OFFICIAL STATEMENT

TWO (2) NEW ISSUES
BOOK-ENTRY ONLY

See "RATINGS" herein

In the opinion of Butler Snow LLP, Ridgeland, Mississippi ("Bond Counsel"), under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Series 2020B Bonds (as defined herein) is excludable from gross income for federal tax purposes pursuant to Section 103 of the Code (as defined herein), and such interest is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2020A Bonds (as defined herein) should be treated as included in gross income of the holders thereof for federal income tax purposes. Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020 Bonds (as defined herein) is exempt from income taxation in the State (as defined herein). For a more complete description, see "TAX MATTERS" herein and APPENDIX E - FORMS OF OPINIONS OF BOND COUNSEL attached hereto.

$504,225,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020A

$37,390,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020B

Dated: Date of Delivery

Due: As shown on the inside front cover

Interest on the $504,225,000 State of Mississippi Taxable General Obligation Refunding Bonds, Series 2020A (the "Series 2020A Bonds") will be payable on May 1 and November 1 of each year, commencing November 1, 2020. Interest on the $37,390,000 State of Mississippi General Obligation Refunding Bonds, Series 2020B (the "Series 2020B Bonds" and together with the Series 2020A Bonds, the "Series 2020 Bonds") will be payable on March 1 and September 1 of each year, commencing September 1, 2020. The State Bond Commission of the State of Mississippi (the "State") has designated the Office of the State Treasurer to serve as paying agent, transfer agent and registrar of the Series 2020 Bonds (in such capacity, the "Paying and Transfer Agent"). The Series 2020 Bonds will be issued as fully registered bonds in the denomination of $5,000, or any integral multiple thereof, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2020 Bonds. See "DESCRIPTION OF THE SERIES 2020 BONDS - Book-Entry-Only System" and APPENDIX F.

The Series 2020 Bonds are general obligations of the State and are secured by a pledge of the full faith and credit of the State.

The Series 2020A Bonds will be subject to optional and make whole redemption, as applicable, prior to their respective maturities. The 2020B Bonds will not be subject to redemption prior to their respective maturities. See "DESCRIPTION OF THE SERIES 2020 BONDS – "Redemption Provisions of the Series 2020A Bonds" and "Redemption Provisions of the Series 2020B Bonds."

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2020 Bonds are offered subject to the final approving opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Underwriters (identified below) for the Series 2020 Bonds by their counsel Balch & Bingham LLP, Jackson, Mississippi. Certain legal matters with respect to the State will be passed upon by the State Attorney General, Lynn Fitch, Esq. Hilltop Securities, Inc., Dallas, Texas, is serving as Financial Advisor to the State in connection with the sale and issuance of the Series 2020 Bonds. It is expected that delivery of the Series 2020 Bonds in definitive form will be made on or about August 6, 2020.

Wells Fargo Securities
(Bookrunner for the Series 2020A Bonds)

Raymond James

(Series 2020A Bonds)

Piper Sandler & Co.
(Bookrunner for the Series 2020B Bonds)

Raymond James

(Series 2020B Bonds)

Dated: July 23, 2020

STATE OF MISSISSIPPI

$504,225,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020A

MATURITY SCHEDULE

Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2020	$ 9,785,000	0.149%	0.149%	605581MW4
2022	795,000	0.249	0.249	605581MX2
2023	68,115,000	0.422	0.422	605581MY0
2024	38,205,000	0.565	0.565	605581MZ7
2025	63,985,000	0.715	0.715	605581NA1
2026	34,455,000	0.938	0.938	605581NB9
2027	36,625,000	1.038	1.038	605581NC7
2028	36,545,000	1.282	1.282	605581ND5
2029	16,795,000	1.382	1.382	605581NE3
2030	55,485,000	1.482	1.482	605581NF0
2031	58,575,000	1.632	1.632	605581NG8
2032	57,675,000	1.732	1.732	605581NH6
2033	25,750,000	1.782	1.782	605581NJ2
2034	470,000	1.882	1.882	605581NK9
2035	480,000	1.932	1.932	605581NL7
2036	485,000	1.982	1.982	605581NM5

$37,390,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020B

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2022	$ 5,810,000	5.000%	0.180%	605581MQ7
2023	6,075,000	5.000	0.210	605581MR5
2024	6,355,000	5.000	0.290	605581MS3
2025	6,650,000	5.000	0.390	605581MT1
2026	3,210,000	5.000	0.530	605581MU8
2027	9,290,000	5.000	0.670	605581MV6

1 CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services.

STATE OF MISSISSIPPI

STATE BOND COMMISSION

TATE REEVES — *Governor, Ex officio Chairman*
LYNN FITCH — *Attorney General, Ex officio Secretary*
DAVID MCRAE — *State Treasurer, Ex officio Member*

DEPARTMENT OF FINANCE AND ADMINISTRATION

LIZ WELCH — *Executive Director*
REGINALD WELCH – *Deputy Executive Director*
GILDA REYES — *Director, Bond Advisory Division*

OFFICE OF THE ATTORNEY GENERAL

WHITNEY LIPSCOMB – *Deputy Attorney General*
LIZ BOLIN — *Special Assistant Attorney General*

OFFICE OF THE STATE TREASURER

BRIAN WILSON — *Deputy Treasurer*
RICKY MANNING — *Assistant State Treasurer and Bond Director*

