total	\$ 260,144	\$ 121,214

Contributions subsequent to the measurement date of \$196,508,000 for PERS, \$20,144,000 for MHSPRS and \$512,000 for SLRP reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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):

<b>Year ended June 30</b>	<b>PERS Net Outflows &amp; Inflows of Resources</b>	<b>MHSPRS Net Outflows &amp; Inflows of Resources</b>	<b>SLRP Net Outflows &amp; Inflows of Resources</b>
2021	\$ (20,360)	\$ 2,819	\$ (366)
2022	(74,030)	549	(223)
2023	(1,552)	1,011	2
2024	13,571	329	16
Total	\$ (82,371)	\$ 4,708	\$ (571)

## Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

	<b>PERS</b>	<b>MHSPRS</b>	<b>SLRP</b>
Inflation	2.75 %	2.75 %	2.75 %
Salary increases, including inflation	3% - 18.25 %	3% - 8.56 %	3 %
Investment rate of return*	7.75 %	7.75 %	7.75 %
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

## Changes of Assumption

Mortality rates for PERS, MHSPRS and SLRP were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The expectation of disabled mortality was changed to Pub-T.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: For males, 137% of male rates at all ages. For females 115% of female rates at all ages. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3% to 2.75%, and the wage inflation assumption was reduced from 3.25% to 3%. Pre-retirement mortality rates were also adjusted to more closely reflect actual experience.

For PERS only, withdrawal rates and service retirement rates were also adjusted to more closely reflect actual experience, and the percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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, 2019, are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic equity	27 %	4.90 %
International equity	22	4.75
Global equity	12	5.00
Fixed income	20	1.50
Real estate	10	4.00
Private equity	8	6.25
Cash	1	0.25
Totals	100 %	

## Single-Employer Benefit Plan Employees

The following employees were covered by the benefit terms of MHSPRS and SLRP at June 30, 2019:

	<b>MHSPRS</b>	<b>SLRP</b>
Inactive employees or beneficiaries currently receiving benefits	725	207
Inactive employees assumed eligible for a benefit at retirement date.	40	38
Inactive employees assumed not to receive service retirement benefits	15	17
Active employees	511	174
<b>Totals</b>	<b>1,291</b>	<b>436</b>

## Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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 17.4%, 49.08% 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.

# Mississippi

## 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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate (amounts expressed in thousands):

Net Pension Liability	Current Discount Rate		
	1% Decrease 6.75%	7.75%	1% Increase 8.75%
PERS	\$ 3,907,650	\$ 2,972,649	\$ 2,200,889
MHSPRS	243,539	175,766	119,822
SLRP	5,652	3,466	1,595
Total	\$ 4,156,841	\$ 3,151,881	\$ 2,322,306

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).

## Note 16 - Other Postemployment Benefits

### Plan Description

The State and School Employees' Health Insurance Management Board (the Board) administers the State Life and Health Insurance Plan (the Plan) established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which is amended annually by the Board. 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 Plan. The Plan provides other postemployment benefits (OPEB) as a cost-sharing multiple-employer defined benefit OPEB plan.

The 14-member Board, which administers the Plan, is comprised of the Chairman of the Workers' Compensation Commission; the State Personnel Director; the Commissioner of Insurance; the Commissioner of Higher Education; the State Superintendent of Public Education; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Community College Board; the Executive Director of the Public Employees Retirement System; two appointees of the Governor; the Chairman of the Senate Insurance Committee, or his designee; the Chairman of the House of Representatives Insurance Committee, or his designee; the Chairman of the Senate Appropriations Committee, or his designee; and the Chairman of the House of Representatives' Appropriations Committee, or his designee. The Board has a fiduciary responsibility to manage the funds of the Plan.

### Benefits Provided

Benefits of the Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing healthcare benefits to retirees under age 65 and the average cost of providing healthcare benefits to all participants when premiums paid by retirees are not age-adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan.

Per section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affect the overall cost of the Plan to the State, then the Board may impose a premium surcharge not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance.

The Plan offers a base option and a select option for health benefits for non-Medicare participants. The Plan includes a separate level for Medicare eligible retirees, Medicare eligible surviving spouses and Medicare eligible dependents of retirees and surviving spouses.

### Contributions

Pursuant to the authority granted by Mississippi Statute, the Board has the authority to establish and change premium rates for the participants, employers, and other contributing entities. The required premiums vary based on the plan selected and the type of participant. Employees' premiums are paid primarily by the employer. Employers do not pay premiums for retirees nor premiums for active employee spouse and dependent medical coverage. At June 30, 2020, the State's actuarially determined contributions to the OPEB plan were \$7,079,000.

# Mississippi

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

At June 30, 2020, the State reported a liability of \$194,255,000 for its proportionate share of the net OPEB liability. The liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The State's proportion of the OPEB liability was based on a projection of the long-term share of contribution to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date the State's proportion was 22.89%.

For the year ended June 30, 2020, the State recognized OPEB expense of \$8,467,000. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts expressed in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 294	\$ 2,781
Net difference between projected and actual OPEB		
Plan investments	4	
Changes in proportion	14,904	25,286
Changes of assumptions	14,482	10,073
Contributions subsequent to the measurement date	7,079	
Total	\$ 36,763	\$ 38,140

Contributions subsequent to the measurement date of \$7,079,000 reported as deferred outflows of resources will be recognized as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30	Net Outflows & Inflows of Resources
2021	\$ (2,624)
2022	(2,624)
2023	(2,624)
2024	(1,927)
2025	758
Thereafter	585
Total	\$ (8,456)

# Mississippi

## Actuarial Assumptions

The collective total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to the periods included in the measurement:

Inflation	2.75%
Salary increases, including inflation	3% - 18.25%
Investment rate of return	4.5%
Municipal bond index rate	3.5%
Single equivalent interest rate	3.5%
Healthcare cost trend rates	7% for 2019 decreasing to an ultimate rate of 4.75% by 2028
Retirement age – by employee type shown:	
Highway safety patrol	Any age with 25 years of service Age 55 with at least 5 years of service Age 45 with at least 20 years of service
General state and school employees hired before July 1, 2011	Any age with 25 years of service or hired before July 1, 2007 Age 60 with at least 4 years of service or hired after July 1, 2007 Age 60 with at least 8 years of service
General state and school employees hired on or after July 1, 2011	Any age with 30 years of service or Age 60 with at least 8 years of service

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of the last actuarial experience study, dated April 2, 2019;

The remaining actuarial assumptions (e.g., initial per capital costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected return on plan assets is reviewed as part of the valuation process. Since there were very little assets in the trust fund on the Measurement Date, there is no long-term expected return determination.

### Changes in Actuarial Assumptions and Methods

The discount rate was changed from 3.89% for the prior measurement date to 3.5% for the current measurement date. In addition, the following changes were made in the actuarial assumptions due to the Board's experience study for the four-year period ending June 30, 2018:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: For males, 137% of male rates at all ages. For females, 115% of female rates at all ages. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3% to 2.75%. The wage inflation assumption was reduced from 3.25% to 3%. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2019. Based on these assumptions, the Plan was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate, 3.5%, was used in the determination of the discount rate. The discount rate was based on the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

# Mississippi

## Sensitivity of the State's proportionate Share of the collective OPEB Liability to Changes in the Discount Rate

The following table presents the State's proportionate share of the net OPEB liability using the discount rate of 3.5%, as well as what the State's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate (amounts expressed in thousands):

	1% Decrease 2.5%	Current Discount Rate 3.5%	1% Increase 4.5%
State's proportionate share of net OPEB liability	\$ 215,784	\$ 194,255	\$ 175,836

## Sensitivity of the State's proportionate Share of the collective OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the State's proportionate share of the net OPEB liability using the healthcare trend rate of 7% decreasing to 4.75% by 2028, as well as what the State's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (6% decreasing to 3.75%) or 1-percentage-point higher (8% decreasing to 5.75%) than the current rate (amounts expressed in thousands):

	1% Decrease (6% decreasing to 3.75%)	Current Discount Rate (7% decreasing to 4.75%)	1% Increase (8% decreasing to 5.75%)
State's proportionate share of net OPEB liability	\$ 180,008	\$ 194,255	\$ 210,396

Detailed information about the Life and Health OPEB Plan is available on the Department of Finance and Administration website at [www.dfa.ms.gov](http://www.dfa.ms.gov).

## 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.

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, 2020 are as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2021	19,861
2022	18,867
2023	17,319
2024	15,412
2025	13,014
2026-2030	50,123
2031-2035	30,152
2036-2040	10,505
2041-2045	165
2046-2050	30
2051-2055	12
Total Minimum Commitments	\$ 175,460

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2020 amounted to \$23,764,000.

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## B. Contracts

At June 30, 2020, the Department of Transportation had contracts outstanding of approximately \$983,049,000 with performance continuing during fiscal year 2021. Of this amount \$49,670,000 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 72 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline taxes.

The State Aid Road Division had contracts of \$46,828,000 outstanding at June 30, 2020 for construction, repair and maintenance of state and county roads. These contracts will be paid through the General Fund. Approximately 55 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 \$91,451,000 at June 30, 2020. These contracts will be paid from the General fund.

The Military Department had contracts outstanding of approximately \$36,602,000 at June 30, 2020. Approximately 100 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred.

The Port Authority at Gulfport (a major enterprise fund) had contracts outstanding of approximately \$33,798,000 at June 30, 2020. 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 \$4,608,000 at June 30, 2020. 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. Future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred.

## 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, 2020, the encumbrance amounts in the General Fund were \$43,344,000.

## 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 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 for fiscal years 2019 and 2020 are as follows (amounts expressed in thousands):

	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance	Due within one year
2019	\$ 173,684	\$ 820,183	\$ 825,321	\$ 168,546	\$ 131,183
2020	168,546	805,158	824,400	149,304	118,261

**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 incurred 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

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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. Three 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.

## 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.

The Division of Medicaid, which is reported within the General Fund, has been notified by the Centers for Medicare and Medicaid Services (CMS) of a potential claim relative to potential overpayments by CMS under Medical Assistance Program grants that may have been made between 1981 and 2009 to a number of states, including Mississippi. CMS is working with the Division of Medicaid, as well as various other states, to resolve the discrepancies. The amount questioned by CMS for the Division of Medicaid is approximately \$28,000,000.

Additionally, the Division of Medicaid has also been notified by the Office of the Inspector General (OIG) of a potential claim relative to unallowable school-based Medicaid administrative costs for federal fiscal years 2010 through 2012. The amount determined by the OIG to be unallowable was \$21,200,000.

**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. Of the \$115,247,000 in pending litigation, the State considers \$13,958,000 probable and reasonably estimable that a liability has occurred and is reported in the accompanying financial statements. The State also believes that the remaining \$101,289,000 is reasonably possible that a liability has been incurred as of June 30, 2020. 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 five 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, 2020, outstanding MDA loan guarantees totaled \$21,584,000. 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

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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, 2020, the remaining outstanding CDL loan guarantees totaled \$78,000. The loan guarantees expire January 7, 2025.

- 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 \$2,370,537,000 at June 30, 2020. The faith, credit and taxing power of the State and the Bank are not pledged to the payment of such bonds.

## Note 20 – Tax Abatements

As of June 30, 2020, the State provides tax abatements through eight programs subject to the requirements of GASB Statement No. 77: the Jobs Tax Credit; the Investment Tax Credit; the Income Tax Exemption; the Fee In Lieu of Franchise Tax; the Sales and Use Tax Exemption to Establish and Operate the Project; the Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair parts and Services; the Withholding Rebate for New Job Creation; and the Withholding Rebate for Maintaining Existing Jobs. The eight programs are available to entities authorized in Section 57-75-5 (f) of Mississippi Code Ann. (1972) to encourage businesses to locate or expand operations in the State and to create significant new job opportunities for State residents.

The Jobs Tax Credit Program provides an income tax credit to eligible entities that commit to make certain capital investments, to create a certain number of new full-time jobs and to maintain those employment levels. The credit amount is based on employment levels. Eligible entities can receive an annual credit equal to \$5,000 per employee at the project site for a set period of time ranging from 10 to 20 years with a three to ten year carryforward. Eligible entities are able to elect the date when their credit period starts within certain parameters. The credit can be used to offset up to 100% of an eligible entity's state income tax liability. There are no recapture provisions for this program.

The Investment Tax Credit Program provides an income tax credit to eligible entities that commit to make certain capital investments, to create a certain number of new full-time jobs and to maintain those employment levels. An annual tax credit equal to 7.5% of the eligible investment is available to offset the entity's state income tax liability. An eligible entity is able to elect the start date for the credit, however, it must be within two years of becoming fully operational. Any credit claimed and not used in any taxable year can be carried forward for ten consecutive years from the close of the tax year in which it was earned. The amount of the credit that can be used in any one tax year is limited to the entity's total state income tax liability for that year and the credit is subject to recapture if the property for which the credit is received is disposed of, or converted to another nonbusiness use.

