

MISSISSIPPI



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

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Mississippi



Fiscal Year Ended June 30, 2017

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

Laura D. Jackson
Executive Director

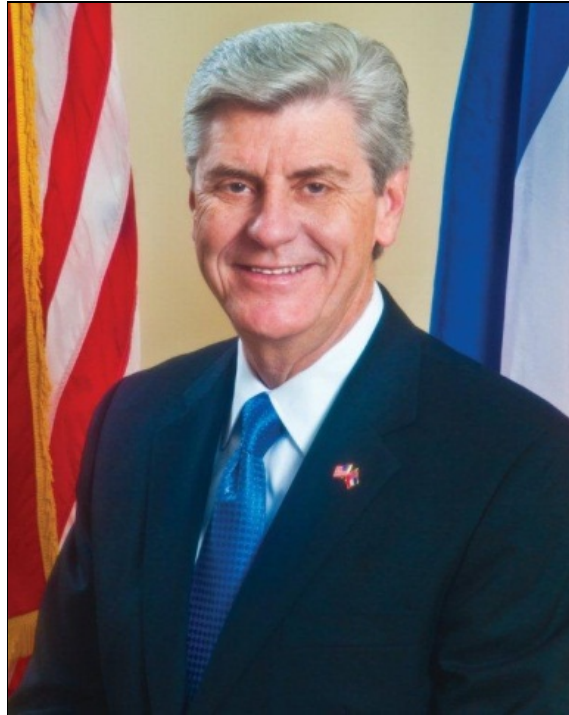


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PHIL BRYANT
GOVERNOR



February 16, 2018

To the Members of the Legislature and my Fellow Mississippians:

As Governor of the State of Mississippi, I present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017. This report details Mississippi's financial statements and accounting controls.

Business and consumer confidence continue to surge. In Mississippi, this has manifested itself in the lowest unemployment ever recorded in our state. The focus remains on creating new jobs, education reform, creating a skilled workforce, and improved government efficiency. Although our hard work thus far has produced economic gains and employment growth, we still have work to do. I hope that continued economic growth and fiscal discipline will serve to further sustain the state's financial stability.

Sincerely,

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

Phil Bryant

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Mississippi

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Introduction

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

**LAURA D. JACKSON
EXECUTIVE DIRECTOR**



February 16, 2018

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

It is my pleasure to transmit to you the Comprehensive Annual Financial Report (CAFR) of the State of Mississippi for the year ended June 30, 2017 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.

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

Factors Affecting Financial Condition

After a slow start, Mississippi's economy improved in the last half of 2017. The Bureau of Economic Analysis estimates that the state grew 1.0% in the first half of 2017 relative to the same period of 2016. They have not yet released data for the second half of 2017, but most trends show an improvement particularly in the last quarter.

Year-over-year growth in real income tax withholdings, which is a proxy for income, was 1.1% in the second half of 2017 after declining 0.1% in the first half. Withholding experienced a particularly weak first quarter. Retail sales, as indicated by sales tax transfers to the General Fund, similarly improved in the second half of the year. Leading Economic Indicators has improved for five consecutive months. In the closing months of 2017, the number of initial unemployment claims were low and falling while building permits showed a slow steady improvement after declining in the first half of 2017.

Employment growth also improved throughout 2017. The number of jobs fell 0.1% in the first quarter relative to the prior year. Growth improved to 0.4% in the second quarter, 0.8% in the third, and 1.1% in the fourth. As of November, the number of jobs in the state was 1,159,000, or 2,800 below the peak reached in February 2008. It is quite likely the December jobs report will show that the state has regained the last of the nearly 78,000 jobs lost in the Great Recession. If not, we should retake the peak in early 2018. At almost 10 years, this is the longest jobs recovery period recorded for Mississippi, highlighting the state's struggle to gain momentum since 2008.

Given these trends, we believe Mississippi experienced its third consecutive year of real GDP growth in 2017 – a first since 2008. We estimate the state grew 1.6% in 2017, a modest improvement over the 1.2% experienced in 2016. We expect growth to continue to improve in 2018 reaching almost 2.0% for the year before moderating to 1.8% in 2019.

The state is benefiting from an improved national economy. The U.S. manufacturing industry is showing remarkable improvement, which bodes well for Mississippi. Most national forecasters expect the Tax Cut and Jobs Act (TCJA) of 2017 to give a slight boost to the 2018 economy. Estimates vary, but are in the range of

0.2% - 0.5%. For the most part, Mississippi is not closely tied to the Federal Code, and so the direct impact to state tax revenue is not expected to be immediate or drastic. With a few minor exceptions, the state is tied to the Federal itemized deductions which could then affect revenues in the spring of 2019 when taxpayers begin to file tax returns. The immediate impact of the TCJA is then more indirect through the modestly improved growth.

Long-term Financial Planning

For the first half of FY 2018, General Fund revenue collected by the Department of Revenue was \$98.5 million above the prior year and \$44.6 million above the Sine Die estimate. Unlike the previous two fiscal years, the state did not appropriate 100 percent of anticipated revenue, leaving a cushion of over \$50 million. Furthermore, the governor called a special legislative session to address fiscal matters. As a result, the legislature passed the Financial and Operational Responses That Invigorate Future Years Act (FORTIFY Act), which was intended to encourage the state to save more. Under the FORTIFY Act, the Working Cash Stabilization Reserve Fund is now considered to be at its maximum when the fund balance reaches 10 percent of the current year general fund appropriations.

Major Initiative

The Mississippi Continental Tire plant is scheduled to open in late 2019. Continental Tire plans to invest \$1.4 billion in the state for a state-of-the-art plant that will be more than 1 million square feet and ultimately employ 2,500 Mississippians.

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, 2016. This was the thirtieth 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,

A handwritten signature in blue ink that reads "Laura D. Jackson". The signature is written in a cursive style and is positioned above the printed name.

Laura D. Jackson

Mississippi

Officials of State Government

Executive Branch

Governor

Phil Bryant

Lieutenant Governor

Tate Reeves

Secretary of State

Delbert Hosemann

State Auditor

Stacey Pickering

State Treasurer

Lynn Fitch

Attorney General

Jim Hood

**Commissioner of Agriculture
and Commerce**

Cindy Hyde-Smith

Commissioner of Insurance

Mike Chaney

Transportation Commissioners

Dick Hall

Tom King

Mike Tagert

Public Service Commissioners

Brandon Presley

Cecil Brown

Sam Britton

State Fiscal Officer

Laura Jackson

Legislative Branch

Speaker of the House of Representatives

Philip Gunn

Speaker Pro Tempore

of the House of Representatives
Greg Snowden

President Pro Tempore of the Senate

Terry C. Burton

Secretary of Senate

Liz Welch

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**

William L. Waller, Jr.

Presiding Justices

Jess H. Dickinson

Michael K. Randolph

Justices

James W. Kitchens

Leslie D. King

Josiah D. Coleman

James D. Maxwell II

Dawn H. Beam

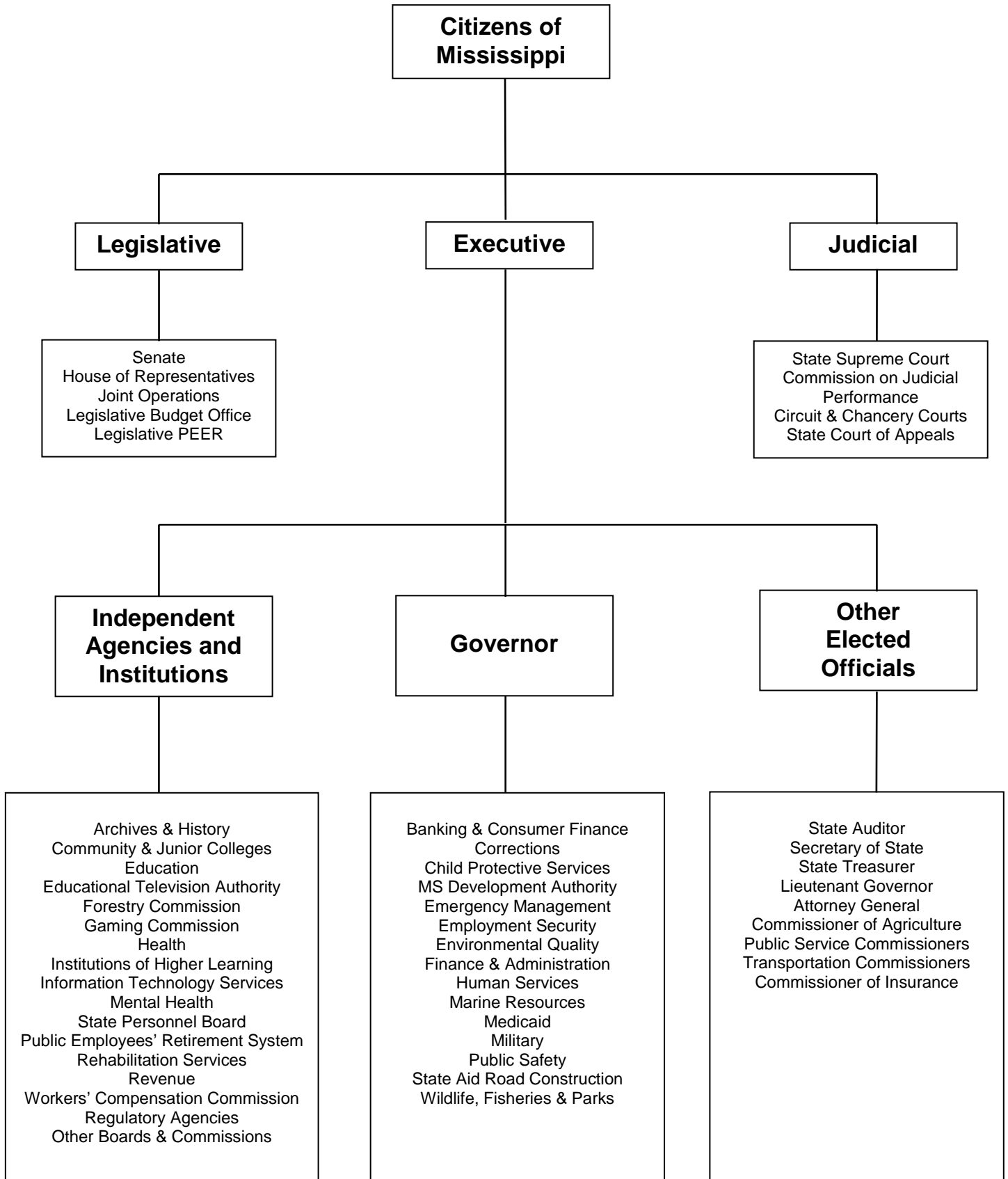
Robert P. Chamberlin

Clerk of the Supreme Court

Muriel Ellis

Mississippi

Organization Chart





Government Finance Officers Association

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

Presented to

State of Mississippi

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2016

Christopher P. Morill

Executive Director/CEO

Mississippi

Financial Section



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2017, 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 Department of Marine Resources, the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Department of Public Safety, the Department of Rehabilitation Services, the Mississippi Department of Health, and the Mississippi Department of Education which, in the aggregate, represent 6% and 19%, respectively, of the assets and revenues of the governmental activities;
- Business-type Activities
 - AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, the Department of Finance and Administration State Life and Health Plan, and the Unemployment Compensation Fund which, in the aggregate, represent 98% and 91%, respectively, of the assets and revenues of the business-type activities;

- Component Units
 - the Universities and the nonmajor component units.
- Fund Financial Statements
- Governmental Funds
 - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Department of Public Safety, the Department of Rehabilitation Services, the Mississippi Department of Health, and the Mississippi Department of Education which, in the aggregate, represent 20% and 11%, respectively, of the assets and revenues of the General Fund;
- Proprietary Funds
 - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;
- Aggregate Remaining Funds
 - Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services, the Veterans' Home Purchase Board and the Department of Finance and Administration State Life and Health Plan;
 - the Pension Trust Funds;
 - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 100% and 100%, respectively, of the assets 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 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 opinion.

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, 2017, 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.

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



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

Jackson, Mississippi
February 16, 2018

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, 2017. 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 \$13,690,044,000 (reported as "net position"). Of this amount, a negative \$5,642,338,000 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 \$4,060,821,000. Net position of governmental activities decreased by \$325,161,000 while business-type activities increased by \$62,919,000.

Fund Level - At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$3,847,089,000, which is \$529,175,000 less than the previous year. Revenues from taxes increased slightly from the prior year while other sources of revenue decreased. Expenditures continued to rise slightly over the prior year.

Long-term Debt - The total outstanding net long-term bonds and notes were \$5,668,399,000 at June 30, 2017. During the year, the State issued \$1,021,194,000 in bonds and notes, including premiums. These bonds and notes were issued primarily for refunding and capital improvements.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds - 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, and the Prepaid Affordable College Tuition Fund are presented separately as major funds, with the nonmajor enterprise funds combined into a single column. The nine 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 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, and the Schedules of Funding Progress for other post-employment benefits, along with the accompanying notes. The combining financial statements are presented as supplementary information immediately following 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 decreased \$262,242,000 in fiscal year 2017. Current year net position is \$13,690,044,000 in contrast to the prior year balance of \$13,952,286,000. 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 \$350,408,000 from the previous year. The governmental activities' increase of \$294,017,000 was primarily due to additions to construction in progress related to building projects, as well as additions to infrastructure for roads, highways, and bridges. The business-type activities' increase of \$56,391,000 can be attributed to ongoing construction projects at the Port Authority at Gulfport.

Restricted net position represents resources that are subject to externally imposed restrictions. Restricted net position decreased by \$370,936,000, or 8.4 percent during fiscal year 2017.

The remaining net position is classified as unrestricted. As of June 30, 2017, the State had a deficit unrestricted net position of \$5,642,338,000. 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 \$416,087,000 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 6,202,874	\$ 7,087,466	\$ 1,723,556	\$ 1,343,027	\$ 7,926,430	\$ 8,430,493
Capital assets	16,161,308	15,754,679	625,279	565,919	16,786,587	16,320,598
Total Assets	<u>22,364,182</u>	<u>22,842,145</u>	<u>2,348,835</u>	<u>1,908,946</u>	<u>24,713,017</u>	<u>24,751,091</u>
Deferred outflows of resources	815,219	645,660	6,385	5,077	821,604	650,737
Noncurrent liabilities	8,910,907	8,620,077	449,162	453,109	9,360,069	9,073,186
Other liabilities	2,209,139	2,124,321	197,023	110,053	2,406,162	2,234,374
Total Liabilities	<u>11,120,046</u>	<u>10,744,398</u>	<u>646,185</u>	<u>563,162</u>	<u>11,766,231</u>	<u>11,307,560</u>
Deferred inflows of resources	77,122	140,107	1,224	1,875	78,346	141,982
Net position:						
Net investment in capital assets	14,666,438	14,372,421	605,123	548,732	15,271,561	14,921,153
Restricted	3,374,220	3,763,095	686,601	668,662	4,060,821	4,431,757
Unrestricted	<u>(6,058,425)</u>	<u>(5,532,216)</u>	<u>416,087</u>	<u>131,592</u>	<u>(5,642,338)</u>	<u>(5,400,624)</u>
Total Net Position	<u>\$ 11,982,233</u>	<u>\$ 12,603,300</u>	<u>\$ 1,707,811</u>	<u>\$ 1,348,986</u>	<u>\$ 13,690,044</u>	<u>\$ 13,952,286</u>

Mississippi

Changes in Net Position

Operating grants and contributions of \$7,037,953,000 and taxes of \$6,941,454,000 were the State's major revenue sources. Together, they accounted for 81.9 percent of total revenues. Revenue from taxes increased \$55,219,000 and operating grants and contributions decreased by \$28,351,000 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 \$7,924,907 or 45.7 percent. Expenses within this function rose over the prior year by \$73,526,000 along with health costs. Unemployment compensation expenses were down by \$17,473,000, continuing a downward trend. The increase in business-type activities charges for services and expenses can be attributed to the reclassification of the State Life and Health Insurance Plan from governmental to business-type activities.

Changes in Net Position

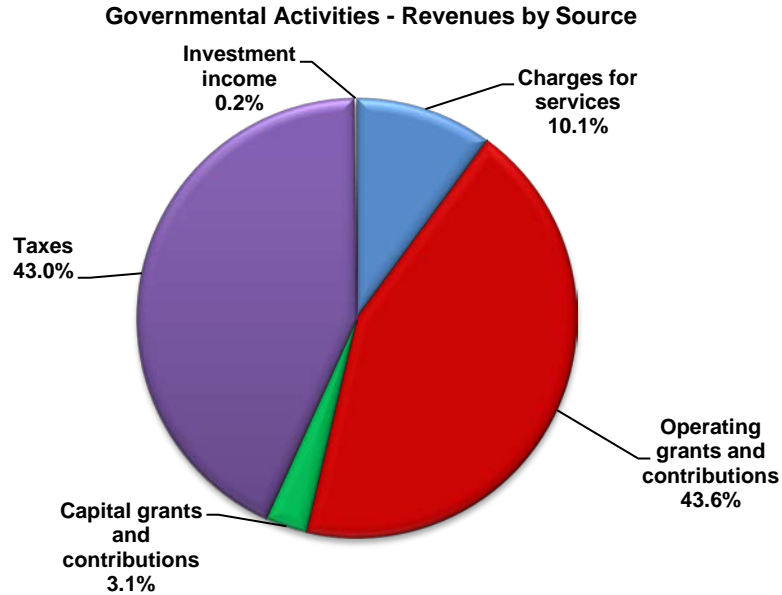
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 1,621,891	\$ 3,107,275	\$ 879,385	\$ 163,138	\$ 2,501,276	\$ 3,270,413
Operating grants and contributions	7,036,472	7,064,684	1,481	1,620	7,037,953	7,066,304
Capital grants and contributions	496,734	508,194	18		496,752	508,194
General Revenues:						
Taxes	6,941,454	6,886,235			6,941,454	6,886,235
Investment income	34,939	56,300	63,121	12,234	98,060	68,534
Total Revenues	<u>16,131,490</u>	<u>17,622,688</u>	<u>944,005</u>	<u>176,992</u>	<u>17,075,495</u>	<u>17,799,680</u>
Expenses:						
General government	2,298,846	2,814,758			2,298,846	2,814,758
Education	3,665,357	3,647,055			3,665,357	3,647,055
Health and social services	7,924,907	7,851,381			7,924,907	7,851,381
Law, justice and public safety	939,956	858,504			939,956	858,504
Recreation and resource development	502,675	460,031			502,675	460,031
Regulation of business and professions	44,841	43,001			44,841	43,001
Transportation	768,700	725,192			768,700	725,192
Interest on long-term debt	231,875	253,752			231,875	253,752
Unemployment compensation			83,972	101,445	83,972	101,445
Port Authority at Gulfport			43,633	27,120	43,633	27,120
Prepaid affordable college tuition			31,489	16,304	31,489	16,304
Other business-type			801,486	34,905	801,486	34,905
Total Expenses	<u>16,377,157</u>	<u>16,653,674</u>	<u>960,580</u>	<u>179,774</u>	<u>17,337,737</u>	<u>16,833,448</u>
Excess/(Deficit) before Transfers	(245,667)	969,014	(16,575)	(2,782)	(262,242)	966,232
Transfers	(79,494)	(129,864)	79,494	129,864		
Change in Net Position	(325,161)	839,150	62,919	127,082	(262,242)	966,232
Net Position - Beginning, as restated	<u>12,307,394</u>	<u>11,764,150</u>	<u>1,644,892</u>	<u>1,221,904</u>	<u>13,952,286</u>	<u>12,986,054</u>
Net Position - Ending	<u>\$ 11,982,233</u>	<u>\$ 12,603,300</u>	<u>\$ 1,707,811</u>	<u>\$ 1,348,986</u>	<u>\$ 13,690,044</u>	<u>\$ 13,952,286</u>

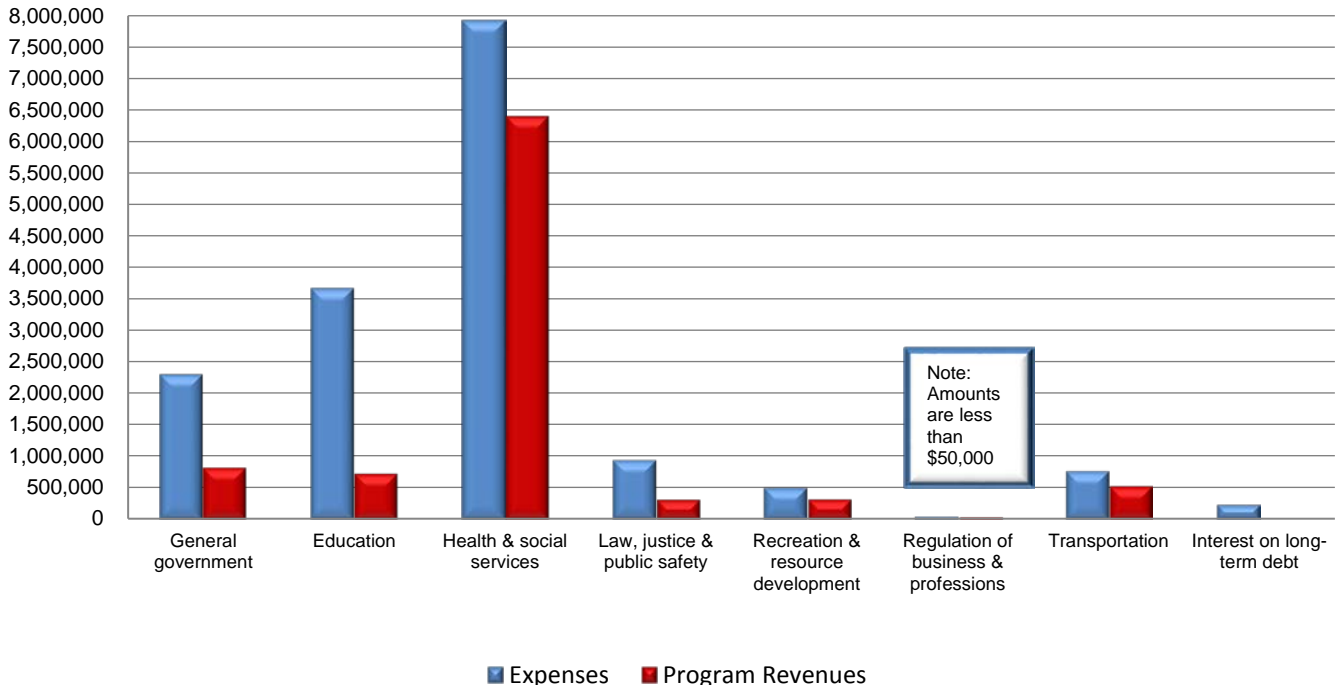
Mississippi

Governmental Activities

Governmental activities decreased the State's net position by \$325,161,000 for fiscal year 2017. Charges for services decreased by \$1,485,384,000, in comparison to the prior year. The majority of both expenses and program revenues were in the health and social services function at \$7,924,907,000 and \$6,411,947,000, respectively. Education expenses of \$3,665,357,000 exceeded program revenues of \$724,914,000 resulting in a negative \$2,940,443,000 to be funded from general revenues.