BOND COUNSEL

BUTLER SNOW LLP
Ridgeland, Mississippi

UNDERWRITERS' COUNSEL

BALCH & BINGHAM LLP
Jackson, Mississippi

FINANCIAL ADVISOR

HILLTOP SECURITIES, INC.
Dallas, Texas

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NO DEALER, BROKER, SALES REPRESENTATIVE OR OTHER PERSON HAS BEEN AUTHORIZED BY THE STATE, THE STATE BOND COMMISSION OF THE STATE OR THE UNDERWRITERS SHOWN ON THE COVER HEREOF TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED HEREIN IN CONNECTION WITH THE OFFERING OF THE SERIES 2020 BONDS AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2020 BONDS NOR SHALL THERE BE ANY SALE OF THE SERIES 2020 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE STATE AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE. THE INFORMATION SET FORTH HEREIN CONCERNING DTC HAS BEEN FURNISHED BY DTC AND NO REPRESENTATION IS MADE BY THE STATE OR THE UNDERWRITERS AS TO THE ACCURACY OR COMPLETENESS THEREOF. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE STATE SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS IN THE STATE, INCLUDING THE NOVEL CORONAVIRUS KNOWN AS COVID-19 (THE "COVID-19 PANDEMIC"), THE INCLUSION IN THIS OFFICIAL STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE STATE THAT SUCH FORECASTS, PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS "EXPECTS," "FORECASTS," "PROJECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, THE EFFECT OF THE COVID-19 PANDEMIC, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE STATE. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE STATE DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE STATE'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

INFORMATION HEREIN HAS BEEN OBTAINED FROM THE STATE, DTC, AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITERS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE SERIES 2020 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: EACH UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

UPON ISSUANCE, THE SERIES 2020 BONDS WILL NOT BE REGISTERED BY THE STATE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND

EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR THE SERIES 2020 BONDS OFFERED FOR SALE BY THIS OFFICIAL STATEMENT.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2020 BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY FROM SUCH WEBSITE.

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OFFICIAL STATEMENT SUMMARY

THE OFFERING

$504,225,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020A

The Issuer	State of Mississippi (the "State").
Issue and Date	$504,225,000 State of Mississippi Taxable General Obligation Refunding Bonds, Series 2020A (the "Series 2020A Bonds"), dated their date of delivery.
Authority	The Series 2020A Bonds will be issued pursuant to the provisions of the Act (as defined herein) and the Resolution (as defined herein).
Purpose	The Series 2020A Bonds are being issued for the purpose of providing funds to (a) advance refund and defease all or a portion of the State's (i) $353,730,000 (original principal amount) General Obligation Bonds, Series 2011A (Capital Improvements Projects), dated October 26, 2011, (ii) $43,900,000 (original principal amount) General Obligation Refunding Bonds (Nissan North America, Inc. Project), Series 2012B, dated August 1, 2012, (iii) $171,860,000 (original principal amount) General Obligation Refunding Bonds, Series 2012F, dated August 28, 2012, (iv) $136,680,000 (original principal amount) General Obligation Bonds, Series 2012H, dated October 30, 2012, (v) $179,940,000 (original principal amount) Taxable General Obligation Bonds, Series 2013A, dated December 3, 2013, (vi) $159,225,000 (original principal amount) General Obligation Bonds, Series 2013B, dated December 3, 2013, and (vii) $182,595,000 (original principal amount) General Obligation Bonds, Series 2015F (Tax-Exempt), dated December 8, 2015, (b) currently refund and restructure the State's outstanding $101,145,000 (original principal amount) Taxable General Obligation Bonds, Series 2017C (LIBOR Term Rate), dated August 30, 2017, (c) pay the termination fees for certain swap agreements associated with bonds of the State being refunded with the proceeds of the Series 2020 Bonds, and (d) pay the costs incident to the sale, issuance and delivery of the Series 2020A Bonds.
Amounts and Maturities	The Series 2020A Bonds will mature on November 1 in the years and amounts as shown on the inside front cover.
Interest Payment Dates	Interest on the Series 2020A Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2020.
Redemption Provisions	The Series 2020A Bonds will be subject to optional and make whole redemption prior to their respective maturities (see "DESCRIPTION OF THE SERIES 2020 BONDS - Redemption Provisions of the Series 2020A Bonds," herein).
Security for Payment	Pursuant to the Act, the Series 2020A Bonds shall be general obligations of the State and are secured by a pledge of the full faith and credit of the State (see "DESCRIPTION OF THE SERIES 2020 BONDS - Security," herein).
Tax Matters	**INTEREST ON THE SERIES 2020A BONDS SHOULD BE TREATED AS INCLUDED IN GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.** In the opinion of Bond Counsel (as defined herein), interest on the Series 2020A Bonds is exempt from all income taxation in the State. See "TAX MATTERS" herein and APPENDIX E - FORMS OF OPINIONS OF BOND COUNSEL attached hereto.

The above information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices.

OFFICIAL STATEMENT SUMMARY

THE OFFERING

$37,390,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020B

The Issuer	State of Mississippi (the "State").
Issue and Date	$37,390,000 State of Mississippi General Obligation Refunding Bonds, Series 2020B (the "Series 2020B Bonds"), dated their date of delivery.
Authority	The Series 2020B Bonds will be issued pursuant to the provisions of the Variable Rate Act (as defined herein) and the Resolution.
Purpose	The Series 2020B Bonds are being issued for the purpose of providing funds to (a) currently refund and restructure the State's outstanding $61,260,000 (original principal amount) General Obligation Bonds, Series 2017B (LIBOR Term Rate), dated August 30, 2017, and (b) pay the costs incident to the sale, issuance and delivery of the Series 2020B Bonds.
Amounts and Maturities	The Series 2020B Bonds will mature on September 1 in the years and amounts as shown on the inside front cover.
Interest Payment Dates	Interest on the Series 2020B Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2020.
Redemption Provisions	The Series 2020B Bonds will not be subject to redemption prior to their respective maturities. See "DESCRIPTION OF THE SERIES 2020 BONDS - Redemption Provisions of the Series 2020B Bonds," herein.
Security for Payment	Pursuant to the Act, the Series 2020B Bonds shall be general obligations of the State and are secured by a pledge of the full faith and credit of the State (see "DESCRIPTION OF THE SERIES 2020 BONDS - Security," herein).
Tax Matters	In the opinion of Bond Counsel, assuming continuing compliance with certain covenants by the State, under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2020B Bonds is excludable from gross income for federal tax purposes. Interest on the Series 2020B Bonds is not a specific preference item for purposes of the federal alternative minimum taxes. Under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2020B Bonds is exempt from all income taxation in the State. For a more complete description of such opinion and certain other tax consequences incident to the ownership of the Series 2020B Bonds, see "TAX MATTERS and APPENDIX E - FORMS OF OPINIONS OF BOND COUNSEL attached hereto.