The Income Tax Exemption Program provides a full exemption from state income tax to eligible entities that commit to make certain capital investments, to create a certain number of jobs and to maintain those employment levels. An eligible entity is granted a full exemption from state income tax for a period of 20 to 25 years, including the year in which the exemption commences. The eligible entity can elect the date on which the exemption begins, though it typically cannot begin until the committed number of jobs is in place and it must start within five years of the start of production. If in any taxable year to which the exemption applies the average number of jobs falls below the business's jobs commitment, the income tax exemption may be reduced or suspended until the required number of jobs is restored. There are no recapture provisions for this program.

The Fee in Lieu of Franchise Tax Program allows eligible entities to pay a fee of \$25,000 per year instead of the calculated amount of the franchise tax that would have been due. The fee in lieu of franchise tax typically goes into effect the first year that an eligible entity's franchise tax liability exceeds \$25,000. Eligible entities have to commit to making certain capital investments and/or creating a certain number of jobs and maintaining those employment levels. Each fee in lieu of franchise tax agreement is negotiated with the eligible entity that is investing in the State and is available between ten and thirty years. There are no recapture provisions for this program.

The Sales and Use Tax Exemption to Establish and Operate the Project Program provides a full exemption from sales and use tax for the start-up of a project of eligible entities that commit to make certain capital investments, to create a certain number of jobs and to maintain those employment levels. The State grants eligible entities a full exemption from sales and use taxes on purchases and leases of component building materials and machinery and equipment required for the start-up and operation of an Mississippi Major Economic Impact Authority (MMEIA) eligible project. The amounts exempted under this program are not required to be reported to the State. There are no recapture provisions for this program.

The Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services Program provides a full exemption from sales and use tax for the perpetual operation of an eligible project to entities that commit to make certain capital investments, to create a certain number of jobs and to maintain those employment levels. The State grants eligible entities with a full exemption from sales and use tax on purchases and leases of machinery, special tooling, repair parts or replacement or leases thereof, supplies and repair services purchased by the eligible entity. The amounts exempted under this program are not required to be reported to the State. There are no recapture provisions for this program.

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The Withholding Rebate for New Job Creation Program provides a rebate of new employees' state income tax withholding to eligible entities that commit to create a certain number of new high-paying jobs at certain average annual salary levels that exceeds between 110% and 150% of the state or county average annual salary and to maintain those employment levels throughout the possible rebate period. Eligible entities can receive a percentage of the employees', including leased employees, state income tax withholding in a quarterly payment. These withholding tax rebate payments are capped at 3.5% to 4% of the eligible entity's gross payroll or the actual amount of income tax withheld from their employees. Eligible entities can receive rebate payments on a quarterly basis for up to 25 years assuming the committed number of jobs at the required salary levels are met and maintained. There are no recapture provisions for this program.

The Withholding Rebate for Maintaining Existing Jobs Program provides a rebate to current large employers to retain their existing workforce and further invest in their State operations. It provides a rebate of new employees' state income tax withholding to eligible entities that make a new private investment at the project site and maintain a set number of existing jobs with average annual salaries of at least \$45,000. A rebate equal to one percent of existing employees' wages subject to state income withholding taxes is available for eligible entities for up to ten years or until a maximum rebate of \$6,000,000 has been reached. There are no recapture provisions for this program.

The amounts of taxes abated during fiscal year 2020 are (amounts expressed in thousands):

Program	Amount Abated
Jobs Tax Credit	\$ - *
Investment Tax Credit***	-
Income Tax Exemption***	-
Withholding Rebate for New Job Creation***	-
Withholding Rebate for Maintaining Existing Jobs	- *
Fee in Lieu of Franchise Tax	- *
Aggregate total of tax credits, tax rebates, income tax exemption, and franchise tax exemption	21,307
Sales and Use Tax Exemption to Establish and Operate the Project	- **
Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services	- **
Total Sales and Use Tax Exemptions	8,538
Total	29,845

\* The amounts abated under these programs are presented in the aggregate. Sections 27-3-73 and 27-7-83 (9) of Miss. Code Ann (1972) prevent disclosure of the individual amounts abated under these programs due to confidentiality of taxpayer reports and returns.

\*\* Amounts of sales and use taxes abated are estimates.

\*\*\*There were no taxes abated under these programs in FY 2020.

## Note 21 - 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 \$2,500,000 from the Working Cash Stabilization Reserve Account and \$9,500,000 from budgetary special funds as March 24, 2021. In order to comply with State law, all borrowings must be repaid by the end of the fiscal year.

Draws of \$5,000,000 were made subsequent to year end on the Taxable General Obligation Note, Series 2019A issued March 28, 2019. The note was issued to provide temporary funding for the Continental Tire Project. The current balance is \$10,000,000 and the undrawn principal of \$77,000,000 may be supplied by multiple advances of at least \$5,000,000.

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

Taxable General Obligation Refunding Bonds, Series 2020A totaling \$504,225,000 dated July 23, 2020. The Series 2020A Bonds are being issued for the purpose of providing funds to (a) advance refund and defease (i) \$5,675,000 of the State's \$353,730,000 (original principal amount) General Obligation Bonds, Series 2011A (Capital Improvements Projects), dated October 26, 2011, (ii) \$4,015,000 of the \$43,900,000 (original principal amount) General Obligation Refunding Bonds (Nissan North America, Inc. Project), Series 2012B, dated August 1, 2012, (iii) \$61,270,000 of the \$171,860,000 (original principal amount) General Obligation Refunding Bonds, Series 2012F, dated August 28, 2012, (iv) \$78,275,000 of the \$136,680,000 (original principal amount) General Obligation Bonds, Series 2012H, dated October 30, 2012, (v) \$25,945,000 of the \$179,940,000 (original principal amount) Taxable General Obligation Bonds, Series 2013A, dated December 3, 2013, (vi) \$92,535,000 of the \$159,225,000 (original principal amount) General Obligation Bonds, Series 2013B, dated December 3, 2013, and (vii) \$55,895,000 of the \$182,595,000 (original principal amount) General Obligation Bonds, Series 2015F (Tax-Exempt), dated December 8, 2015, and to currently refund and restructure the State's outstanding \$101,145,000 (original principal amount) Taxable General

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Obligation Bonds, Series 2017C (LIBOR Term Rate), dated August 30, 2017. These bonds have principal payments beginning in November 2020 and will mature serially through November 2036 with interest payments ranging from 0.149% to 1.982%. The advance refunding and defeasing was undertaken to reduce debt service payments by \$47,209,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$37,116,000.

General Obligation Refunding Bonds, Series 2020B totaling \$37,390,000 dated July 23, 2020. The Series 2020B Bonds were issued for the purpose of providing funds to currently refund and restructure the State's outstanding \$61,260,000 (original principal amount) General Obligation Bonds, Series 2017B (LIBOR Term Rate), dated August 30, 2017. These bonds have principal payments beginning in September 2022 and will mature serially through September 2027 with interest payments of 5%. The advance refunding and restructuring was undertaken to reduce debt service payments by \$12,176,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,211,000.

General Obligation Bonds, Series 2021A totaling \$167,815,000 dated March 4, 2021. These bonds were issued to provide funding for or refinance various Capital Improvements. These bonds have principal payments beginning June 2030 and will mature serially with interest payments ranging from 3% to 5%.

Taxable General Obligation Bonds, Series 2021B totaling \$119,735,000 dated March 4, 2021. These bonds were issued to provide funding to finance or refinance various economic development loans, grants, and programs and certain Capital Improvements. These bonds have principal payments beginning June 2021 and will mature serially with interest payments ranging from 0.097% to 1.849%.

In March 2020, the World Health Organization (WHO) declared a novel strain of coronavirus, COVID-19, a global pandemic. In order to lessen the potential catastrophic impact of COVID-19 on governmental entities, businesses, and individuals, Congress enacted a series of legislation, including the American Rescue Plan Act of 2021. The State was allocated approximately \$2.9 billion of Coronavirus Relief Funds under the American Rescue Plan Act of 2021 as direct state aid.

The full extent of the impact to the financial position of the State will depend on the length of the pandemic, restrictions placed on the State, the effects of the financial markets, and the effects of the overall markets. All of these factors are highly uncertain and cannot be predicted.

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## 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, 2020 (Expressed in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Sales tax	\$ 2,188,600	\$ 2,188,600	\$ 2,156,122	\$ (32,478)
Individual income tax	1,900,000	1,900,000	1,819,610	(80,390)
Corporate income and franchise taxes	555,200	555,200	548,729	(6,471)
Use and wholesale compensating taxes	292,200	292,200	339,864	47,664
Tobacco, beer and wine taxes	170,500	170,500	166,934	(3,566)
Insurance tax	331,200	331,200	341,688	10,488
Oil and gas severance taxes	36,100	36,100	22,989	(13,111)
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	81,000	81,000	88,623	7,623
Other taxes	11,000	11,000	12,163	1,163
Interest	16,000	16,000	29,332	13,332
Auto privilege, tag and title fees	10,300	10,300	13,533	3,233
Gaming fees	141,800	141,800	115,879	(25,921)
Highway Safety Patrol fees	18,700	18,700	18,431	(269)
Other fees and services	90,800	90,800	88,362	(2,438)
Miscellaneous	13,800	13,800	13,620	(180)
Court assessments and settlements			36,481	36,481
Special Fund revenues				
Total Revenues	5,857,200	5,857,200	5,812,360	(44,840)
<b>Expenditures by Major Budgetary Function</b>				
Legislative	30,193	29,993	29,528	(465)
Judiciary and justice	103,056	103,156	102,517	(639)
Executive and administrative	16,809	15,609	15,109	(500)
Fiscal affairs	142,995	143,295	142,905	(390)
Public education	2,295,414	2,312,161	2,306,234	(5,927)
Higher education	739,089	738,157	736,591	(1,566)
Public health	32,783	32,783	32,446	(337)
Hospitals and hospital schools	213,669	213,669	213,656	(13)
Agriculture, commerce and economic development	111,441	111,441	111,192	(249)
Conservation and recreation	45,621	45,621	45,503	(118)
Insurance and banking	17,444	17,444	16,044	(1,400)
Corrections	316,475	316,475	316,414	(61)
Social welfare	1,074,030	1,074,030	1,063,575	(10,455)
Public protection and veterans assistance	114,441	114,441	112,174	(2,267)
Local assistance	80,626	80,626	80,626	
Motor vehicle and other regulatory agencies				
Miscellaneous	21,904	21,904	20,845	(1,059)
Public works				
Debt service	385,241	385,241	384,822	(419)
Total Expenditures	5,741,231	5,756,046	5,730,181	(25,865)
Excess of Revenues over (under) Expenditures	115,969	101,154	82,179	(18,975)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,200	1,200	4,770	3,570
Transfers out			(81,633)	(81,633)
Other sources/uses of cash			(1,282)	(1,282)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	117,169	102,354	4,034	(98,320)
Budgetary Fund Balances - Beginning	4,689	4,689	4,689	
Budgetary Fund Balances - Ending	\$ 121,858	\$ 107,043	\$ 8,723	\$ (98,320)

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)
\$ 272,853	\$ 254,026	\$ 311,672	\$ 57,646	\$	\$	\$	\$
35,712	34,998	47,668	12,670				
		89	89				
		24	24				
				15,021,306	15,149,839	10,373,336	(4,776,503)
308,565	289,024	359,453	70,429	15,021,306	15,149,839	10,373,336	(4,776,503)
				50	50	23	(27)
				45,327	55,292	39,213	(16,079)
				20,100	34,338	16,408	(17,930)
				215,769	237,403	176,781	(60,622)
291,645	291,645	285,646	(5,999)	905,708	942,385	733,628	(208,757)
111,992	111,992	111,958	(34)	2,606,718	2,609,143	106,897	(2,502,246)
				383,042	406,867	305,637	(101,230)
				386,705	393,840	361,146	(32,694)
2,966	2,966	2,966		449,667	209,379	72,432	(136,947)
125	125	125		405,882	582,322	217,625	(364,697)
				34,894	35,640	29,556	(6,084)
				24,417	37,951	32,387	(5,564)
				7,287,433	7,297,074	6,574,089	(722,985)
				795,706	809,098	365,093	(444,005)
				24,318	24,476	21,368	(3,108)
450	450	450		2,481	3,514	2,129	(1,385)
				1,378,095	1,416,073	1,220,516	(195,557)
				54,994	54,994	2,704	(52,290)
407,178	407,178	401,145	(6,033)	15,021,306	15,149,839	10,277,632	(4,872,207)
(98,613)	(118,154)	(41,692)	76,462			95,704	95,704
		116,263	116,263				
(98,613)	(118,154)	74,571	192,725			95,704	95,704
		235,246	235,246			316,274	316,274
\$ (98,613)	\$ (118,154)	\$ 309,817	\$ 427,971	\$ 0	\$ 0	\$ 411,978	\$ 411,978

# Mississippi

## Required Supplementary Information

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

For the Year Ended June 30, 2020

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 commitments. 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, 2020 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	\$ 4,034	\$ 74,571	\$ 95,704
Reclassifications:			
Budgetary fund excesses are reclassified to the General Fund for GAAP reporting	(165,465)	(74,571)	(90,894)
The State reports amounts in the budgetary funds that are reported in other major and nonmajor funds			(4,810)
Adjustments:			
The financial reporting fund structure includes funds that are not part of the budgetary fund structure	(173,168)		
Financial statements are presented using a modified accrual basis of accounting while budgetary basis is cash plus commitments		822,637	
Net Change in GAAP Fund Balances	\$ 488,038	\$ 0	\$ 0

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# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions

#### Mississippi Highway Safety Patrol Retirement System

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

	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 20,144	\$ 19,375	\$ 15,128	\$ 14,809	\$ 14,755
Contributions in relation to actuarially determined contribution	(20,144)	(19,375)	(15,128)	(14,809)	(14,755)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 32,346	\$ 31,811	\$ 29,555	\$ 28,845	\$ 27,380
Actual contributions as a percentage of covered payroll	62.28%	60.91%	51.19%	51.34%	53.89%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, 2018, 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	18.3 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.25% to 8.81%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

#### Other information:

Effective July 1, 2018, the employer contribution rate was increased by the MHSPRS Administrative Board from 37% to 49.08%. Motor vehicle and driver's license reinstatement fees augment employer contributions. The amount of fees vary each year depending on activity, with \$3,700,000 collected for fiscal year 2020.