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

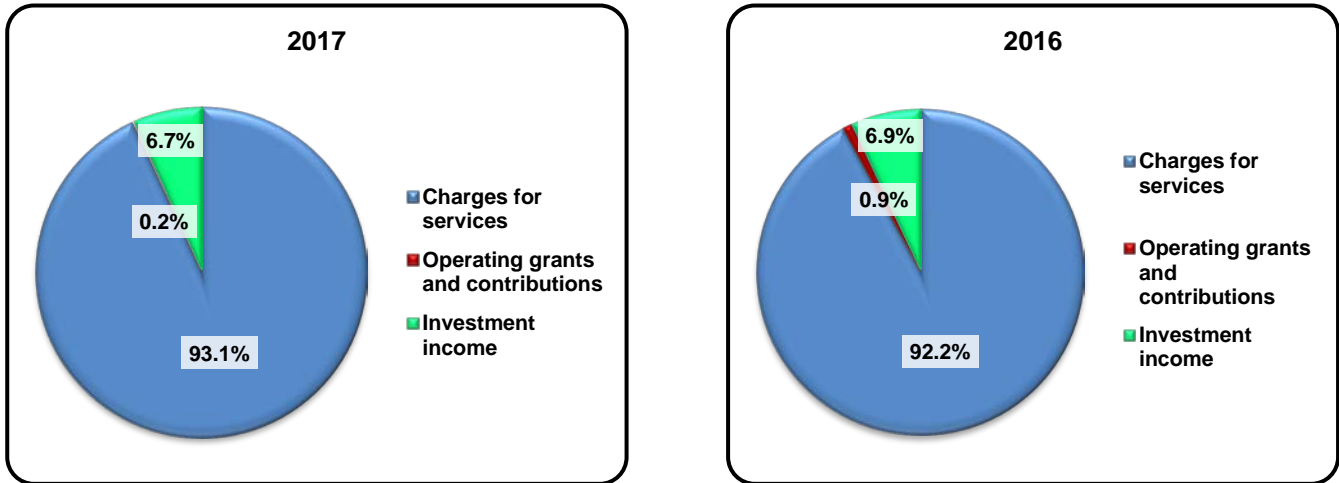


Mississippi

Business-type Activities

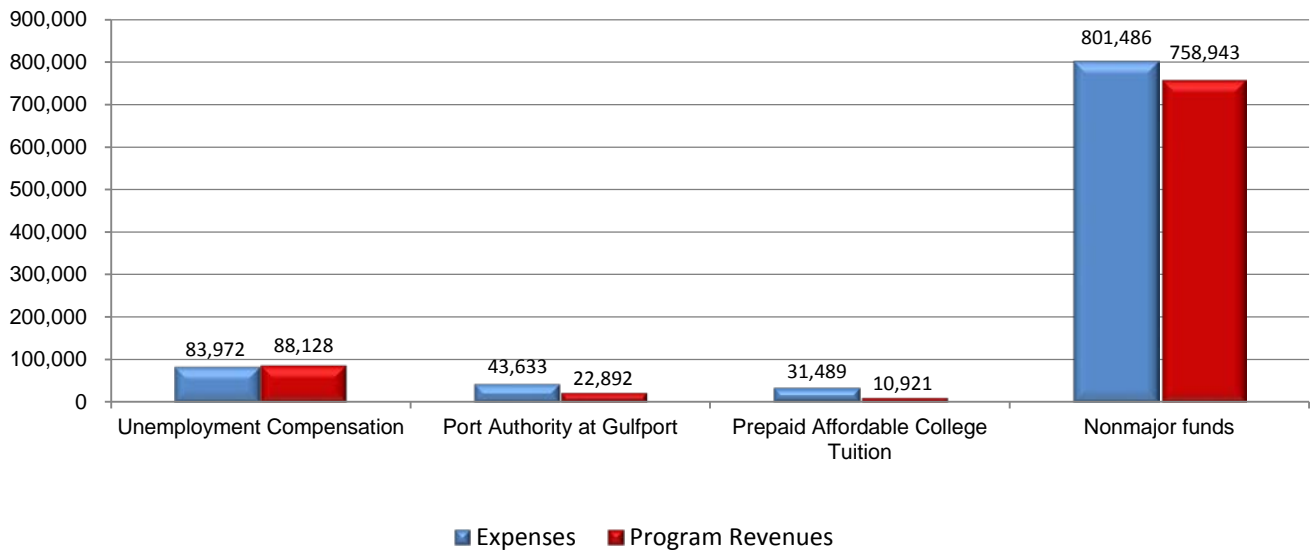
Business-type activities increased the State's net position by \$62,919,000. The reclassification of the State Life and Health Insurance Plan to business-type activities added \$739,779,000 to program income and \$779,149,000 to expenses. The amount of investment income increased from the prior year due to the improved performance of the Prepaid Affordable College Tuition Fund investments. Operations at the Port Authority at Gulfport added \$54,834,000 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, 2017, the governmental funds reported combined fund balances of \$3,847,089,000, indicating a decrease of \$529,175,000 from the prior year. Within fund balances, \$106,665,000 or 2.8 percent was classified as nonspendable. The majority of the fund balance, \$3,267,555,000 or 84.9 percent was restricted. Committed fund balance equaled \$56,179,000 or 1.5 percent of the total. Assigned fund balance comprised \$10,865,000 or .3 percent while the remaining 10.6 percent, or \$405,825,000, of fund balance was unassigned.

The General Fund is the chief operating fund of the State. The fund balance for the General Fund decreased by \$528,544,000 from the prior year. The decrease, along with the restatement of beginning fund balance, result in an ending fund balance of \$3,783,706,000. Overall, taxes increased by \$56,490,000 or .8 percent. There was a \$6,557,000 decrease in corporate income and franchise tax revenues as corporate tax collections continued to decline. Sales and use tax revenues rose by \$23,722,000 compared to an increase of \$50,979,000 in the prior year. Gasoline and other motor fuel revenues increased by 1.3 percent. Federal government revenues decreased by \$16,668,000. As a result of the Mississippi Budget Transparency and Simplification Act of 2016, which provides that no state agency shall charge another state agency a fee, assessment, rent, audit fee, personnel fee or other charge for services or resources with a few exceptions, licenses, fees and permits, charges for sales and services, and rental income decreased substantially in the current year. Court assessments and settlements revenue was \$179,702,000 less than the prior year, as the prior year included the State's share of a settlement agreement between the Gulf States and the BP entities with respect to economic and other claims arising from the Deepwater Horizon Incident.

Health and social services expenditures increased slightly during fiscal year 2017, rising by .2 percent over the prior fiscal year. Medicaid inflation was the main contributor for the increase in expenditures. The Centers for Medicare and Medicaid Services estimated inflation at 3.8 percent.

Transportation expenditures increased by \$94,391,000 or 8.9 percent. The Mississippi Department of Transportation expenditures increased by 7.6 percent while federal revenue decreased by 3.5 percent as more projects are being financed with state revenue and note proceeds.

Proprietary Funds

The Unemployment Compensation Fund experienced an increase in net position of \$18,382,000, largely due to investment income of \$14,226,000. Assessments' revenue decreased by \$21,009,000 or 19.5 percent due to legislation that allowed certain employers to pay a zero percent tax rate along with employer's experience tax rate falling as a result of fewer unemployment insurance (UI) benefit claims being filed. Additionally, federal revenue used to pay claims declined by \$133,000. Operating expenses decreased by \$17,473,000 from the prior year as a result of a reduction in claims and benefits expense as the economy continued to gradually improve.

The Port Authority at Gulfport Fund increased net position by \$54,834,000 as compared to an \$112,922,000 increase reported in the prior year. Operating revenues and expenses increased slightly by \$5,783,000 and \$3,147,000 respectively. The increase in net position can be attributed to the increase in investment income.

The Prepaid Affordable College Tuition Fund's net position increased by \$19,111,000. Tuition receipts decreased by 14.5 percent over the prior year as a result of the Legacy Program being closed and new contracts were not being accepted. The \$15,101,000 increase in claims and benefits expense was directly related to changes in the actuarially determined experience of the program. Investment income increased by \$48,537,000 due to market value of investments being higher than the prior year.

General Fund Budgetary Highlights

Actual fiscal year 2017 General Fund revenue collections increased by \$110,472,000 or 2 percent over the prior year. These revenues were \$104,128,000 below estimated amounts. Individual income tax increased by \$12,230,000 or .7 percent from the prior year. However, sales tax collections declined by \$6,907,000 or .3 percent and corporate income and franchise tax declined \$32,277,000 or 5.4 percent.

The final expenditure budget was \$140,794,000 less than the original budget and actual expenditures were \$12,120,000 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, 2017 were \$22,067,421,000, less accumulated depreciation of \$5,280,834,000, resulting in a net book value of \$16,786,587,000. For the current fiscal year, governmental activities and business-type activities increased by \$406,629,000 and \$59,360,000, respectively. These changes amount to 2.6 and 10.5 percent increases, respectively, over the prior year.

Major capital asset events during fiscal year 2017 included the following:

Construction in progress for governmental activities had the largest increases and decreases of any asset class with \$932,931,000 and \$611,587,000, respectively. Mississippi Department of Transportation accounts for the majority of the increase with \$866,850,000. The Department of Finance and Administration added \$40,184,000 which included building projects for the Veterans' Affairs Board Cemetary, the Mississippi Civil Rights and History Museums, and the East Mississippi Hospital's Receiving units. Decreases to construction in progress are primarily for completed Mississippi Department of Transportation projects moved to infrastructure.

Governmental activities added \$451,637,000 to infrastructure for roads, highways and bridges. These additions included pavement rehabilitation projects in Carroll, Grenada, Panola, Jones, Jasper, and Monroe counties. The Surface Transportation Program (Urban street projects) was completed in Forrest County. Interstate projects were completed in Newton and Scott counties, and Vision 21 highway projects were completed for Rankin, Attala, and Union counties.

During fiscal year 2017, net capital assets for business-type activities increased by \$59,360,000. The Port Authority at Gulfport added \$81,954,000 to Construction in Progress, which includes the following current projects: Marine Research Facility, Tenant Gate Structures, Landside Improvements Project, North Harbor Project, and Barge Mooring Project. Projects completed and moved to infrastructure and land improvements included the 3 Gantry Cranes, Water Tank/Lighthouse Structure, Chemours' Silos and Improvements Projects, Small Craft Harbor Piers, Tenant Maintenance and Repair Building, and Tenant Gate Structure. The completed projects were valued at \$176,349,000.

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

Capital Assets, Net of Depreciation

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,387,179	\$ 2,328,614	\$ 130,394	\$ 130,425	\$ 2,517,573	\$ 2,459,039
Software	120,069	130,207			120,069	130,207
Buildings	1,475,318	1,507,928	74,777	52,659	1,550,095	1,560,587
Land improvements	123,241	128,696	105,756	27,604	228,997	156,300
Machinery and equipment	234,241	238,580	35,696	7,516	269,937	246,096
Infrastructure	7,043,039	6,963,777	141,127	119,138	7,184,166	7,082,915
Construction in progress	4,778,221	4,456,877	137,529	228,577	4,915,750	4,685,454
Total	<u>\$ 16,161,308</u>	<u>\$ 15,754,679</u>	<u>\$ 625,279</u>	<u>\$ 565,919</u>	<u>\$ 16,786,587</u>	<u>\$ 16,320,598</u>

Mississippi

Debt Administration

As of June 30, 2017, outstanding general obligation debt for the State was \$4,416,512,000, including premiums. General Obligation Refunding bonds of \$1,959,763,000, Capital Improvements bonds of \$970,939,000, and Industry Incentive Financing bonds of \$323,477,000 comprise 73.7 percent of this outstanding debt. During the current fiscal year, the State issued \$733,125,000 in general obligation bonds and notes which are reported in governmental activities. Within business-type activities, general obligation bonds decreased by \$3,023,000 as the Port Authority at Gulfport continued to repay its long-term debt.

The State issued \$152,040,000 of notes payable which are reported in governmental activities. Of the total notes payable issued, \$108,255,000 was for advance refunding.

Outstanding Long-term Debt Bonds and Notes

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds and notes	\$ 4,409,839	\$ 4,389,749	\$ 6,673	\$ 9,696	\$ 4,416,512	\$ 4,399,445
Limited obligation bonds	221,727	226,507			221,727	226,507
Notes payable	1,030,160	1,055,789			1,030,160	1,055,789
Total	<u>\$ 5,661,726</u>	<u>\$ 5,672,045</u>	<u>\$ 6,673</u>	<u>\$ 9,696</u>	<u>\$ 5,668,399</u>	<u>\$ 5,681,741</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, 2017, the State's constitutional legal debt limit remained at \$13,312,194,000, which significantly exceeds the amount of debt applicable to the debt limit. Additional information about the State's long-term debt can be found in Notes 9 through 13 to the financial statements.

Economic Factors and Next Year's Budget

Mississippi's average unemployment rate for the calendar year 2016 was 5.8 percent, which is higher than the national average of 4.9 percent. In calendar year 2016, Mississippi's personal income and per capita personal income increased by 2.1 percent, compared to national average increases of 2.3 percent and 1.6 percent, respectively.

Fiscal year 2018 revenue collected by the Department of Revenue (DOR), continues to outperform revenue collected in fiscal year 2017. DOR collections from the beginning of fiscal year 2018 through January 31, 2018, were up by \$116,760,000 or 4.2 percent. Mississippi's two largest revenue generators are collected from sales and individual income taxes, which to-date are outperforming projections by 1.1 percent and 7.2 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, 2017 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Equity in internal investment pool	\$ 3,056,704	\$ 337,594	\$ 3,394,298	\$ 2,070
Cash and cash equivalents	226,054	821,121	1,047,175	499,316
Investments	51,409		51,409	282,483
Receivables, net	693,777	41,904	735,681	348,130
Restricted assets:				
Cash and cash equivalents		100	100	
Due from other governments, net	463,085	772	463,857	161
Internal balances	(47,635)	47,635		
Due from component units	1,668	363	2,031	
Due from primary government				11,868
Inventories	38,671	298	38,969	33,934
Prepaid items		616	616	24,500
Loans and notes receivable, net	38,871	6,248	45,119	44,688
Other assets				1,962
Total Current Assets	4,522,604	1,256,651	5,779,255	1,249,112
Noncurrent assets:				
Investments	125,881	304,560	430,441	619,823
Receivables, net	718,306		718,306	
Due from other governments, net	638,112		638,112	
Loans and notes receivable, net	197,971	161,895	359,866	185,160
Restricted assets:				
Cash and cash equivalents		450	450	219,058
Investments				1,074,484
Capital assets:				
Land and construction in progress	7,165,400	267,923	7,433,323	856,117
Other capital assets, net	8,995,908	357,356	9,353,264	3,287,031
Other assets				21,843
Total Noncurrent Assets	17,841,578	1,092,184	18,933,762	6,263,516
Total Assets	22,364,182	2,348,835	24,713,017	7,512,628
Deferred Outflows of Resources				
Refunding	142,125		142,125	27,502
Pensions	673,094	6,385	679,479	620,750
Total Deferred Outflows	\$ 815,219	\$ 6,385	\$ 821,604	\$ 648,252

(Continued on Next Page)

Mississippi

Statement of Net Position

June 30, 2017 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities:				
Warrants payable	\$ 45,919	\$ 1,472	\$ 47,391	\$
Accounts payable and other liabilities	649,030	49,090	698,120	213,265
Contracts payable	88,194	5,521	93,715	
Income tax refunds payable	289,554		289,554	
Due to other governments	340,546	12,214	352,760	
Due to component units	11,868		11,868	
Due to primary government				2,031
Claims and benefits payable	71,247	113,491	184,738	
Deposits	63,298	1,768	65,066	
Unearned revenues	127,671	10,261	137,932	129,448
Pollution remediation obligation	6,841		6,841	
Bonds and notes payable, net	510,719	3,127	513,846	41,477
Lease obligations payable	4,252	79	4,331	1,236
Other liabilities				60,610
Total Current Liabilities	2,209,139	197,023	2,406,162	448,067
Noncurrent liabilities:				
Due to other governments	1,922	7,724	9,646	
Claims and benefits payable	41,439	410,610	452,049	
Derivative instruments	33,615		33,615	
Other postemployment benefits payable	188,360		188,360	
Pollution remediation obligation	30,438		30,438	
Bonds and notes payable, net	5,151,007	3,546	5,154,553	1,170,941
Lease obligations payable	6,872	41	6,913	1,483
Liabilities payable from restricted assets:				
Deposits		100	100	
Net pension liability	3,351,427	26,522	3,377,949	2,844,678
Other liabilities	105,827	619	106,446	265,547
Total Noncurrent Liabilities	8,910,907	449,162	9,360,069	4,282,649
Total Liabilities	11,120,046	646,185	11,766,231	4,730,716
Deferred Inflows of Resources				
Interest rate swaps	787		787	
Pensions	76,335	1,224	77,559	11,194
Total Deferred Inflows	\$ 77,122	\$ 1,224	\$ 78,346	\$ 11,194

Mississippi

Statement of Net Position

June 30, 2017 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	14,666,438	605,123	15,271,561	2,960,971
Restricted for:				
Expendable:				
General government	58,322		58,322	
Education	97,371		97,371	
Health and social services	515,654		515,654	
Law, justice and public safety	98,848		98,848	
Recreation and resources development	1,348,241		1,348,241	
Regulation of business and professions	24,915		24,915	
Transportation	525,501		525,501	
Capital projects	384,587		384,587	
Debt service	252,787		252,787	1,610
Unemployment compensation benefits		686,151	686,151	
Other purposes		450	450	683,034
Nonexpendable:				
Education	54,283		54,283	836,172
Health and social services	2,025		2,025	
Recreation and resources development	11,686		11,686	
Unrestricted (deficit)	(6,058,425)	416,087	(5,642,338)	(1,062,817)
Total Net Position	<u>\$ 11,982,233</u>	<u>\$ 1,707,811</u>	<u>\$ 13,690,044</u>	<u>\$ 3,418,970</u>

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, 2017 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,298,846	\$ 812,665	\$ 12,061	\$ 455
Education	3,665,357	17,732	707,182	
Health and social services	7,924,907	568,504	5,840,228	3,215
Law, justice and public safety	939,956	74,713	224,961	13,543
Recreation and resource development	502,675	84,778	234,171	550
Regulation of business and professions	44,841	33,686	415	
Transportation	768,700	29,813	17,454	478,971
Interest on long-term debt	231,875			
Total Governmental Activities	16,377,157	1,621,891	7,036,472	496,734
Business-type activities:				
Unemployment compensation	83,972	86,649	1,479	
Port Authority at Gulfport	43,633	22,892		
Prepaid affordable college tuition	31,489	10,921		
Other business-type	801,486	758,923	2	18
Total Business-type Activities	960,580	879,385	1,481	18
Total Primary Government	\$ 17,337,737	\$ 2,501,276	\$ 7,037,953	\$ 496,752
Component units:				
Universities	\$ 3,704,968	\$ 2,136,387	\$ 490,293	\$ 57,240
Nonmajor	34,446	28,338	2,173	1,643
Total Component Units	\$ 3,739,414	\$ 2,164,725	\$ 492,466	\$ 58,883

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

Primary Government				Component Units
Governmental Activities	Business-type Activities	Total		
\$ (1,473,665)	\$	\$ (1,473,665)		
(2,940,443)		(2,940,443)		
(1,512,960)		(1,512,960)		
(626,739)		(626,739)		
(183,176)		(183,176)		
(10,740)		(10,740)		
(242,462)		(242,462)		
(231,875)		(231,875)		
<u>(7,222,060)</u>		<u>(7,222,060)</u>		
	4,156	4,156		
	(20,741)	(20,741)		
	(20,568)	(20,568)		
	(42,543)	(42,543)		
	<u>(79,696)</u>	<u>(79,696)</u>		
<u>(7,222,060)</u>	<u>(79,696)</u>	<u>(7,301,756)</u>		
			\$ (1,021,048)	
			<u>(2,292)</u>	
			<u>(1,023,340)</u>	
3,392,712		3,392,712		
429,929		429,929		
1,721,862		1,721,862		
569,856		569,856		
328,109		328,109		
498,986		498,986		
34,939	63,121	98,060	126,027	
			207,968	
			807,834	
			29,758	
<u>(79,494)</u>	<u>79,494</u>			
6,896,899	142,615	7,039,514	1,171,587	
(325,161)	62,919	(262,242)	148,247	
12,307,394	1,644,892	13,952,286	3,270,723	
<u>\$ 11,982,233</u>	<u>\$ 1,707,811</u>	<u>\$ 13,690,044</u>	<u>\$ 3,418,970</u>	

Mississippi

Governmental Funds

Balance Sheet

June 30, 2017 (Expressed in Thousands)

	General	Permanent	Totals
Assets			
Equity in internal investment pool	\$ 3,054,234	\$ 2,470	\$ 3,056,704
Cash and cash equivalents	225,922	132	226,054
Investments	116,939	60,351	177,290
Receivables, net	1,411,836	247	1,412,083
Due from other governments, net	1,101,197		1,101,197
Due from other funds	1,773	229	2,002
Due from component units	1,668		1,668
Inventories	38,671		38,671
Loans receivable, net	236,842		236,842
Total Assets	\$ 6,189,082	\$ 63,429	\$ 6,252,511
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Warrants payable	\$ 45,919	\$	\$ 45,919
Accounts payable and accruals	642,873	46	642,919
Contracts payable	88,194		88,194
Income tax refunds payable	289,554		289,554
Due to other governments	342,468		342,468
Due to other funds	49,637		49,637
Due to component units	11,868		11,868
Claims payable	71,247		71,247
Unearned revenues	127,671		127,671
Total Liabilities	1,669,431	46	1,669,477
Deferred inflows of resources:			
Deferred revenues	735,945		735,945
Fund balances:			
Nonspendable			
Inventories	38,671		38,671
Principal	10,000	57,994	67,994
Restricted			
General government	56,726		56,726
Education	93,761	3,610	97,371
Health and social services	499,353	352	499,705
Law, justice and public safety	92,215		92,215
Recreation and resources development	1,346,726	1,427	1,348,153
Regulation of business and professions	24,915		24,915
Transportation	511,096		511,096
Capital projects	384,587		384,587
Debt service	252,787		252,787
Committed			
General government	19,079		19,079
Education	7,922		7,922
Health and social services	876		876
Law, justice and public safety	19,509		19,509
Recreation and resources development	6,243		6,243
Regulation of business and professions	2,550		2,550
Assigned			
General government	8,045		8,045
Education	85		85
Health and social services	1,561		1,561
Law, justice and public safety	19		19
Recreation and resources development	1,155		1,155
Unassigned	405,825		405,825
Total Fund Balances	3,783,706	63,383	3,847,089
Total Liabilities, Deferred Inflows and Fund Balances	\$ 6,189,082	\$ 63,429	\$ 6,252,511

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, 2017 (Expressed in Thousands)

Total fund balances for governmental funds \$ 3,847,089

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	\$ 2,387,179	
Construction in progress	4,778,221	
Software	154,879	
Buildings	2,174,468	
Land improvements	277,776	
Machinery and equipment	755,893	
Infrastructure	10,811,593	
Accumulated depreciation	<u>(5,178,701)</u>	16,161,308

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

Refunding of debt	142,125	
Pensions	<u>673,094</u>	815,219

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

Interest rate swaps	(787)	
Pensions	<u>(76,335)</u>	(77,122)

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.

735,945

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

General obligation bonds and notes	(4,136,647)	
Limited obligation bonds	(196,595)	
Notes payable	(949,024)	
Unamortized premiums	(379,460)	
Derivative instruments	(33,615)	
Capital lease obligations	(11,124)	
Accrued compensated absences	(116,446)	
Pollution remediation obligation	(37,279)	
Net pension liability	(3,351,427)	
Other postemployment benefits payable	(188,360)	
Claims payable	(41,439)	
Accrued interest payable	<u>(58,790)</u>	<u>(9,500,206)</u>

Net position of governmental activities

\$ 11,982,233

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, 2017 (Expressed in Thousands)

	General	Permanent	Totals
Revenues			
Taxes:			
Sales and use	\$ 3,399,477	\$	\$ 3,399,477
Gasoline and other motor fuel	430,162		430,162
Individual income	1,728,682		1,728,682
Corporate income and franchise	567,316		567,316
Insurance	328,109		328,109
Other	498,986		498,986
Licenses, fees and permits	545,891	325	546,216
Federal government	7,499,244		7,499,244
Investment income	28,690	(203)	28,487
Charges for sales and services	353,640		353,640
Rentals	1,312	346	1,658
Court assessments and settlements	204,378		204,378
Other	537,331	18	537,349
Total Revenues	16,123,218	486	16,123,704
Expenditures			
Current:			
General government	2,269,629		2,269,629
Education	3,656,646	117	3,656,763
Health and social services	7,823,462		7,823,462
Law, justice and public safety	866,469		866,469
Recreation and resources development	487,526		487,526
Regulation of business and professions	42,704		42,704
Transportation	1,157,251		1,157,251
Debt service:			
Principal	399,019		399,019
Interest and other fiscal charges	243,751		243,751
Total Expenditures	16,946,457	117	16,946,574
Excess of Revenues over (under) Expenditures	(823,239)	369	(822,870)
Other Financing Sources (Uses)			
Bonds and notes issued	334,135		334,135
Capital leases issued	1,637		1,637
Insurance recovery	478		478
Payments to bond and note escrow agent	(650,120)		(650,120)
Premiums on bonds and notes issued	136,029		136,029
Refunding bonds and notes issued	551,030		551,030
Transfers in	3,017		3,017
Transfers out	(81,511)	(1,000)	(82,511)
Net Other Financing Sources (Uses)	294,695	(1,000)	293,695
Net Change in Fund Balances	(528,544)	(631)	(529,175)
Fund Balances - Beginning, as restated	4,312,250	64,014	4,376,264
Fund Balances - Ending	\$ 3,783,706	\$ 63,383	\$ 3,847,089

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, 2017 (Expressed in Thousands)

Net change in fund balances - total governmental funds \$ (529,175)

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	\$ 892,903	
Depreciation expense	<u>(480,449)</u>	412,454

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. (7,319)

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, notes and refunding bonds and notes and bonds issued	(136,029)	
Bonds and notes issued	(334,135)	
Refunding notes and bonds issued	(551,030)	
Capital leases issued	(1,637)	
Payments of debt principal	399,019	
Payments to bond escrow agent	650,120	
Accrued interest payable	(420)	
Interest at refunding	<u>(4,886)</u>	21,002

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	1,494	
Change in claims payable	(38,214)	
Change in compensated absences	(5,282)	
Change in deferred revenues	(10,611)	
Change in other postemployment benefits payable	(14,206)	
Change in pollution remediation obligation	5,667	
Change in fair value of investment derivative	10,131	
Change in fair value of borrowing derivative	6,451	
Change in pension costs, net	(184,331)	
Amortization of premiums	32,546	
Amortization of deferred amount on refunding	<u>(25,768)</u>	<u>(222,123)</u>

Change in net position of governmental activities \$ (325,161)

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

Mississippi

Proprietary Funds

Statement of Net Position

June 30, 2017 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Assets			
Current assets:			
Equity in internal investment pool	\$	\$ 735	\$ 461
Cash and cash equivalents	665,523	22,418	15,596
Investments			
Receivables, net	33,965	2,112	1,702
Restricted assets:			
Cash and cash equivalents		100	
Due from other governments, net	750	18	
Due from other funds	385	37,405	
Due from component units	355		
Inventories			
Prepaid items		105	
Loans and notes receivable		662	
Total Current Assets	700,978	63,555	17,759
Noncurrent assets:			
Investments			302,452
Loans and notes receivable		13,856	
Restricted assets:			
Cash and cash equivalents		450	
Capital assets:			
Land and construction in progress		258,325	
Other capital assets, net		328,676	
Total Noncurrent Assets		601,307	302,452
Total Assets	\$ 700,978	\$ 664,862	\$ 320,211
Deferred Outflows of Resources			
Pension		1,558	301