The above information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices.

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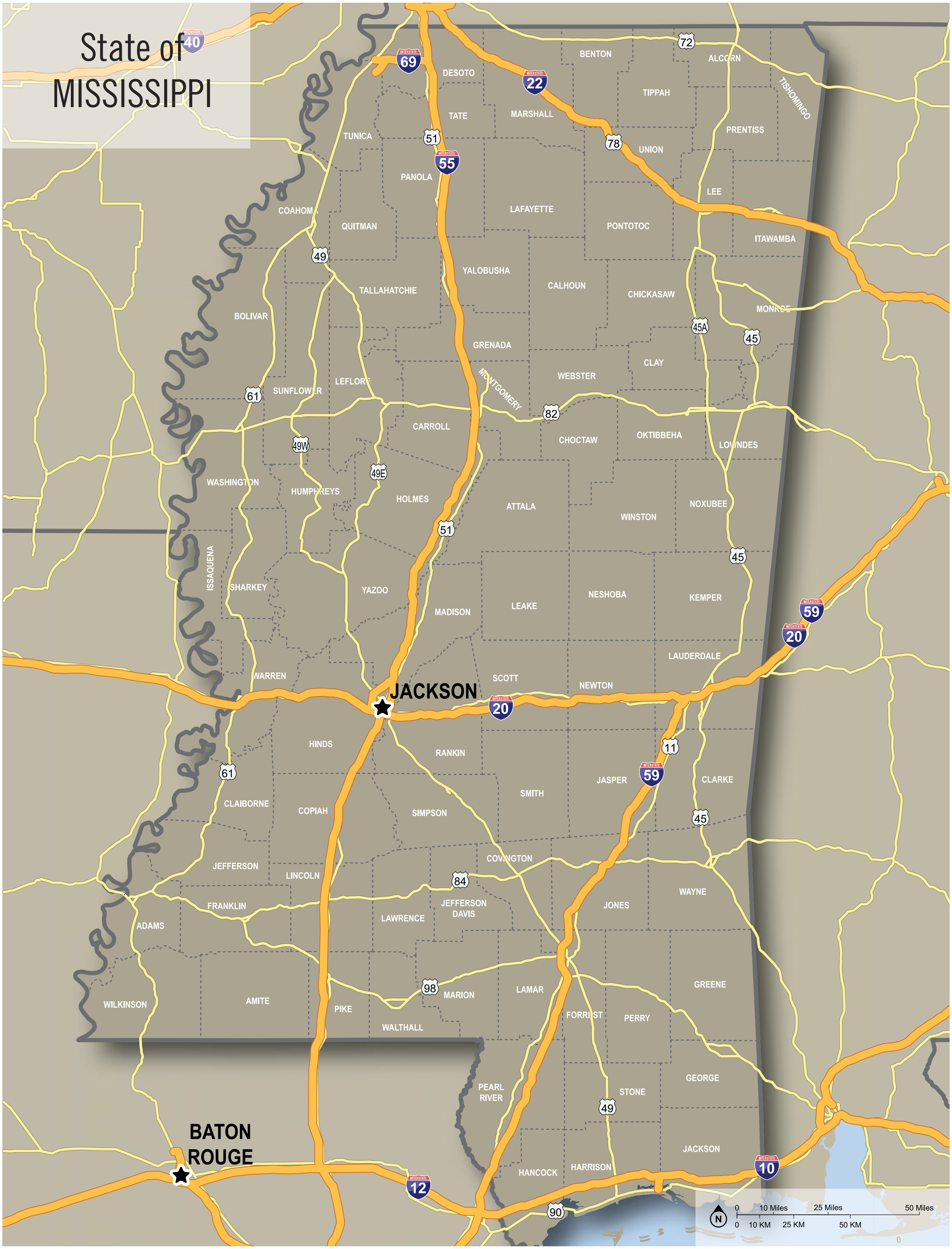
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OFFICIAL STATEMENT

$504,225,000 STATE OF MISSISSIPPI TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020A	$37,390,000 STATE OF MISSISSIPPI GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020B

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, the inside cover and the Appendices herein, is to set forth certain information concerning the State of Mississippi (the "State" or "Mississippi") and the State's $504,225,000 Taxable General Obligation Refunding Bonds, Series 2020A (the "Series 2020A Bonds"), and $37,390,000 General Obligation Refunding Bonds, Series 2020B (the "Series 2020B Bonds" and together with the Series 2020A Bonds, the "Series 2020 Bonds").

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Impact of COVID–19 Pandemic

In December 2019, a novel strain of coronavirus known as COVID–19 ("COVID-19") began spreading throughout the world and has been characterized by the World Health Organization as a pandemic disease (the "COVID–19 Pandemic").

The COVID–19 Pandemic is currently affecting State, local, national and global economic activity (including increasing public and private health emergency response costs and reducing sources of State and local revenues) and consequently is expected to materially adversely impact the financial condition of the State. Because this Official Statement relies on future budgets and historical data for financial information about the State, such information may not necessarily predict future trends accurately.

As of the date of this Official Statement, for a discussion of the State's response to manage the economic recovery and all current and future State revenues, expenditures and budgets, see "FISCAL OPERATIONS OF THE STATE — COVID–19 Pandemic" herein.