\*Only six fiscal years are presented because 10-year data is not yet available.

**2015**

\$ 13,695

(13,695)

\$ 0

\$ 25,505

53.7%

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions Supplemental Legislative Retirement System

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

	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 512	\$ 525	\$ 513	\$ 522	\$ 514
Contributions in relation to actuarially determined contribution	(512)	(525)	(513)	(522)	(514)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 6,891	\$ 6,937	\$ 6,833	\$ 6,928	\$ 6,862
Actual contributions as a percentage of covered payroll	7.43%	7.57%	7.51%	7.53%	7.49%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates in schedule of employer contributions are calculated as of June 30, 2018, 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	20.1 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

\*Only six fiscal years are presented because 10-year data is not yet available.

**2015**

\$ 511

(511)

\$ 0

\$ 6,861

7.45%

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions Public Employees' Retirement System

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

	2020	2019	2018	2017	2016
Contractually required employer contribution	\$ 196,508	\$ 173,162	\$ 172,818	\$ 177,852	\$ 179,792
Contributions in relation to contractually required contribution	(196,508)	(173,162)	(172,818)	(177,852)	(179,792)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 1,129,357	\$ 1,099,260	\$ 1,097,260	\$ 1,129,216	\$ 1,141,539
Actual contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of contractually required contributions.** The contractually required contribution rates in the schedule of employer contributions are calculated as of June 30, 2018, two years prior to the end of the fiscal year in which contributions are reported. The following contractually required rates 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	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.25% to 18.5%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

#### Other information:

At its June 26, 2018 meeting, the Board voted to increase the employer contribution rate from 15.75 percent to 17.4 percent effective July 1, 2019. Along with this increase, the Board revised its funding policy which sets forth funding goals, objectives, and metrics for possible changes to the contribution rate for prospective fiscal years.

\*Only six fiscal years are presented because 10-year data is not yet available.

**2015**

\$ 179,936

(179,936)

\$ 0

\$ 1,142,452

15.75%

# 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)\*

	2020	2019	2018	2017	2016
<b>Total pension liability</b>					
Service Cost	\$ 7,372	\$ 7,205	\$ 7,328	\$ 6,858	\$ 6,361
Interest	39,532	37,338	37,086	35,869	34,503
Differences between expected and actual experience		17,311	(5,780)	3,536	1,013
Changes in assumptions	2,286		(3,598)		19,176
Benefit payments	(34,671)	(32,315)	(31,001)	(29,913)	(28,909)
Refund of contributions	(16)	(103)	(144)	(52)	(163)
<b>Net change in total pension liability</b>	14,503	29,436	3,891	16,298	31,981
<b>Total pension liability - beginning</b>	527,428	497,992	494,101	477,803	445,822
<b>Total pension liability - ending</b>	\$ 541,931	\$ 527,428	\$ 497,992	\$ 494,101	\$ 477,803
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 19,375	\$ 15,128	\$ 14,809	\$ 14,755	\$ 13,695
Contributions - employee	2,340	2,271	2,147	2,128	1,938
Net investment income	25,280	27,719	44,499	1,704	10,812
Benefit payments	(34,671)	(32,315)	(31,001)	(29,913)	(28,909)
Refund of contributions	(16)	(103)	(144)	(52)	(163)
Administrative expense	(312)	(250)	(203)	(217)	(198)
<b>Net Change in plan fiduciary net position</b>	11,996	12,450	30,107	(11,595)	(2,825)
<b>Plan fiduciary net position - beginning</b>	354,169	341,719	311,612	323,207	326,032
<b>Plan fiduciary net position - ending</b>	366,165	354,169	341,719	311,612	323,207
<b>Net pension liability - ending</b>	\$ 175,766	\$ 173,259	\$ 156,273	\$ 182,489	\$ 154,596
Total pension liability	541,931	527,428	497,992	494,101	477,803
Total plan fiduciary net position	366,165	354,169	341,719	311,612	323,207
Net Pension liability	\$ 175,766	\$ 173,259	\$ 156,273	\$ 182,489	\$ 154,596
Plan fiduciary net position as a percentage of the total pension liability	67.57%	67.15%	68.62%	63.07%	67.64%
Covered payroll	\$ 31,811	\$ 29,555	\$ 28,845	\$ 27,380	\$ 25,505
Net pension liability as a percentage of covered payroll	552.53%	586.23%	541.77%	666.50%	606.14%

\* Only six fiscal years are presented because 10-year data is not yet available.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

The notes to the Schedule of Employer Contributions are an integral part of this schedule.

**2015**

\$ 6,461  
33,396  
2,652  
  
(28,220)  
(42)  
14,247  
431,575  
\$ 445,822

\$ 13,500  
1,963  
51,575  
(28,220)  
(42)  
(200)  
38,576  
287,456  
326,032  
\$ 119,790

445,822  
326,032  
\$ 119,790

73.13%  
\$ 25,554

468.77%

# Mississippi

## Required Supplementary Information

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

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

	2020	2019	2018	2017	2016
<b>Total pension liability</b>					
Service Cost	\$ 590	\$ 431	\$ 433	\$ 420	\$ 406
Interest	1,595	1,557	1,593	1,586	1,569
Differences between expected and actual experience		(58)	(204)	(468)	(333)
Changes in assumptions	31		(868)	(6)	588
Benefit payments	(1,442)	(1,410)	(1,397)	(1,454)	(1,220)
Refund of contribution		(18)	(17)	(32)	(37)
<b>Net change in total pension liability</b>	774	502	(460)	46	973
<b>Total pension liability - beginning</b>	21,301	20,799	21,259	21,213	20,240
<b>Total pension liability - ending</b>	\$ 22,075	\$ 21,301	\$ 20,799	\$ 21,259	\$ 21,213
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 525	\$ 513	\$ 522	\$ 514	\$ 511
Contributions - employee	214	207	212	208	207
Net investment income	1,287	1,412	2,264	86	552
Benefit payments	(1,442)	(1,410)	(1,397)	(1,454)	(1,220)
Refund of contributions		(18)	(17)	(32)	(37)
Administrative expense	(11)	(10)	(10)	(10)	(10)
<b>Net Change in plan fiduciary net position</b>	573	694	1,574	(688)	3
<b>Plan fiduciary net position - beginning</b>	18,036	17,342	15,768	16,456	16,453
<b>Plan fiduciary net position - ending</b>	18,609	18,036	17,342	15,768	16,456
<b>Net pension liability - ending</b>	\$ 3,466	\$ 3,265	\$ 3,457	\$ 5,491	\$ 4,757
Total pension liability	22,075	21,301	20,799	21,259	21,213
Total plan fiduciary net position	18,609	18,036	17,342	15,768	16,456
Net Pension liability total	\$ 3,466	\$ 3,265	\$ 3,457	\$ 5,491	\$ 4,757
Plan fiduciary net position as a percentage of the total pension liability	84.30%	84.67%	83.38%	74.17%	77.58%
Covered payroll	\$ 6,937	\$ 6,833	\$ 6,926	\$ 6,862	\$ 6,861
Net pension liability as a percentage of covered payroll	49.96%	47.78%	49.90%	80.02%	69.33%

\* Only six fiscal years are presented because 10-year data is not yet available.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

The Schedule of Employer Contributions are an integral part of this schedule.

**2015**

\$ 404  
1,549  
(453)  
  
(1,216)  
(22)  
262  
19,978  
\$ 20,240

\$ 514  
208  
2,605  
(1,216)  
(22)  
(10)  
2,079  
14,374  
16,453  
\$ 3,787

20,240  
16,453  
\$ 3,787

81.29%  
\$ 6,918  
  
54.74%

# Mississippi

## Required Supplementary Information

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

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

	2020	2019	2018	2017	2016
State's proportion of the net pension liability	16.90%	17.20%	17.62%	17.86%	18.19%
State's proportionate share of the net pension liability	\$ 2,972,649	\$ 2,860,867	\$ 2,928,709	\$ 3,190,148	\$ 2,811,832
State's covered payroll	\$ 1,099,440	\$ 1,097,260	\$ 1,129,216	\$ 1,141,515	\$ 1,135,172
State's proportionate share of the net pension liability as a percentage of its covered payroll	270.38%	260.73%	259.4%	279.5%	247.7%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.7%

\* Only six fiscal years are presented because 10-year data is not yet available.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

The notes to the Schedule of Employer Contributions are an integral part of this schedule.

**2015**

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18.67%

\$ 2,265,840

\$ 1,139,512

198.84%

67.21%

# Mississippi

## Required Supplementary Information

### Schedule of the Proportionate Share of the Net OPEB Liability State Life and Health Insurance OPEB Plan Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
State's proportion of the net OPEB liability	22.89%	23.51%	24.07%
State's proportionate share of the net OPEB liability	\$ 194,255	\$ 181,836	\$ 188,888
State's covered employee payroll**	\$ 721,196	\$ 1,001,976	\$ 1,053,049
State's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	26.94%	18.15%	17.94%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

*\*Only three fiscal years are presented because 10-year data is not yet available.*

*\*\*OPEB contributions are not based on a measure of pay.*

*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.*

The notes to the Schedule of Employer Contributions are an integral part of this statement.

# Mississippi

## Required Supplementary Information

### Schedule of Employer Contributions OPEB State Life and Health Insurance OPEB Plan Last 10 Fiscal Years (Amounts Expressed in Thousands)\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined employer contribution	\$ 7,079	\$ 7,813	\$ 8,097
Contributions in relation to actuarially determined contribution	<u>(7,079)</u>	<u>(7,813)</u>	<u>(8,097)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered employee payroll	\$ 1,069,584	\$ 721,196	\$ 1,001,976
Actual contributions as a percentage of covered employee payroll	0.66%	1.10%	0.81%

#### Notes to Schedule of Employer Contributions:

**Method and assumptions used in calculations of actuarially determined contributions.** The actuarially determined contribution rates used to determine the actuarially determined contribution amounts in the Schedule of Employer Contribution are calculated as of June 30, 2019. The following actuarial methods and assumptions were used to determine the most recent contribution rates reported in that schedule.

Actuarial cost method	Entry Age
Amortization method	Level dollar
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Price Inflation	2.75%
Salary increases, including wage inflations	3.00% to 18.25%
Initial health care cost trend rates	
Medicare supplement claims - Pre Medicare	7%
Ultimate health care cost trend rates	
Medicare supplement claims - Pre Medicare	4.75%
Year of ultimate trend rates	
Medicare supplement claims - Pre Medicare	20.
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.5%

\*Only three fiscal years are presented because 10-year data is not yet available.