Enterprise Funds

Nonmajor Funds		Totals	
\$	336,398	\$	337,594
	117,584		821,121
	4,125		41,904
			100
	4		772
	11,618		49,408
	8		363
	298		298
	511		616
	5,586		6,248
	476,132		1,258,424
	2,108		304,560
	148,039		161,895
			450
	9,598		267,923
	28,680		357,356
	188,425		1,092,184
\$	664,557	\$	2,350,608

4,526 6,385

(Continued on Next Page)

Mississippi

Proprietary Funds

Statement of Net Position

June 30, 2017 (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
Liabilities			
Current liabilities:			
Warrants payable	\$	\$	\$ 360
Accounts payable and other liabilities	66	29,846	1,138
Contracts payable		5,521	
Due to other governments	6,735		
Due to other funds	1,689		
Due to component units			
Claims and benefits payable	6,161		36,630
Deposits			
Bonds payable		3,127	
Unearned revenues	176	543	
Lease obligations payable			
Total Current Liabilities	14,827	39,037	38,128
Noncurrent liabilities:			
Due to other governments			
Claims and benefits payable			410,610
Bonds payable		3,546	
Lease obligations payable			
Liabilities payable from restricted assets:			
Deposits		100	
Net pension liability		6,806	1,072
Other liabilities		264	46
Total Noncurrent Liabilities		10,716	411,728
Total Liabilities	14,827	49,753	449,856
Deferred Inflows of Resources			
Pension		22	3
Net Position			
Net investment in capital assets		580,328	
Restricted for:			
Expendable			
Unemployment compensation benefits	686,151		
Other purposes		450	
Unrestricted (deficit)		35,867	(129,347)
Total Net Position	\$ 686,151	\$ 616,645	\$ (129,347)

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

Enterprise Funds

Nonmajor Funds		Totals	
\$	1,112	\$	1,472
	18,040		49,090
			5,521
	5,479		12,214
	84		1,773
	70,700		113,491
	1,768		1,768
			3,127
	9,542		10,261
	79		79
	106,804		198,796
	7,724		7,724
			410,610
			3,546
	41		41
			100
	18,644		26,522
	309		619
	26,718		449,162
	133,522		647,958
	1,199		1,224
	24,795		605,123
			686,151
			450
	509,567		416,087
\$	534,362	\$	1,707,811

Mississippi

Proprietary Funds

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Operating Revenues			
Charges for sales and services/premiums	\$	\$ 21,921	\$
Assessments	86,649		
Investment income			
Federal agencies	1,479		
Rentals			
Fees			
Tuition receipts			10,921
Other			
Total Operating Revenues	88,128	21,921	10,921
Operating Expenses			
Cost of sales and services			
General and administrative		3,960	722
Contractual services		12,933	1,225
Commodities		1,270	18
Depreciation		11,945	
Claims and benefits	83,972		29,524
Other			
Total Operating Expenses	83,972	30,108	31,489
Operating Income (Loss)	4,156	(8,187)	(20,568)
Nonoperating Revenues			
Revenue from counties		963	
Insurance recovery		8	
Gain on disposal of capital assets			
Investment income	14,226	1,145	39,679
Total Nonoperating Revenues	14,226	2,116	39,679
Nonoperating Expenses			
Loss on disposal of capital assets		13,373	
Interest and other fiscal charges		152	
Total Nonoperating Expenses		13,525	
Income (Loss) before Capital Contributions and Transfers	18,382	(19,596)	19,111
Capital Contributions			
Transfers In		74,430	
Transfers Out			
Change in Net Position	18,382	54,834	19,111
Total Net Position - Beginning, as restated	667,769	561,811	(148,458)
Total Net Position - Ending	\$ 686,151	\$ 616,645	\$ (129,347)

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

Enterprise Funds

Nonmajor Funds	Totals
\$ 751,235	\$ 773,156
	86,649
5,797	5,797
	1,479
5,796	5,796
210	210
	10,921
1,684	1,684
<hr/> 764,722	<hr/> 885,692
7,458	7,458
6,426	11,108
40,441	54,599
1,266	2,554
1,585	13,530
	113,496
744,271	744,271
<hr/> 801,447	<hr/> 947,016
<hr/> (36,725)	<hr/> (61,324)
	963
	8
	0
2,274	57,324
<hr/> 2,274	<hr/> 58,295
33	13,406
6	158
<hr/> 39	<hr/> 13,564
(34,490)	(16,593)
18	18
7,081	81,511
(2,017)	(2,017)
<hr/> (29,408)	<hr/> 62,919
563,770	1,644,892
<hr/> \$ 534,362	<hr/> \$ 1,707,811

Mississippi

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security	Port Authority at Gulfport	State Treasurer
	Unemployment Compensation		Prepaid Affordable College Tuition
Cash Flows from Operating Activities			
Cash receipts from federal agencies	\$ 1,489	\$	\$
Cash receipts/premiums from customers		21,596	10,921
Cash receipts from assessments	96,413		
Cash payments to suppliers for goods and services		(14,829)	(1,216)
Cash payments to employees for services		(3,459)	(518)
Cash payments for claims and benefits	(86,717)		(27,406)
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	11,185	3,308	(18,219)
Cash Flows from Noncapital Financing Activities			
Transfers in		77,927	
Transfers out			
Revenues from counties		976	
Net Cash Provided by Noncapital Financing Activities		78,903	
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets		(91,914)	
Principal received on notes receivable		646	
Proceeds from sales of capital assets			
Cash payment for disposal of capital assets		(584)	
Principal paid on bonds and capital asset contracts		(3,127)	
Interest paid on bonds and capital asset contracts		(193)	
Proceeds from insurance recovery		8	
Net Cash Provided by (Used for) Capital and Related Financing Activities		(95,164)	
Cash Flows From Investing Activities			
Proceeds from sales of investments			133,034
Purchases of investments			(112,732)
Investment income	14,226	1,119	3,678
Net Cash Provided by Investing Activities	14,226	1,119	23,980
Net Change in Cash and Cash Equivalents	25,411	(11,834)	5,761
Cash and Cash Equivalents - Beginning, as restated	640,112	35,537	10,296
Cash and Cash Equivalents - Ending	\$ 665,523	\$ 23,703	\$ 16,057

Enterprise Funds

Nonmajor Funds		Totals	
\$		\$	1,489
	756,280		788,797
			96,413
	(44,271)		(60,316)
	(5,187)		(9,164)
			(114,123)
	5,738		5,738
	(741,899)		(741,899)
	23,236		23,236
	(14,260)		(14,260)
	(20,363)		(24,089)
	6,815		84,742
	(2,017)		(2,017)
			976
	4,798		83,701
	(3,848)		(95,762)
			646
	31		31
			(584)
	(77)		(3,204)
	(6)		(199)
			8
	(3,900)		(99,064)
			133,034
			(112,732)
	2,250		21,273
	2,250		41,575
	(17,215)		2,123
	471,197		1,157,142
\$	453,982	\$	1,159,265

(Continued on Next Page)

Mississippi

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2017 (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	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating income (loss)	\$ 4,156	\$ (8,187)	\$ (20,568)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		11,945	
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	10,418	(557)	
Due from other governments	(327)		
Due from other funds	28		
Due from component units	(355)		
Inventories			
Prepaid items		(53)	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			192
Accounts payable and other liabilities	(4)	(555)	(163)
Due to other governments	(2,511)		
Due to other funds	(287)		(3)
Claims and benefits payable	58		2,148
Unearned revenues	10	283	
Pension cost		482	175
Other Liabilities	(1)	(50)	
Total adjustments	7,029	11,495	2,349
Net Cash Provided by (Used for) Operating Activities	\$ 11,185	\$ 3,308	\$ (18,219)
Noncash Capital and Related Financing and Investing Activities			
Capital contributions			
Gain(loss) on disposal of capital assets		(13,373)	
Change in market value of investments		(5)	14,233

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

Enterprise Funds

Nonmajor Funds	Totals
\$ (36,725)	\$ (61,324)
1,585	13,530
527	10,388
(4)	(331)
(866)	(838)
(8)	(363)
6	6
(161)	(214)
2,714	2,714
114	306
16,589	15,867
29	(2,482)
(4,481)	(4,771)
	2,206
(847)	(554)
1,165	1,822
	(51)
16,362	37,235
\$ (20,363)	\$ (24,089)

18	18
(33)	(13,406)
	14,228

Mississippi

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Fund	Agency Funds
Assets			
Equity in internal investment pool	\$ 1,318	\$ 46	\$ 8,769
Cash and cash equivalents	795,828		19,974
Investments, at fair value:			
Short-term investments	302,700	10,854	
Long-term debt securities	5,015,559	42,471	
Equity securities	16,847,682	101,849	
Private equity	1,800,240		
Real estate investments	2,625,867	10,961	
Life insurance contracts		46,174	
Securities lending:			
Short-term investments	272,932		
Long-term debt securities	2,686,774		
Receivables, net:			
Employer contributions	69,246		
Employee contributions	36,608		
Investment proceeds	404,688		
Interest and dividends	84,186		
Other	1,140		228
Commodity inventory			2,053
Capital assets:			
Land and construction in progress	1,534		
Other capital assets, net	25,331		
Total Assets	<u>30,971,633</u>	<u>212,355</u>	<u>\$ 31,024</u>
Deferred Outflow of Resources			
Pension		41	
Liabilities			
Warrants payable	106	2	3
Accounts payable and accruals	955,714	53	1,090
Due to other governments			749
Amounts held in custody for others			29,182
Net Pension Liability		179	
Obligations under securities lending	2,955,085		
Total Liabilities	<u>3,910,905</u>	<u>234</u>	<u>\$ 31,024</u>
Deferred Inflow of Resources			
Pension		1	
Net Position			
Net position restricted for pensions and trust beneficiaries	<u>\$ 27,060,728</u>	<u>\$ 212,161</u>	

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

Mississippi

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 1,052,147	\$
Plan participant	572,456	20,434
Total Contributions	<u>1,624,603</u>	<u>20,434</u>
Net Investment Income:		
Net change in fair value of investments	3,037,548	13,450
Interest and dividends	539,547	3,815
Securities lending:		
Income from securities lending	40,554	
Interest expense and trading costs from securities lending	(18,221)	
Managers' fees and trading costs	(95,916)	
Net Investment Income	<u>3,503,512</u>	<u>17,265</u>
Other Additions:		
Administrative fees	568	153
Other	36	
Total Other Additions	<u>604</u>	<u>153</u>
Total Additions	<u>5,128,719</u>	<u>37,852</u>
Deductions		
Benefits	2,544,382	16,170
Refunds to terminated employees	113,868	
Administrative expenses	18,192	1,029
Depreciation	8,572	
Total Deductions	<u>2,685,014</u>	<u>17,199</u>
Change in Net Position	2,443,705	20,653
Net Position - Beginning	24,617,023	191,508
Net Position - Ending	<u>\$ 27,060,728</u>	<u>\$ 212,161</u>

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

Mississippi

Component Units

Statement of Net Position

June 30, 2017 (Expressed in Thousands)

	Universities	Nonmajor	Totals
Assets			
Current assets:			
Equity in internal investment pool	\$	\$ 2,070	\$ 2,070
Cash and cash equivalents	473,049	26,267	499,316
Investments	256,614	25,869	282,483
Receivables, net	344,762	3,368	348,130
Due from other governments		161	161
Due from primary government	11,843	25	11,868
Inventories	32,337	1,597	33,934
Prepaid items	24,421	79	24,500
Notes receivable, net	44,688		44,688
Other assets	1,947	15	1,962
Total Current Assets	1,189,661	59,451	1,249,112
Noncurrent assets:			
Investments	619,823		619,823
Notes receivable, net	185,160		185,160
Restricted assets:			
Cash and cash equivalents	217,530	1,528	219,058
Investments	1,074,484		1,074,484
Capital assets:			
Land and construction in progress	844,623	11,494	856,117
Other capital assets, net	3,240,130	46,901	3,287,031
Other assets	21,843		21,843
Total Noncurrent Assets	6,203,593	59,923	6,263,516
Total Assets	7,393,254	119,374	7,512,628
Deferred Outflows of Resources			
Refunding	27,502		27,502
Pension	616,438	4,312	620,750
Total Deferred Outflows	643,940	4,312	648,252

(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, 2017 (Expressed in Thousands)

(Continued from Previous Page)

	Universities	Nonmajor	Totals
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	207,915	5,350	213,265
Due to primary government	1,476	555	2,031
Unearned revenues	128,992	456	129,448
Bonds and notes payable	41,477		41,477
Lease obligations payable	1,142	94	1,236
Other liabilities	60,610		60,610
Total Current Liabilities	441,612	6,455	448,067
Noncurrent liabilities:			
Bonds and notes payable	1,170,941		1,170,941
Lease obligations payable	1,286	197	1,483
Net pension liability	2,824,552	20,126	2,844,678
Other liabilities	263,923	1,624	265,547
Total Noncurrent Liabilities	4,260,702	21,947	4,282,649
Total Liabilities	4,702,314	28,402	4,730,716
Deferred Inflows of Resources			
Pension	9,515	1,679	11,194
Net Position			
Net investment in capital assets	2,903,940	57,031	2,960,971
Restricted for:			
Debt service		1,610	1,610
Other purposes	679,060	3,974	683,034
Permanent endowments:			
Nonexpendable	836,172		836,172
Unrestricted	(1,093,807)	30,990	(1,062,817)
Total Net Position	\$ 3,325,365	\$ 93,605	\$ 3,418,970

Mississippi

Component Units

Statement of Activities

For the Year Ended June 30, 2017 (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	\$ 3,704,968	\$ 2,136,387	\$ 490,293	\$ 57,240	\$ (1,021,048)	\$	\$ (1,021,048)
Nonmajor	34,446	28,338	2,173	1,643		(2,292)	(2,292)
Total	\$ 3,739,414	\$ 2,164,725	\$ 492,466	\$ 58,883	(1,021,048)	(2,292)	(1,023,340)
General revenues:							
					125,913	114	126,027
					205,356	2,612	207,968
					807,834		807,834
					29,758		29,758
					1,168,861	2,726	1,171,587
					147,813	434	148,247
					3,177,552	93,171	3,270,723
					\$ 3,325,365	\$ 93,605	\$ 3,418,970

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

Notes to the Financial Statements

June 30, 2017

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, 2017, 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 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 Basin Development District – This is a legally separate entity created and established as a body corporate and politic. The State does not appoint the voting majority of the board but the District is fiscally dependent and a financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District handles the preservation, conservation, storage and regulation of the waters of the Pearl River and its tributaries and their overflow waters for domestic, commercial, municipal, industrial, agricultural and manufacturing purposes, for recreational uses, flood control, timber development, irrigation, navigation, and pollution abatement. The audited financial statements may be obtained from the Department of Finance and Administration at P.O. Box 267, Jackson, MS 39205.

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.

Effective July 1, 2016, the State Legislature revised the powers and duties of the Mississippi Coast Coliseum and transferred the administration and management to the Harrison County Board of Supervisors.

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.

Mississippi

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

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

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

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.

Mississippi

Proprietary Funds:

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

Effective July 1, 2016, the State Legislature enacted the Mississippi Budget Transparency and Simplification Act of 2016, which eliminated the State's need for internal service funds. This act provides that no state agency shall charge another state agency a fee, assessment, rent, audit fee, personnel fee or other charge for services or resources with a few exceptions. The expenses of these state agencies shall be defrayed by appropriation of the legislature from the General Fund.

Fiduciary Funds:

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

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

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

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

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

- F. 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.

Mississippi

- 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.
- 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.

Mississippi

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.

- 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. 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.

- S. 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.
- T. 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.
- U. Changes in Accounting Standards** - The State implemented the following standards issued by GASB in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an amendment of GASB Statement No. 14. The provisions of these standards have been incorporated into the financial statements and the notes. The implementation of GASB Statement No. 80 did not have a material impact on the financial statements and notes.

Mississippi

Note 2 - Other Accounting Disclosures

- A. Net Position Restricted by Enabling Legislation** - The State's net position restricted by enabling legislation represent resources which a party external to government, such as citizens, public interest groups, or the judiciary, can compel the government to use only for the purpose specified by the legislation. The government-wide statement of net position reports \$4,060,821,000 of restricted net position, of which \$140,811,000 is restricted by enabling legislation.
- B. Deficit Net Position** - At June 30, 2017, the State Treasurer Prepaid Affordable College Tuition Fund (a major proprietary fund) has a deficit net position of \$129,347,000. The deficit is a result of actual investment earnings being less than actuarial assumptions. The Department of Corrections Restaurants and Commissary Fund (a nonmajor enterprise fund) has a deficit net position of \$787,000. This deficit is the result of the actuarially determined pension liability reported in the fund's 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 7.5% of General Fund appropriations for the current fiscal year. As required by law, the Account is not considered as a surplus or available funds when adopting a balanced budget. For fiscal year 2017, 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 \$100,000,000. These transfers are restored to the Account out of future annual General Fund ending cash balances until the 7.5% maximum is again attained. At June 30, 2017, the Account, as reported in the General Fund, has an unassigned fund balance of \$281,003,000.
- D. Fund Balances** – At June 30, 2017, the State's restricted, committed and assigned fund balances are summarized by purpose as follows (amounts expressed in thousands):

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Governmental Funds			
General			
General Government			
Fiscal Affairs	\$ 14,216	\$ 11,247	\$ 8,045
Regulatory	11,804	412	
Other	30,706	7,420	
Education	93,761	7,922	85
Health and Social Services	499,353	876	1,561
Law, Justice and Public Safety			
Highway Safety	26,342	3,955	
Judicial and Justice	39,764	5,768	
Other	26,109	9,786	19
Recreation and Resources Development			
Industrial Development	605,291	4,162	326
Natural Resources	649,539	355	
Other	91,896	1,726	829
Regulation of Business and Professions	24,915	2,550	
Transportation			
Highways	329,570		
State Roads and Bridges	106,942		
Other	74,584		
Capital Projects	384,587		
Debt Service	252,787		
Total General Fund	<u>3,262,166</u>	<u>56,179</u>	<u>10,865</u>
Permanent			
Education	3,610		
Health and Social Services	352		
Recreation and Resources Development			
Wildlife Conservation	1,427		
Total Permanent Fund	<u>5,389</u>		
Total Governmental Funds	<u>\$ 3,267,555</u>	<u>\$ 56,179</u>	<u>\$ 10,865</u>

Mississippi

- E. Reclassification/Restatements of Fund Balance and Net Position** – Effective July 1, 2016, the State Legislature enacted Senate Bill 2362, The Mississippi Budget Transparency and Simplification Act of 2016, which eliminated the State’s need for internal service funds. Management could no longer charge personnel, information technology, and risk management services to individual funds on a cost-reimbursement basis.

All prior year internal service funds’ net position have been reclassified to the General Fund with the exception of the DFA-State Life and Health Insurance Plan which previously was reported in the DFA Risk Management Fund. The DFA-State Life and Health Insurance Plan has been reclassified as a nonmajor enterprise fund. In order to account for the change in measurement focus and basis of accounting, net positions of the internal service fund that were reclassified to the General Fund were converted to the current financial measurement focus and the modified accrual basis of accounting.

The reclassifications and restatements of fund balance and net position are summarized as follows (amounts expressed in thousands):

Fund Balance	June 30, 2016 as previously reported	Internal Service Funds Reclassifications		June 30, 2016 as restated
Governmental Funds:				
General Fund	\$ 4,297,854	\$ 1,051	\$ 7,806	\$ 5,539
	<u>4,297,854</u>			<u>4,312,250</u>
Net Position				
Proprietary Funds:				
Enterprise Funds	1,348,986			295,906
Internal Service Funds:				1,644,892
Personnel Board	(5,379)	5,379		
Information Technology Services	23,713		(23,713)	
Risk Management	299,706			(299,706)
Total Internal Service Funds	<u>318,040</u>	<u>5,379</u>	<u>(23,713)</u>	<u>(299,706)</u>
Total Net Position	<u>\$ 1,667,026</u>	<u>\$ 5,379</u>	<u>\$ (23,713)</u>	<u>\$ (3,800)</u>
	<u>1,667,026</u>			<u>1,644,892</u>

Internal service funds primarily served the governmental funds and were previously included with governmental activities in the government wide financial statements. Therefore, governmental activities only changed by the \$295,906 that was reclassified to business-type activities. The reclassifications and restatements of net position are summarized as follows (amounts expressed in thousands):

Net Position	June 30, 2016 as previously reported	Internal Service Fund Reclassifications	June 30, 2016 as restated
Governmental Activities			
Net Investment in capital assets	\$ 14,372,421		\$ 14,372,421
Restricted	3,763,095		3,763,095
Unrestricted	(5,532,216)	(295,906)	(5,828,122)
Total Governmental Activities	<u>\$ 12,603,300</u>	<u>\$ (295,906)</u>	<u>\$ 12,307,394</u>
Business-type Activities			
Net Investment in capital assets	548,732		\$ 548,732
Restricted	668,662		668,662
Unrestricted	131,592	295,906	427,498
Total Business-type Activities	<u>\$ 1,348,986</u>	<u>\$ 295,906</u>	<u>\$ 1,644,892</u>
	<u>1,348,986</u>		<u>1,644,892</u>

Mississippi

Effective July 1, 2016, the State Legislature transferred the powers and management of the Mississippi Coast Coliseum, a nonmajor component unit, to the Harrison County Board of Supervisors. The restatement of net position is summarized as follows (amounts expressed in thousands):

Net Position	June 30, 2016 as previously reported	Transfer of Component Unit	June 30, 2016 as restated
Component Units			
Net Investment in capital assets	\$ 2,858,728	\$ (111,144)	\$ 2,747,584
Restricted for:			
Debt service	1,974		1,974
Other purposes	575,689		575,689
Permanent Endowments:			
Nonexpendable	796,467	(7,000)	789,467
Unrestricted	(842,639)	(1,352)	(843,991)
Total Component Units	\$ 3,390,219	\$ (119,496)	\$ 3,270,723

Mississippi

Note 3 - Interfund Transactions

At June 30, 2017, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Due From	Due To					Total
	General	Permanent	Unemployment Compensation	Port Authority at Gulfport	Nonmajor Enterprise	
Governmental:						
General	\$	\$ 229	\$ 385	\$ 37,405	\$ 11,618	\$ 49,637
Proprietary:						
Unemployment Compensation	1,689					1,689
Nonmajor Enterprise	84					84
Total	\$ 1,773	\$ 229	\$ 385	\$ 37,405	\$ 11,618	\$ 51,410

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, 2017, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

Due From	Due To					Total
	Primary Government			Component Units		
	General	Unemployment Compensation	Nonmajor Enterprise	Universities	Nonmajor	
Primary Government:						
General	\$	\$	\$	\$ 11,843	\$ 25	\$ 11,868
Component Units:						
Universities	1,113	355	8			1,476
Nonmajor	555					555
Total	\$ 1,668	\$ 355	\$ 8	\$ 11,843	\$ 25	\$ 13,899

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, 2017, interfund transfers consisted of (amounts expressed in thousands):

Transfer From	Transfer To			Total
	General	Port Authority at Gulfport	Nonmajor Enterprise	
Governmental:				
General	\$	\$ 74,430	\$ 7,081	\$ 81,511
Permanent	1,000			1,000
Proprietary:				
Nonmajor Enterprise	2,017			2,017
Total	\$ 3,017	\$ 74,430	\$ 7,081	\$ 84,528

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

Mississippi

Note 4 - Deposits and Investments

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

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

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 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, 2017, of the statewide collateral pool cash deposits reported by the financial institutions, \$2,524,000 was uninsured and uncollateralized. Of the cash deposits not included in the statewide collateral pool, \$938,000 was uninsured and uncollateralized, and \$48,522,000 was uninsured and collateral held by the pledging financial institution's trust department or agent was not in the government's name.

Mississippi

Primary Government Investment Policies (except for the System)

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

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

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

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

U.S. Government agency, U.S. Government instrumentality, or U.S. Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by U.S. Government, U.S. Government agency, U.S. Government instrumentality, or U.S. Government sponsored enterprise; 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

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;

Mississippi

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, 2017 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings				
	AAA	AA	A	BBB	Not Rated
Asset backed securities	\$ 2,707	\$ 1,620	\$ 1,591	\$ 1,483	
Collateralized mortgage obligations	500	333			474,629
Corporate bonds	983	2,906	23,678	4,495	
Mortgage pass-throughs					85,278
Mutual funds	58,134				53,326
State and local obligations		2,052			504
U.S. Government agency obligations	108,545	1,062,918			52,299
Total	\$ 170,869	\$ 1,069,829	\$ 25,269	\$ 5,978	\$ 666,036

- 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, 2017, the primary government had the following investments and maturities (amounts expressed in thousands):

Investment Type	Fair Value (in thousands)	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	\$ 7,401	\$	\$ 2,561	\$ 3,069	\$ 1,771
Collateralized mortgage obligations	559,387	1	19,719	39,799	499,868
Corporate bonds	35,250	3,311	18,180	7,113	6,646
Mortgage pass-throughs	90,344		31,925	20,291	38,128
State and local obligations	2,556		1,478	1,078	
Mutual funds	111,459	58,134	40,778	12,547	
Other pass-throughs	366,461	2,956	8,897	12,505	342,103
U.S. Government agency obligations	1,131,005	175,823	688,145	264,328	2,709
U.S. Treasury Obligations	516,729	344,892	150,937	17,966	2,934
Zero coupon bonds	999		999		
Total Primary Government	\$ 2,821,591	\$ 585,117	\$ 963,619	\$ 378,696	\$ 894,159

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.