Significant developments regarding the COVID–19 Pandemic continue to occur daily and the extent to which the COVID–19 Pandemic will impact the State in the future is highly uncertain and cannot be predicted. However, the State does not expect the various aspects of the COVID–19 Pandemic to negatively impact the State's ability to pay the principal of and interest on the Series 2020 Bonds. See "DESCRIPTION OF THE SERIES 2020 BONDS - Security" herein.

Unless otherwise noted, historical financial, economic and demographic data contained herein does not reflect the impact of the COVID-19 Pandemic.

DESCRIPTION OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds will be dated the date of delivery and will be issued as fully registered bonds in the denominations of $5,000 or any integral multiples thereof. The Series 2020A Bonds will bear interest at the rates per annum set forth on the inside front cover, payable May 1 and November 1 of each year, commencing November 1, 2020. The Series 2020B Bonds will bear interest at the rates per annum set forth on the inside front cover, payable March 1 and September 1 of each year, commencing September 1, 2020. Interest on the Series 2020 Bonds will be computed on the basis of a 360-day year consisting of twelve, 30-day months. The State Treasurer of the State has been designated by the State Bond Commission of the State (the "Commission") to serve as paying agent, transfer agent and registrar of the Series 2020 Bonds (in such capacity, the "Paying and Transfer Agent"). The Series 2020 Bonds will be general obligations of the State and the full faith and credit of the State shall be pledged as security for the payment of the principal of and the interest on the Series 2020 Bonds.

The Series 2020 Bonds initially will be held in a book-entry-only system administered by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Series 2020 Bonds held in book-entry form shall be payable as described herein under the heading "DESCRIPTION OF THE SERIES 2020 BONDS - Book-Entry-Only System" and APPENDIX F.

The principal of and interest on the Series 2020 Bonds will be payable by the Paying and Transfer Agent to DTC, which will in turn remit such principal and interest to its Direct Participants (as hereinafter defined) and Indirect Participants (as hereinafter defined), which will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Series 2020 Bonds. If the date for payment is not a business day, then the payment shall be made on the next succeeding business day with the same force and effect as if made on the payment date. The record date for the payment of interest on the Series 2020 Bonds is the close of business on the date which shall be the 15th day (whether or not a business day) of the calendar month next preceding each interest payment date.

The Series 2020A Bonds will mature on November 1 in the years and in the amounts set forth on the inside cover page hereto. The Series 2020B Bonds will mature on September 1 in the years and in the amounts set forth on the inside cover page hereto.

Series 2020A Bonds

The Series 2020A Bonds will be issued pursuant to the provisions of Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Refinancing Act"), and Sections 31-18-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Variable Rate Act" and together with the Refinancing Act, the "Act"), and a resolution adopted by the Commission on May 18, 2020 (the "Resolution") for the purpose of providing funds to (a) advance refund and defease all or a portion of the State's (i) $353,730,000 (original principal amount) General Obligation Bonds, Series 2011A (Capital Improvements Projects), dated October 26, 2011, (ii) $43,900,000 (original principal amount) General Obligation Refunding Bonds (Nissan North America, Inc. Project), Series 2012B, dated August 1, 2012, (iii) $171,860,000 (original principal amount) General Obligation Refunding Bonds, Series 2012F, dated August 28, 2012, (iv) $136,680,000 (original principal amount) General Obligation Bonds, Series 2012H, dated October 30, 2012, (v) $179,940,000 (original principal amount) Taxable General Obligation Bonds, Series 2013A, dated December 3, 2013, (vi) $159,225,000 (original principal amount) General Obligation Bonds, Series 2013B, dated December 3, 2013, and (vii) $182,595,000 (original principal amount) General Obligation Bonds, Series 2015F (Tax-Exempt), dated December 8, 2015, (b) currently refund and restructure the State's outstanding $101,145,000 (original principal amount) Taxable General Obligation Bonds, Series 2017C (LIBOR Term Rate), dated August 30, 2017, (c) pay the termination fees for certain swap agreements associated with bonds of the State being refunded with the proceeds of the Series 2020 Bonds, and (d) pay the costs incident to the sale, issuance and delivery of the Series 2020A Bonds, all as authorized under the Act and the Resolution. See "PLAN OF REFUNNDING – Series 2020A Bonds," herein.

Series 2020B Bonds

The Series 2020B Bonds will be issued pursuant to the provisions of the Variable Rate Act and the Resolution for the purpose of providing funds to (a) currently refund and restructure the State's outstanding $61,260,000 (original principal amount) General Obligation Bonds, Series 2017B (LIBOR Term Rate), dated August 30, 2017, and (b) pay the costs incident to the sale, issuance and delivery of the Series 2020B Bonds, all as authorized under the Variable Rate Act and the Resolution. See "PLAN OF REFUNNDING – Series 2020B Bonds," herein.

Security

The Series 2020 Bonds will be general obligations of the State, and for the payment thereof, the full faith and credit of the State shall be irrevocably pledged. Pursuant to the Act, if the funds appropriated by the Legislature of the State shall be insufficient to pay the principal of and interest on the Series 2020 Bonds as they become due, the deficiency shall be paid by the State Treasurer from funds in the State Treasury not otherwise appropriated.

The qualified electors of the State voted in a general election held on November 7, 1995, to amend the Mississippi Constitution of 1890 (the "Constitution") to add the following new Section 172A (the "Amendment"):

> SECTION 172A. Neither the Supreme Court nor any inferior court of this state shall have the power to instruct or order the state or any political subdivision thereof, or an official of the state or any political subdivision, to levy or increase taxes.