# *Mississippi*

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## Supplemental Information

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## Nonmajor Enterprise Funds

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

### Nonmajor Enterprise Funds Descriptions

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

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

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

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

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

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

**Department of Corrections** - The **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, 2020 (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	\$ 703	\$ 84,386	\$ 637	\$
Cash and cash equivalents	83	93		3,182
Receivables, net	93	437		585
Due from other funds	4	16		
Inventories			32	
Prepaid items		13		28
Loans and notes receivable		5,991		174
Total Current Assets	883	90,936	669	3,969
Noncurrent assets:				
Loans and notes receivable		161,134		4,703
Capital assets:				
Land and construction in progress	840	226	100	7,490
Other capital assets, net	11,346	969	162	14,053
Total Noncurrent Assets	12,186	162,329	262	26,246
Total Assets	13,069	253,265	931	30,215
<b>Deferred Outflow of Resources</b>				
Pension	175	290	238	185
Other postemployment benefits	28	17	8	9
Total Deferred outflow resources	203	307	246	194
<b>Liabilities</b>				
Current liabilities:				
Warrants payable	40	836	10	
Accounts payable and other liabilities	117	50	6	269
Due to other governments	3			
Due to other funds	13			
Deposits		1,407		
Unearned revenues		123		
Notes payable				481
Net other postemployment benefits liability	5	5	3	3
Total Current Liabilities	178	2,421	19	753
Noncurrent liabilities:				
Notes payable				4,771
Net pension liability	1,759	2,289	1,056	1,468
Net other postemployment benefits liability	139	121	65	66
Other liabilities	60	102	32	60
Total Noncurrent Liabilities	1,958	2,512	1,153	6,365
Total Liabilities	2,136	4,933	1,172	7,118
<b>Deferred Inflow of Resources</b>				
Pension	21	114	40	18
Other postemployment benefits	15	11	9	7
Total deferred inflow resources	36	125	49	25
<b>Net Position</b>				
Net investment in capital assets	12,186	1,195	262	16,290
Unrestricted (deficit)	(1,086)	247,319	(306)	6,976
Total Net Position	\$ 11,100	\$ 248,514	\$ (44)	\$ 23,266

<u>Department of Rehabilitation Services</u>	<u>Department of Agriculture and Commerce</u>	<u>Department of Corrections</u>	
AbilityWorks	Agriculture and Forestry Museum	Prison Agricultural Enterprises	Totals
\$	\$	\$ \$	\$
	34	785	86,545
18,268	84		21,710
2,876			3,991
9,378			9,398
231	8	15	286
754			795
			6,165
31,507	126	800	128,890
			165,837
	1,690		10,346
	1,336	2,170	30,036
	3,026	2,170	206,219
31,507	3,152	2,970	335,109
905		35	1,828
129		4	195
1,034		39	2,023
	12	146	1,044
2,581	5	28	3,056
			3
			13
			1,407
			123
			481
43		1	60
2,624	17	175	6,187
			4,771
10,555		528	17,655
1,043		29	1,463
	37	54	345
11,598	37	611	24,234
14,222	54	786	30,421
382		134	709
125		25	192
507		159	901
	3,026	2,170	35,129
17,812	72	(106)	270,681
\$ 17,812	\$ 3,098	\$ \$ 2,064	\$ 305,810

# Mississippi

## Nonmajor Enterprise Funds

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

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Operating Revenues</b>				
Charges for sales and services	\$	\$	\$ 498	\$ 1,270
Investment income		5,656		
Rentals	4,632			964
Fees		152		
Other	523	4		446
Total Operating Revenues	5,155	5,812	498	2,680
<b>Operating Expenses</b>				
Cost of sales and services	65			
General and administrative	1,273	1,376	514	935
Contractual services	3,495	282	142	462
Commodities	382	38	25	92
Depreciation	423	36	24	800
Other		143		
Total Operating Expenses	5,638	1,875	705	2,289
Operating Income (Loss)	(483)	3,937	(207)	391
<b>Nonoperating Revenues</b>				
Investment income		1,737	9	180
Total Nonoperating Revenues		1,737	9	180
<b>Nonoperating Expenses</b>				
Loss on disposal of capital assets	3		15	
Interest				295
Total Nonoperating Expenses	3		15	295
Income (Loss) before Capital Contributions and Transfers	(486)	5,674	(213)	276
Transfers In				
Change in Net Position	(486)	5,674	(213)	276
Total Net Position - Beginning	11,586	242,840	169	22,990
Total Net Position - Ending	\$ 11,100	\$ 248,514	\$ (44)	\$ 23,266

<u>Department of Rehabilitation Services</u>		<u>Department of Agriculture and Commerce</u>		<u>Department of Corrections</u>	
<u>AbilityWorks</u>		<u>Agriculture and Forestry Museum</u>		<u>Prison Agricultural Enterprises</u>	
				<u>Totals</u>	
\$	7,030	\$	202	\$	1,712
					\$ 10,712
			197		5,656
			12		5,793
	843		67		164
	7,873		478		1,883
					24,208
	7,363		61		7,489
	5,244		672	289	10,303
	1,365		575	239	6,560
	147		147	980	1,811
			76	143	1,502
			24		167
	14,119		1,555	1,651	27,832
	(6,246)		(1,077)	61	(3,624)
	27				1,953
	27				1,953
				4	22
					295
				4	317
	(6,219)		(1,077)	57	(1,988)
	6,502		820		7,322
	283		(257)	57	5,334
	17,529		3,355	2,007	300,476
\$	17,812	\$	3,098	\$	2,064
				\$	305,810

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Department of Finance and Administration			
	Fair Commission	Veterans' Home Purchase Board	Office of Surplus Property	Yellow Creek Inland Port Authority
<b>Cash Flows from Operating Activities</b>				
Cash receipts from customers	\$ 4,626	\$ 74	\$ 512	\$ 1,713
Cash payments to suppliers for goods and services	(3,987)	(492)	(211)	(587)
Cash payments to employees for services	(1,240)	(1,242)	(499)	(805)
Other operating cash receipts	523	5		446
Principal and interest received on program loans		23,985		
Issuance of program loans		(21,233)		
Net Cash Provided by (Used for) Operating Activities	(78)	1,097	(198)	767
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in				
Net Cash Provided by Noncapital Financing Activities				
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(38)	(6)	(25)	(1,174)
Proceeds from sale of capital assets	1			169
Principal paid on bonds and capital asset contracts				(463)
Interest paid on bonds and capital asset contracts				(277)
Net Cash Used for Capital and Related Financing Activities	(37)	(6)	(25)	(1,745)
<b>Cash Flows from Investing Activities</b>				
Investment income		1,765	9	180
Net Cash Provided by Investing Activities		1,765	9	180
Net Change in Cash and Cash Equivalents	(115)	2,856	(214)	(798)
Cash and Cash Equivalents - Beginning	901	81,623	851	3,980
Cash and Cash Equivalents - Ending	\$ 786	\$ 84,479	\$ 637	\$ 3,182

<u>Department of Rehabilitation Services</u>		<u>Department of Agriculture and Commerce</u>		<u>Department of Corrections</u>		
AbilityWorks		Agriculture and Forestry Museum		Prison Agricultural Enterprises		Totals
\$	9,708	\$	414	\$	1,714	\$ 18,761
	(9,225)		(837)		(1,666)	(17,005)
	(4,989)		(662)		(266)	(9,703)
	843		67			1,884
						23,985
						(21,233)
	(3,663)		(1,018)		(218)	(3,311)
	6,502		820			7,322
	6,502		820			7,322
			(11)		(280)	(1,534)
						170
						(463)
						(277)
			(11)		(280)	(2,104)
	27					1,981
	27					1,981
	2,866		(209)		(498)	3,888
	15,402		327		1,283	104,367
\$	18,268	\$	118	\$	785	\$ 108,255

(Continued on Next Page)

# Mississippi

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows

For the Year Ended June 30, 2020 (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 Provided by (Used for) Operating Activities</b>				
Operating income (loss)	\$ (483)	\$ 3,937	\$ (207)	\$ 391
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	423	36	24	800
Change in assets and liabilities:				
(Increase) decrease in assets:				
Receivables, net	10	50	13	(520)
Due from other funds	(3)			
Inventories			(19)	
Prepaid items		(2)		(1)
Loans and notes receivable		(3,307)		
Increase (decrease) in liabilities:				
Warrants payable	18	355	(10)	
Accounts payable and other liabilities	(74)	(1)	(9)	(6)
Due to other governments	(15)			
Due to other funds	13	(1)	(11)	
Unearned revenues	(14)	(78)		
Pension cost	44	106	20	102
Other postemployment benefit cost	3	3	1	1
Other liabilities		(1)		
Total adjustments	405	(2,840)	9	376
Net Cash Provided by (Used for) Operating Activities	\$ (78)	\$ 1,097	\$ (198)	\$ 767
<b>Noncash Capital and Related Financing Activities</b>				
Loss on disposal of capital assets	(3)		(15)	

<u>Department of Rehabilitation Services</u>	<u>Department of Agriculture and Commerce</u>	<u>Department of Corrections</u>	
AbilityWorks	Agriculture and Forestry Museum	Prison Agricultural Enterprises	Totals
\$ (6,246)	\$ (1,077)	\$ 61	\$ (3,624)
	76	143	1,502
448	3		4
2,230			2,227
(25)	3	6	(35)
(211)			(214)
			(3,307)
	(7)	143	499
(113)	(16)	9	(210)
			(15)
		(584)	(583)
			(92)
241		7	520
13		(3)	18
			(1)
2,583	59	(279)	313
\$ (3,663)	\$ (1,018)	\$ (218)	\$ (3,311)

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

### Fiduciary Funds Descriptions

#### Pension Trust Funds

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

#### Other Employee Benefits Trust Fund

**State Life and Health Insurance Plan** – The State Life and Health Insurance Plan Fund provides post employment healthcare benefits to employees of the State and its political subdivisions. Benefits are funded by premiums from employers, employees and retirees; and by investment income.

#### Agency Funds

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

# Mississippi

## Pension and Other Employee Benefits Trust Funds

### Combining Statement of Fiduciary Net Position

June 30, 2020 (Expressed in Thousands)

	Pension Trust Funds		
	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Assets</b>			
Equity in internal investment pool	\$ 231	\$	\$
Cash and cash equivalents	649,828	8,525	3,195
Investments, at fair value:			
Short-term investments	346,665	4,550	1,706
Long-term debt securities	5,167,477	67,821	25,429
Equity securities	16,962,217	222,622	83,470
Private equity	2,349,321	30,834	11,561
Real estate investments	2,617,850	34,357	12,882
Securities lending:			
Short-term investments	958,775	12,584	4,719
Long-term debt securities	1,905,684	25,011	9,378
Receivables:			
Employer contributions	67,746	267	379
Employee contributions	34,695	40	
Investment proceeds	596,864	7,833	2,937
Interest and dividends	91,017	1,195	448
Other	683		12
Capital assets:			
Land and construction in progress	1,717		
Other capital assets, net	12,064		
Total Assets	31,762,834	415,639	156,116
<b>Deferred Outflows of Resources</b>			
Other postemployment benefits	148		
Total Deferred Outflows of Resources	148		
<b>Liabilities</b>			
Investment purchases payable	1,059,181	13,901	5,212
Warrants payable	102		
Accounts payable and accruals	8,860	18	18
Net other postemployment benefit liability	1,130		
Obligations under securities lending	2,866,228	37,618	14,105
Due to State of Mississippi	10		
Total Liabilities	3,935,511	51,537	19,335
<b>Deferred Inflows of Resources</b>			
Other postemployment benefits	77		
Total Deferred Inflows of Resources	77		
<b>Net Position</b>			
Net position restricted for pensions and other employee benefits	\$ 27,827,394	\$ 364,102	\$ 136,781

		<b>Other Employee Benefits Trust Fund</b>	
<b>Supplemental Legislative Retirement System</b>	<b>Totals</b>	<b>State Life and Health Insurance Plan</b>	<b>Totals</b>
\$	\$	\$	\$
	231	1,037	1,268
422	661,970		661,970
225	353,146		353,146
3,356	5,264,083		5,264,083
11,016	17,279,325		17,279,325
1,526	2,393,242		2,393,242
1,700	2,666,789		2,666,789
621	976,699		976,699
1,238	1,941,311		1,941,311
	68,392		68,392
	34,735		34,735
388	608,022		608,022
59	92,719		92,719
	695		695
	1,717		1,717
	12,064		12,064
20,551	32,355,140	1,037	32,356,177
	148		148
	148		148
688	1,078,982		1,078,982
	102		102
7	8,903		8,903
	1,130		1,130
1,861	2,919,812		2,919,812
	10		10
2,556	4,008,939		4,008,939
	77		77
	77		77
\$	\$	\$	\$
17,995	28,346,272	1,037	28,347,309

# Mississippi

## Pension and Other Employee Benefits Trust Funds

### Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020 (Expressed in Thousands)

	Pension Trust Funds		
	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
<b>Additions</b>			
Contributions:			
Employer	\$ 1,171,805	\$ 20,144	\$ 16,614
Employee	594,711	2,428	8
Total Contributions	1,766,516	22,572	16,622
Net Investment Income:			
Net change in fair value of investments	388,217	5,095	1,910
Interest and dividends	551,278	7,184	2,694
Securities lending:			
Income from securities lending	58,633	770	288
Interest expense and trading costs from securities lending	(43,478)	(571)	(214)
Managers' fees and trading costs	(97,715)	(1,282)	(481)
Net Investment Income	856,935	11,196	4,197
Other Additions	22		
Total Additions	2,623,473	33,768	20,819
<b>Deductions</b>			
Benefits	2,878,073	35,455	32,170
Refunds to terminated employees	104,851	48	
Administrative expenses	15,270	328	331
Depreciation	4,487		
Total Deductions	3,002,681	35,831	32,501
Change in Net Position	(379,208)	(2,063)	(11,682)
Net Position - Beginning	28,206,602	366,165	148,463
Net Position - Ending	\$ 27,827,394	\$ 364,102	\$ 136,781