Mississippi

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, 2017, the primary government 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)
Debt securities:			
Asset backed securities	\$ 7,401	\$	\$ 7,401
Collateralized mortgage obligations	559,387		559,387
Corporate bonds	36,952	1,702	35,250
Fixed income securities	39,077	39,077	
International fixed	1,693	1,693	
Mortgage pass-throughs	90,344		90,344
Mutual funds	16,592	16,592	
Other pass-throughs	366,462		366,462
Real estate investments	10,961	10,961	
State and local obligations	2,556		2,556
U.S. Government agency obligations	1,132,003		1,132,003
U.S. Treasury obligations	484,297	484,297	
U.S. Treasury bills	224	224	
Total Debt Securities	2,747,949	\$ 554,546	\$ 2,193,403
Equity securities:			
Domestic equities	219,429	219,429	
International equities	39,339	39,339	
Total Equity Securities	258,768	258,768	
Total Investments By Fair Value Level	3,006,717	\$ 813,314	\$ 2,193,403
Open-ended comingled funds - foreign	59,329		
Real estate funds	16,471		
Total Investments Measured at NAV	75,800		
Total Investments Measured at Fair Value	\$ 3,082,517		
Investment derivative instruments:			
Interest rate swaps	32,598		32,598
Total Investment Derivative Instruments	\$ 32,598		\$ 32,598

Mississippi

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	\$ 59,329	\$ -	Daily	Up to 30 days
Real estate funds	16,471	-	Daily	Up to 60 days
Total Investments at NAV	\$ 75,800	-		

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 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	\$ 306,689	7.91%
Federal Home Loan Mortgage Corporation	625,892	16.13
Federal National Mortgage Association	454,190	11.71
Federal Farm Credit Bank	216,860	5.59

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

System Deposits

Section 25-11-121, Mississippi Code Ann. (1972), requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by federal insurance programs. These statutes also require that, when possible, the types of collateral securing deposits be limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to at least 100 percent of the amount on deposit in excess of that which is guaranteed by federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts, and at June 30, 2017, 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;

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

Highway bonds of the State;

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

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

Bonds of the Tennessee Valley Authority;

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

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

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

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

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

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

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

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

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

System Investments

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

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The Moody's or S&P credit ratings for the System's investments as of June 30, 2017 are as follows (amounts expressed in thousands):

Investment Type	Quality Ratings					
	Aaa/AAA	Aa/AA	A/A	Baa/BBB	Ba/BB	B/B
Asset backed securities	\$ 1,566,162	\$ 21,933	\$ 42,612	\$ 21,003	\$ 14,723	\$ 9,559
Collateralized mortgage obligations	195,890	165,921	39,067	24,254	17,374	17,396
Commercial paper		85,969				
Corporate bonds	98,249	628,456	1,122,094	813,608	243,743	125,279
Mortgage pass-throughs		503,541				
Repurchase agreements		249,800	39,507			
Sovereign governments debt	75,711	83,632	167,801	286,858	136,356	154,619
State and local obligations	3,167	31,349	12,028	1,633	301	
U.S. Government agency obligations		63,821				
Yankee/Global bonds	26,139	2,947	1,181	1,851		
Total	\$ 1,965,318	\$ 1,837,369	\$ 1,424,290	\$ 1,149,207	\$ 412,497	\$ 306,853

Investment Type	Quality Ratings				
	Caa/CCC	Ca/CC	C/C	D/D	Not Rated
Asset backed securities	\$ 1,316	\$ 3	\$ 18	\$	11,034
Collateralized mortgage obligations	8,156	842		9,553	30,401
Commercial paper					3,587
Corporate bonds	12,945	5,034		12	1,495
Repurchase agreements					7,446
Sovereign governments debt	33,892				2,289
Total	\$ 56,309	\$ 5,879	\$ 18	\$ 9,565	\$ 56,252

- 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 \$29,551,754,000 in investments at June 30, 2017, \$3,636,244,000 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, 2017, consisted of (amounts expressed in thousands):

Investment Type	Fair Value
Cash collateral securities	
Asset backed securities	\$ 1,417,563
Commercial paper	85,968
Corporate bonds	1,356,671
Repurchase agreements	99,504
Total cash collateral securities	<u>2,959,706</u>
Underlying securities on non-cash loans	
Debt securities	8,392
Equities	658,690
Real Estates Investment Trusts	9,456
Total underlying securities on non-cash loans	<u>676,538</u>
Total	\$ 3,636,244

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- 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, 2017, 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	\$ 1,688,363	\$ 1,486,805	\$ 133,133	\$ 27,036	\$ 41,389
Collateralized mortgage obligations	508,854	189,812	30,257	3,840	284,945
Commercial paper	89,556	89,556			
Corporate bonds	3,050,915	845,212	1,332,414	490,739	382,550
Mortgage pass-throughs	587,983		479	7,205	580,299
Repurchase agreements	296,753	293,971			2,782
Sovereign governments debt	941,158	14,890	314,890	351,751	259,627
State and local obligations	48,478		12,897	6,092	29,489
U.S. Government agency obligations	63,821	41,996	10,843	398	10,584
U.S. Treasury obligations	935,234	81,161	352,854	250,924	250,295
Yankee/Global bonds	32,118		13,209	17,160	1,749
Total	\$ 8,243,233	\$ 3,043,403	\$ 2,200,976	\$ 1,155,145	\$ 1,843,709

During fiscal year 2017, 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 \$21,300,000 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 \$508,900,000 in CMOs at June 30, 2017. Of this amount, \$70,400,000 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 \$1,700,000,000 in ABS held at June 30, 2017, \$29,000,000 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, 2017, the System has invested in \$588,000,000 in mortgage pass-through securities issued by the FNMA, FHLMC, and GNMA. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

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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, 2017, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities and REITs	Debt Securities	Total Fair Value
Argentina peso	\$ 345	\$	\$ 3,832	\$ 4,177
Australian dollar	(188,254)	277,214	18,983	107,943
Brazilian real	(10,229)	143,257	20,694	153,722
British pound sterling	(457,578)	841,264	50,189	433,875
Canadian dollar	(56,553)	119,412	56,093	118,952
Chilean peso		4,237		4,237
Chinese Yuan Renminbi	6,301			6,301
Columbian peso	(2,444)	341	2,645	542
Czech koruna		2,024		2,024
Danish krone	(55,493)	117,878	17,141	79,526
Egyptian pound	1,405			1,405
Euro	(939,492)	1,417,660	245,274	723,442
Hong Kong dollar	(72,220)	380,873		308,653
Hungarian forint		25,135		25,135
Indian Rupee	4,997	125,775		130,772
Indonesian rupiah	3,163	72,392		75,555
Israeli shekel	(5,716)	12,432		6,716
Japanese yen	(635,423)	1,086,940	113,021	564,538
Kenyan shilling		152		152
Malaysian ringgit	1,891	26,423	3,159	31,473
Mexican peso	(43,961)	54,240	75,696	85,975
New Taiwan dollar	(6,292)	185,668		179,376
New Zealand dollar	(32,882)	24,562	8,051	(269)
Norwegian krone	(13,480)	25,213		11,733
Pakistani rupee	214	17,657		17,871
Peruvian nuevo sol	(483)		2,501	2,018
Philippines peso		14,598		14,598
Polish zloty	(2,017)	18,829	2,635	19,447
Qatari riyal	53	946		999
Russian ruble	1,423	84	1,761	3,268
Singapore dollar	(41,607)	76,938		35,331
South African rand	(4,952)	131,974	10,237	137,259
South Korean won	(5,189)	363,696		358,507
Swedish krona	(91,432)	171,293	32,166	112,027
Swiss franc	(188,169)	323,652		135,483
Thailand baht	59	35,173		35,232
Turkish lira	3,156	79,026	1,279	83,461
UAE dirham	8	75		83
Uruguayan peso			1,826	1,826
Total	\$ (2,830,851)	\$ 6,177,033	\$ 667,183	\$ 4,013,365

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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, 2017, 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, 2017, are as follows (amounts expressed in thousands):

Investment Type	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2017	
		Classification	Amount	Classification	Amount
Foreign currency forwards	\$ (49,113,981)	Investment income	\$ (34,913)	Investment	\$34,913
To-be-announced securities	263,968	Investment income	(1,410)	Debt securities	(1,410)

- 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, 2017, 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 2017.

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 two days at June 30, 2017. Cash collateral was invested in repurchase agreements, corporate bonds and ABS. The weighted average effective duration and the weighted average maturity of all collateral investments at June 30, 2017, were 29 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 \$676,538,000 securities lent for securities collateral as of June 30, 2017. 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, 2017, the aggregate fair value of securities lending holdings, including accrued interest was \$2,963,783,000 and the aggregate fair value, including accrued interest, of the underlying securities lent was \$3,568,820,000. The value of the collateral pledged by borrowers at year end was \$3,704,796,000.

- 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, 2017, 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)
Debt securities:				
Commercial paper	\$ 89,556	\$	\$ 89,556	\$
Repurchase agreement	296,753		296,753	
Short Term collateralized mortgage obligations	421		421	
Short Term U.S. Corporate bonds	89,097		89,097	
Short Term U.S. Government agency obligations	41,996		41,996	
Short Term U.S. Treasury obligations	19,290	19,290		
Short Term non-U.S. corporate bonds	2,505		2,505	
Short Term Sovereign government debt	1,282		1,282	
U.S. Government agency obligations	21,825		21,735	90
U.S. Treasury obligations	915,944	915,944		
Collateralized mortgage obligations	508,854		502,527	6,327
U.S. Corporate bonds	2,067,879	1,925	2,033,696	32,258
Non-U.S. Corporate bonds	891,434		891,434	
Mortgage pass-throughs	587,983		587,983	
State and local obligations	48,478		48,478	
Asset-Backed securities	1,687,942		1,687,492	450
Yankee/Global bonds	32,118		32,118	
Sovereign government debt	939,876		939,876	
Total Debt Securities	8,243,233	\$ 937,159	\$ 7,266,949	\$ 39,125
Equity securities:				
Basic materials	576,246	576,246		
Communications	1,931,138	1,931,138		
Consumer, cyclical	1,768,067	1,768,067		
Consumer, non-cyclical	3,699,096	3,699,096		
Diversified	86,463	86,463		
Energy	778,535	778,535		
Financial	4,179,286	4,179,286		
Industrial	1,928,638	1,928,638		
Technology	1,950,540	1,950,083		457
Utilities	359,706	359,706		
Total Equity Securities	17,257,715	17,257,258		457
Total Investments By Fair Value Level	25,500,948	\$ 18,194,417	\$ 7,266,949	\$ 39,582
Investments measured at NAV:				
Real estate funds*	2,215,834			
Private equity funds	1,800,240			
Total Investments Measured at NAV	4,016,074			
Total Investments Measured at Fair Value	\$ 29,517,022			
Investment derivative instruments:				
Foreign exchange contracts (Liabilities)	2,860,024			
Total Investment Derivative Instruments	\$ 2,860,024			

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

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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.

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, 2017.

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 10th 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, 2017, 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, 2017, 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
Real Estate Funds:				
Core - Open End	\$ 1,873,801	\$	Quarterly	45-90 days
Value Added - Closed End	243,806	229,225	N/A	10-12 years
Timber	98,227		Various*	Various*
Total Real Estate	2,215,834	229,225		
Private Equity Funds:				
Diversified	1,800,240	2,045,705	10-12 years	N/A
Total Private Equity	1,800,240	2,045,705		
Total Investment Measured at NAV	\$ 4,016,074	\$ 2,274,930		

*Based on partnership agreement terms

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Note 5 - Receivables

At June 30, 2017, receivables consisted of (amounts expressed in thousands):

	Governmental Activities		
	General	Permanent	Total
Accounts	\$ 315,199	\$	\$ 315,199
Settlements	600,000		600,000
Taxes:			
Sales	293,376		293,376
Income	284,564		284,564
Gasoline	38,642		38,642
Other	72,271		72,271
Interest and dividends	12,928	247	13,175
Other	5		5
Gross receivables	1,616,985	247	1,617,232
Allowance for uncollectibles	(205,149)		(205,149)
Receivables, net	\$ 1,411,836	\$ 247	\$ 1,412,083
Amounts not scheduled for collection in subsequent year	\$ 718,306		718,306

	Business-type Activities				
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor	Total
Accounts	\$ 69,806	\$ 2,082	\$ 1,234	\$ 3,650	\$ 76,772
Assessments	30,476				30,476
Interest and dividends		30	468	475	973
Gross receivables	100,282	2,112	1,702	4,125	108,221
Allowance for uncollectibles	(66,317)				(66,317)
Receivables, net	\$ 33,965	\$ 2,112	\$ 1,702	\$ 4,125	\$ 41,904

	Component Units		
	Universities	Nonmajor	Total
Accounts	\$ 2,873,474	\$ 3,274	\$ 2,876,748
Interest	3,101	94	3,195
Gross receivables	2,876,575	3,368	2,879,943
Allowance for uncollectibles	(2,531,813)		(2,531,813)
Receivables, net	\$ 344,762	\$ 3,368	\$ 348,130

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Note 6 - Due From Other Governments

At June 30, 2017, due from other governments consisted of (amounts expressed in thousands):

	<u>Governmental Activities</u>	
	General	
Due from other governments	\$	1,125,759
Allowance for uncollectibles		(24,562)
Due from other governments, net	\$	<u>1,101,197</u>
Amounts not scheduled for collection in subsequent year	\$	<u>638,112</u>

	<u>Business-type Activities</u>			
	Unemployment Compensation	Port Authority at Gulfport	Nonmajor	Total
Due from other governments	\$ 1,475	\$ 18	\$ 4	\$ 1,497
Allowance for uncollectibles	(725)			(725)
Due from other governments, net	\$ 750	\$ 18	\$ 4	\$ 772

Note 7 - Loans and Notes Receivable

At June 30, 2017, 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	\$ 390,312	\$ 254,796
Allowance for uncollectibles	(153,470)	(24,948)
Loans and notes receivable, net	\$ <u>236,842</u>	\$ <u>229,848</u>
Amounts not scheduled for collection in subsequent year	\$ <u>197,971</u>	\$ <u>185,160</u>

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Note 8 - Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2017, was as follows (amounts expressed in thousands):

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,328,614	\$ 58,629	\$ 64	\$ 2,387,179
Construction in progress	4,456,877	932,931	611,587	4,778,221
Total capital assets not being depreciated	6,785,491	991,560	611,651	7,165,400
Capital assets being depreciated:				
Software	155,628	420	1,169	154,879
Buildings	2,167,355	8,389	1,276	2,174,468
Land improvements	272,801	4,975		277,776
Machinery and equipment	744,595	49,701	38,403	755,893
Infrastructure	10,573,128	451,637	213,172	10,811,593
Total capital assets being depreciated	13,913,507	515,122	254,020	14,174,609
Less accumulated depreciation for:				
Software	25,421	10,558	1,169	34,810
Buildings	659,427	39,870	147	699,150
Land improvements	144,105	10,430		154,535
Machinery and equipment	506,015	47,216	31,579	521,652
Infrastructure	3,609,351	372,375	213,172	3,768,554
Total accumulated depreciation	4,944,319	480,449	246,067	5,178,701
Total capital assets being depreciated, net	8,969,188	34,673	7,953	8,995,908
Governmental activities capital assets, net	\$ 15,754,679	\$ 1,026,233	\$ 619,604	\$ 16,161,308

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 130,425	\$	\$ 31	\$ 130,394
Construction in progress	228,577	86,263	177,311	137,529
Total capital assets not being depreciated	359,002	86,263	177,342	267,923
Capital assets being depreciated:				
Buildings	77,318	28,002	5,479	99,841
Land improvements	54,669	89,008	22,149	121,528
Machinery and equipment	21,236	31,354	163	52,427
Infrastructure	173,606	28,432	16,345	185,693
Total capital assets being depreciated	326,829	176,796	44,136	459,489
Less accumulated depreciation for:				
Buildings	24,659	1,920	1,515	25,064
Land improvements	27,065	3,223	14,516	15,772
Machinery and equipment	13,720	3,138	127	16,731
Infrastructure	54,468	5,249	15,151	44,566
Total accumulated depreciation	119,912	13,530	31,309	102,133
Total capital assets being depreciated, net	206,917	163,266	12,827	357,356
Business-type activities capital assets, net	\$ 565,919	\$ 249,529	\$ 190,169	\$ 625,279

Mississippi

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

Governmental Activities:

General government	\$	34,266
Education		3,583
Health and social services		16,201
Law, justice and public safety		26,985
Recreation and resources development		10,767
Regulation of business and profession		199
Transportation		388,448
Total depreciation expense - governmental activities	\$	<u>480,449</u>

Business-type Activities:

Port Authority at Gulfport	\$	11,945
Other business-type		1,585
Total depreciation expense - business-type activities	\$	<u>13,530</u>

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

	Project Authorization	Expended To Date	Outstanding Commitment
Governmental Activities:			
Department of Transportation	\$ 5,314,563	\$ 4,415,021	\$ 901,811
Department of Finance and Administration	176,243	160,149	13,554
Wireless Communication Commission	43,177	22,916	20,261
Department of Public Safety	43,391	41,229	206
Department of Health	43,202	42,855	154
Department of Rehabilitation Services	13,578	13,536	
East MS State Hospital	33,049	20,319	2,302
Military Department	59,678	16,800	42,878
Other projects less than \$10 million	80,561	45,396	1,894
Total governmental activities	<u>5,807,442</u>	<u>4,778,221</u>	<u>983,060</u>
Business-type Activities:			
Port Authority at Gulfport	200,172	132,933	67,239
Yellow Creek Port Authority	11,783	4,596	7,188
Total business-type activities	<u>211,955</u>	<u>137,529</u>	<u>74,427</u>
Total construction in progress	<u>\$ 6,019,397</u>	<u>\$ 4,915,750</u>	<u>\$ 1,057,487</u>

Mississippi

Component Units

At June 30, 2017, capital assets consisted of (expressed in thousands):

	Universities	Nonmajor	Total
Capital assets not being depreciated:			
Land	\$ 108,337	\$ 11,494	\$ 119,831
Construction in progress	736,286		736,286
Total capital assets not being depreciated	844,623	11,494	856,117
Capital assets being depreciated:			
Buildings	3,727,582	26,090	3,753,672
Land improvements	360,662	50,357	411,019
Machinery and equipment	1,281,125	21,454	1,302,579
Infrastructure		45,033	45,033
Total capital assets being depreciated	5,369,369	142,934	5,512,303
Less accumulated depreciation	2,129,239	96,033	2,225,272
Total capital assets being depreciated, net	3,240,130	46,901	3,287,031
Component units capital assets, net	\$ 4,084,753	\$ 58,395	\$ 4,143,148

Mississippi

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, 2017 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, 2017, 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.

Refunding and Defeased Bonds

During fiscal year 2017, the State issued the following general obligation refunding bonds, which are reported in governmental activities:

Taxable General Obligation Bonds, Series 2017A totaling \$442,775,000 dated June 15, 2017. The Series 2017A Bonds were issued for the purpose of advance refunding and defeasing the following Tax-Exempt Refunded Bonds: \$167,315,000 (original principal amount) General Obligation Bonds (Community Heritage Preservation Grant Program, Local Governments and Rural Water Revolving Loan Fund, Water Pollution Control Revolving Fund, Department of Marine Resources Equipment and Facilities Fund, Mississippi Museum of Art, Local System Bridge Replacement and Rehabilitation Fund, Hillcrest Cemetery Repair Fund, Chalmers Institute Repair Fund, B. B. King Museum, Capital Improvements and GO Captens Series A (Tax Exempt) Project), Series 2006D, dated as of November 1, 2006; \$299,020,000 (original principal amount) General Obligation Bonds (Capital Improvements Issue), Series 2007B, dated as of December 1, 2007; \$133,545,000 (original principal amount) General Obligation Bonds, (Community Heritage Preservation Grant Program, Local Governments and Rural Water Systems Program, Water Pollution Control Revolving Fund, Local System Bridge Replacement Program, Mississippi Public Health Laboratory Project, Rural Fire Truck Acquisition Assistance Program, Bureau of Buildings Projects and Soil and Water Conservation Program), Series 2008A, dated as of October 1, 2008; \$353,730,000 (original principal amount) General Obligation Bonds (Capital Improvement Projects) Series 2011A, dated October 26, 2011; \$43,900,000 General Obligation Refunding Bonds (Nissan North America, Inc. Project), Series 2012B, dated August 1, 2012; \$136,680,000 General Obligation Bonds, Series 2012H, dated October 30, 2012; \$159,225,000 General Obligation Bonds, Series 2013B, dated December 3, 2013. These bonds mature serially beginning in year 2018 through 2036 with interest rates ranging from 2% to 5%. The advance refunding and defeasing was undertaken to reduce debt service payments by \$34,053,000 and to obtain an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$32,780,000.

In prior years, the State defeased certain outstanding general obligation bonds of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2017, \$959,785,000 of outstanding general obligation bonds are considered defeased.

Mississippi

At June 30, 2017, 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
Governmental Activities:				
Bonds:				
Milk Producers	\$ 440	5.17%	Dec. 2017	\$ 3,500
Technology Alliance	1,255	1.09% - 3.73%	Oct. 2026	2,050
Farish Street Historic District	335	2.88% - 4.35%	Nov. 2023	500
Heritage, History, and Culture Tourism	470	2.88% - 4.35%	Nov. 2023	700
Small Business and Existing Forestry Industry	3,360	2.88% - 4.35%	Nov. 2023	5,000
State Railroad Revitalization	675	2.88% - 4.35%	Nov. 2023	1,000
Sustainable Energy	535	1.4% - 4.35%	Nov. 2023	1,000
Local Governments Capital Improvements	13,575	1.09% - 3.73%	Oct. 2026	23,000
State Shipyard Improvements	77,329	1% - 5.17%	Dec. 2025	121,000
Stennis Space Center	1,169	5.17%	Dec. 2017	9,300
Hinds County Development Project Loans	15,765	1.65% - 4.17%	Dec. 2026	20,000
Job Protection	2,710	1.09% - 4.17%	Dec. 2026	4,000
Railroad Lines and Bridges Improvement	5,101	1.09% - 4.35%	Dec. 2026	7,400
Workforce Training	5,539	1% - 4.35%	Dec. 2026	8,000
Industry Incentive Financing	323,477	1% - 4.35%	Oct. 2027	388,010
Small Enterprise Development Finance	5,425	4.2% - 5%	July 2028	36,950
ACE Fund	67,430	1% - 5.54%	Oct. 2029	90,200
Existing Industry	33,379	1.4% - 5.54%	Oct. 2029	43,000
Rural Impact	4,296	1.4% - 5.54%	Oct. 2029	6,200
Statewide Wireless Communication System	31,177	1.09% - 5.54%	Oct. 2029	47,000
Major Economic Impact	182,310	1% - 5.54%	Oct. 2035	237,518
Port Improvements	5,815	5%	Dec. 2033	10,000
Rail Authority of East Mississippi	1,964	3% - 5%	Nov. 2035	2,384
North Central MS Regional Railroad Grant	27,276	1% - 3.16%	Nov. 2025	30,000
Railroad Improvements	2,364	1% - 3.16%	Nov. 2025	2,600
Farm Reform	2,050	1.09% - 5.67%	Oct. 2034	3,000
Small Municipalities and Limited				
Population Counties	20,142	1% - 5.67%	Oct. 2034	28,750
Business Investment	22,667	1% - 5.25%	Nov. 2034	29,400
Economic Development Highway	165,102	1% - 5.54%	Nov. 2034	205,000
Capital Improvements	970,939	1% - 5.67%	Dec. 2036	1,679,804
General Obligation Refunding Bonds *	1,953,090	1.09% - 5.54%	Oct. 2036	2,757,302
Local Governments Water System Improvement	2,428	1.65% - 5.25%	Oct. 2036	9,100
Local System Bridge Replacement and Rehabilitation	32,867	3.5% - 5.25%	Oct. 2036	97,200
Rural Fire Truck Acquisition	6,045	3.5% - 5.67%	Oct. 2036	10,800
Transportation	128,146	2.88% - 5.45%	Dec. 2036	195,287
Total Bonds	<u>4,116,647</u>			<u>6,115,955</u>
Premiums	273,192			-
Notes:				
Major Economic Impact	<u>20,000</u>	1.75%	July 2018	<u>20,000</u>
Total Governmental Activities	<u>4,409,839</u>			<u>6,135,955</u>
Business-type Activities:				
General Obligation Refunding Bonds	<u>6,673</u>	4.65% - 5.5%	Nov. 2022	<u>27,365</u>
Total General Obligation Bonds and Notes	<u>\$ 4,416,512</u>			<u>\$ 6,163,320</u>

* General obligation refunding bonds include \$60,355,000 of outstanding variable rate bonds with an associated interest rate swap agreement where the state pays the counterparty fixed rate payments ranging from 3.98% to 4.037% and receives variable rate payments computed based on the SIFMA swap index. Also included are \$100,000,000 of outstanding variable rate general obligation refunding bonds with an interest rate swap agreement where the state pays the counterparties fixed rate payments ranging from 5.248% to 5.708% and receives variable rate payments computed based on one-month LIBOR. The remaining outstanding general obligation bonds have fixed rates of interest.