The Amendment does not affect the State's underlying obligation to pay the principal of and interest on the Series 2020 Bonds as they mature and become due nor does it affect the State's obligation to levy a tax sufficient to accomplish that purpose. However, even though it appears that the Amendment was not intended to affect bondholders' remedies in the event of a payment default, the Amendment potentially prevents bondholders from obtaining a writ of mandamus to compel the levying of taxes to pay the principal of and interest on the Series 2020 Bonds in a State court. It is not certain whether the Amendment would affect the right of a federal court to direct the levy of a tax to satisfy a contractual obligation. Other effective remedies are available to the bondholders in the event of a payment default with respect to the Series 2020 Bonds.

Redemption Provisions of the Series 2020A Bonds

Optional Redemption. The Series 2020A Bonds will be subject to optional redemption prior to their respective maturities on or after November 1, 2030, either in whole or in part on any date (as selected by the State among maturities and by lot within each maturity), at the principal amount thereof, together with the interest accrued thereon to the date fixed for redemption and without premium.

Make-Whole Redemption. The Series 2020A Bonds will be subject to redemption prior to their respective maturities, at the option of the State, in whole or in part, in any authorized denomination on any date at a redemption price equal to the Make-Whole Redemption Price.

The "Make-Whole Redemption Price" of any Series 2020A Bonds to be redeemed is an amount equal to the greater of (i) 100% of the principal amount of such Series 2020A Bonds; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2020A Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2020A Bonds are to be redeemed, discounted to the date on which such Series 2020A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 20 basis points, plus, in each case, accrued and unpaid interest on such Series 2020A Bonds on such redemption date.

The "Treasury Rate" is, as of any redemption date of any Series 2020A Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the maturity date of such Series 2020A Bonds; provided, however, that if the period from such redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the State to calculate such redemption price (the "Calculation Agent"). The determination by the Calculation Agent of the redemption price will be conclusive and binding on the State and the holders of the Series 2020A Bonds.

Redemption Provisions of the Series 2020B Bonds

The Series 2020B Bonds will not be subject to redemption prior to their respective maturities.

Selection of Series 2020A Bonds to be Redeemed

<u>Held in Book-Entry Only System.</u> If less than all of the Series 2020A Bonds shall be called for redemption, the State shall notify DTC that the redemption shall be by lot in whole multiples of $5,000. While DTC is the registered owner of the Series 2020A Bonds, partial redemptions (including any sinking fund payments) of the Series 2020A Bonds of a particular maturity will be determined in accordance with DTC's procedures as in effect at the time of any such partial redemption.

<u>Not Held in Book-Entry Only System.</u> If less than all of the Series 2020A Bonds subject to redemption are called for redemption, the Paying and Transfer Agent shall select the Series 2020A Bonds to be redeemed from the outstanding Series 2020A Bonds subject to redemption and not previously called for redemption, by lot in any manner deemed reasonable by the Paying and Transfer Agent, provided that the unredeemed portion of the principal amount of any Series 2020A Bond shall be not less than $5,000.

Notice of Redemption

Notice of the call for any redemption (which may be a conditional notice), identifying the Series 2020A Bonds (or any portions thereof in authorized denominations) to be redeemed, will be given by the State at least 30 days but not more than 45 days prior to the date fixed for redemption by mailing a copy of the redemption notice by registered or certified mail to the Underwriters (as defined herein) and the registered owner of each Series 2020A Bond to be redeemed at the address shown on the records of the Paying and Transfer Agent. Failure to mail such notice to any particular owner of Series 2020A Bonds, or any defect in the notice mailed to any such owner of Series 2020A Bonds, will not affect the validity of any proceeding for the redemption of any other Series 2020A Bonds. So long as DTC or its nominee is the registered owner of the Series 2020A Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2020 BONDS -- Book-Entry-Only System" and APPENDIX F - BOOK-ENTRY-ONLY SYSTEM.

Defeasance

Under the Resolution, all Series 2020 Bonds for the payment of which sufficient moneys or, to the extent permitted by the laws of the State, (a) direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America or any of its agencies ("Government Obligations"), or (b) certificates of deposit fully secured by Government Obligations, or (c) evidences of ownership of proportionate interests in future interest or principal payments on Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the Government Obligations and which Government Obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated, or (d) municipal obligations, the payment of the principal of, interest and redemption premium, if any, on which are irrevocably secured by Government Obligations and which Government Obligations are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and have been deposited in an escrow account which is irrevocably pledged to the payment of the principal of and interest and redemption premium, if any, on such municipal obligations (all of which collectively, with Government Obligations, "Defeasance Securities"), shall have been deposited with an escrow agent appointed for such purpose, which may be the Paying and Transfer Agent, all to the extent provided in the Resolution, shall be deemed to have been paid, shall cease to be entitled to any lien, benefit or security under the Resolution and shall no longer be deemed to be outstanding thereunder, and the registered owners shall have no rights in respect thereof except to receive payment of the principal of, premium, if any, and interest on such Series 2020 Bonds from the funds held for that purpose. Defeasance Securities shall be considered sufficient under the Resolution if said investments, with interest, mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and premium, if any, when due on such Series 2020 Bonds.

Registration

<u>Series 2020 Bonds Subject to the Book-Entry-Only System.</u> For so long as DTC acts as securities depository for the Series 2020 Bonds, the registration and transfer of ownership interests in Series 2020 Bonds shall be accomplished by book entries made by DTC and the Direct Participants and, where appropriate, the Indirect Participants, as described herein under the heading "DESCRIPTION OF THE SERIES 2020 BONDS-Book-Entry-Only System." See APPENDIX F - BOOK-ENTRY-ONLY SYSTEM, for a detailed discussion of the book-entry-only system and DTC.