**Other Employee  
Benefits  
Trust Fund**

<b>Supplemental Legislative Retirement System</b>		<b>Totals</b>		<b>State Life and Health Insurance Plan</b>		<b>Totals</b>	
\$	512	\$	1,209,075	\$	31,035	\$	1,240,110
	207		597,354				597,354
	719		1,806,429		31,035		1,837,464
	252		395,474				395,474
	355		561,511	19			561,530
	38		59,729				59,729
	(28)		(44,291)				(44,291)
	(63)		(99,541)				(99,541)
	554		872,882	19			872,901
			22				22
	1,273		2,679,333	31,054			2,710,387
	1,857		2,947,555	31,035			2,978,590
	20		104,919				104,919
	10		15,939				15,939
			4,487				4,487
	1,887		3,072,900	31,035			3,103,935
	(614)		(393,567)	19			(393,548)
	18,609		28,739,839	1,018			28,740,857
\$	17,995	\$	28,346,272	\$	1,037	\$	28,347,309

# Mississippi

## Agency Funds

### Combining Statement of Fiduciary Net Position

June 30, 2020 (Expressed in Thousands)

	Local Government			
	Distributive	Program	Institutional	Totals
<b>Assets</b>				
Equity in internal investment pool	\$ 914	\$ 9,902	\$	\$ 10,816
Cash and cash equivalents		12,162	8,944	21,106
Receivables, net:				
Accounts	263	1	20	284
Commodity inventory		3,011		3,011
Total Assets	\$ 1,177	\$ 25,076	\$ 8,964	\$ 35,217
<b>Liabilities</b>				
Warrants payable	\$ 1	\$ 1	\$	\$ 2
Accounts payable and accruals	128	580	681	1,389
Due to other governments	1,040			1,040
Amounts held in custody for others	8	24,495	8,283	32,786
Total Liabilities	\$ 1,177	\$ 25,076	\$ 8,964	\$ 35,217

# Mississippi

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2020 (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	\$ 765	\$	\$ 161	\$	\$ 926
Additions	41,073		110		41,183
Deductions	40,924		8		40,932
Balance - Ending	914		263		1,177
<b>Program:</b>					
Balance - Beginning	9,470	19,042	1	2,993	31,506
Additions	8,657	175,826	1	21,830	206,314
Deductions	8,225	182,706	1	21,812	212,744
Balance - Ending	9,902	12,162	1	3,011	25,076
<b>Institutional:</b>					
Balance - Beginning		7,004	20		7,024
Additions		14,572	34		14,606
Deductions		12,632	34		12,666
Balance - Ending		8,944	20		8,964
<b>Total - All Agency Funds:</b>					
Balance - Beginning	10,235	26,046	182	2,993	39,456
Additions	49,730	190,398	145	21,830	262,103
Deductions	49,149	195,338	43	21,812	266,342
Balance - Ending	\$ 10,816	\$ 21,106	\$ 284	\$ 3,011	\$ 35,217
	<b>Liabilities</b>				
	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	\$ 65	\$ 121	\$ 732	\$ 8	\$ 926
Additions	5,628	128	32,209		37,965
Deductions	5,692	121	31,901		37,714
Balance - Ending	1	128	1,040	8	1,177
<b>Program:</b>					
Balance - Beginning		269		31,237	31,506
Additions	4	4,810		195,568	200,382
Deductions	3	4,499		202,310	206,812
Balance - Ending	1	580		24,495	25,076
<b>Institutional:</b>					
Balance - Beginning		803		6,221	7,024
Additions		732		14,119	14,851
Deductions		854		12,057	12,911
Balance - Ending		681		8,283	8,964
<b>Total - All Agency Funds:</b>					
Balance - Beginning	65	1,193	732	37,466	39,456
Additions	5,632	5,670	32,209	209,687	253,198
Deductions	5,695	5,474	31,901	214,367	257,437
Balance - Ending	\$ 2	\$ 1,389	\$ 1,040	\$ 32,786	\$ 35,217

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# Mississippi

## Nonmajor Component Units

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

### Nonmajor Component Units Descriptions

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

**Mississippi 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 Lottery Corporation** – The corporation accounts for the operation of the State's lottery. Revenue is generated from the sale of lottery tickets.

**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 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, 2020 (Expressed in Thousands)

	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Lottery Corporation
<b>Assets</b>			
Current assets:			
Equity in internal investment pool	\$ 2,173	\$	\$
Cash and cash equivalents	596	1,309	30,105
Investments	15,121	3,672	
Receivables, net	64	14	10,992
Due from other governments			
Due from primary government			
Inventories			
Prepaid items			86
Other assets			91
Total Current Assets	17,954	4,995	41,274
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		131	
Capital assets:			
Land and construction in progress			
Other capital assets, net		7	1,807
Total Noncurrent Assets		138	1,807
Total Assets	17,954	5,133	43,081
Deferred Outflows of Resources			
Pension	101		
Other postemployment benefits	4		
Total Deferred Outflows of Resources	105		
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	77	117	30,089
Due to primary government			10,697
Unearned revenues			488
Lease obligations payable			
Net other postemployment benefits liability	1		
Total Current Liabilities	78	117	41,274
Noncurrent liabilities:			
Lease obligations payable			
Net pension liability	1,407		
Net other postemployment benefits liability	29		
Other liabilities	5		
Total Noncurrent Liabilities	1,441		
Total Liabilities	1,519	117	41,274
Deferred Inflows of Resources			
Pension	17		
Other postemployment benefits	2		
Total Deferred Inflows of Resources	19		
<b>Net Position</b>			
Net investment in capital assets		7	1,807
Restricted for:			
Debt service		131	
Unrestricted (deficit)	16,521	4,878	
Total Net Position	\$ 16,521	\$ 5,016	\$ 1,807

Mississippi Prison Industries Corporation	Pat Harrison Waterway District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
\$	\$	\$	\$	\$
1,499	3,804	13,303	3,058	2,173
	6,076	1,138	7,000	53,674
855	34	1,555	48	33,007
	276		54	13,562
		44		330
1,054				44
112	71			1,054
15				269
3,535	10,261	16,040	10,160	104,219
				131
312	1,834	11,939	930	15,015
3,146	3,457	36,831	1,110	46,358
3,458	5,291	48,770	2,040	61,504
6,993	15,552	64,810	12,200	165,723
315	235	758	295	1,704
38	26	81	19	168
353	261	839	314	1,872
553	2,394	2,316	194	35,740
		335		11,032
9	7	425		929
103				103
6	8	26	4	45
671	2,409	3,102	198	47,849
17				17
3,009	3,518	8,796	1,936	18,666
178	223	626	98	1,154
165	93	391	76	730
3,369	3,834	9,813	2,110	20,567
4,040	6,243	12,915	2,308	68,416
1,213	67	106	23	1,426
63	55	72	15	207
1,276	122	178	38	1,633
3,458	5,291	48,100	2,040	60,703
				131
(1,428)	4,157	4,456	8,128	36,712
\$ 2,030	\$ 9,448	\$ 52,556	\$ 10,168	\$ 97,546

# Mississippi

## Nonmajor Component Units

### Combining Statement of Activities

For the Year Ended June 30, 2020 (Expressed in Thousands)

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Mississippi Business Finance Corporation	\$ 978	\$ 632	\$	\$	\$ (346)
Mississippi Development Bank	327	281			(46)
Mississippi Lottery Corporation	309,916	312,259			2,343
Mississippi Prison Industries Corporation	7,346	8,632			1,286
Pat Harrison Waterway District	4,833	2,472		108	(2,253)
Pearl River Valley Water Supply District	14,675	14,208		783	316
Tombigbee River Valley Water	1,926	1,666			(260)
Total	\$ 340,001	\$ 340,150	\$	\$ 891	\$ 1,040

**General Revenues**

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<b>Investment Income</b>	<b>Other</b>	<b>Change in Net Position</b>	<b>Net Position - Beginning, Restated</b>	<b>Net Position - Ending</b>
\$ 706	\$	\$ 360	\$ 16,161	\$ 16,521
154		108	4,908	5,016
110	10	2,463	(656)	1,807
	7	1,293	737	2,030
140	1,951	(162)	9,610	9,448
96	892	1,304	51,252	52,556
228	31	(1)	10,169	10,168
<b>\$ 1,434</b>	<b>\$ 2,891</b>	<b>\$ 5,365</b>	<b>\$ 92,181</b>	<b>\$ 97,546</b>

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# Mississippi

## Statistical Section

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

### Financial Trends

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

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# Mississippi

## Net Position by Component

Last Ten Fiscal Years

Table 1

Accrual Basis of Accounting (Expressed in Thousands)

	2020	2019	2018	2017
<b>Governmental activities</b>				
Net investment in capital assets	\$ 15,501,828	\$ 15,298,901	\$ 14,991,832	\$ 14,666,438
Restricted	3,900,595	3,623,137	3,189,862	3,374,220
Unrestricted	(5,831,564)	(6,036,354)	(5,845,872)	(6,058,425)
Total governmental activities net position	<u>\$ 13,570,859</u>	<u>\$ 12,885,684</u>	<u>\$ 12,335,822</u>	<u>\$ 11,982,233</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 674,655	\$ 689,971	\$ 690,841	\$ 605,123
Restricted	498,590	739,741	711,365	686,601
Unrestricted	421,404	395,258	407,471	416,087
Total business-type activities net position	<u>\$ 1,594,649</u>	<u>\$ 1,824,970</u>	<u>\$ 1,809,677</u>	<u>\$ 1,707,811</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 16,176,483	\$ 15,988,872	\$ 15,682,673	\$ 15,271,561
Restricted	4,399,185	4,362,878	3,901,227	4,060,821
Unrestricted	(5,410,160)	(5,641,096)	(5,438,401)	(5,642,338)
Total primary government net position	<u>\$ 15,165,508</u>	<u>\$ 14,710,654</u>	<u>\$ 14,145,499</u>	<u>\$ 13,690,044</u>

Note: This table has been restated for prior period adjustments, if practical. Complete information necessary to fully restate fiscal years 2014 and 2017 for the implementation of GASB Statement 68 and GASB Statement 75, respectively, was not available.

	2016	2015	2014	2013	2012	2011
\$	14,372,421	\$ 13,900,211	\$ 13,430,397	\$ 13,107,678	\$ 12,667,849	\$ 11,845,579
	3,763,095	3,869,799	3,633,805	3,602,589	3,615,270	3,480,202
	(5,532,216)	(6,005,860)	(3,035,755)	(3,188,135)	(3,132,568)	(2,680,509)
\$	12,603,300	\$ 11,764,150	\$ 14,028,447	\$ 13,522,132	\$ 13,150,551	\$ 12,645,272
\$	548,732	\$ 393,507	\$ 297,830	\$ 265,837	\$ 209,497	\$ 216,682
	668,662	646,868	602,831	578,710	540,875	433,703
	131,592	181,529	212,462	253,732	228,423	250,052
\$	1,348,986	\$ 1,221,904	\$ 1,113,123	\$ 1,098,279	\$ 978,795	\$ 900,437
\$	14,921,153	\$ 14,293,718	\$ 13,728,227	\$ 13,373,515	\$ 12,877,346	\$ 12,062,261
	4,431,757	4,516,667	4,236,636	4,181,299	4,156,145	3,913,905
	(5,400,624)	(5,824,331)	(2,823,293)	(2,934,403)	(2,904,145)	(2,430,457)
\$	13,952,286	\$ 12,986,054	\$ 15,141,570	\$ 14,620,411	\$ 14,129,346	\$ 13,545,709

# Mississippi

## Changes in Net Position

Last Ten Fiscal Years

Table 2

Accrual Basis of Accounting (Expressed in Thousands)

	2020	2019	2018	2017
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,467,094	\$ 2,412,774	\$ 2,229,648	\$ 2,298,846
Education	3,764,765	3,610,869	3,610,796	3,665,357
Health and social services <sup>1</sup>	8,287,561	7,799,755	7,866,652	7,924,907
Law, justice and public safety	980,190	823,290	860,122	939,956
Recreation and resources development	378,211	525,045	480,745	502,675
Regulation of business and professions	46,280	46,308	45,223	44,841
Transportation	897,040	846,227	803,887	768,700
Interest on long-term debt	224,121	216,247	188,672	231,875
Total governmental activities expenses	17,045,262	16,280,515	16,085,745	16,377,157
Business-type activities:				
Unemployment compensation	2,147,728	60,625	73,895	83,972
Port Authority at Gulfport	37,026	36,702	33,447	43,633
Prepaid affordable college tuition	(2,222)	14,826	18,290	31,489
State life and health insurance plan	790,519	792,020	782,341	
Other business-type activities expenses <sup>2</sup>	28,149	27,892	26,737	801,486
Total business-type activities expenses	3,001,200	932,065	934,710	960,580
Total primary government expenses	\$ 20,046,462	\$ 17,212,580	\$ 17,020,455	\$ 17,337,737
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 410,915	\$ 827,965	\$ 799,509	\$ 812,665
Education	12,523	14,913	15,742	17,732
Health and social services	540,041	567,213	563,693	568,504
Law, justice and public safety	86,531	88,929	77,506	74,713
Recreation and resources development	506,725	77,983	97,124	84,778
Regulation of business and professions	31,884	37,060	28,715	33,686
Transportation	104,388	40,164	52,139	29,813
Operating grants and contributions	7,640,360	7,013,833	7,150,268	7,036,472
Capital grants and contributions	600,990	594,837	561,012	496,734
Total governmental activities program revenues	9,934,357	9,262,897	9,345,708	9,155,097
Business-type activities:				
Charges for services:				
Unemployment compensation <sup>3</sup>	64,409	72,172	82,871	86,649
Port Authority at Gulfport	29,440	29,106	27,456	22,892
Prepaid affordable college tuition	9,549	11,641	10,349	10,921
State life and health insurance plan	777,732	752,604	738,618	
Other business-type <sup>4</sup>	18,552	18,539	20,709	758,923
Operating grants and contributions <sup>5</sup>	1,831,014	989	985	1,481
Capital grants and contributions		8	106	18
Total business-type activities program revenues	2,730,696	885,059	881,094	880,884
Total primary government program revenues	\$ 12,665,053	\$ 10,147,956	\$ 10,226,802	\$ 10,035,981
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (7,110,905)	\$ (7,017,618)	\$ (6,740,037)	\$ (7,222,060)
Business-type activities	(270,504)	(47,006)	(53,616)	(79,696)
Total primary government net expense	\$ (7,381,409)	\$ (7,064,624)	\$ (6,793,653)	\$ (7,301,756)