Mississippi

At June 30, 2017, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 404,733	\$ 169,606	\$ 3,126	\$ 241
2019	285,567	158,250	3,238	92
2020	240,672	148,455	128	13
2021	230,189	139,410	71	8
2022	222,596	130,514	74	4
2023 - 2027	1,022,920	525,306	36	1
2028 - 2032	930,885	301,477		
2033 - 2037	799,085	78,424		
Total	4,136,647	1,651,442	6,673	359
Premiums	273,192			
Total Debt Service, Net	\$ 4,409,839	\$ 1,651,442	\$ 6,673	\$ 359

Derivative Instruments

The State entered into interest rate swap agreements in connection with \$160,335,000 of outstanding variable rate debt in order to hedge changes in cash flows. At June 30, 2017, the State had the following pay-fixed interest rate swap derivative instruments reported in governmental activities, all of which had the objective of hedging the interest rate risk of the variable rate bonds.

Associated Bonds	Notional Amount	Effective Date	Final Maturity Date	Terms	Counterparty Credit Rating
2012C	\$ 50,000,000	Aug. 2012	Nov. 2017	Pay 5.708%; receive one-month LIBOR	AA-/Aa2/AA
2012C	50,000,000	Aug. 2012	Nov. 2017	Pay 5.248%; receive one-month LIBOR	A/A1/AA-
2012D	27,780,000	Aug. 2012	Sept. 2017	Pay 4.037%; receive SIFMA swap index	BBB+/A3/A
2012D	32,555,000	Aug. 2012	Sept. 2017	Pay 3.980%; receive SIFMA swap index	BBB+/A3/A

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

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

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

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

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

Data was used from November and December 2014 through June 30, 2017, to determine if the potential hedging derivative instruments were effective as of June 30, 2017. The use of the regression analysis method requires appropriate interpretation and understanding of the statistical inferences.

The resulting calculation shows that using over 30 observations, the resulting adjusted R-square is .99, the F-statistic is zero and the regression coefficients for the slopes are between -0.982 and -0.997. Based on these parameters required to apply hedge accounting, the 2012C and 2012D hedges are deemed highly effective.

Mississippi

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

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

The fair value balances at June 30, 2017 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, 2017	
		Classification	Amount	Classification	Amount
2012C	\$ 50,000	Interest expense	\$ 2,414	Borrowing	\$ (805)
		Deferred outflows of resources	442	At-market derivative	475
		Investment revenue	4,145	Investment derivative	(15,570)
2012C	50,000	Interest expense	1,982	Borrowing	(661)
		Deferred outflows of resources	551	At-market derivative	195
		Investment revenue	2,981	Investment derivative	(10,375)
2012D	27,780	Interest expense	958	Borrowing	(157)
		Deferred inflows of resources	(1,099)	At-market derivative	44
		Investment revenue	1,919	Investment derivative	(2,807)
2012D	32,555	Interest expense	1,097	Borrowing	(181)
		Deferred outflows of resources	110	At-market derivative	73
		Investment revenue	1,086	Investment derivative	(3,846)
	\$ 160,335		\$ 16,586		\$ (33,615)

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, 2017, future debt service requirements on the hedged variable rate bonds and net payments on associated hedging derivative instruments are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Net Swap Payment	Total
2018	161,255	779	1,769	163,803
	\$ 161,255	\$ 779	\$ 1,769	\$ 163,803

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

Credit Risk - The swap agreements and Section 31-18-11, Mississippi Code Ann. (1972), require that the counterparties have credit ratings by at least one nationally recognized statistical rating agency that are within the two highest investment grade categories, and credit ratings by all other nationally recognized statistical rating agencies that are within the three highest grade categories, otherwise the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings. Section 31-18-11, Mississippi Code Ann. (1972), also requires that should the credit rating of the counterparty or of the entity unconditionally guaranteeing the counterparty's obligations fall below the required rating, that the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by the United States of America, with a net market value of at least 102% of the net market value of the swap agreements and shall be deposited as directed by the State. Additionally, Section 31-18-11, Mississippi Code Ann. (1972) requires that the counterparty, or the entity guaranteeing the counterparty's obligations, have a net worth of at least \$100,000,000. The State is not exposed to credit risk at June 30, 2017, as all hedging and investment derivative instruments are in a liability position.

Basis Risk - The swap agreements expose the State to basis risk because the applicable interest rates under the swap agreements are based on LIBOR and SIFMA swap indexes, which may differ from the interest rates for the State's variable rate bonds. As of June 30, 2017, the weighted average variable interest rate paid on the bonds was 1.70906%, while the SIFMA swap index was .91% and one-month LIBOR was 1.1714%.

Mississippi

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.

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 \$200,000,000, were issued to provide funding for road and bridge projects and mature serially from fiscal year 2017 through fiscal year 2036 with interest rates ranging from two to five percent. At June 30, 2017, the primary government's future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal		Interest	
2018	\$	5,195	\$	9,580
2019		6,755		9,367
2020		7,065		9,056
2021		7,430		8,693
2022		7,810		8,312
2023 - 2027		45,485		35,127
2028 - 2032		58,400		22,206
2033 - 2036		58,455		6,029
Total		196,595		108,370
Premiums		25,132		
Total Debt Service, Net	\$	221,727	\$	108,370

Mississippi

Note 10 - Bonds Authorized But Unissued

At June 30, 2017, authorized but unissued bond indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized	Authorized But Unissued
General Obligation Bonds		
ACE Fund	\$ 121,650	\$ 27,000
Business Investment Act	351,500	47,023
Capital Improvements	804,899	121,549
Deer Island Project	10,000	1,200
Economic Development Highway	374,500	55,600
Energy Infrastructure Revolving Loan	5,000	5,000
Farm Reform	128,000	20,000
Industry Incentive Financing	468,000	80,000
Major Economic Impact	1,713,500	591,410
North Central Mississippi Regional Railroad Grant	45,000	15,000
Railroad Revitalization and Stimulus	3,000	2,000
Rural Fire Truck Acquisition	17,850	600
Small Business and Existing Forestry Industry Revolving Loan	30,000	25,000
Small Enterprise Development Finance	140,000	134,500
Sustainable Energy Research	2,000	1,000
Technology Alliance	4,000	950
Transportation - Access Roads	4,000	4,000
	\$ 4,222,899	\$ 1,131,832

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, 2017, outstanding revenue bonds and notes are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Component Units				
Universities:				
Bonds	\$ 1,203,164	.29% - 6.84%	Sept. 2046	\$ 1,591,198
Notes	9,254	1.29% - 3%	June 2026	14,882
Total Component Units	\$ 1,212,418			\$ 1,606,080

At June 30, 2017, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Component Units	
	Principal	Interest
2018	\$ 41,477	\$ 51,706
2019	41,577	51,172
2020	42,461	49,813
2021	44,717	46,761
2022	43,921	45,004
2023 - 2027	241,808	195,002
2028 - 2032	261,738	138,436
2033 - 2037	252,283	78,609
2038 - 2042	180,579	29,644
2043 - 2047	61,857	2,886
	\$ 1,212,418	\$ 689,033

Mississippi

Note 12 - Other Long-term Liabilities

A. Compensated Absences - The State's liability for compensated absences at June 30, 2017 is \$116,446,000 for governmental activities and \$669,000 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 \$127,824,000 of which \$127,101,000 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).

B. Pollution Remediation Obligation - As of June 30, 2017, six Superfund sites in the State are in various stages of cleanup ranging from initial assessment of contamination to cleanup of chemical spills. Numerous leaking underground storage tank sites exist where motor fuels contaminate soil and groundwater, and present inhalation and explosive hazards. Under federal and state law, the State is legally obligated to remedy the detrimental effects of existing pollution through site investigation and assessment, restoration and replacement, cleanup, and monitoring.

At June 30, 2017, the primary government's pollution remediation obligation is \$37,279,000. This estimate is based on professional judgment, experience, historical cost data, and the use of the expected cash flow technique. Recoveries from other responsible parties, which would reduce the State's remediation liability, are not anticipated. Costs of pollution remediation are paid out of the general fund. Remediation obligation estimates may change over time. Estimated costs will vary due to changes in technology, fluctuation in prices, changes in potential responsible parties, and changes in regulations.

C. Notes Payable - At June 30, 2017, the primary government's outstanding notes payable as presented in governmental activities are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Utility restoration	\$ 40,355	5%	Jul. 2019	\$ 57,325
Energy efficiency	9,666	3.10% - 4.50%	Apr. 2026	14,698
Buildings	204,405	2% - 5.37%	Jul. 2031	325,745
Roads and bridges	694,598	1% - 6.59%	Jan. 2040	779,941
Total	949,024			1,177,709
Premiums	81,136			
Total Notes Payable, Net	<u>\$ 1,030,160</u>			<u>\$ 1,177,709</u>

Refunding and Defeased Notes

During fiscal year 2017, the State issued \$108,255,000 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 11 years by \$6,202,000, and obtain an economic gain (the difference between the present value of the debt service payments for the refunded and refunding notes) of \$6,146,000.

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, 2017, \$163,705,000 of outstanding notes are considered defeased.

Mississippi

At June 30, 2017, future debt service requirements for notes payable as presented in governmental activities are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest
2018	\$ 65,900	\$ 48,423
2019	66,487	44,046
2020	68,186	40,619
2021	57,183	37,614
2022	59,864	34,921
2023-2027	332,639	132,236
2028-2032	174,360	62,138
2033-2037	89,885	25,338
2038-2041	34,520	4,489
Total	949,024	429,824
Premiums	81,136	
Total Debt Service, Net	\$ 1,030,160	\$ 429,824

- 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, 2017, assets recorded under capital leases are as follows (amounts expressed in thousands):

	Governmental Activities	Business-type Activities
Land	\$ 700	\$ 700
Machinery and Equipment	17,580	293
Accumulated Depreciation	(9,858)	(78)
Total	\$ 7,722	\$ 915

The discretely presented component units recorded capital assets acquired through capital leases of \$1,669,000.

At June 30, 2017, future minimum commitments under capital leases are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
2018	\$ 4,580	\$ 83	\$ 4,663	\$ 1,361
2019	3,216	41	3,257	721
2020	1,754		1,754	285
2021	1,441		1,441	165
2022	761		761	140
2023-2027	126		126	351
Total Minimum Lease Payments	11,878	124	12,002	3,023
Less Interest	754	4	758	304
Present Value of Minimum Lease Payments	\$ 11,124	\$ 120	\$ 11,244	\$ 2,719

Mississippi

Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2017 are summarized below (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds and Notes (Note 9)	\$ 4,178,374	\$ 733,125	\$ 774,852	\$ 4,136,647	\$ 404,733
Premiums/Discounts (Note 9)	211,375	115,719	53,902	273,192	24,781
Limited Obligation Bonds (Note 9)	200,000		3,405	196,595	5,195
Premiums (Note 9)	26,507		1,375	25,132	1,374
Notes Payable (Note 12)	980,491	152,040	183,507	949,024	65,900
Premiums (Note 12)	75,298	20,310	14,472	81,136	8,736
Total Bonds and Notes	5,672,045	1,021,194	1,031,513	5,661,726	510,719
Derivative Instruments (Note 9)	50,201		16,586	33,615	
Capital Lease Obligations (Note 12)	15,262	1,637	5,775	11,124	4,252
Accrued Compensated Absences (Note 12)	111,164	86,471	81,189	116,446	10,620
Pollution Remediation Obligation (Note 12)	42,946	8,129	13,796	37,279	6,841
	<u>\$ 5,891,618</u>	<u>\$ 1,117,431</u>	<u>\$ 1,148,859</u>	<u>\$ 5,860,190</u>	<u>\$ 532,432</u>
Business-type Activities:					
General Obligation Bonds (Note 9)	\$ 9,696	\$	\$ 3,023	\$ 6,673	\$ 3,127
Capital Lease Obligations (Note 12)	198		78	120	79
Accrued Compensated Absences (Note 12)	632	412	375	669	49
	<u>\$ 10,526</u>	<u>\$ 412</u>	<u>\$ 3,476</u>	<u>\$ 7,462</u>	<u>\$ 3,255</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

Credit Agreements - The Division of Medicaid, which is reported within the General Fund, is authorized to obtain a line of credit up to \$150,000,000 from any special source funds in the state treasury or commercial lenders to cover temporary cash flow shortfalls in providing health care services. This line of credit is secured by the first available funds received by the Division of Medicaid and is to be repaid by the end of the quarter following the loan origination. Changes in the line of credit activity during fiscal year 2017, are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Medicaid Line of Credit	\$ 0	\$ 25,000	\$ 25,000	\$ 0

Mississippi

Note 15 - Retirement Plans

Plan Description

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

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

Membership and Benefit Provisions

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

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

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter. For the year ended June 30, 2017, the total annual COLA payments for PERS were \$603,319,000.

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, 2017, the total annual COLA payments for MHSPRS were \$9,456,000.

Mississippi

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

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

The retirees and beneficiaries of MRS plans with provisions for COLAs, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2017, the total COLAs for MRS plans were \$5,537,000.

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, 2017, the total COLAs for SLRP were \$306,000.

Contribution Requirements

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

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

	PERS	MHSPRS	MRS	SLRP
Contribution rates as a percent of covered payroll:				
State	15.75% *	37% *	N/A	7.4% *
Other employers	N/A	N/A	1.03 – 5.67 mills****	N/A
Plan members	9%	7.25%	7% - 10%	3% **
Employer contributions made	\$ 1,019,084	\$ 14,809***	\$ 17,732	\$ 522

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

** In addition to 9% required by PERS.

*** Includes fees authorized by the State Legislature, which are reported as other additions in the pension trust funds. Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of \$3,800,000 (13.2 percent of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2017 was \$3,758,000.

**** Based on assessed property values.

Mississippi

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

At June 30, 2017, the State reported a liability of \$3,190,148,000 for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date, the State's proportion was 17.86%.

At June 30, 2017, the State reported a net pension liability of \$182,489,000 and \$5,491,000 for MHSPRS and SLRP, respectively. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability

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

MHSPRS	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2016	\$ 477,803	\$ 323,207	\$ 154,596
Changes for the Year:			
Service Cost	6,858		6,858
Interest	35,869		35,869
Difference between expected and actual experience	3,536		3,536
Contributions - employer		14,755	(14,755)
Contributions - employee		2,128	(2,128)
Net investment income		1,704	(1,704)
Benefit payment, including refunds of employee contributions	(29,965)	(29,965)	0
Administrative expense		(217)	217
Net Changes	16,298	(11,595)	27,893
Balances at June 30, 2017	\$ 494,101	\$ 311,612	\$ 182,489

SLRP	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2016	\$ 21,213	\$ 16,456	\$ 4,757
Changes for the Year:			
Service Cost	420		420
Interest	1,586		1,586
Difference between expected and actual experience	(468)		(468)
Changes in assumptions	(6)		(6)
Contributions - employer		514	(514)
Contributions - employee		208	(208)
Net investment income		86	(86)
Benefit payment, including refunds of employee contributions	(1,486)	(1,486)	0
Administrative expense		(10)	10
Net Changes	46	(688)	734
Balances at June 30, 2017	\$ 21,259	\$ 15,768	\$ 5,491

Mississippi

For the year ended June 30, 2017, the State recognized pension expense of \$354,242,000 for PERS, \$24,127,000 for MHSPRS, and \$486,000 for SLRP. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS		
Difference between expected and actual experience	\$ 89,200	\$
Net difference between projected and actual earnings on pension plan investments	211,256	22
Changes in proportion	1,957	68,444
Changes of assumptions	153,200	8,459
Contributions subsequent to the measurement date	177,852	
Total PERS	633,465	76,925
MHSPRS		
Differences between expected and actual experience	4,225	
Net difference between projected and actual earnings on pension plan investments	15,461	
Changes of assumptions	9,978	
Contributions subsequent to the measurement date	14,809	
Total MHSPRS	44,473	0
SLRP		
Differences between expected and actual experience		631
Net difference between projected and actual earnings on pension plan investments	782	
Changes of assumptions	278	4
Contributions subsequent to the measurement date	522	
Total SLRP	1,582	635
Total	\$ 679,520	\$ 77,560

Contributions subsequent to the measurement date of \$177,852,000 for PERS, \$14,809,000 for MHSPRS and \$522,000 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts expressed in thousands):

Year ended June 30	PERS Net Outflows & Inflows of Resources	MHSPRS Net Outflows & Inflows of Resources	SLRP Net Outflows & Inflows of Resources
2018	\$ 120,387	\$ 7,845	\$ (76)
2019	89,624	7,553	5
2020	105,698	9,056	265
2021	62,979	5,210	231
Total	\$ 378,688	\$ 29,664	\$ 425

Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	MHSPRS	SLRP
Inflation	3 %	3 %	3 %
Salary increases, including inflation	3.75% - 19 %	4.25% - 9.31 %	3.75 %
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

Mortality rates for PERS, MHSPRS and SLRP were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions for PERS, MHSPRS and SLRP used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2014. The experience report is dated May 4, 2015.

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, 2016, are summarized in the following table:

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

Changes of Assumptions

For PERS, MHSPRS and SLRP, the assumed rate of interest credited to employee contributions was changed from 3.5% to 2%.

Single-Employer Benefit Plan Employees

The following employees were covered by the benefit terms of MHSPRS and SLRP at June 30, 2016:

	MHSPRS	SLRP
Inactive employees or beneficiaries currently receiving benefits	724	207
Inactive employees entitled to but not yet receiving benefits	80	63
Active employees	484	171
Totals	<u>1,288</u>	<u>441</u>

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 15.75%, 37% and 7.4% for PERS, MHSPRS and SLRP, respectively. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plans members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	\$ 4,090,485	\$ 3,190,148	\$ 2,443,160
MHSPRS	242,996	182,489	132,273
SLRP	7,701	5,491	3,604
Total	\$ 4,341,182	\$ 3,378,128	\$ 2,579,037

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

Funding Policy

Employees' premiums are funded by the state and local school districts with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board has the sole authority for setting health insurance premiums for the State and School Employees' Life and Health Insurance Plan. For governmental activities, the general fund is typically used to retire the OPEB obligation.

Per Section 25-15-15 (10), Mississippi Code Ann. (1972), any retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from his State retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the board determines actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the state, then the board may impose a premium surcharge, not to exceed fifteen percent, upon such participating retired employees who are under the age for Medicare eligibility and who were initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who were initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determines actuarially to cover the full cost of insurance. For the year ended June 30, 2017, retiree premiums range from \$184 to \$1,549 depending on plan election, dependent coverage, Medicare eligibility, and date of hire.

Actuarial Valuation

The State and School Employees' Life and Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of June 30, 2017. The Plan presently has an actuarial valuation performed annually in order to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC was determined assuming the Plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC of \$43,673,000 is .96 percent of annual covered payroll.

Mississippi

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for fiscal year 2017 (amounts expressed in thousands):

Annual required contribution	\$ 43,673
Interest on prior year net OPEB obligation	7,837
Adjustment to annual required contribution	6,432
Annual OPEB cost	<u>45,078</u>
Contributions made	<u>30,872</u>
Increase in net OPEB obligation	14,206
Net OPEB obligation – Beginning of year	174,154
Net OPEB obligation – End of year	<u>\$ 188,360</u>

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

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 49,776	64.8%	\$ 157,474
2016	48,950	65.9	174,154
2017	45,078	68.5	188,360

Funded Status and Funding Progress

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

Actuarial Valuation Date	June 30, 2017
Actuarial Value of Assets	\$ 0
Actuarial Accrued Liability (AAL) Entry Age Normal	\$ 784,753
Unfunded AAL (UAAL)	\$ 784,753
Funded Ratio	0.0%
Annual Covered Payroll	\$ 4,492,725
UAAL as a Percentage of Annual Covered Payroll	17.5%

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

Actuarial Methods and Assumptions

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	3.56%
Projected salary increases**	3.25% - 18.50%
Healthcare cost trend rate*	7.75%
Ultimate trend rate	5.0%
Year of ultimate trend rate	2023
* Includes price inflation at	3.0%
** Includes wage inflation at	3.25%

Mississippi

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, 2017 are as follows (amounts expressed in thousands):

<u>Year Ending June 30</u>	<u>Amount</u>
2018	22,209
2019	20,095
2020	16,652
2021	12,961
2022	11,074
2023 - 2027	44,530
2028 - 2032	32,736
2033 - 2037	6,289
2038 - 2042	176
2043 - 2047	121
2048 - 2052	12
Total Minimum Commitments	<u>\$ 166,855</u>

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2017 amounted to \$25,347,000.

B. Contracts

At June 30, 2017, the Department of Transportation had contracts outstanding of approximately \$852,000,000 with performance continuing during fiscal year 2018. Of this amount \$35,927,000 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 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 gasoline taxes.

The State Aid Road Division had contracts of \$94,315,000 outstanding at June 30, 2017 for construction, repair and maintenance of state and county roads. These contracts will be paid through the General Fund. Approximately 42 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 \$142,054,000 at June 30, 2017. These contracts will be paid from the General fund.

The Military Department had contracts outstanding of approximately \$42,878,000 at June 30, 2017. 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 \$67,023,000 at June 30, 2017. 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 \$21,470,000 at June 30, 2017. 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.

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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, 2017; the encumbrance amounts in the General Fund were \$24,397,000.

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 recorded in governmental activities for fiscal years 2016 and 2017 are as follows (amounts expressed in thousands):

	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2016	\$ 175,793	\$ 709,131	\$ 749,198	\$ 135,726
2017	135,726	914,062	866,402	183,386

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

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

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

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

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

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

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

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

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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 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. In the event that they are not successful in defending such cases, they do not believe that the total liability will exceed \$10,620,000. In the opinion of the State, the ultimate disposition of these matters will not have a material adverse effect on the financial position of the State.
- C. Loan Guarantees** - The Mississippi Development Authority (MDA), a state agency, is authorized by state law to provide loan guarantees through the Small Business Loan Guarantee Program, funded through the Federal State Small Business Credit Initiative, in order to increase the amount of capital made available by private lenders to small businesses. The length of the loan guarantees range from one to fifteen years. In the case of default by the borrower, following the private lender's normal collection procedures to seek reimbursement from the loan recipient, the State pays the private lender a percentage of the outstanding loan amount. At June 30, 2017, outstanding MDA loan guarantees totaled \$34,502,000.

The State has co-signed promissory notes issued by the Federal Emergency Management Agency under the Federal Community Disaster Loan Program (CDL) on behalf of local governments as authorized by state law. The program provides operational funding for local governments or political subdivisions of the State that incurred a significant loss in revenue due to a presidentially declared disaster that adversely affected their ability to provide essential governmental services. At June 30, 2017, the remaining outstanding CDL loan guarantees totaled \$4,656,000. The loan guarantees expire January 7, 2020.

- 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 \$2,063,653,000 at June 30, 2017. The faith, credit and taxing power of the State and the Bank are not pledged to the payment of such bonds.

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Note 20 – Tax Abatements

As of June 30, 2017, 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.

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

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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 2017 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	-	*
Aggregate total of tax credits, tax rebates, and income tax exemption	<u>31,600</u>	
Sales and Use Tax Exemption to Establish and Operate the Project	-	**
Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services	<u>8,400</u>	**
Total Sales and Use Tax Exemptions	<u>8,400</u>	
Fee in Lieu of Franchise Tax	<u>9,200</u>	
Total	<u>\$ 49,200</u>	

* 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; however, the total of all abatements is presented in the aggregate.

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

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 \$290,173,000 from the Working Cash Stabilization Reserve Account and \$209,827,000 from budgetary special funds as of February 16, 2018. In order to comply with State law, all borrowings must be repaid by the end of the fiscal year.

Draws of \$35,000,000 were made subsequent to year end on the Taxable General Obligation Note, Series 2016A issued July 7, 2016. The note was issued to provide funding for the Major Economic Impact Act. Of the \$80,000,000 authorized amount, \$55,000,000 has been drawn. In December 2017, a portion of the proceeds from General Obligation Bonds Series 2017D and Series 2017E were used to pay a partial principal redemption of \$31,000,000. The current outstanding principal balance is \$24,000,000. Interest is payable semi-annually on the outstanding balance at the rate of 1.75%, with the principal balance payable on or before July 7, 2018.

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

General Obligation Bonds, Series 2017B totaling \$61,260,000 dated August 30, 2017. These bonds were issued to provide a portion of the funds necessary to restructure the \$78,625,000 (original amount) General Obligation Refunding Bonds, Series 2012D. These bonds will mature serially beginning in fiscal year 2019 through 2028 with an interest rate of 67% of 1 month LIBOR plus 33 basis points.

Taxable General Obligation Bonds, Series 2017C, totaling \$101,145,000 dated August 30, 2017. These bonds were issued to provide a portion of the funds necessary to restructure the \$100,490,000 (original amount) General Obligation Refunding Bonds, Series 2012C. These bonds will mature serially beginning in fiscal year 2023 through 2029 with an interest rate of 1 month LIBOR plus 40 basis points.