Series 2020 Bonds Not Subject to Book-Entry-Only System. Should the Series 2020 Bonds no longer be held in book-entry form, each Series 2020 Bond shall be thereafter evidenced by a bond certificate in fully registered form and transferable only upon the registration records of the State maintained by the Paying and Transfer Agent, by the registered owner thereof or by such registered owner's attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Paying and Transfer Agent, duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any Series 2020 Bond, the State shall issue, in the name of the transferee, a new Series 2020 Bond or Series 2020 Bonds of the same interest rate and maturity of like tenor and effect in any authorized denomination equal to the unpaid principal amount of the surrendered Series 2020 Bond.

Series 2020 Bonds, upon surrender thereof at the Office of the State Treasurer with a written instrument of transfer satisfactory to the Paying and Transfer Agent duly executed by the registered owner or such registered owner's duly authorized attorney, may be exchanged for a principal amount of Series 2020 Bonds of the same interest rate and maturity and of like tenor and effect in any authorized denomination equal to the unpaid principal amount of the surrendered Series 2020 Bonds. The Paying and Transfer Agent will not be required to register the transfer of or exchange any Series 2020 Bond after the mailing of notice calling such Series 2020 Bond for redemption has been given as provided in the Resolution, nor during the period of 15 days next preceding the giving of such notice of redemption.

Book-Entry-Only System

The State has determined that it will be beneficial to have the Series 2020 Bonds held by a central depository system and to have transfers of the Series 2020 Bonds handled by a book-entry system on the records of DTC. Unless and until the book-entry-only system has been discontinued, the Series 2020 Bonds will be available only in book-entry form in principal amounts of $5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2020 Bond will be issued for each maturity of the Series 2020 Bonds and will be deposited with DTC. See APPENDIX F - BOOK-ENTRY-ONLY SYSTEM, for a detailed discussion of the book-entry-only system and DTC.

In the event the book-entry-only system is discontinued, principal and interest on the Series 2020 Bonds will be payable by check or draft of the Paying and Transfer Agent as described under the heading "DESCRIPTION OF THE SERIES 2020 BONDS - Registration."

PLAN OF REFUNDING

Series 2020A Bonds

The Series 2020A Bonds are being issued under and pursuant to the Act and the Resolution for the purpose of providing funds to (a) advance refund and defease all or a portion of the State's (i) $353,730,000 (original principal amount) General Obligation Bonds, Series 2011A (Capital Improvements Projects), dated October 26, 2011, (ii) $43,900,000 (original principal amount) General Obligation Refunding Bonds (Nissan North America, Inc. Project), Series 2012B, dated August 1, 2012, (iii) $171,860,000 (original principal amount) General Obligation Refunding Bonds, Series 2012F, dated August 28, 2012, (iv) $136,680,000 (original principal amount) General Obligation Bonds, Series 2012H, dated October 30, 2012, (v) $179,940,000 (original principal amount) Taxable General Obligation Bonds, Series 2013A, dated December 3, 2013, (vi) $159,225,000 (original principal amount) General Obligation Bonds, Series 2013B, dated December 3, 2013, and (vii) $182,595,000 (original principal amount) General Obligation Bonds, Series 2015F (Tax-Exempt), dated December 8, 2015 (the "2020A Fixed Rate Refunded Bonds"), (b) currently refund and restructure the State's outstanding $101,145,000 (original principal amount) Taxable General Obligation Bonds, Series 2017C (LIBOR Term Rate), dated August 30, 2017 (the "2020A Variable Rate Refunded Bonds" and together with the 2020A Fixed Rate Refunded Bonds, the "2020A Refunded Bonds"), (c) pay the termination fees for certain swap agreements associated with bonds of the State being refunded with the proceeds of the Series 2020 Bonds, and (d) pay the costs incident to the sale, issuance and delivery of the Series 2020A Bonds.

In order to effect the advance refunding, current refunding and/or restructuring and defeasance of the 2020A Refunded Bonds in accordance with the Resolution, a portion of the proceeds of the Series 2020A Bonds will be deposited in an irrevocable trust fund (the "2020A Escrow Account") to be created pursuant to an escrow trust agreement to be dated as of the date of delivery thereof (the "2020A Escrow Agreement") between the State and Hancock Whitney Bank, Jackson, Mississippi, as escrow agent thereunder (the "Escrow Agent"). The Escrow

Agent shall invest a portion of the moneys on deposit in the 2020A Escrow Account in direct obligations of or obligations unconditionally guaranteed by the United States of America (the "2020A Investment Securities"). The remainder of such moneys shall be held in the 2020A Escrow Account as uninvested cash. The calculation of the adequacy of the maturing principal and interest payments from the 2020A Investment Securities, along with any uninvested cash, to pay the principal of and interest on the 2020A Fixed Rate Refunded Bonds when due will be verified by Causey Demgen & Moore P.C. (the "Verification Agent") (see "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS," herein). Neither the principal of nor the interest on the 2020A Investment Securities will be available for payment of the Series 2020A Bonds. A portion of the proceeds of the Series 2020A Bonds will be deposited with U.S. Bank National Association, as paying and transfer agent for the 2020A Variable Rate Refunded Bonds and used to currently refund the 2020A Variable Rate Refunded Bonds and to pay the costs incident to the sale and issuance of the Series 2020A Bonds.

Series 2020B Bonds

The Series 2020B Bonds are being issued under and pursuant to the Variable Rate Act and the Resolution for the purpose of providing funds to (a) currently refund and restructure the State's outstanding $61,260,000 (original principal amount) General Obligation Bonds, Series 2017B (LIBOR Term Rate), dated August 30, 2017 (the "2020B Refunded Bonds" and together with the 2020A Refunded Bonds, the "Refunded Bonds"), and (b) pay the costs incident to the sale, issuance and delivery of the Series 2020B Bonds, all as authorized under the Variable Rate Act and the Resolution.