	2016	2015	2014	2013	2012	2011
\$	2,814,758	\$ 2,951,973	\$ 2,069,107	\$ 2,028,155	\$ 1,959,116	\$ 1,881,692
	3,647,055	3,383,767	3,996,554	3,912,889	4,126,252	4,138,774
	7,851,381	7,679,895	7,394,045	7,372,085	7,074,781	6,873,932
	858,504	967,422	923,952	983,870	878,668	1,013,451
	460,031	556,790	637,850	587,367	722,713	1,008,883
	43,001	40,760	39,174	39,703	37,578	37,457
	725,192	675,713	647,532	596,160	555,955	600,224
	253,752	225,512	243,099	247,012	257,304	223,856
	16,653,674	16,481,832	15,951,313	15,767,241	15,612,367	15,778,269
	101,445	109,468	204,206	338,390	408,399	520,790
	27,120	26,202	25,688	28,589	51,950	30,276
	16,304	27,122	103,134	41,278	56,568	45,754
	34,905	37,902	37,379	35,421	47,009	40,702
	179,774	200,694	370,407	443,678	563,926	637,522
\$	16,833,448	\$ 16,682,526	\$ 16,321,720	\$ 16,210,919	\$ 16,176,293	\$ 16,415,791

\$	2,210,377	\$ 1,292,467	\$ 1,310,188	\$ 1,305,202	\$ 1,226,107	\$ 1,183,632
	19,932	15,082	23,989	24,539	37,491	36,151
	585,302	705,199	583,738	620,930	659,245	622,266
	131,126	125,231	126,054	118,797	102,689	101,992
	78,449	73,478	79,287	98,496	90,643	132,401
	45,203	44,456	43,764	44,138	42,229	43,005
	36,886	69,386	49,841	34,819	32,865	36,335
	7,064,684	7,059,002	6,796,079	6,934,753	7,038,237	7,896,876
	508,194	487,083	548,283	561,283	612,734	603,098
	10,680,153	9,871,384	9,561,223	9,742,957	9,842,240	10,655,756
	107,658	137,525	158,741	202,715	274,063	209,318
	17,244	15,045	15,603	15,050	15,140	27,807
	12,775	13,220	6,370	12,786	22,458	21,764
	25,461	27,046	28,563	28,016	27,738	39,319
	1,620	3,065	57,162	161,613	244,325	310,704
			33	904	246	16
	164,758	195,901	266,472	421,084	583,970	608,928
\$	10,844,911	\$ 10,067,285	\$ 9,827,695	\$ 10,164,041	\$ 10,426,210	\$ 11,264,684

\$	(5,973,521)	\$ (6,610,448)	\$ (6,390,090)	\$ (6,024,284)	\$ (5,770,127)	\$ (5,122,513)
	(15,016)	(4,793)	(103,935)	(22,594)	20,044	(28,594)
\$	(5,988,537)	\$ (6,615,241)	\$ (6,494,025)	\$ (6,046,878)	\$ (5,750,083)	\$ (5,151,107)

(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)

	2020	2019	2018	2017
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Sales and use	\$ 3,765,465	\$ 3,629,500	\$ 3,462,757	\$ 3,392,712
Gasoline and other motor fuel	416,820	430,764	415,738	429,929
Individual income	1,976,858	1,917,567	1,812,862	1,721,862
Corporate income and franchise	654,257	648,347	588,260	569,856
Insurance	359,957	360,047	340,743	328,109
Other	520,296	513,111	505,642	498,986
Investment income	108,246	113,085	39,300	34,939
Transfers	(5,819)	(17,901)	(95,075)	(79,494)
Total governmental activities	7,796,080	7,594,520	7,070,227	6,896,899
Business-type activities:				
Investment income	34,364	44,695	50,331	63,121
Extraordinary item - debt forgiveness			12,791	
Transfers	5,819	17,901	94,075	79,494
Total business-type activities	40,183	62,596	157,197	142,615
Total primary government	\$ 7,836,263	\$ 7,657,116	\$ 7,227,424	\$ 7,039,514
<b>Change in Net Position</b>				
Governmental activities	\$ 685,175	\$ 576,902	\$ 330,190	\$ (325,161)
Business-type activities	(230,321)	15,590	103,581	62,919
Total primary government	\$ 454,854	\$ 592,492	\$ 433,771	\$ (262,242)

Note: This table has been restated for prior period adjustments, if practical. Complete information necessary to fully restate fiscal years 2014 and 2017 for the implementation of GASB Statement 68 and GASB Statement 75, respectively, was not available.

<sup>1</sup> 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> Other business-type activities expenses increased from 2016-2017. This is a result of the State Life and Health Insurance Plan being reclassified from an internal service fund to an enterprise fund.

<sup>3</sup> Unemployment Compensation Charges for Services increased from 2010-2011. Employer assessments grew because the taxable wage base doubled.

<sup>4</sup> Other business-type activities charges for services increased from 2016-2017 as a result of the State Life and Health Insurance Plan being reclassified from an internal service fund to an enterprise fund.

<sup>5</sup> Operating grants and contributions decreased from 2014-2015 as federal funding for unemployment compensation programs came to an end.

	2016	2015	2014	2013	2012	2011
\$	3,361,075	\$ 3,300,516	\$ 3,263,643	\$ 3,118,658	\$ 3,031,689	\$ 2,935,523
	425,205	414,779	408,667	402,724	419,811	420,410
	1,734,040	1,744,620	1,703,736	1,666,840	1,572,334	1,374,843
	577,114	689,171	677,168	533,246	476,423	477,443
	314,756	273,710	267,971	216,173	209,937	192,146
	474,045	513,203	541,496	531,494	551,119	520,689
	56,300	53,689	82,307	9,208	50,607	91,185
	(129,864)	(103,182)	(48,583)	(82,478)	(36,514)	(22,871)
	6,812,671	6,886,506	6,896,405	6,395,865	6,275,406	5,989,368
	12,234	28,585	70,196	59,600	21,800	62,388
	129,864	103,182	48,583	82,478	36,514	22,871
	142,098	131,767	118,779	142,078	58,314	85,259
\$	6,954,769	\$ 7,018,273	\$ 7,015,184	\$ 6,537,943	\$ 6,333,720	\$ 6,074,627
\$	839,150	\$ 276,058	\$ 506,315	\$ 371,581	\$ 505,279	\$ 866,855
	127,082	126,974	14,844	119,484	78,358	56,665
\$	966,232	\$ 403,032	\$ 521,159	\$ 491,065	\$ 583,637	\$ 923,520

# Mississippi

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 3

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2020	2019	2018	2017	2016
<b>General Fund</b>					
Nonspendable	\$ 41,638	\$ 39,579	\$ 46,513	\$ 48,671	\$ 51,896
Restricted	3,786,131	3,515,329	3,079,797	3,262,166	3,647,183
Committed	271,812	112,429	129,083	56,179	41,724
Assigned	30,576	26,265	14,309	10,865	10,072
Unassigned	900,891	849,408	531,384	405,825	546,979
Total General Fund	<u>\$ 5,031,048</u>	<u>\$ 4,543,010</u>	<u>\$ 3,801,086</u>	<u>\$ 3,783,706</u>	<u>\$ 4,297,854</u>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ 61,582	\$ 60,080	\$ 58,485	\$ 57,994	\$ 57,305
Restricted	11,244	8,149	5,067	5,389	6,709
Committed					
Total All Other Governmental Funds	<u>\$ 72,826</u>	<u>\$ 68,229</u>	<u>\$ 63,552</u>	<u>\$ 63,383</u>	<u>\$ 64,014</u>

	2015	2014	2013	2012	2011
\$	52,877	\$ 52,061	\$ 50,480	\$ 52,236	\$ 52,571
	3,754,248	3,448,681	3,491,146	3,528,727	2,895,706
	88,919	139,936	112,788	192,939	198,340
	12,121	10,503	10,729	45,757	110,648
	232,990	571,580	520,612	452,744	287,764
<b>\$</b>	<b>4,141,155</b>	<b>\$ 4,222,761</b>	<b>\$ 4,185,755</b>	<b>\$ 4,272,403</b>	<b>\$ 3,545,029</b>
\$	57,201	\$ 56,450	\$ 55,711	\$ 54,918	\$ 54,476
	5,473	5,163	5,252	7,132	477,449
					187,041
<b>\$</b>	<b>62,674</b>	<b>\$ 61,613</b>	<b>\$ 60,963</b>	<b>\$ 62,050</b>	<b>\$ 718,966</b>

# Mississippi

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 4

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2020	2019	2018	2017
<b>Revenues</b>				
Taxes				
Sales and use	\$ 3,753,113	\$ 3,626,296	\$ 3,466,388	\$ 3,399,477
Gasoline and other motor fuel	417,306	430,910	414,770	430,162
Individual income	1,959,893	1,908,011	1,829,073	1,728,682
Corporate income and franchise	643,954	650,618	592,988	567,316
Insurance	359,957	360,047	340,743	328,109
Other	520,296	513,111	505,642	498,986
Licenses, fees and permits	504,012	551,619	529,731	546,216
Federal government	8,201,641	7,575,374	7,671,041	7,499,244
Investment income	108,246	113,085	41,696	28,487
Charges for sales and services	464,522	423,684	388,401	353,640
Rentals	1,751	2,427	1,405	1,658
Court assessments and settlements	246,024	239,531	202,735	204,378
Lottery proceeds	70,703			
Other	466,223	492,774	534,320	537,349
Total Revenues	17,717,641	16,887,487	16,518,933	16,123,704
<b>Expenditures</b>				
General government	2,466,328	2,356,261	2,186,733	2,269,629
Education	3,761,275	3,614,734	3,603,390	3,656,763
Health and social services <sup>1</sup>	8,246,255	7,757,625	7,782,448	7,823,462
Law, justice and public safety	908,341	835,203	823,278	866,469
Recreation and resources development	404,345	514,244	460,451	487,526
Regulation of business and professions	45,477	45,536	42,942	42,704
Transportation	1,147,155	1,126,873	1,104,440	1,157,251
Debt service				
Principal	336,004	354,249	323,203	399,019
Interest and other fiscal charges	246,655	231,184	235,639	243,751
Defeasance of debt				
Capital outlay				
Total Expenditures	17,561,835	16,835,909	16,562,524	16,946,574
Excess of revenues over (under) expenditures	\$ 155,806	\$ 51,578	\$ (43,591)	\$ (822,870)

	2016	2015	2014	2013	2012	2011
\$	3,375,755	\$ 3,324,776	\$ 3,264,343	\$ 3,122,591	\$ 3,037,136	\$ 2,916,298
	424,615	419,622	406,647	409,730	415,508	415,200
	1,733,198	1,747,961	1,676,064	1,680,470	1,551,576	1,409,473
	573,873	691,769	677,501	539,174	497,879	447,322
	314,756	273,710	267,971	216,173	209,937	192,146
	474,045	515,596	541,496	531,494	551,119	520,689
	569,717	564,702	522,824	533,880	533,573	519,033
	7,494,821	7,500,282	7,343,489	7,495,005	7,647,096	8,496,243
	68,870	57,002	69,134	10,897	47,037	88,553
	382,441	361,793	363,976	346,611	347,252	379,741
	25,504	15,789	32,662	27,698	27,641	29,044
	384,080	163,915	169,497	141,008	156,163	145,462
	616,830	653,608	562,028	607,047	535,500	511,610
	16,438,505	16,290,525	15,897,632	15,661,778	15,557,417	16,070,814
	2,228,370	2,475,434	1,493,951	1,495,665	1,414,395	1,301,010
	3,643,209	3,381,946	3,994,332	3,909,703	4,121,827	4,134,654
	7,806,591	7,685,805	7,404,608	7,373,548	7,064,468	6,863,679
	861,793	959,927	930,805	985,149	933,574	953,468
	458,957	555,793	639,569	590,813	715,739	1,002,286
	42,123	41,284	39,444	39,654	37,440	37,713
	1,062,860	1,047,355	1,143,230	1,109,584	1,204,625	1,168,090
	358,206	319,916	319,798	307,377	290,870	316,103
	244,996	224,400	244,164	246,962	240,940	226,906
					68,471	84,671
	16,707,105	16,691,860	16,209,901	16,058,455	16,092,349	16,088,580
\$	(268,600)	\$ (401,335)	\$ (312,269)	\$ (396,677)	\$ (534,932)	\$ (17,766)

(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)

	2020	2019	2018	2017
<b>Other Financing Sources (Uses)</b>				
Bonds and notes issued	\$ 422,540	\$ 727,919	\$ 151,651	\$ 334,135
Capital leases issued	3,087	2,840	1,819	1,637
Discounts on bonds and notes issued				
Insurance recovery	1,047	177	810	478
Payments on refunded bond anticipation notes				
Payments on refunded bonds and notes				
Payments to note escrow agent	(111,000)			
Payments to refunded bond, note and lease escrow agents	(48,448)	(39,000)	(263,616)	(650,120)
Premiums on bonds, notes, and refunding bonds and notes issued	26,387	48,028	16,487	136,029
Refunding bonds and notes issued	49,035		221,850	551,030
Transfers in	8,173	3,184	3,117	3,017
Transfers out	(13,992)	(21,085)	(98,192)	(82,511)
Net Other Financing Sources (Uses)	336,829	722,063	33,926	293,695
Net Change in Fund Balances	\$ 492,635	\$ 773,641	\$ (9,665)	\$ (529,175)
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.5%	3.7%	3.6%	4.0%

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

<sup>1</sup> 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.