General Obligation Bonds, Series 2017D totaling \$53,030,000 dated December 21, 2017. These bonds were issued to provide funding for Capital Improvements and Major Economic Impact. These bonds have principal payments beginning in December 2029 and will mature serially through December 2037 with interest rates ranging from 3% to 4%.

Taxable General Obligation Bonds, Series 2017E, totaling \$44,765,000 dated December 21, 2017. The Series 2017E bonds were issued for the purpose of providing funding for Capital Improvements, Major Economic Impact, ACE fund, and Business Investment. These bonds have principal payments beginning in December 2018 and will mature serially through December 2028 with interest rates ranging from 1.7% to 3.25%.

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Required Supplementary Information

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Required Supplementary Information

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Sales tax	\$ 2,112,700	\$ 2,112,700	\$ 2,055,230	\$ (57,470)
Individual income tax	1,886,500	1,886,500	1,781,661	(104,839)
Corporate income and franchise taxes	565,300	565,300	563,983	(1,317)
Use and wholesale compensating taxes	240,300	240,300	234,094	(6,206)
Tobacco, beer and wine taxes	176,100	176,100	174,063	(2,037)
Insurance tax	296,900	296,900	297,117	217
Oil and gas severance taxes	29,800	29,800	27,267	(2,533)
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	74,700	74,700	75,816	1,116
Other taxes	11,600	11,600	12,655	1,055
Interest	11,000	11,000	11,286	286
Auto privilege, tag and title fees	9,300	9,300	14,177	4,877
Gaming fees	135,200	135,200	132,948	(2,252)
Highway Safety Patrol fees	22,000	22,000	19,043	(2,957)
Other fees and services	11,100	11,100	6,542	(4,558)
Miscellaneous	3,800	3,800	3,242	(558)
Court assessments and settlements			73,777	73,777
General Fund revenues (SB2362 2016 RLS)	186,812	130,010	129,281	(729)
Special Fund revenues				
Total Revenues	5,773,112	5,716,310	5,612,182	(104,128)
Expenditures by Major Budgetary Function				
Legislative	27,208	26,533	26,137	(396)
Judiciary and justice	105,548	102,869	99,784	(3,085)
Executive and administrative	18,862	18,057	16,670	(1,387)
Fiscal affairs	153,568	148,755	146,717	(2,038)
Public education	2,270,522	2,243,217	2,241,689	(1,528)
Higher education	800,923	761,452	761,407	(45)
Public health	36,646	33,470	33,425	(45)
Hospitals and hospital schools	222,145	211,978	211,929	(49)
Agriculture, commerce and economic development	114,293	108,411	108,387	(24)
Conservation and recreation	46,956	44,499	44,449	(50)
Insurance and banking	18,433	17,331	16,307	(1,024)
Corrections	326,080	315,066	314,503	(563)
Social welfare	1,043,333	1,017,878	1,017,806	(72)
Public protection and veterans assistance	102,302	101,573	100,721	(852)
Local assistance	84,455	80,626	80,626	
Motor vehicle and other regulatory agencies				
Miscellaneous	24,297	23,062	22,648	(414)
Public works				
Debt service	392,741	392,741	392,193	(548)
Total Expenditures	5,788,312	5,647,518	5,635,398	(12,120)
Excess of Revenues over (under) Expenditures	(15,200)	68,792	(23,216)	(92,008)
Other Financing Sources (Uses)				
Transfers in	15,200	15,200	41,855	26,655
Transfers out			(18,369)	(18,369)
Other sources/uses of cash			(2,493)	(2,493)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		83,992	(2,223)	(86,215)
Budgetary Fund Balances - Beginning	6,616	6,616	6,616	
Budgetary Fund Balances - Ending	\$ 6,616	\$ 90,608	\$ 4,393	\$ (86,215)

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)
\$ 262,739	\$ 261,425	\$ 296,420	\$ 34,995	\$	\$	\$	\$
27,916	29,005	29,215	210				
		101	101				
		2	2				
				14,569,871	14,847,781	10,437,472	(4,410,309)
290,655	290,430	325,738	35,308	14,569,871	14,847,781	10,437,472	(4,410,309)
				40,267	49,249	35,974	(13,275)
				649	8,612	8,183	(429)
				89,894	96,523	76,696	(19,827)
275,423	262,301	257,487	(4,814)	923,594	928,914	768,675	(160,239)
100,041	100,041	100,030	(11)	2,443,324	2,438,578	86,257	(2,352,321)
				403,334	425,106	263,973	(161,133)
				397,375	396,721	356,431	(40,290)
2,966	2,966	2,966		315,763	320,114	163,015	(157,099)
125	125	125		404,064	522,152	234,381	(287,771)
				25,972	33,974	27,576	(6,398)
				28,332	24,875	23,002	(1,873)
				7,066,991	7,122,011	6,450,199	(671,812)
				787,927	829,037	368,367	(460,670)
				20,671	20,649	18,652	(1,997)
450	450	448	(2)	1,238	1,591	1,462	(129)
				1,508,972	1,518,171	1,299,783	(218,388)
				111,504	111,504	6,102	(105,402)
379,005	365,883	361,056	(4,827)	14,569,871	14,847,781	10,188,728	(4,659,053)
(88,350)	(75,453)	(35,318)	40,135			248,744	248,744
		107,988	107,988				
(88,350)	(75,453)	72,670	148,123			248,744	248,744
		16,315	16,315			1,218,541	1,218,541
\$ (88,350)	\$ (75,453)	\$ 88,985	\$ 164,438	\$ 0	\$ 0	\$ 1,467,285	\$ 1,467,285

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Required Supplementary Information

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

For the Year Ended June 30, 2017

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, 2017 is presented below (amounts expressed in thousands):

Budgetary Funds	General	Education Enhancement	Special
Financial Statement Major Fund	General		
Net Change in Budgetary Fund Balances	\$ (2,223)	\$ 72,670	\$ 248,744
Reclassifications:			
Budgetary fund excesses are reclassified to the General Fund for GAAP reporting	(315,114)	(72,670)	(242,444)
The State reports amounts in the budgetary funds that are reported in other major and nonmajor funds			(6,300)
Adjustments:			
The financial reporting fund structure includes funds that are not part of the budgetary fund structure	424,142		
Financial statements are presented using a modified accrual basis of accounting while budgetary basis is cash plus commitments	421,739		
Net Change in GAAP Fund Balances	\$ 528,544	\$ 0	\$ 0

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Required Supplementary Information

Schedule of Employer Contributions

Mississippi Highway Safety Patrol Retirement System

Last 10 Fiscal Years (Amounts Expressed in Thousands)*

	2017	2016	2015
Actuarially required employer contribution	\$ 14,809	\$ 14,755	\$ 13,695
Contributions in relation to actuarially required contribution	(14,809)	(14,755)	(13,695)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 28,845	\$ 27,380	\$ 25,505
Actual contributions as a percentage of covered payroll	51.34%	53.89%	53.7%

Notes to Schedule of Employer Contributions:

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in schedule of employer contributions are calculated as of June 30, 2015, 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	45.5 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	4.25% to 9.31%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

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Required Supplementary Information

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

	2017	2016	2015
Actuarially required employer contribution	\$ 522	\$ 514	\$ 511
Contributions in relation to actuarially required contribution	(522)	(514)	(511)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 6,928	\$ 6,862	\$ 6,861
Actual contributions as a percentage of covered payroll	7.53%	7.49%	7.45%

Notes to Schedule of Employer Contributions:

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in schedule of employer contributions are calculated as of June 30, 2015, 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	23.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3%
Salary increase	3.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

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Required Supplementary Information

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Actuarially required employer contribution	\$ 177,852	\$	179,792	\$	179,936
Contributions in relation to actuarially required contribution	<u>(177,852)</u>		<u>(179,792)</u>		<u>(179,936)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	\$	<u>0</u>	\$	<u>0</u>
Covered payroll	\$ 1,129,216	\$	1,141,539	\$	1,142,452
Actual contributions as a percentage of covered payroll	15.75%		15.75%		15.75%

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

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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)*

	2017**	2016	2015
Total pension liability			
Service Cost	\$ 6,858	\$ 6,361	\$ 6,461
Interest	35,869	34,503	33,396
Differences between expected and actual experience	3,536	1,013	2,652
Changes in assumptions		19,176	
Benefit payments	(29,913)	(28,909)	(28,220)
Refund of contributions	(52)	(163)	(42)
Net change in total pension liability	16,298	31,981	14,247
Total pension liability - beginning	477,803	445,822	431,575
Total pension liability - ending	<u>\$ 494,101</u>	<u>\$ 477,803</u>	<u>\$ 445,822</u>
Plan fiduciary net position			
Contributions - employer	\$ 14,755	\$ 13,695	\$ 13,500
Contributions - employee	2,128	1,938	1,963
Net investment income	1,704	10,812	51,575
Benefit payments	(29,913)	(28,909)	(28,220)
Refund of contributions	(52)	(163)	(42)
Administrative expense	(217)	(198)	(200)
Net Change in plan fiduciary net position	(11,595)	(2,825)	38,576
Plan fiduciary net position - beginning	323,207	326,032	287,456
Plan fiduciary net position - ending	311,612	323,207	326,032
Net pension liability - ending	<u>\$ 182,489</u>	<u>\$ 154,596</u>	<u>\$ 119,790</u>
Total pension liability	494,101	477,803	445,822
Total plan fiduciary net position	311,612	323,207	326,032
Net Pension liability	<u>\$ 182,489</u>	<u>\$ 154,596</u>	<u>\$ 119,790</u>
Plan fiduciary net position as a percentage of the pension liability	63.07%	67.64%	73.13%
Covered payroll	\$ 27,380	\$ 25,505	\$ 25,554
Net pension liability as a percentage of covered payroll	666.50%	606.14%	468.77%

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

** Based on the measurement date of June 30, 2016

Mississippi

Required Supplementary Information

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

Last 10 Fiscal Years (Amounts Expressed in Thousands)*

	2017**	2016	2015
Total pension liability			
Service Cost	\$ 420	\$ 406	\$ 404
Interest	1,586	1,569	1,549
Differences between expected and actual experience	(468)	(333)	(453)
Changes in assumptions	(6)	588	
Benefit payments	(1,454)	(1,220)	(1,216)
Refund of contribution	(32)	(37)	(22)
Net change in total pension liability	46	973	262
Total pension liability - beginning	21,213	20,240	19,978
Total pension liability - ending	<u>\$ 21,259</u>	<u>\$ 21,213</u>	<u>\$ 20,240</u>
Plan fiduciary net position			
Contributions - employer	\$ 514	\$ 511	\$ 514
Contributions - employee	208	207	208
Net investment income	86	552	2,605
Benefit payments	(1,454)	(1,220)	(1,216)
Refund of contributions	(32)	(37)	(22)
Administrative expense	(10)	(10)	(10)
Net Change in plan fiduciary net position	(688)	3	2,079
Plan fiduciary net position - beginning	16,456	16,453	14,374
Plan fiduciary net position - ending	15,768	16,456	16,453
Net pension liability - ending	<u>\$ 5,491</u>	<u>\$ 4,757</u>	<u>\$ 3,787</u>
Total pension liability	21,259	21,213	20,240
Total plan fiduciary net position	15,768	16,456	16,453
Net Pension liability	<u>\$ 5,491</u>	<u>\$ 4,757</u>	<u>\$ 3,787</u>
Plan fiduciary net position as a percentage of the pension liability	74.17%	77.58%	81.29%
Covered payroll	\$ 6,862	\$ 6,861	\$ 6,918
Net pension liability as a percentage of covered payroll	80.02%	69.33%	54.74%

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

** Based on the measurement date of June 30, 2016

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)*

	2017**	2016	2015
State's proportion of the net pension liability	17.86%	18.19%	18.67%
State's proportionate share of the net pension liability	\$ 3,190,148	\$ 2,811,832	\$ 2,265,840
State's covered payroll	\$ 1,141,515	\$ 1,135,172	\$ 1,139,512
State's proportionate share of the net pension liability as a percentage of its covered payroll	279.5%	247.7%	198.84%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.7%	67.21%

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

** Based on the measurement date of June 30, 2016

Mississippi

Required Supplementary Information

Schedule of Funding Progress - Other Postemployment Benefits

June 30, 2017 (Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b - a)	Percent Funded (a / b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Annual Covered Payroll ((b - a) / c)
June 30, 2015	\$ 0	\$ 732,127	\$ 732,127	0.0%	\$ 4,617,302	15.9%
June 30, 2016	0	709,077	709,077	0.0	4,552,979	15.6
June 30, 2017	0	784,753	784,753	0.0	4,492,725	17.5

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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. 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.

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

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

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

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

Mississippi

Nonmajor Enterprise Funds

Combining Statement of Net Position

June 30, 2017 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration	
			Office of Surplus Property	State Life and Health Insurance Plan
Assets				
Current assets:				
Equity in internal investment pool	\$ 1,145	\$ 80,813	\$ 1,020	\$ 251,488
Cash and cash equivalents	258	943		99,122
Receivables, net	97	479		
Due from other governments				4
Due from other funds	3	30		93
Due from other component units	8			
Inventories			17	
Prepaid items		20		
Loans and notes receivable		5,586		
Total Current Assets	1,511	87,871	1,037	350,707
Noncurrent assets:				
Investments				
Loans and notes receivable		147,432		
Capital assets:				
Land and construction in progress	840	226	100	
Other capital assets, net	12,544	1,063	187	
Total Noncurrent Assets	13,384	148,721	287	
Total Assets	14,895	236,592	1,324	350,707
Deferred Outflow of Resources				
Pension	375	540	389	
Liabilities				
Current liabilities:				
Warrants payable	32	1,005	9	
Accounts payable and other liabilities	100	15	7	13,375
Due to other governments	10	4		397
Due to other funds			50	
Claims and benefits payable				70,700
Deposits		1,768		
Unearned revenues	25			9,517
Lease obligations payable				
Total Current Liabilities	167	2,792	66	93,989
Noncurrent liabilities:				
Due to other governments				
Lease obligations payable				
Net pension liability	1,786	2,150	1,072	
Other liabilities	79	76	25	
Total Noncurrent Liabilities	1,865	2,226	1,097	
Total Liabilities	2,032	5,018	1,163	93,989
Deferred Inflow of Resources				
Pension	5	6	3	
Net Position				
Net investment in capital assets	13,384	1,289	287	
Unrestricted	(151)	230,819	260	256,718
Total Net Position	\$ 13,233	\$ 232,108	\$ 547	\$ 256,718

Yellow Creek Inland Port Authority	Department of Rehabilitation Services	Department of Agriculture and Commerce	Department of Corrections		Totals
	AbilityWorks	Agriculture and Forestry Museum	Restaurants and Commissary	Prison Agricultural Enterprises	
\$	\$	\$	\$	\$	\$
2,481	14,607	142		1,790	336,398
116	3,337	173			117,584
		96			4,125
	11,492				4
					11,618
	165	17		99	8
27	464				298
					511
					5,586
2,624	30,065	428		1,889	476,132
2,108					2,108
607					148,039
6,742		1,690			9,598
10,885		1,635	27	2,339	28,680
20,342		3,325	27	2,339	188,425
22,966	30,065	3,753	27	4,228	664,557
402	2,376		188	256	4,526
		8		58	1,112
599	3,800	23		121	18,040
5,067		1			5,479
			34		84
					70,700
					1,768
					9,542
				79	79
5,666	3,800	32	34	258	106,804
7,724					7,724
				41	41
1,311	10,717		893	715	18,644
31		39		59	309
9,066	10,717	39	893	815	26,718
14,732	14,517	71	927	1,073	133,522
70	873		75	167	1,199
4,264		3,325	27	2,219	24,795
4,302	17,051	357	(814)	1,025	509,567
\$ 8,566	\$ 17,051	\$ 3,682	\$ (787)	\$ 3,244	\$ 534,362

Mississippi

Nonmajor Enterprise Funds

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration	
			Office of Surplus Property	State Life and Health Insurance Plan
Operating Revenues				
Charges for sales and services	\$	\$	\$ 748	\$ 739,779
Investment income		5,797		
Rentals	4,678			
Fees		138		
Other	232	1		9
Total Operating Revenues	4,910	5,936	748	739,788
Operating Expenses				
Cost of sales and services	52			
General and administrative	880	1,313	558	
Contractual services	3,011	182	92	34,976
Commodities	262	26	1	
Depreciation	434	41	60	
Other	3	95		744,173
Total Operating Expenses	4,642	1,657	711	779,149
Operating Income (Loss)	268	4,279	37	(39,361)
Nonoperating Revenues				
Investment income		267	(1)	1,971
Total Nonoperating Revenues		267	(1)	1,971
Nonoperating Expenses				
Loss on disposal of capital assets	2		20	
Interest				
Total Nonoperating Expenses	2		20	
Income (Loss) before Capital Contributions and Transfers	266	4,546	16	(37,390)
Capital contributions			18	
Transfers In				
Transfers Out	(9)			(1,798)
Change in Net Position	257	4,546	34	(39,188)
Total Net Position - Beginning, as restated	12,976	227,562	513	295,906
Total Net Position - Ending	\$ 13,233	\$ 232,108	\$ 547	\$ 256,718

Yellow Creek Inland Port Authority	Department of Rehabilitation Services	Department of Agriculture and Commerce	Department of Corrections		Totals
	AbilityWorks	Agriculture and Forestry Museum	Restaurants and Commissary	Prison Agricultural Enterprises	
\$ 1,232	\$ 7,456	\$ 251	\$	\$ 1,769	\$ 751,235
816		302			5,797
60	1,368	72			5,796
2,108	8,824	14			210
		639		1,769	1,684
					764,722
	7,331	75			7,458
927	1,794	491	91	372	6,426
347	1,112	365	1	355	40,441
48	33	76	7	813	1,266
727		131		192	1,585
					744,271
2,049	10,270	1,138	99	1,732	801,447
59	(1,446)	(499)	(99)	37	(36,725)
25	12				2,274
25	12				2,274
10			1		33
				6	6
10			1	6	39
74	(1,434)	(499)	(100)	31	(34,490)
					18
	6,588	485	8		7,081
				(210)	(2,017)
74	5,154	(14)	(92)	(179)	(29,408)
8,492	11,897	3,696	(695)	3,423	563,770
\$ 8,566	\$ 17,051	\$ 3,682	\$ (787)	\$ 3,244	\$ 534,362

Mississippi

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration	
			Office of Surplus Property	State Life and Health Insurance Plan
Cash Flows from Operating Activities				
Cash receipts from customers	\$ 4,838	\$ 153	\$ 749	\$ 739,205
Cash payments to suppliers for goods and services	(3,644)	(317)	(138)	(25,003)
Cash payments to employees for services	(755)	(1,067)	(362)	
Other operating cash receipts		4,299		
Other operating cash payments		(4,332)		(737,567)
Principal and interest received on program loans		23,236		
Issuance of program loans		(14,260)		
Net Cash Provided by (Used for) Operating Activities	439	7,712	249	(23,365)
Cash Flows from Noncapital Financing Activities				
Transfers in				(266)
Transfers out	(9)			(1,798)
Net Cash Provided by (Used for) Noncapital Financing Activities	(9)			(2,064)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets			(15)	
Proceeds from sale of capital assets	1			
Principal paid on bonds and capital asset contracts				
Interest paid on bonds and capital asset contracts				
Net Cash Provided by (Used for) Used for Capital and Related Financing Activities	1		(15)	
Cash Flows from Investing Activities				
Investment income		251	(1)	1,971
Net Cash Provided by (Used for) Investing Activities		251	(1)	1,971
Net Change in Cash and Cash Equivalents	431	7,963	233	(23,458)
Cash and Cash Equivalents - Beginning, as restated	972	73,793	787	374,068
Cash and Cash Equivalents - Ending	\$ 1,403	\$ 81,756	\$ 1,020	\$ 350,610

Yellow Creek Inland Port Authority	Department of Rehabilitation Services		Department of Agriculture and Commerce		Department of Corrections		Totals
	AbilityWorks		Agriculture and Forestry Museum		Restaurants and Commissary	Prison Agricultural Enterprises	
\$ 2,269	\$ 6,508	\$ 533	\$ 52	\$ 1,973	\$ 756,280		
(457)	(12,657)	(512)	(95)	(1,448)	(44,271)		
(800)	(1,339)	(485)		(379)	(5,187)		
60	1,367	12			5,738		
					(741,899)		
					23,236		
					(14,260)		
1,072	(6,121)	(452)	(43)	146	(20,363)		
	6,588	485	8		6,815		
				(210)	(2,017)		
	6,588	485	8	(210)	4,798		
(3,791)		(12)		(30)	(3,848)		
30				(77)	31		
				(6)	(77)		
(3,761)		(12)		(113)	(3,900)		
17	12				2,250		
17	12				2,250		
(2,672)	479	21	(35)	(177)	(17,215)		
5,153	14,128	294	35	1,967	471,197		
\$ 2,481	\$ 14,607	\$ 315	\$ 0	\$ 1,790	\$ 453,982		

(Continued on Next Page)

Mississippi

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2017 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Department of Finance and Administration	
			Office of Surplus Property	State Life and Health Insurance Plan
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities				
Operating income (loss)	\$ 268	\$ 4,279	\$ 37	\$ (39,361)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	434	41	60	
Change in assets and liabilities:				
(Increase) decrease in assets:				
Receivables, net	(24)	23		
Due from other governments				(4)
Due from other funds	1			226
Due from components units	(8)			
Inventories			(17)	
Prepaid items		2		
Loans and notes receivable		2,714		
Increase (decrease) in liabilities:				
Warrants payable	(21)	428	(27)	
Accounts payable and other liabilities	6	3	(13)	16,562
Due to other governments	5	4		19
Due to other funds	(292)	(6)	10	
Unearned revenues	(40)			(807)
Pension cost	110	224	199	
Total adjustments	171	3,433	212	15,996
Net Cash Provided by (Used for) Operating Activities	\$ 439	\$ 7,712	\$ 249	\$ (23,365)
Noncash Capital and Related Financing Activities				
Capital contributions			18	
Loss on disposal of capital assets	(2)		(20)	

Yellow Creek Inland Port Authority	Department of Rehabilitation Services	Department of Agriculture and Commerce	Department of Corrections		Totals
	AbilityWorks	Agriculture and Forestry Museum	Restaurants and Commissary	Prison Agricultural Enterprises	
59	\$ (1,446)	\$ (499)	\$ (99)	\$ 37	\$ (36,725)
727		131		192	1,585
94	282	(94)	52	194	527
127	(1,229)			9	(866)
	4	1		18	6
(5)	(158)				(161)
					2,714
		5		(271)	114
(32)	83	4	(1)	(23)	16,589
		1			29
	(4,106)	(1)	(86)		(4,481)
					(847)
102	449		91	(10)	1,165
1,013	(4,675)	47	56	109	16,362
1,072	\$ (6,121)	\$ (452)	\$ (43)	\$ 146	\$ (20,363)

(10)			(1)		18
					(33)

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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.