In order to affect the current refunding and restructuring of the 2020B Refunded Bonds in accordance with the Resolution, the proceeds of the Series 2020B Bonds will be deposited with U.S. Bank National Association, as paying and transfer agent for the 2020B Refunded Bond and used to currently refund the 2020B Refunded Bonds and to pay the costs incident to the sale and issuance of the Series 2020B Bonds.

SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of proceeds of the Series 2020 Bonds.

	Series 2020A Bonds	Series 2020B Bonds
Sources		
Par Amount	$504,225,000	$37,390,000
Plus Net Original Issue Premium	0	7,843,966
State Contribution[1]	7,317,514	5,635,000
Total Sources	$511,542,514	$50,868,966
Uses		
For Deposit to 2020A Escrow Account	$371,725,310	$ 0
For Refunding of 2020A Variable Rate Refunded Bonds and 2020B Refunded Bonds[1]	101,145,000	50,680,000
For Payment of Swap Termination Fees[2]	36,678,400	
For Payment of Costs of Issuance[3]	1,993,804	188,966
Total Uses	$511,542,514	$50,868,966

1 In addition to the contribution by the State set forth herein, the State will also make a contribution for the final interest due at redemption of the 2020A Variable Rate Refunded Bonds and the 2020B Refunded Bonds.

2 A portion of the proceeds of Series 2020A Bonds will be used to make a swap termination payment to Wells Fargo Bank, National Association, as swap counterparty, in connection with the swap agreement between the State and Wells Fargo Bank, National Association.

3 Includes, among other expenses, underwriters' discount, rating agency fees, and financial advisor and legal fees. Payment of such fees is contingent upon the issuance of the Series 2020 Bonds.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Series 2020 Bonds should be aware that investment in the Series 2020 Bonds entails some degree of risk. Each prospective investor in the Series 2020 Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the investment considerations described below which, among others, could affect the payment of debt service on the Series 2020 Bonds and which could also affect the market price of the Series 2020 Bonds to an extent that cannot be determined. This discussion of investment considerations is not and is not intended to be exhaustive.

COVID-19 Pandemic

Investment in the Series 2020 Bonds involves certain risks, among them, the economic effect of measures taken to limit the spread of COVID-19. The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected areas, including the State, undertaken by governmental agencies, businesses, schools and other entities. These measures have included actions taken by the Governor to declare a state of emergency in the State and to limit non-essential travel, promote telecommuting, limit public gatherings, close non-essential businesses, and issue stay-at-home orders. Although the Governor has completed a phased re-opening of the State, future State legislation may be enacted, and/or Executive Orders issued as the situation continues to evolve.

Financial markets have reacted with significant volatility as a result of the outbreak of COVID-19. The spread of the virus has adversely impacted local, state and national economies, which impact, while currently unknown, could adversely affect the amount of the tax receipts received by the State. Due to the unprecedented nature of the COVID-19 Pandemic and the subsequent measures taken to contain its spread, and the uncertainty as to the duration of those measures, there is no way to predict with any degree of certainty the extent COVID-19 will impact the federal or State economy, or the tax receipts received by the State.

In summary, the State is unable to predict (i) the extent or duration of the COVID-19 Pandemic, (ii) the extent or duration of existing and future quarantines, travel restrictions, business closures and other measures related to the COVID-19 Pandemic, and (iii) whether and to what extent the COVID-19 Pandemic may disrupt the local and global economy, manufacturing or supply chain or whether any such disruption may materially adversely affect the amount of tax receipts or the operations of the State. Given the evolving nature of the spread of the disease and the response of governments, business and individuals to COVID-19, the State is unable to accurately predict the magnitude of the impact COVID-19 on the State, the tax receipts and the financial condition of the State. See "FISCAL OPERATIONS OF THE STATE – COVID-19 Pandemic" for a more complete discussion.

Maintenance of Ratings

The Series 2020 Bonds will be rated as to their creditworthiness by the national credit rating agencies listed under the heading "RATINGS" herein. While the State does not anticipate any material changes in the future, no assurance can be given that the Series 2020 Bonds will maintain their original ratings. In addition, the ratings on the Series 2020 Bonds could be subject to decline as a result of any adverse financial pressures resulting from the COVID-19 Pandemic. If the ratings on the Series 2020 Bonds decrease or are withdrawn, the Series 2020 Bonds may lack liquidity in the secondary market in comparison with other similar municipal obligations. See "RATINGS" in this Official Statement.

Secondary Market

There can be no assurance that a secondary market can or will be maintained for the Series 2020 Bonds after their initial issuance and prospective purchasers of the Series 2020 Bonds should therefore be prepared, if necessary, to hold their Series 2020 Bonds to maturity.

Limitations on Remedies Available to Owners of the Series 2020 Bonds

No Acceleration. There is no provision for acceleration of maturity of the principal of the Series 2020 Bonds in the event of a default in the payment of principal of or interest on the Series 2020 Bonds. Consequently, the owners of the Series 2020 Bonds may have to enforce available remedies from year to year.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Series 2020 Bonds, and therefore the owners of the Series 2020 Bonds should be prepared to enforce such provisions themselves if the need to do so ever arises.

Future Changes in Law

Myriad State laws, constitutional provisions and federal laws and regulations affect the Series 2020 Bonds and the financial condition of the State generally. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the State.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any projection is subject to such uncertainties. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between projections and actual results, and those differences may be material.

No Interest Rate Adjustment in Event of Taxability

The State will be required to comply with certain provisions of the Internal Revenue Code of 1986, as amended, with respect to the proceeds of the Series 2020 Bonds. Failure to comply with such provisions could adversely affect the exclusion from gross income of interest on the Series 2020 Bonds for federal income tax purposes. There is no provision for increasing the interest rate on the Series 2020 Bonds in the event that interest thereon becomes includable in gross income for federal income tax purposes.