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$	498,895	\$ 366,575	\$ 348,777	\$ 341,420	\$ 603,030	\$ 569,794
	3,420	2,322	16,107	487	9,524	8,009
		(353)				
	1,498	22,732	17,826	7,303	332	185
					(19,000)	(105,105)
						(183,105)
	(76,405)	(483,163)		(776,032)	(115,002)	
	56,328	86,758	15,838	120,265	40,400	13,114
	71,125	429,115		697,790	123,075	284,453
	4,082	3,513	4,508	4,461	196,971	138,686
	(132,304)	(106,709)	(53,131)	(86,752)	(233,940)	(161,936)
	426,639	320,790	349,925	308,942	605,390	564,095
\$	158,039	\$ (80,545)	\$ 37,656	\$ (87,735)	\$ 70,458	\$ 546,329
	3.8%	3.4%	3.5%	3.7%	3.6%	3.6%

# Mississippi

## Taxable Sales by Industry

Table 5

**Last Ten Fiscal Years**

(Expressed in Thousands)

	2019	2018	2017	2016
Accommodation and Food Services	\$ 5,693,692	\$ 5,456,740	\$ 5,248,968	\$ 5,069,440
Administrative, Support, Waste Management	439,645	438,035	411,341	391,177
Arts, Entertainment, Recreation	153,094	133,364	124,183	123,077
Construction	5,543,854	5,064,972	5,271,234	4,994,170
Information	2,616,450	2,602,386	2,666,288	2,696,693
Manufacturing	892,263	871,331	806,532	797,074
Mining, Quarrying and Oil and Gas Extraction	225,382	169,696	156,831	170,269
Other Services	1,622,592	1,562,639	1,511,868	1,489,721
Real Estate, Rental, and Leasing	1,224,385	1,134,767	1,089,123	946,120
Retail Trade	27,161,867	28,201,445	26,554,174	26,582,734
Utilities	1,187,300	1,196,302	1,126,915	1,147,208
Wholesale Trade	4,082,259	3,872,348	3,772,150	3,577,702
Other Industries	471,075	436,595	389,628	367,121
<b>Total taxable sales</b>	<b>\$ 51,313,858</b>	<b>\$ 51,140,620</b>	<b>\$ 49,129,235</b>	<b>\$ 48,352,506</b>
Gross tax collections	\$ 3,255,559	\$ 3,264,296	\$ 3,113,618	3,070,307
Average effective rate	6.34%	6.38%	6.34%	6.35%

	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%

**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 tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

The most current fiscal year available is fiscal year 2019.

**Source:** Mississippi Department of Revenue

	<b>2015</b>		<b>2014</b>
\$	4,802,372	\$	4,590,836
	361,743		335,163
	122,846		124,955
	5,461,065		5,716,050
	2,706,468		2,635,722
	783,109		896,040
	398,300		412,702
	1,389,561		1,335,779
	929,136		862,594
	25,604,974		25,048,766
	1,271,311		1,439,020
	3,624,257		3,658,202
	339,919		325,675
<b>\$</b>	<b>47,795,061</b>	<b>\$</b>	<b>47,381,504</b>
	3,014,604		2,945,016
	6.31%		6.22%

# Mississippi

## Sales Tax Revenue Payers by Industry

Fiscal Years 2019 and 2010

Table 6

	2019			
	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Accommodation and Food Services	10,111	11.3 %	\$ 398,517	12.2 %
Administrative, Support, Waste Management	2,011	2.2	30,670	0.9
Arts, Entertainment, Recreation	1,750	1.9	10,717	0.3
Construction	10,780	12.0	230,073	7.1
Information	1,145	1.3	183,151	5.6
Manufacturing	5,831	6.5	55,403	1.7
Mining, Quarrying and Oil and Gas Extraction	642	0.7	14,212	0.4
Other Services	7,030	7.8	112,141	3.4
Real Estate, Rental, and Leasing	2,356	2.6	78,827	2.4
Retail Trade	33,480	37.4	1,795,730	55.2
Utilities	756	0.8	78,620	2.6
Wholesale Trade	8,172	9.1	236,786	7.3
Other Industries	5,752	6.4	30,712	0.9
Total taxable sales	89,816	100.0 %	\$ 3,255,559	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 2019.

**Source:** Mississippi Department of Revenue

**2010**

	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability (expressed in thousands)</b>	<b>Percentage of Total</b>
Automotive	9,136	11.7 %	\$ 281,779	10.6 %
Contracting	9,936	12.7	234,453	8.9
Food and Beverage	13,368	17.1	539,866	20.4
Furniture	1,995	2.6	61,206	2.3
General Merchandise	5,020	6.4	524,972	19.8
Lumber and Building Materials	4,673	6.0	175,726	6.6
Machinery, Equipment, and Supplies	5,935	7.6	128,548	4.8
Miscellaneous Retail	20,176	25.8	230,622	8.7
Miscellaneous Services	6,104	7.8	177,538	6.7
Public Utilities	1,187	1.5	234,623	8.8
Recreation	569	0.7	10,142	0.4
Wholesale	37	0.1	52,962	2.0
Total taxable sales	<b>78,136</b>	<b>100.0 %</b>	<b>\$ 2,652,437</b>	<b>100.0 %</b>

# Mississippi

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Table 7

(Expressed in Thousands, except Per capita)

	2020	2019	2018	2017
<b>Governmental Activities</b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,446,881	\$ 4,389,027	\$ 4,263,174	\$ 4,409,839
Limited Obligation Bonds	490,602	507,839	215,158	221,727
Capital Lease Obligations	7,637	7,404	7,872	11,124
Notes Payable <sup>1</sup>	824,131	889,397	957,165	1,030,160
Total Governmental Activities	5,769,251	5,793,667	5,443,369	5,672,850
<b>Business-type Activities</b>				
General Obligation Bonds	181	309	6,496	6,673
Capital Lease Obligations			40	120
Total Business-type Activities	181	309	6,536	6,793
Total Primary Government	\$ 5,769,432	\$ 5,793,976	\$ 5,449,905	\$ 5,679,643
Amount of Debt Per capita <sup>2</sup>	\$ 1,939	\$ 1,940	\$ 1,826	\$ 1,900
Debt as a percentage of Personal Income <sup>3</sup>	4.9%	5.1%	5.0%	5.3%
<b>Net General Obligation Bonded Debt<sup>4</sup></b>				
General Obligation Bonds and Notes <sup>1</sup>	\$ 4,446,881	\$ 4,389,027	\$ 4,263,174	\$ 4,409,839
Less: Debt Service	235,600	258,252	280,295	252,787
Net General Obligation Bonded Debt	\$ 4,211,281	\$ 4,130,775	\$ 3,982,879	\$ 4,157,052
Amount of Net General Obligation Bonded Debt Per capita <sup>2</sup>	\$ 1,415	\$ 1,383	\$ 1,335	\$ 1,391
Net General Obligation Bonded Debt as a percentage of Taxable Sales <sup>5</sup>	8.2%	8.1%	8.1%	8.6%

**Notes:**

<sup>1</sup> Fiscal years 2009 - 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.

	2016	2015	2014	2013	2012	2011
\$	4,389,749	\$ 4,381,327	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834	\$ 3,862,590
	226,507					
	15,262	20,209	22,775	13,158	18,079	13,935
	1,055,789	1,113,994	1,078,967	1,140,010	989,336	1,021,016
	5,687,307	5,515,530	5,399,385	5,360,406	5,247,249	4,897,541
	9,696	12,670	15,503	18,210	20,792	23,426
	198	272	344	131	381	618
	9,894	12,942	15,847	18,341	21,173	24,044
\$	5,697,201	\$ 5,528,472	\$ 5,415,232	\$ 5,378,747	\$ 5,268,422	\$ 4,921,585
\$	1,904	\$ 1,847	\$ 1,811	\$ 1,805	\$ 1,768	\$ 1,652
	5.4%	5.4%	5.3%	5.4%	5.3%	5.2%
\$	4,389,749	\$ 4,381,327	\$ 4,297,643	\$ 4,207,238	\$ 4,239,834	\$ 3,862,590
	335,687	340,515	369,002	339,308	344,061	323,235
\$	4,054,062	\$ 4,040,812	\$ 3,928,641	\$ 3,867,930	\$ 3,895,773	\$ 3,539,355
\$	1,355	\$ 1,350	\$ 1,313	\$ 1,298	\$ 1,307	\$ 1,188
	8.5%	8.5%	8.4%	8.6%	8.6%	8.0%

# Mississippi

## Legal Debt Margin

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

**Table 8**

	2020	2019	2018	2017	2016
Legal debt limit	\$ 13,922,864	\$ 13,370,476	\$ 13,312,194	\$ 13,312,194	\$ 13,312,194
Less: Net debt applicable to limit	4,211,281	4,130,775	3,982,879	4,157,052	4,054,062
Legal debt margin	<u>\$ 9,711,583</u>	<u>\$ 9,239,701</u>	<u>\$ 9,329,315</u>	<u>\$ 9,155,142</u>	<u>\$ 9,258,132</u>
Net debt applicable to the limit as a percentage of legal debt limit	30.2%	30.9%	29.9%	31.2%	30.5%

	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	<u>\$ 9,271,382</u>	<u>\$ 8,895,280</u>	<u>\$ 8,637,174</u>	<u>\$ 8,603,365</u>	<u>\$ 8,960,644</u>
Net debt applicable to the limit as a percentage of legal debt limit	30.4%	30.6%	30.9%	30.9%	28.0%

**Legal Debt Margin Calculation for Fiscal Year 2020:**

Legal debt limit <sup>1</sup>	\$ 13,922,864
Amount of debt applicable to limit <sup>2</sup>	\$ 4,446,881
Less: amounts available for debt service	<u>235,600</u>
Less: Net debt applicable to limit	<u>4,211,281</u>
Legal debt margin	<u><u>\$ 9,711,583</u></u>

**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
2019	\$ 9,281,909
2018	8,913,650
2017	8,607,236
2016	8,706,340

<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.		
2019	2,976,149	5.4%	3.7%	\$ 117,165,000,000	\$ 39,368
2018	2,986,530	4.8	3.9	113,469,000,000	37,994
2017	2,984,100	5.1	4.4	108,460,000,000	36,346
2016	2,988,726	5.8	4.9	107,403,000,000	35,936
2015	2,993,000	6.4	5.3	106,075,000,000	35,444
2014	2,994,000	7.5	6.2	102,795,000,000	34,333
2013	2,991,000	8.6	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

**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	2019			2010		
	Rank	Average Number of Employees	Percentage of All Employees	Rank	Average Number of Employees	Percentage of All Employees
Government	1	241,900	20.0 %	1	249,000	21.3 %
Manufacturing	2	147,100	12.2	2	136,000	11.6
Retail Trade	3	135,900	11.3	3	132,400	11.3
Health Care and Social Assistance	4	135,000	11.2	4	118,700	10.1
Accommodation and Food Services	5	126,600	10.5	5	107,700	9.2
Professional and Business Services	6	108,000	8.9	6	92,100	7.9
Transportation and Warehousing	7	60,600	5.0	8	46,900	4.0
Construction	8	44,400	3.7	7	49,500	4.2
Other Services	9	40,600	3.4	9	38,400	3.3
Wholesale Trade	10	34,500	2.9	10	34,200	2.9
Total		1,074,600	89.1 %		1,004,900	85.8 %
Total Employed Labor Force		1,206,900	100.0 %		1,170,900	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