Agency Funds

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

Mississippi

Pension Trust Funds

Combining Statement of Fiduciary Net Position

June 30, 2017 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Assets			
Equity in internal investment pool	\$ 1,318	\$	\$
Cash and cash equivalents	779,845	10,519	4,960
Investments, at fair value:			
Short-term investments	296,893	3,836	1,776
Long-term debt securities	4,919,333	63,561	29,432
Equity securities	16,524,452	213,511	98,860
Private equity	1,765,702	22,814	10,564
Real estate investments	2,575,488	33,278	15,408
Securities lending:			
Short-term investments	267,685	3,466	1,605
Long-term debt securities	2,635,114	34,124	15,800
Receivables:			
Employer contributions	69,026		220
Employee contributions	36,606		2
Investment proceeds	396,923	5,129	2,375
Interest and dividends	82,571	1,067	494
Other	1,119		21
Capital assets:			
Land and construction in progress	1,534		
Other capital assets, net	25,331		
Total Assets	30,378,940	391,305	181,517
Liabilities			
Warrants payable	106		
Accounts payable and accruals	937,471	12,054	5,569
Obligations under securities lending	2,898,266	37,532	17,378
Total Liabilities	3,835,843	49,586	22,947
Net Position			
Net position restricted for pensions	\$ 26,543,097	\$ 341,719	\$ 158,570

Supplemental Legislative Retirement Plan		Totals	
\$		\$	1,318
	504		795,828
	195		302,700
	3,233		5,015,559
	10,859		16,847,682
	1,160		1,800,240
	1,693		2,625,867
	176		272,932
	1,736		2,686,774
			69,246
			36,608
	261		404,688
	54		84,186
			1,140
			1,534
			25,331
	19,871		30,971,633
			106
	620		955,714
	1,909		2,955,085
	2,529		3,910,905
\$	17,342	\$	27,060,728

Mississippi

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Additions			
Contributions:			
Employer	\$ 1,019,084	\$ 14,809	\$ 17,732
Employee	570,066	2,147	31
Total Contributions	1,589,150	16,956	17,763
Net Investment Income:			
Net change in fair value of investments	2,979,142	38,580	17,864
Interest and dividends	529,172	6,853	3,173
Securities lending:			
Income from securities lending	39,774	515	239
Interest expense and trading costs from securities lending	(17,872)	(231)	(107)
Managers' fees and trading costs	(94,072)	(1,218)	(564)
Net Investment Income	3,436,144	44,499	20,605
Other Additions:			
Administrative fees	568		
Other	36		
Total Other Additions	604		
Total Additions	5,025,898	61,455	38,368
Deductions			
Retirement annuities	2,477,914	31,001	34,070
Refunds to terminated employees	113,707	144	
Administrative expenses	17,624	203	355
Depreciation	8,572		
Total Deductions	2,617,817	31,348	34,425
Change in Net Position	2,408,081	30,107	3,943
Net Position - Beginning	24,135,016	311,612	154,627
Net Position - Ending	\$ 26,543,097	\$ 341,719	\$ 158,570

Supplemental Legislative Retirement Plan		Totals	
\$	522	\$	1,052,147
	212		572,456
	734		1,624,603
	1,962		3,037,548
	349		539,547
	26		40,554
	(11)		(18,221)
	(62)		(95,916)
	2,264		3,503,512
			568
			36
			604
	2,998		5,128,719
	1,397		2,544,382
	17		113,868
	10		18,192
			8,572
	1,424		2,685,014
	1,574		2,443,705
	15,768		24,617,023
\$	17,342	\$	27,060,728

Mississippi

Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2017 (Expressed in Thousands)

	Local Government			
	Distributive	Program	Institutional	Totals
Assets				
Equity in internal investment pool	\$ 665	\$ 8,104	\$	\$ 8,769
Cash and cash equivalents		13,335	6,639	19,974
Receivables, net:				
Accounts	208		20	228
Commodity inventory		2,053		2,053
Total Assets	\$ 873	\$ 23,492	\$ 6,659	\$ 31,024
Liabilities				
Warrants payable	\$ 3	\$	\$	\$ 3
Accounts payable and accruals	121	80	889	1,090
Due to other governments	749			749
Amounts held in custody for others		23,412	5,770	29,182
Total Liabilities	\$ 873	\$ 23,492	\$ 6,659	\$ 31,024

Mississippi

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2017 (Expressed in Thousands)

Fund	Assets				
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Receivables	Commodity Inventory	Total Assets
Local Government Distributive:					
Balance - Beginning	\$ 1,422	\$	\$ 387	\$	\$ 1,809
Additions	34,818		79		34,897
Deductions	35,575		258		35,833
Balance - Ending	665		208		873
Program:					
Balance - Beginning	7,866	44,615	6	1,172	53,659
Additions	7,205	236,542		21,972	265,719
Deductions	6,967	267,822	6	21,091	295,886
Balance - Ending	8,104	13,335	0	2,053	23,492
Institutional:					
Balance - Beginning		5,999	20		6,019
Additions		13,229	47		13,276
Deductions		12,589	47		12,636
Balance - Ending		6,639	20		6,659
Total - All Agency Funds:					
Balance - Beginning	9,288	50,614	413	1,172	61,487
Additions	42,023	249,771	126	21,972	313,892
Deductions	42,542	280,411	311	21,091	344,355
Balance - Ending	\$ 8,769	\$ 19,974	\$ 228	\$ 2,053	\$ 31,024
Liabilities					
Fund	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Amounts Held In Custody for Others	Total Liabilities
Local Government Distributive:					
Balance - Beginning	\$ 17	\$ 120	\$ 1,151	\$ 521	\$ 1,809
Additions	5,758	3,683	26,191		35,632
Deductions	5,772	3,682	26,593	521	36,568
Balance - Ending	3	121	749	0	873
Program:					
Balance - Beginning	330	43		53,286	53,659
Additions	300	2,174	336	258,820	261,630
Deductions	630	2,137	336	288,694	291,797
Balance - Ending	0	80	0	23,412	23,492
Institutional:					
Balance - Beginning		1,509		4,510	6,019
Additions		715		13,331	14,046
Deductions		1,335		12,071	13,406
Balance - Ending		889		5,770	6,659
Total - All Agency Funds:					
Balance - Beginning	347	1,672	1,151	58,317	61,487
Additions	6,058	6,572	26,527	272,151	311,308
Deductions	6,402	7,154	26,929	301,286	341,771
Balance - Ending	\$ 3	\$ 1,090	\$ 749	\$ 29,182	\$ 31,024

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Nonmajor Component Units

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

Nonmajor Component Units Descriptions

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

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

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

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

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

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

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

Mississippi

Nonmajor Component Units

Combining Statement of Net Position

June 30, 2017 (Expressed in Thousands)

	Mississippi Business Finance Corporation	Mississippi Development Bank	Mississippi Prison Industries Corporation
Assets			
Current assets:			
Equity in internal investment pool	\$ 2,070	\$	\$
Cash and cash equivalents	763	1,120	560
Investments	13,775	2,474	
Receivables, net	75	12	1,648
Due from other governments			5
Due from primary government			1,576
Inventories			59
Prepaid items			15
Other assets			
Total Current Assets	16,683	3,606	3,863
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		1,528	
Capital assets:			
Land and construction in progress			404
Other capital assets, net	39	2	4,494
Total Noncurrent Assets	39	1,530	4,898
Total Assets	16,722	5,136	8,761
Deferred Outflows of Resources			
Pension	255		1,088
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	60	77	2,152
Due to primary government			3
Unearned revenues			
Lease obligations payable			49
Total Current Liabilities	60	77	2,204
Noncurrent liabilities:			
Lease obligations payable			147
Net pension liability	1,250		4,202
Other liabilities	60		
Total Noncurrent Liabilities	1,310		4,349
Total Liabilities	1,370	77	6,553
Deferred Inflows of Resources			
Pension	3		11
Net Position			
Net investment in capital assets	39	2	4,898
Restricted for:			
Debt service		1,529	
Other purposes			
Unrestricted	15,565	3,528	(1,613)
Total Net Position	\$ 15,604	\$ 5,059	\$ 3,285

Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
\$	\$	\$	\$	\$
				2,070
2,872	282	11,553	9,117	26,267
5,820	3,800			25,869
2	7	1,601	23	3,368
56	61		44	161
		20		25
21				1,597
	20			79
				15
8,771	4,170	13,174	9,184	59,451
				1,528
1,834	637	7,689	930	11,494
3,640	1,245	35,820	1,661	46,901
5,474	1,882	43,509	2,591	59,923
14,245	6,052	56,683	11,775	119,374
705	116	1,802	346	4,312
2,070	9	961	21	5,350
58	2	483	9	555
6		450		456
45				94
2,179	11	1,894	30	6,455
50				197
3,573	464	8,931	1,706	20,126
107	14	1,374	69	1,624
3,730	478	10,305	1,775	21,947
5,909	489	12,199	1,805	28,402
408	2	1,058	197	1,679
5,378	1,882	42,240	2,592	57,031
81				1,610
	3,974			3,974
3,174	(179)	2,988	7,527	30,990
\$ 8,633	\$ 5,677	\$ 45,228	\$ 10,119	\$ 93,605

Mississippi

Nonmajor Component Units

Combining Statement of Activities

For the Year Ended June 30, 2017 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Mississippi Business Finance Corporation	\$ 1,017	\$ 865	\$	\$	(152)
Mississippi Development Bank	552	445			(107)
Mississippi Prison Industries Corporation	12,388	10,639			(1,749)
Pat Harrison Waterway District	4,134	2,611	2,173		650
Pearl River Basin Development District	2,233	82			(2,151)
Pearl River Valley Water Supply District	12,367	13,462		1,643	2,738
Tombigbee River Valley Water Management District	1,755	234			(1,521)
Total	\$ 34,446	\$ 28,338	\$ 2,173	\$ 1,643	\$ (2,292)

General Revenues

Investment Income	Other	Change in Net Position	Net Position - Beginning	Net Position - Ending
\$ 36	\$	\$ (116)	\$ 15,720	\$ 15,604
14	169	76	4,983	5,059
1	8	(1,740)	5,025	3,285
32		682	7,951	8,633
18	657	(1,476)	7,153	5,677
1		2,739	42,489	45,228
12	1,778	269	9,850	10,119
\$ 114	\$ 2,612	\$ 434	\$ 93,171	\$ 93,605

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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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Revenue Capacity

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Debt Capacity

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Demographic and Economic Information

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

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Operating Information

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

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Mississippi

Net Position by Component

Last Ten Fiscal Years

Table 1

Accrual Basis of Accounting (Expressed in Thousands)

	2017	2016	2015	2014
Governmental activities				
Net investment in capital assets	\$ 14,666,438	\$ 14,372,421	\$ 13,900,211	\$ 13,430,397
Restricted	3,374,220	3,763,095	3,869,799	3,633,805
Unrestricted	(6,058,425)	(5,532,216)	(6,005,860)	(3,035,755)
Total governmental activities net position	\$ 11,982,233	\$ 12,603,300	\$ 11,764,150	\$ 14,028,447
Business-type activities				
Net investment in capital assets	\$ 605,123	\$ 548,732	\$ 393,507	\$ 297,830
Restricted	686,601	668,662	646,868	602,831
Unrestricted	416,087	131,592	181,529	212,462
Total business-type activities net position	\$ 1,707,811	\$ 1,348,986	\$ 1,221,904	\$ 1,113,123
Primary Government				
Net investment in capital assets	\$ 15,271,561	\$ 14,921,153	\$ 14,293,718	\$ 13,728,227
Restricted	4,060,821	4,431,757	4,516,667	4,236,636
Unrestricted	(5,642,338)	(5,400,624)	(5,824,331)	(2,823,293)
Total primary government net position	\$ 13,690,044	\$ 13,952,286	\$ 12,986,054	\$ 15,141,570

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

	2013	2012	2011	2010	2009	2008
\$	13,107,678	\$ 12,667,849	\$ 11,845,579	\$ 11,408,744	\$ 10,980,353	\$ 10,642,484
	3,602,589	3,615,270	3,480,202	655,192	625,174	667,456
	(3,188,135)	(3,132,568)	(2,680,509)	(267,768)	(336,905)	29,649
\$	13,522,132	\$ 13,150,551	\$ 12,645,272	\$ 11,796,168	\$ 11,268,622	\$ 11,339,589
\$	265,837	\$ 209,497	\$ 216,682	\$ 208,101	\$ 195,171	\$ 161,144
	578,710	540,875	433,703	433,216	614,988	778,010
	253,732	228,423	250,052	202,455	192,005	209,175
\$	1,098,279	\$ 978,795	\$ 900,437	\$ 843,772	\$ 1,002,164	\$ 1,148,329
\$	13,373,515	\$ 12,877,346	\$ 12,062,261	\$ 11,616,845	\$ 11,175,524	\$ 10,803,628
	4,181,299	4,156,145	3,913,905	1,088,408	1,240,162	1,445,466
	(2,934,403)	(2,904,145)	(2,430,457)	(65,313)	(144,900)	238,824
\$	14,620,411	\$ 14,129,346	\$ 13,545,709	\$ 12,639,940	\$ 12,270,786	\$ 12,487,918

Mississippi

Changes in Net Position

Last Ten Fiscal Years

Table 2

Accrual Basis of Accounting (Expressed in Thousands)

	2017	2016	2015	2014
Expenses				
Governmental activities:				
General government	\$ 2,298,846	\$ 2,814,758	\$ 2,951,973	\$ 2,069,107
Education	3,665,357	3,647,055	3,383,767	3,996,554
Health and social services ¹	7,924,907	7,851,381	7,679,895	7,394,045
Law, justice and public safety	939,956	858,504	967,422	923,952
Recreation and resources development	502,675	460,031	556,790	637,850
Regulation of business and professions	44,841	43,001	40,760	39,174
Transportation	768,700	725,192	675,713	647,532
Interest on long-term debt	231,875	253,752	225,512	243,099
Total governmental activities expenses	16,377,157	16,653,674	16,481,832	15,951,313
Business-type activities:				
Unemployment compensation ²	83,972	101,445	109,468	204,206
Port Authority at Gulfport	43,633	27,120	26,202	25,688
Prepaid affordable college tuition	31,489	16,304	27,122	103,134
Other business-type activities expenses ³	801,486	34,905	37,902	37,379
Total business-type activities expenses	960,580	179,774	200,694	370,407
Total primary government expenses	\$ 17,337,737	\$ 16,833,448	\$ 16,682,526	\$ 16,321,720
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 812,665	\$ 2,210,377	\$ 1,292,467	\$ 1,310,188
Education	17,732	19,932	15,082	23,989
Health and social services	568,504	585,302	705,199	583,738
Law, justice and public safety	74,713	131,126	125,231	126,054
Recreation and resources development	84,778	78,449	73,478	79,287
Regulation of business and professions	33,686	45,203	44,456	43,764
Transportation	29,813	36,886	69,386	49,841
Operating grants and contributions ⁴	7,036,472	7,064,684	7,059,002	6,796,079
Capital grants and contributions	496,734	508,194	487,083	548,283
Total governmental activities program revenues	9,155,097	10,680,153	9,871,384	9,561,223
Business-type activities:				
Charges for services:				
Unemployment compensation ⁵	86,649	107,658	137,525	158,741
Port Authority at Gulfport	22,892	17,244	15,045	15,603
Prepaid affordable college tuition	10,921	12,775	13,220	6,370
Other business-type ⁶	758,923	25,461	27,046	28,563
Operating grants and contribution ⁷	1,481	1,620	3,065	57,162
Capital grants and contributions	18			33
Total business-type activities program revenues	880,884	164,758	195,901	266,472
Total primary government program revenues	\$ 10,035,981	\$ 10,844,911	\$ 10,067,285	\$ 9,827,695
Net (Expense) Revenue				
Governmental activities	\$ (7,222,060)	\$ (5,973,521)	\$ (6,610,448)	\$ (6,390,090)
Business-type activities	(79,696)	(15,016)	(4,793)	(103,935)
Total primary government net expense	\$ (7,301,756)	\$ (5,988,537)	\$ (6,615,241)	\$ (6,494,025)

	2013	2012	2011	2010	2009	2008
\$	2,028,155	\$ 1,959,116	\$ 1,881,692	\$ 2,011,806	\$ 2,052,954	\$ 2,000,778
	3,912,889	4,126,252	4,138,774	4,082,117	4,093,018	4,163,587
	7,372,085	7,074,781	6,873,932	6,747,426	6,139,808	5,609,247
	983,870	878,668	1,013,451	1,095,181	1,052,434	1,173,359
	587,367	722,713	1,008,883	1,058,604	1,127,670	1,261,268
	39,703	37,578	37,457	38,188	37,215	36,318
	596,160	555,955	600,224	689,802	683,663	643,867
	247,012	257,304	223,856	146,732	209,516	196,277
	15,767,241	15,612,367	15,778,269	15,869,856	15,396,278	15,084,701
	338,390	408,399	520,790	669,679	422,764	143,013
	28,589	51,950	30,276	23,243	15,239	12,614
	41,278	56,568	45,754	42,183	20,316	40,972
	35,421	47,009	40,702	38,074	40,392	34,204
	443,678	563,926	637,522	773,179	498,711	230,803
\$	16,210,919	\$ 16,176,293	\$ 16,415,791	\$ 16,643,035	\$ 15,894,989	\$ 15,315,504
\$	1,305,202	\$ 1,226,107	\$ 1,183,632	\$ 1,214,243	\$ 1,149,464	\$ 1,135,546
	24,539	37,491	36,151	51,848	29,721	27,838
	620,930	659,245	622,266	569,685	563,917	507,876
	118,797	102,689	101,992	99,098	103,178	100,206
	98,496	90,643	132,401	145,988	84,984	85,610
	44,138	42,229	43,005	41,644	40,727	39,491
	34,819	32,865	36,335	7,787	51,695	40,243
	6,934,753	7,038,237	7,896,876	7,795,111	6,847,036	6,462,823
	561,283	612,734	603,098	643,843	556,571	795,572
	9,742,957	9,842,240	10,655,756	10,569,247	9,427,293	9,195,205
	202,715	274,063	209,318	84,916	90,301	100,840
	15,050	15,140	27,807	14,652	16,865	22,569
	12,786	22,458	21,764	21,799	19,374	21,121
	28,016	27,738	39,319	36,811	38,532	33,522
	161,613	244,325	310,704	382,141	141,038	10,069
	904	246	16	24	954	1,838
	421,084	583,970	608,928	540,343	307,064	189,959
\$	10,164,041	\$ 10,426,210	\$ 11,264,684	\$ 11,109,590	\$ 9,734,357	\$ 9,385,164
\$	(6,024,284)	\$ (5,770,127)	\$ (5,122,513)	\$ (5,300,609)	\$ (5,968,985)	\$ (5,889,496)
	(22,594)	20,044	(28,594)	(232,836)	(191,647)	(40,844)
\$	(6,046,878)	\$ (5,750,083)	\$ (5,151,107)	\$ (5,533,445)	\$ (6,160,632)	\$ (5,930,340)

(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)

	2017	2016	2015	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Sales and use ⁸	\$ 3,392,712	\$ 3,361,075	\$ 3,300,516	\$ 3,263,643
Gasoline and other motor fuel	429,929	425,205	414,779	408,667
Individual income	1,721,862	1,734,040	1,744,620	1,703,736
Corporate income and franchise	569,856	577,114	689,171	677,168
Insurance	328,109	314,756	273,710	267,971
Other	498,986	474,045	513,203	541,496
Investment income	34,939	56,300	53,689	82,307
Transfers	(79,494)	(129,864)	(103,182)	(48,583)
Total governmental activities	6,896,899	6,812,671	6,886,506	6,896,405
Business-type activities:				
Investment income	63,121	12,234	28,585	70,196
Transfers	79,494	129,864	103,182	48,583
Total business-type activities	142,615	142,098	131,767	118,779
Total primary government	\$ 7,039,514	\$ 6,954,769	\$ 7,018,273	\$ 7,015,184
Change in Net Position				
Governmental activities	\$ (325,161)	\$ 839,150	\$ 276,058	\$ 506,315
Business-type activities	62,919	127,082	126,974	14,844
Total primary government	\$ (262,242)	\$ 966,232	\$ 403,032	\$ 521,159

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

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

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

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

² Unemployment Compensation expenses increased from 2008 to 2009 and again from 2009 to 2010. The number of eligible workers rose due to the climb in the unemployment rate and benefits were extended under the American Recovery and Reinvestment Act.

³ Operating grants and contributions increased from 2009 to 2010. This is due in part to funding provided by the American Recovery and Reinvestment Act.

⁴ Other business-type activities expenses increased from 2016 to 2017. This is the result of the State Life and Health Insurance Plan being reclassified from an internal service fund to an enterprise fund.

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

⁶ Other business-type activities charges for services increased from 2016 to 2017 as a result of the State Life and Health Insurance Plan being reclassified from an internal service fund to an enterprise fund.

	2013	2012	2011	2010	2009	2008
\$	3,118,658	\$ 3,031,689	\$ 2,935,523	\$ 2,885,064	\$ 2,961,865	\$ 3,166,130
	402,724	419,811	420,410	406,279	411,729	438,676
	1,666,840	1,572,334	1,374,843	1,385,623	1,415,091	1,503,869
	533,246	476,423	477,443	416,978	420,739	500,996
	216,173	209,937	192,146	197,970	187,050	194,129
	531,494	551,119	520,689	511,351	461,064	459,483
	9,208	50,607	91,185	54,935	83,119	145,465
	(82,478)	(36,514)	(22,871)	(29,896)	(42,639)	(2,786)
	6,395,865	6,275,406	5,989,368	5,828,304	5,898,018	6,405,962
	59,600	21,800	62,388	44,548	2,843	21,433
	82,478	36,514	22,871	29,896	42,639	2,786
	142,078	58,314	85,259	74,444	45,482	24,219
\$	6,537,943	\$ 6,333,720	\$ 6,074,627	\$ 5,902,748	\$ 5,943,500	\$ 6,430,181
\$	371,581	\$ 505,279	\$ 866,855	\$ 527,695	\$ (70,967)	\$ 516,466
	119,484	78,358	56,665	(158,392)	(146,165)	(16,625)
\$	491,065	\$ 583,637	\$ 923,520	\$ 369,303	\$ (217,132)	\$ 499,841

7 Operating grants and contributions increased from 2008 to 2009. This can be attributed to additional federal funding for unemployment compensation programs under the American Recovery and Reinvestment Act of 2009. Operating grants and contributions decreased from 2014 to 2015 as federal funding for unemployment compensation programs came to an end.

⁸ Sales and use taxes decreased from 2008 to 2009 and again from 2009 to 2010 as consumer spending on cars, lumber and building materials and other taxable goods and services was down in response to a weakening economy.

Mississippi

Fund Balances of Governmental Funds

Table 3

Last Ten Fiscal Years

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2017	2016	2015	2014
General Fund				
Nonspendable	\$ 48,671	\$ 51,896	\$ 52,877	\$ 52,061
Restricted	3,262,166	3,647,183	3,754,248	3,448,681
Committed	56,179	41,724	88,919	139,936
Assigned	10,865	10,072	12,121	10,503
Unassigned	405,825	546,979	232,990	571,580
Total General Fund	<u>\$ 3,783,706</u>	<u>\$ 4,297,854</u>	<u>\$ 4,141,155</u>	<u>\$ 4,222,761</u>
All Other Governmental Funds				
Nonspendable	\$ 57,994	\$ 57,305	\$ 57,201	\$ 56,450
Restricted	5,389	6,709	5,473	5,163
Committed				
Total All Other Governmental Funds	<u>\$ 63,383</u>	<u>\$ 64,014</u>	<u>\$ 62,674</u>	<u>\$ 61,613</u>
	2010	2009	2008	
General Fund				
Reserved	\$ 813,291	\$ 829,688	\$ 833,922	
Unreserved	1,895,503	1,359,911	1,822,412	
Total General Fund	<u>\$ 2,708,794</u>	<u>\$ 2,189,599</u>	<u>\$ 2,656,334</u>	
All Other Governmental Funds				
Reserved	\$ 82,783	\$ 316,774	\$ 325,180	
Unreserved, reported in:				
Special revenue funds	596,557	552,911	568,091	
Capital project funds	323,080	375,268	383,225	
Permanent funds	6,601	5,119	3,862	
Total All Other Governmental Funds	<u>\$ 1,009,021</u>	<u>\$ 1,250,072</u>	<u>\$ 1,280,358</u>	

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

2013	2012	2011
\$ 50,480	\$ 52,236	\$ 52,571
3,491,146	3,528,727	2,895,706
112,788	192,939	198,340
10,729	45,757	110,648
520,612	452,744	287,764
\$ 4,185,755	\$ 4,272,403	\$ 3,545,029
\$ 55,711	\$ 54,918	\$ 54,476
5,252	7,132	477,449
		187,041
\$ 60,963	\$ 62,050	\$ 718,966

Mississippi

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 4

Modified Accrual Basis of Accounting (Expressed in Thousands)

	2017	2016	2015	2014
Revenues				
Taxes				
Sales and use ¹	\$ 3,399,477	\$ 3,375,755	\$ 3,324,776	\$ 3,264,343
Gasoline and other motor fuel	430,162	424,615	419,622	406,647
Individual income	1,728,682	1,733,198	1,747,961	1,676,064
Corporate income and franchise	567,316	573,873	691,769	677,501
Insurance	328,109	314,756	273,710	267,971
Other	498,986	474,045	515,596	541,496
Licenses, fees and permits	546,216	569,717	564,702	522,824
Federal government ²	7,499,244	7,494,821	7,500,282	7,343,489
Investment income	28,487	68,870	57,002	69,134
Charges for sales and services	353,640	382,441	361,793	363,976
Rentals	1,658	25,504	15,789	32,662
Court assessments and settlements	204,378	384,080	163,915	169,497
Other	537,349	616,830	653,608	562,028
Total Revenues	16,123,704	16,438,505	16,290,525	15,897,632
Expenditures				
General government	2,269,629	2,228,370	2,475,434	1,493,951
Education	3,656,763	3,643,209	3,381,946	3,994,332
Health and social services ³	7,823,462	7,806,591	7,685,805	7,404,608
Law, justice and public safety	866,469	861,793	959,927	930,805
Recreation and resources development ⁴	487,526	458,957	555,793	639,569
Regulation of business and professions	42,704	42,123	41,284	39,444
Transportation	1,157,251	1,062,860	1,047,355	1,143,230
Debt service				
Principal	399,019	358,206	319,916	319,798
Interest and other fiscal charges	243,751	244,996	224,400	244,164
Defeasance of debt				
Capital outlay				
Total Expenditures	16,946,574	16,707,105	16,691,860	16,209,901
Excess of revenues over (under) expenditures	\$ (822,870)	\$ (268,600)	\$ (401,335)	\$ (312,269)

	2013	2012	2011	2010	2009	2008
\$	3,122,591	\$ 3,037,136	\$ 2,916,298	\$ 2,848,169	\$ 3,008,042	\$ 3,146,711
	409,730	415,508	415,200	406,837	412,206	437,810
	1,680,470	1,551,576	1,409,473	1,337,000	1,441,141	1,523,231
	539,174	497,879	447,322	413,930	420,482	503,165
	216,173	209,937	192,146	197,970	187,050	194,129
	531,494	551,119	520,689	511,351	461,064	459,483
	533,880	533,573	519,033	505,314	527,099	547,844
	7,495,005	7,647,096	8,496,243	8,434,957	7,402,207	7,197,515
	10,897	47,037	88,553	96,596	69,725	132,566
	346,611	347,252	379,741	311,236	351,618	327,874
	27,698	27,641	29,044	27,844	24,008	24,353
	141,008	156,163	145,462	188,337	130,762	139,803
	607,047	535,500	511,610	521,636	410,345	345,593
	15,661,778	15,557,417	16,070,814	15,801,177	14,845,749	14,980,077
	1,495,665	1,414,395	1,301,010	1,377,855	1,392,656	1,430,623
	3,909,703	4,121,827	4,134,654	4,076,285	4,090,971	4,155,180
	7,373,548	7,064,468	6,863,679	6,711,466	6,129,997	5,601,993
	985,149	933,574	953,468	1,053,017	1,069,705	1,385,082
	590,813	715,739	1,002,286	1,055,786	1,138,031	1,203,801
	39,654	37,440	37,713	37,847	36,450	35,841
	1,109,584	1,204,625	1,168,090	1,180,908	1,134,357	1,178,966
	307,377	290,870	316,103	321,825	419,973	295,060
	246,962	240,940	226,906	163,207	210,654	210,311
				2,505		
		68,471	84,671	98,825	80,378	110,620
	16,058,455	16,092,349	16,088,580	16,079,526	15,703,172	15,607,477
\$	(396,677)	\$ (534,932)	\$ (17,766)	\$ (278,349)	\$ (857,423)	\$ (627,400)

(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)

	2017	2016	2015	2014
Other Financing Sources (Uses)				
Bonds and notes issued	\$ 334,135	\$ 498,895	\$ 366,575	\$ 348,777
Capital leases issued	1,637	3,420	2,322	16,107
Discounts on bonds and notes issued			(353)	
Insurance recovery	478	1,498	22,732	17,826
Payments on refunded bond anticipation notes				
Payments on refunded bonds and notes				
Payments to bond escrow agent				
Payments to refunded bond, note and lease escrow agents	(650,120)	(76,405)	(483,163)	
Premiums on bonds, notes, and refunding bonds and notes issued	136,029	56,328	86,758	15,838
Refunding bonds and notes issued	551,030	71,125	429,115	
Transfers in	3,017	4,082	3,513	4,508
Transfers out	(82,511)	(132,304)	(106,709)	(53,131)
Net Other Financing Sources (Uses)	293,695	426,639	320,790	349,925
Net Change in Fund Balances	\$ (529,175)	\$ 158,039	\$ (80,545)	\$ 37,656
Debt Service as a Percentage of Noncapital Expenditures	4.0%	3.8%	3.4%	3.5%

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

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

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

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

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

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

	2013	2012	2011	2010	2009	2008
\$	341,420	\$ 603,030	\$ 569,794	\$ 581,972	\$ 362,720	\$ 721,172
	487	9,524	8,009	2,987	10,759	724
						(390)
	7,303	332	185	1,822	8,838	3,874
		(19,000)	(105,105)	(241,100)		
			(183,105)	(141,892)		
					(1,992)	
	(776,032)	(115,002)		(41,998)	(82,265)	(191,894)
	120,265	40,400	13,114	10,562	13,916	19,613
	697,790	123,075	284,453	413,965	76,460	208,955
	4,461	196,971	138,686	756,592	335,056	387,993
	(86,752)	(233,940)	(161,936)	(786,417)	(363,090)	(389,703)
	308,942	605,390	564,095	556,493	360,402	760,344
\$	(87,735)	\$ 70,458	\$ 546,329	\$ 278,144	\$ (497,021)	\$ 132,944
	3.7%	3.6%	3.6%	3.2%	4.3%	3.5%

Mississippi

Taxable Sales by Industry

Table 5

Last Ten Fiscal Years

(Expressed in Thousands)

	2016	2015	2014
Accommodation and Food Services	\$ 5,069,440	\$ 4,802,372	\$ 4,590,836
Administrative, Support, Waste Management	391,177	361,743	335,163
Arts, Entertainment, Recreation	123,077	122,846	124,955
Construction	4,994,170	5,461,065	5,716,050
Information	2,696,693	2,706,468	2,635,722
Manufacturing	797,074	783,109	896,040
Mining, Quarrying and Oil and Gas Extraction	170,269	398,300	412,702
Other Services	1,489,721	1,389,561	1,335,779
Real Estate, Rental, and Leasing	946,120	929,136	862,594
Retail Trade	26,582,734	25,604,974	25,048,766
Utilities	1,147,208	1,271,311	1,439,020
Wholesale Trade	3,577,702	3,624,257	3,658,202
Other Industries	367,121	339,919	325,675
Total taxable sales	\$ 48,352,506	\$ 47,795,061	\$ 47,381,504
Gross tax collections	\$ 3,070,307	\$ 3,014,604	\$ 2,945,016
Average effective rate	6.35%	6.31%	6.22%

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

Notes:

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 2016.

Source: Mississippi Department of Revenue

	2009	2008	2007
\$	5,023,772	\$ 6,083,873	\$ 6,425,719
	7,771,199	7,887,529	7,289,281
	7,658,372	7,502,956	7,183,345
	858,990	959,992	1,017,087
	7,697,208	7,339,220	7,517,150
	2,870,910	3,423,567	3,892,931
	2,655,964	2,962,978	3,065,223
	3,567,676	3,743,749	3,741,915
	2,829,490	2,823,849	2,605,241
	4,383,720	4,225,268	4,160,798
	136,388	134,763	135,866
	763,532	749,042	728,840
\$	46,217,221	\$ 47,836,786	\$ 47,763,396
\$	2,809,904	\$ 2,893,966	\$ 2,899,368
	6.08%	6.05%	6.07%

Mississippi

Sales Tax Revenue Payers by Industry

Fiscal Years 2016 and 2007

Table 6

	2016			
	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Accommodation and Food Services	10,273	11.1 %	\$ 354,825	11.6 %
Administrative, Support, Waste Management	1,824	2.0	27,306	0.8
Arts, Entertainment, Recreation	1,846	2.0	8,615	0.3
Construction	10,528	11.3	201,651	6.6
Information	1,031	1.1	188,768	6.2
Manufacturing	4,563	4.9	46,654	1.5
Mining, Quarrying and Oil and Gas Extraction	713	0.8	11,078	0.4
Other Services	6,463	7.0	102,226	3.3
Real Estate, Rental, and Leasing	2,372	2.6	62,530	2.0
Retail Trade	39,305	42.4	1,756,362	57.2
Utilities	766	0.8	72,923	2.4
Wholesale Trade	9,138	9.8	212,513	6.9
Other Industries	3,984	4.3	24,856	0.8
Total taxable sales	92,806	100.0 %	\$ 3,070,307	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 2016.

Source: Mississippi Department of Revenue

2007

	Number of Filers	Percentage of Total	Tax Liability (expressed in thousands)	Percentage of Total
Automotive	11,289	13.2 %	\$ 358,905	12.4 %
Contracting	9,571	11.2	283,154	9.8
Food and Beverage	15,200	17.7	502,835	17.3
Furniture	2,388	2.8	71,196	2.4
General Merchandise	5,333	6.2	526,796	18.2
Lumber and Building Materials	5,886	6.9	272,505	9.4
Machinery, Equipment, and Supplies	6,268	7.3	165,984	5.7
Miscellaneous Retail	22,162	25.8	254,584	8.8
Miscellaneous Services	5,969	6.9	179,041	6.2
Public Utilities	1,164	1.3	223,838	7.7
Recreation	526	0.6	9,511	0.3
Wholesale	44	0.1	51,019	1.8
Total taxable sales	85,800	100.0 %	\$ 2,899,368	100.0 %

Mississippi

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Thousands, except Per capita)

Table 7

	2017	2016	2015	2014
Governmental Activities				
General Obligation Bonds and Notes ¹	\$ 4,409,839	\$ 4,389,749	\$ 4,381,327	\$ 4,297,643
Limited Obligation Bonds	221,727	226,507		
Capital Lease Obligations	11,124	15,262	20,209	22,775
Notes Payable ¹	1,030,160	1,055,789	1,113,994	1,078,967
Certificates of Participation				
Total Governmental Activities	5,672,850	5,687,307	5,515,530	5,399,385
Business-type Activities				
General Obligation Bonds	6,673	9,696	12,670	15,503
Capital Lease Obligations	120	198	272	344
Total Business-type Activities	6,793	9,894	12,942	15,847
Total Primary Government	\$ 5,679,643	\$ 5,697,201	\$ 5,528,472	\$ 5,415,232
Amount of Debt Per capita ²	\$ 1,900	\$ 1,904	\$ 1,847	\$ 1,811
Debt as a percentage of Personal Income ³	5.3%	5.4%	5.4%	5.3%
Net General Obligation Bonded Debt⁴				
General Obligation Bonds and Notes ¹	\$ 4,409,839	\$ 4,389,749	\$ 4,381,327	\$ 4,297,643
Less: Debt Service	252,787	335,687	340,515	369,002
Net General Obligation Bonded Debt	\$ 4,157,052	\$ 4,054,062	\$ 4,040,812	\$ 3,928,641
Amount of Net General Obligation Bonded Debt Per capita ²	\$ 1,391	\$ 1,355	\$ 1,350	\$ 1,313
Net General Obligation Bonded Debt as a percentage of Taxable Sales ⁵	8.6%	8.5%	8.5%	8.4%

Notes:

¹ Fiscal years 2008 - 2012 have been restated for GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, presentation.

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

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

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

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

	2013	2012	2011	2010	2009	2008
\$	4,207,238	\$ 4,239,834	\$ 3,862,590	\$ 3,578,528	\$ 3,516,385	\$ 3,516,217
						24,460
	13,158	18,079	13,935	13,212	17,231	12,555
	1,140,010	989,336	1,021,016	1,047,983	853,156	883,283
					2,045	2,190
	5,360,406	5,247,249	4,897,541	4,639,723	4,388,817	4,438,705
	18,210	20,792	23,426	26,476	29,231	32,064
	131	381	618	841	1,636	926
	18,341	21,173	24,044	27,317	30,867	32,990
\$	5,378,747	\$ 5,268,422	\$ 4,921,585	\$ 4,667,040	\$ 4,419,684	\$ 4,471,695
\$	1,805	\$ 1,768	\$ 1,652	\$ 1,571	\$ 1,493	\$ 1,516
	5.4%	5.3%	5.2%	5.1%	5.0%	4.9%
\$	4,207,238	\$ 4,239,834	\$ 3,862,590	\$ 3,578,528	\$ 3,516,385	\$ 3,516,217
	339,308	344,061	323,235	248,686	197,131	214,647
\$	3,867,930	\$ 3,895,773	\$ 3,539,355	\$ 3,329,842	\$ 3,319,254	\$ 3,301,570
\$	1,298	\$ 1,307	\$ 1,188	\$ 1,121	\$ 1,121	\$ 1,119
	8.6%	8.6%	8.0%	7.7%	7.2%	6.9%

Mississippi

Legal Debt Margin

Last Ten Fiscal Years
(Expressed in Thousands)

Table 8

	2017	2016	2015	2014	2013
Legal debt limit	\$ 13,312,194	\$ 13,312,194	\$ 13,312,194	\$ 12,823,921	\$ 12,505,104
Less: Net debt applicable to limit	4,157,052	4,054,062	4,040,812	3,928,641	3,867,930
Legal debt margin	<u>\$ 9,155,142</u>	<u>\$ 9,258,132</u>	<u>\$ 9,271,382</u>	<u>\$ 8,895,280</u>	<u>\$ 8,637,174</u>
Net debt applicable to the limit as a percentage of legal debt limit	31.2%	30.5%	30.4%	30.6%	30.9%

	2012	2011	2010	2009	2008
Legal debt limit	\$ 12,451,109	\$ 12,451,109	\$ 12,451,109	\$ 12,451,109	\$ 12,009,366
Less: Net debt applicable to limit	3,847,744	3,490,465	3,275,320	3,259,476	3,237,426
Legal debt margin	<u>\$ 8,603,365</u>	<u>\$ 8,960,644</u>	<u>\$ 9,175,789</u>	<u>\$ 9,191,633</u>	<u>\$ 8,771,940</u>
Net debt applicable to the limit as a percentage of legal debt limit	30.9%	28.0%	26.3%	26.2%	27.0%

Legal Debt Margin Calculation for Fiscal Year 2017:

Legal debt limit ¹	\$ 13,312,194
Amount of debt applicable to limit ²	\$ 4,409,839
Less: amounts available for debt service	<u>252,787</u>
Less: Net debt applicable to limit	<u>4,157,052</u>
Legal debt margin	<u><u>\$ 9,155,142</u></u>

Notes:

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

Fiscal Year	Applicable Revenues
2016	\$ 8,706,340
2015	8,647,704
2014	8,874,796
2013	8,549,281

² 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.		
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
2009	2,960,000	9.5	9.3	88,801,000,000	30,000
2008	2,950,000	6.6	5.8	91,220,000,000	30,922
2007	2,930,000	6.1	4.6	86,585,000,000	29,551

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
 (Ranked by Number of Employees)

Table 10

Industry	2016			2007		
	Rank	Average Number of Employees	Percentage of All Employees	Rank	Average Number of Employees	Percentage of All Employees
Government	1	244,400	20.3 %	1	244,000	19.9 %
Manufacturing	2	142,900	11.9	2	169,500	13.8
Retail Trade	3	140,100	11.6	3	141,700	11.6
Health Care and Social Assistance	4	128,400	10.6	5	112,700	9.2
Accommodation and Food Services	5	122,000	10.1	4	114,200	9.3
Professional and Business Services	6	107,200	8.9	6	93,100	7.6
Transportation and Warehousing	7	54,600	4.5	8	48,500	4.0
Construction	8	44,200	3.7	7	58,700	4.8
Other Services	9	40,100	3.3	9	40,800	3.3
Wholesale Trade	10	34,600	2.9	10	36,800	3.0
Total		1,058,500	87.8 %		1,060,000	86.5 %
Total Employed Labor Force		1,205,800	100.0 %		1,224,100	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

	2016/2017	2015/2016	2014/2015	2013/2014
Kindergarten	42,003	42,427	44,950	46,297
Grades 1-3	116,066	121,392	120,791	119,432
Grades 4-6	111,169	108,320	108,968	110,211
Grades 7-9	107,929	109,425	112,337	113,675
Grades 10-12	97,724	97,213	95,767	95,399
Special Education	7,555	7,694	7,412	7,572
Total Enrollment	482,446	486,471	490,225	492,586

Source: Mississippi Department of Education

Community and Junior College Enrollment

Last Ten Academic Years

Table 12

	2016/2017	2015/2016	2014/2015	2013/2014
Coahoma Community College	1,943	1,913	1,746	2,722
Copiah-Lincoln Community College	3,006	3,097	3,040	3,186
East Central Community College	2,449	2,598	2,621	3,049
East Mississippi Community College	3,897	4,070	3,676	3,712
Hinds Community College	10,411	9,904	12,844	10,975
Holmes Community College	5,208	5,064	4,905	6,330
Itawamba Community College	6,350	6,398	6,320	6,972
Jones County Junior College	5,358	4,966	4,617	5,113
Meridian Community College	3,756	3,647	3,386	3,047
Mississippi Delta Community College	2,444	2,417	2,499	3,006
Mississippi Gulf Coast Community College	9,607	9,476	9,767	11,821
Northeast Mississippi Community College	3,966	3,651	3,643	3,520
Northwest Mississippi Community College	6,861	7,235	7,294	8,450
Pearl River Community College	4,107	4,107	4,140	4,231
Southwest Mississippi Community College	2,091	2,091	2,097	2,224
Total Enrollment	71,454	70,634	72,595	78,358

Source: Mississippi Community College Board

University Enrollment

Last Ten Academic Years

Table 13

	2016/2017	2015/2016	2014/2015	2013/2014
Alcorn State University	3,420	3,518	3,639	3,848
Delta State University	3,588	3,460	3,614	4,785
Jackson State University	9,811	9,802	9,508	9,134
Mississippi State University	21,622	20,873	20,138	20,161
Mississippi University for Women	2,956	2,673	2,696	2,629
Mississippi Valley State University	2,455	2,309	2,221	2,203
University of Mississippi	24,250	23,838	23,096	22,291
University of Southern Mississippi	14,552	14,551	14,792	15,249
Total Enrollment	82,654	81,024	79,704	80,300

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

2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
47,198	44,890	42,371	42,790	41,602	41,453
116,562	114,814	115,503	116,320	118,249	118,969
111,609	114,498	115,057	114,328	111,783	111,009
113,490	111,616	111,826	113,802	115,901	118,593
96,485	97,292	98,536	97,942	97,024	96,003
7,503	7,509	7,233	6,923	6,635	7,275
492,847	490,619	490,526	492,105	491,194	493,302

2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
2,694	2,889	2,781	3,210	2,239	2,398
3,308	3,578	5,221	4,649	3,886	3,811
3,112	3,091	2,738	3,554	3,219	2,841
4,367	5,240	5,906	6,063	6,356	6,353
10,609	14,306	13,693	15,370	12,661	16,747
6,728	6,707	5,711	5,943	5,754	5,124
6,977	7,602	8,003	9,965	9,173	8,339
4,192	4,637	6,783	6,982	5,951	5,658
3,330	3,883	3,956	4,856	4,317	4,065
3,001	3,977	4,320	4,410	4,011	3,659
11,350	11,434	12,171	13,426	11,736	9,674
3,603	3,736	3,966	5,482	5,006	5,223
7,202	8,437	7,312	8,777	7,326	6,900
4,675	4,675	4,406	4,853	5,081	4,263
2,143	2,224	2,283	2,289	2,106	2,080
77,291	86,416	89,250	99,829	88,822	87,135

2012/2013	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
3,950	4,018	3,682	3,334	3,252	3,668
4,763	4,624	4,327	4,031	4,064	4,091
8,819	8,903	8,687	8,783	8,374	8,698
20,365	20,424	19,643	18,600	17,824	17,039
2,650	2,661	2,587	2,476	2,365	2,379
2,479	2,452	2,636	2,846	2,929	3,009
21,528	20,830	19,546	18,344	17,601	17,323
16,468	16,604	15,778	15,293	14,793	14,592
81,022	80,516	76,886	73,707	71,202	70,799

Mississippi

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 14

	2017	2016	2015	2014
General Government				
Department of Finance and Administration				
Buildings	60	60	59	36
Vehicles	45	37	44	44
Department of Revenue				
Vehicles	50	46	62	49
Education				
Department of Education				
Vehicles	51	52	55	44
Law, Justice and Public Safety				
Department of Corrections				
Buildings	252	252	252	558
Vehicles	610	594	618	691
Department of Public Safety				
Buildings	46	46	45	43
Vehicles	1,203	1,124	1,118	913
Recreation and Resource Development				
Department of Wildlife, Fisheries and Parks				
State Parks	25	25	25	25
Acres of State Parks	21,344	24,481	24,481	24,481
Buildings	221	211	211	843
Vehicles	712	628	594	558
Forestry Commission				
Buildings	24	24	24	317
Vehicles	430	458	490	413
Regulation of Business and Professions				
Workers' Compensation Commission				
Buildings	1	1	1	1
Transportation				
Department of Transportation				
Miles of state highway	10,888	10,901	10,897	10,898
Vehicles	2,288	2,228	2,272	2,339
Health and Social Services				
Department of Mental Health				
Buildings	476	474	475	538
Vehicles	764	752	755	752

Sources:

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

2013	2012	2011	2010	2009	2008
37	37	36	37	37	46
41	42	49	48	42	42
46	46	44	49	49	47
45	41	44	43	42	47
572	576	611	627	627	626
611	611	593	608	673	676
41	41	39	39	38	37
896	963	877	845	908	924
25	25	25	26	26	26
24,591	24,591	24,446	24,260	24,260	24,260
835	842	843	831	817	815
591	614	606	614	632	609
369	388	392	394	398	408
421	429	430	440	446	493
1	1	1	1	1	1
10,886	10,913	10,907	10,907	10,984	10,949
2,352	2,554	2,534	2,569	2,530	2,547
545	551	551	553	553	547
756	778	786	801	794	802

Mississippi

State Government Employees by Function

Last Ten Fiscal Years

Table 15

	2017	2016	2015	2014	2013	2012
General Government						
Department of Finance and Administration	414	432	413	413	418	413
Department of Revenue	737	753	764	727	694	664
Treasury	36	38	38	39	36	37
All Other	1,389	1,399	1,429	1,441	1,454	1,405
Education						
Department of Education	638	623	607	653	687	714
All Other	175	185	185	182	187	195
Health and Social Services						
Department of Human Services	3,208	3,441	3,411	3,391	3,483	3,302
Division of Medicaid	974	929	925	936	923	869
Department of Mental Health	6,635	7,268	7,460	7,716	7,815	8,189
Department of Rehabilitation Services	982	998	954	964	969	995
All Other	2,829	2,992	3,251	3,340	3,449	3,476
Law, Justice and Public Safety						
Department of Corrections	2,158	2,293	2,647	2,870	2,958	2,746
Department of Public Safety	1,200	1,234	1,282	1,215	1,252	1,291
All Other	2,161	2,142	2,087	2,163	2,188	2,192
Recreation and Resource Development						
Department of Environmental Quality	396	402	394	397	401	423
Department of Wildlife, Fisheries and Parks	519	511	522	522	543	566
Forestry Commission	266	390	401	418	414	423
Mississippi Development Authority	232	241	271	287	300	308
All Other	361	370	366	365	367	378
Regulation of Business and Professions						
Public Service Commission	62	68	67	85	101	100
Oil and Gas Board	28	31	32	31	32	34
All Other	302	290	279	260	248	245
Transportation						
Department of Transportation	3,146	3,184	3,162	3,277	3,351	3,342
Total	28,848	30,214	30,947	31,692	32,270	32,307

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

2011	2010	2009	2008
407	387	408	380
681	659	711	726
38	38	38	39
1,399	1,408	1,484	1,438
717	741	779	782
191	193	201	200
3,276	3,219	3,284	3,046
897	934	940	908
8,173	8,586	8,978	8,951
1,026	1,060	1,024	964
3,399	3,549	3,438	3,329
2,824	2,919	3,090	3,153
1,256	1,275	1,338	1,365
2,141	2,130	2,134	1,994
432	435	448	428
582	665	807	710
443	455	475	521
316	324	319	279
375	392	402	412
100	92	97	97
34	34	36	33
252	262	255	246
3,363	3,448	3,413	3,346
32,322	33,205	34,099	33,347

Mississippi

Operating Indicators by Function

Last Ten Fiscal Years

Table 16

	2016	2015	2014	2013
General Government				
Tax returns processed	3,054,931	3,367,215	4,950,000	4,950,000
On-going construction projects	656	690	699	743
Tort claims processed	1,135	1,167	929	1,098
Unclaimed property claims paid	10,131	5,352	5,187	5,309
Number of mobile applications deployed or downloaded	73,000			
Corporate filings processed **		168,421	67,873	110,008
UCC filings processed **		320,819	318,307	322,350
Education				
Average cost per public school student	\$9,704	\$9,394	\$9,209	\$8,921
Public high school graduates	29,991	29,802	28,556	28,317
Public school teachers, K-12	32,101	32,230	32,102	32,356
Health and Social Services				
Average monthly households receiving food assistance	279,491	297,854	304,060	303,719
Child support collections from non-custodial parents	\$352,077,839	\$352,077,839	\$333,825,397	\$332,931,089
Medicaid recipients receiving medical services	726,473	740,937	689,153	643,687
Law, Justice and Public Safety				
Custody population per 100,000 Mississippi residents	609	641		
Average inmate population in prisons *			9,719	9,868
Supervised offenders in communities *			30,689	30,078
Driver licenses issued	650,757	600,239	594,005	807,582
Recreation and Resource Development				
Tourist registered at welcome centers	2,441,086	2,494,990	2,454,373	2,502,048
Land reforested (acres)	35,000	21,470	32,238	29,732
Hunting and fishing licenses sold	483,751	560,219	571,785	578,154
Overnight accommodations at state parks	793,777	550,186	689,774	544,887
Regulation of Business and Professions				
Utility complaints investigated	4,538	2,347	3,915	3,988
Well inspections by Oil and Gas Board	33,179	26,930	25,073	21,893
Transportation				
Overlays (miles) *			320	135
Repair and replacement of deficit local system bridges	62	62	66	50

* 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.

Note: The most current fiscal year available is fiscal year 2016.

Sources:

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

2012	2011	2010	2009	2008	2007
4,950,000	4,950,000	4,950,000	4,900,000	4,850,000	4,800,000
783	820	688	656	676	725
986	1,117	1,117	538	353	1,081
7,298	4,581	8,050	7,799	6,175	9,781
243,634	112,983	104,842	113,217	40,218	30,740
342,552	254,872	280,335	268,108	286,740	289,990
\$8,932	\$8,752	\$8,930	\$8,895	\$8,737	\$8,298
28,933	29,569	28,517	24,393	23,935	23,149
32,170	32,042	33,210	33,972	33,613	32,746
289,660	266,966	241,785	204,068	184,779	174,924
\$332,298,519	\$314,027,549	\$292,715,332	\$286,696,080	\$264,727,366	\$242,768,697
640,957	637,781	621,607	598,476	569,294	547,811
9,449	9,636	10,054	10,761	10,856	10,145
35,097	Not Available	Not Available	25,910	27,323	29,964
747,173	821,000	780,000	783,508	907,850	755,000
2,471,958	2,462,209	2,485,233	2,962,056	2,906,700	2,782,648
52,830	38,753	24,239	38,257	44,546	61,075
550,000	493,773	502,024	588,095	584,891	585,466
646,752	573,975	548,224	575,502	675,000	674,280
4,002	8,059	7,906	7,701	7,299	6,766
22,236	12,166	15,323	24,419	21,227	22,083
64	279	397	455	251	146
55	85	47	63	55	62

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Cover

Photo featuring the New Capitol in a rare December 2017 snow is courtesy of Terry Thompson.