	2019/2020	2018/2019	2017/2018	2016/2017
Kindergarten	42,129	41,573	41,710	42,003
Grades 1-3	105,278	106,264	110,730	116,066
Grades 4-6	108,231	114,268	113,468	111,169
Grades 7-9	109,202	106,953	107,099	107,929
Grades 10-12	93,531	94,197	97,149	97,724
Special Education	7,542	7,413	7,477	7,555
Total Enrollment	465,913	470,668	477,633	482,446

Source: Mississippi Department of Education

## Community and Junior College Enrollment

Last Ten Academic Years

Table 12

	2019/2020	2018/2019	2017/2018	2016/2017
Coahoma Community College	1,666	1,899	1,940	1,943
Copiah-Lincoln Community College	2,607	2,944	2,986	3,006
East Central Community College	2,310	2,593	5,006	2,449
East Mississippi Community College	3,509	3,871	4,049	3,897
Hinds Community College	9,447	10,398	10,701	10,411
Holmes Community College	5,154	5,582	5,509	5,208
Itawamba Community College	4,506	5,580	5,525	6,350
Jones County Junior College	4,195	4,627	4,860	5,358
Meridian Community College	2,900	3,553	3,965	3,756
Mississippi Delta Community College	2,172	2,513	2,534	2,444
Mississippi Gulf Coast Community College	7,834	10,102	9,979	9,607
Northeast Mississippi Community College	3,199	4,023	3,911	3,966
Northwest Mississippi Community College	6,115	6,585	7,322	6,861
Pearl River Community College	4,340	4,890	4,325	4,107
Southwest Mississippi Community College	1,845	1,945	1,953	2,091
Total Enrollment	61,799	71,105	74,565	71,454

Source: Mississippi Community College Board

## University Enrollment

Last Ten Academic Years

Table 13

	2019/2020	2018/2019	2017/2018	2016/2017
Alcorn State University	3,523	3,658	3,716	3,420
Delta State University	3,761	3,716	3,789	3,588
Jackson State University	7,020	7,250	8,558	9,811
Mississippi State University	22,226	21,974	21,883	21,622
Mississippi University for Women	2,811	2,711	2,789	2,956
Mississippi Valley State University	2,147	2,285	2,385	2,455
University of Mississippi	22,273	23,090	23,780	24,250
University of Southern Mississippi	14,133	14,509	14,478	14,552
Total Enrollment	77,894	79,193	81,378	82,654

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

2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
42,427	44,950	46,297	47,198	44,890	42,371
121,392	120,791	119,432	116,562	114,814	115,503
108,320	108,968	110,211	111,609	114,498	115,057
109,425	112,337	113,675	113,490	111,616	111,826
97,213	95,767	95,399	96,485	97,292	98,536
7,694	7,412	7,572	7,503	7,509	7,233
486,471	490,225	492,586	492,847	490,619	490,526

2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
1,913	1,746	2,722	2,694	2,889	2,781
3,097	3,040	3,186	3,308	3,578	5,221
2,598	2,621	3,049	3,112	3,091	2,738
4,070	3,676	3,712	4,367	5,240	5,906
9,904	12,844	10,975	10,609	14,306	13,693
5,064	4,905	6,330	6,728	6,707	5,711
6,398	6,320	6,972	6,977	7,602	8,003
4,966	4,617	5,113	4,192	4,637	6,783
3,647	3,386	3,047	3,330	3,883	3,956
2,417	2,499	3,006	3,001	3,977	4,320
9,476	9,767	11,821	11,350	11,434	12,171
3,651	3,643	3,520	3,603	3,736	3,966
7,235	7,294	8,450	7,202	8,437	7,312
4,107	4,140	4,231	4,675	4,675	4,406
2,091	2,097	2,224	2,143	2,224	2,283
70,634	72,595	78,358	77,291	86,416	89,250

2015/2016	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
3,518	3,639	3,848	3,950	4,018	3,682
3,460	3,614	4,785	4,763	4,624	4,327
9,802	9,508	9,134	8,819	8,903	8,687
20,873	20,138	20,161	20,365	20,424	19,643
2,673	2,696	2,629	2,650	2,661	2,587
2,309	2,221	2,203	2,479	2,452	2,636
23,838	23,096	22,291	21,528	20,830	19,546
14,551	14,792	15,249	16,468	16,604	15,778
81,024	79,704	80,300	81,022	80,516	76,886

# Mississippi

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 14

	2020	2019	2018	2017
<b>General Government</b>				
Department of Finance and Administration				
Buildings	65	65	62	60
Vehicles	67	51	44	45
Department of Revenue				
Vehicles	52	45	44	50
<b>Education</b>				
Department of Education				
Vehicles	47	40	45	51
<b>Law, Justice and Public Safety</b>				
Department of Corrections				
Buildings	251	252	252	252
Vehicles	825	592	593	610
Department of Public Safety				
Buildings	46	46	46	46
Vehicles	1,264	1,189	1,063	1,203
<b>Recreation and Resource Development</b>				
Department of Wildlife, Fisheries and Parks				
State Parks	25	25	25	25
Acres of State Parks	23,723	23,723	21,344	21,344
Buildings	239	223	215	221
Vehicles	861	742	722	712
Forestry Commission				
Buildings	22	19	23	24
Vehicles	336	305	337	430
<b>Regulation of Business and Professions</b>				
Workers' Compensation Commission				
Buildings	1	1	1	1
<b>Transportation</b>				
Department of Transportation				
Miles of state highway	10,936	10,919	10,911	10,888
Vehicles	2,403	2,337	2,213	2,288
<b>Health and Social Services</b>				
Department of Mental Health				
Buildings	470	470	475	476
Vehicles	800	725	743	764

Sources:

MAGIC - Mississippi Accountability System for Government Information and Collaboration  
 Mississippi Department of Wildlife, Fisheries and Parks  
 Mississippi Department of Transportation

2016	2015	2014	2013	2012	2011
60	59	36	37	37	36
37	44	44	41	42	49
46	62	49	46	46	44
52	55	44	45	41	44
252	252	558	572	576	611
594	618	691	611	611	593
46	45	43	41	41	39
1,124	1,118	913	896	963	877
25	25	25	25	25	25
24,481	24,481	24,481	24,591	24,591	24,446
211	211	843	835	842	843
628	594	558	591	614	606
24	24	317	369	388	392
458	490	413	421	429	430
1	1	1	1	1	1
10,901	10,897	10,898	10,886	10,913	10,907
2,228	2,272	2,339	2,352	2,554	2,534
474	475	538	545	551	551
752	755	752	756	778	786

# Mississippi

## State Government Employees by Function

Last Ten Fiscal Years

Table 15

	2020	2019	2018	2017	2016	2015
<b>General Government</b>						
Department of Finance and Administration	456	430	436	414	432	413
Department of Revenue	637	655	698	737	753	764
Treasury	35	37	37	36	38	38
All Other	1,392	1,372	1,382	1,389	1,399	1,429
<b>Education</b>						
Department of Education	628	611	603	638	623	607
All Other	217	199	178	175	185	185
<b>Health and Social Services</b>						
Department of Human Services	3,066	3,081	3,056	3,208	3,441	3,411
Division of Medicaid	891	931	938	974	929	925
Department of Mental Health	5,964	6,230	6,019	6,635	7,268	7,460
Department of Rehabilitation Services	952	943	913	982	998	954
All Other	2,801	2,729	2,717	2,829	2,992	3,251
<b>Law, Justice and Public Safety</b>						
Department of Corrections	1,737	1,842	2,010	2,158	2,293	2,647
Department of Public Safety	1,209	1,192	1,191	1,200	1,234	1,282
All Other	2,200	2,182	2,171	2,161	2,142	2,087
<b>Recreation and Resource Development</b>						
Department of Environmental Quality	389	400	398	396	402	394
Department of Wildlife, Fisheries and Parks	467	497	530	519	511	522
Forestry Commission	269	263	263	266	390	401
Mississippi Development Authority	217	227	229	232	241	271
All Other	386	372	357	361	370	366
<b>Regulation of Business and Professions</b>						
Public Service Commission	58	57	58	62	68	67
Oil and Gas Board	31	31	27	28	31	32
All Other	306	303	299	302	290	279
<b>Transportation</b>						
Department of Transportation	2,990	3,022	3,100	3,146	3,184	3,162
<b>Total</b>	<b>27,298</b>	<b>27,606</b>	<b>27,610</b>	<b>28,848</b>	<b>30,214</b>	<b>30,947</b>

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

2014	2013	2012	2011
413	418	413	407
727	694	664	681
39	36	37	38
1,441	1,454	1,405	1,399
653	687	714	717
182	187	195	191
3,391	3,483	3,302	3,276
936	923	869	897
7,716	7,815	8,189	8,173
964	969	995	1,026
3,340	3,449	3,476	3,399
2,870	2,958	2,746	2,824
1,215	1,252	1,291	1,256
2,163	2,188	2,192	2,141
397	401	423	432
522	543	566	582
418	414	423	443
287	300	308	316
365	367	378	375
85	101	100	100
31	32	34	34
260	248	245	252
3,277	3,351	3,342	3,363
31,692	32,270	32,307	32,322

# Mississippi

## Operating Indicators by Function

Last Ten Fiscal Years

Table 16

	2019	2018	2017	2016
<b>General Government</b>				
Tax returns processed	3,540,043	3,489,318	3,099,217	3,054,931
On-going construction projects	470	470	671	656
Tort claims processed	869	1,018	891	1,135
Unclaimed property claims paid	8,406	5,378	5,042	10,131
Corporate filings processed **				
UCC filings processed **				
<b>Education</b>				
Average cost per public school student	\$10,421	\$10,034	\$9,781	\$9,704
Public high school graduates	30,245	29,965	30,083	29,991
Public school teachers, K-12	31,657	31,252	31,658	32,101
Third Grade Students Taking the Reading Summative Assessment		37,825	36,544	
<b>Health and Social Services</b>				
Average monthly households receiving food assistance***				279,491
Child support collections from non-custodial parents	\$371,714,793	\$368,935,532	\$360,687,014	\$352,077,839
Medicaid recipients receiving medical services	673,247	687,906	711,923	726,473
CHIP Recipients	46,080	46,585	48,344	
<b>Law, Justice and Public Safety</b>				
Custody population per 100,000 Mississippi residents	630	619	623	609
Average inmate population in prisons *				
Supervised offenders in communities *				
Driver licenses issued	382,223	417,848	600,134	650,757
<b>Recreation and Resource Development</b>				
Tourist registered at welcome centers	1,924,736	2,113,594	2,390,882	2,441,086
Land reforested (acres)	35,000	39,119	30,267	35,000
Hunting and fishing licenses sold	433,557	449,336	500,000	483,751
Overnight accommodations at state parks	866,480	844,227	794,504	793,777
<b>Regulation of Business and Professions</b>				
Utility complaints investigated	4,560	4,587	4,612	4,538
Well inspections by Oil and Gas Board	35,761	33,367	31,722	33,179
<b>Transportation</b>				
Overlays (miles) *				
Repair and replacement of deficit local system bridges	48	31	46	62

\* Operating indicators for average inmate population in prisons, supervised offenders in communities and overlays (miles) are no longer available beginning fiscal year 2015.

\*\*Operating indicators for corporate and UCC filings processed are no longer available beginning fiscal year 2016.

\*\*\*Operating indicators for average monthly households receiving food assistance are no longer available beginning fiscal year 2017.

Note: The most current fiscal year available is fiscal year 2019.

Sources:

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

2015	2014	2013	2012	2011	2010
3,367,215	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000
690	699	743	783	820	688
1,167	929	1,098	986	1,117	1,117
5,352	5,187	5,309	7,298	4,581	8,050
168,421	67,873	110,008	243,634	112,983	104,842
320,819	318,307	322,350	342,552	254,872	280,335
\$9,394	\$9,209	\$8,921	\$8,932	\$8,752	\$8,930
29,802	28,556	28,317	28,933	29,569	28,517
32,230	32,102	32,356	32,170	32,042	33,210
297,854	304,060	303,719	289,660	266,966	241,785
\$352,077,839	\$333,825,397	\$332,931,089	\$332,298,519	\$314,027,549	\$292,715,332
740,937	689,153	643,687	640,957	637,781	621,607
641					
	9,719	9,868	9,449	9,636	10,054
	30,689	30,078	35,097	Not Available	Not Available
600,239	594,005	807,582	747,173	821,000	780,000
2,494,990	2,454,373	2,502,048	2,471,958	2,462,209	2,485,233
21,470	32,238	29,732	52,830	38,753	24,239
560,219	571,785	578,154	550,000	493,773	502,024
550,186	689,774	544,887	646,752	573,975	548,224
2,347	3,915	3,988	4,002	8,059	7,906
26,930	25,073	21,893	22,236	12,166	15,323
	320	135	64	279	397
62	66	50	55	85	47

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