Cybersecurity

The State is dependent on electronic information technology systems to deliver high quality, coordinated and cost-efficient services. These systems may contain sensitive information or support critical operational functions which may be valued for unauthorized purposes. As a result, the electronic systems and networks of the State may be targets of cyberattack. The State has taken, and continues to take, measures to protect its information technology systems, and the private, confidential information that those systems may contain, against cyberattack. While the State employs information technology professionals and utilizes operational safeguards that are tested periodically, no assurance can be given that such measures will protect the State against all cybersecurity threats or attacks.

INVESTORS SHOULD CONTINUE TO MONITOR ONGOING DEVELOPMENTS AND CONSULT THEIR PERSONAL FINANCIAL AND LEGAL ADVISORS.

DEBT STRUCTURE AND CHARACTERISTICS

General

All debt of the State must be authorized by legislation governing the specific programs or projects to be financed. In most instances, such legislation provides the Commission authority to approve and authorize the sale and issuance of State debt. The Commission is comprised of the Governor as Ex officio Chairman, the Attorney General as Ex officio Secretary and the State Treasurer as an Ex officio Member.

Short-Term Indebtedness

The Commission, acting on behalf of the State, is authorized to issue in any given fiscal year general obligation short-term notes in an amount not to exceed 7.5% of the total appropriation made by the Legislature in such fiscal year. Such short-term notes may be issued for the purpose of offsetting any temporary cash flow deficiencies in the State's General Fund and to maintain a working balance therein. The State has never issued tax anticipation notes.

The Commission also has the authority to establish lines of credit or issue short-term notes to provide temporary financing for certain projects for which the Commission is otherwise authorized to issue bonds. No such line of credit is presently outstanding.

In July 2016, the State issued its $80,000,000 Taxable General Obligation Note, Series 2016A (the "Series 2016A Note") to provide temporary financing for a portion of the costs of a project for Continental Tire the Americas, LLC, to be located in Hinds County, Mississippi (the "Continental Tire Project"). Draws totaling $65,000,000 were made on the Series 2016A Note, of which $31,000,000 was refunded with the proceeds of the $53,030,000 State of Mississippi General Obligation Bonds, Series 2017D (Tax-Exempt) and the proceeds of the $44,765,000 State of Mississippi Taxable General Obligation Bonds, Series 2017E.

On March 29, 2018, the State issued its $135,000,000 Taxable General Obligation Note, Series 2018A (the "Series 2018A Note") to provide temporary financing for a portion of the costs of the Continental Tire Project and to refinance the remaining $34,000,000 outstanding under the Series 2016A Note. Draws totaling $135,000,000 were made on the Series 2018A Note, of which, $34,000,000 refunded the balance of the 2016A Note. The remaining $101,000,000 was refunded with the proceeds of the State's $198,000,000 Taxable General Obligation Note, Series 2019A (the "Series 2019A Note"), issued on March 28, 2019.

The Series 2019A Note was issued to provide temporary financing for a portion of the costs of the Continental Tire Project in addition to refinancing the remaining $101,000,000 outstanding under the Series 2018A Note. Under the terms of the Series 2019A Note, the State may draw the principal as needed. The State refinanced $111,000,000 of the Series 2019A Note with a portion of the proceeds of the $235,840,000 State of Mississippi Taxable General Obligation Bonds, Series 2019C, dated October 23, 2019. There is currently $5,000,000 drawn and outstanding under the Series 2019A Note. There remains $82,000,000 undrawn under the Series 2019A Note. The Series 2019A Note matures March 15, 2022.

Long-Term Indebtedness

The State's long-term indebtedness is composed of general obligation bonds and revenue bonds issued to finance specific programs and projects. As used in this Official Statement, the terms Gross Debt, Gross Direct Debt and Net Direct Debt are part of the State's long-term debt and have the following meanings.

"Gross Debt" means all bonded debt of the State, both general obligation bonds and revenue bonds.

"Gross Direct Debt" means only bonded debt of the State to which the full faith, credit and taxing power of the State is pledged.

"Net Direct Debt" means that amount of Gross Direct Debt, which is serviced only by appropriations from the State's General Fund or by specific sources of revenue, which would otherwise accrue to the State's General Fund except for the servicing of such debt.

The following table summarizes the outstanding principal amount of debt of the State.

STATE OF MISSISSIPPI
LONG TERM INDEBTEDNESS [1]
As of June 1, 2020

State of Mississippi Bonds	
General Obligation Bonds Payable from General Fund or General Fund Revenues	$4,195,635,000
Self-Supporting General Obligation Bonds	0
Revenue Bonds	439,220,000
GROSS DEBT	$4,634,855,000
DEDUCTIONS:	
Revenue Bonds	$ 439,220,000
Subtotal	439,220,000
GROSS DIRECT DEBT	$4,195,635,000
Self-Supporting General Obligation Bonds	0
Subtotal	4,195,635,000
NET DIRECT DEBT	$4,195,635,000

(1) Includes the Refunded Bonds but not the Series 2020 Bonds.

Source: Mississippi Treasury Department and the Department of Finance and Administration.

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Outstanding Long-Term Indebtedness

The following table shows a recent historical summary of the outstanding long-term indebtedness of the State.

HISTORICAL SUMMARY OF OUTSTANDING LONG-TERM INDEBTEDNESS

As of July 1	Gross Debt	Revenue Bond Debt	Gross Direct Debt	Self-Supporting General Obligation Debt	General Net Direct Debt
2006	$3,094,325,000	$ 70,320,000	$3,024,005,000	$36,605,000	$2,987,400,000
2007	3,140,150,000	47,880,000	3,092,270,000	34,070,000	3,058,200,000
2008	3,365,750,000	24,460,000	3,341,290,000	31,435,000	3,309,855,000
2009	3,426,630,000	0	3,426,630,000	3,790,000	3,422,840,000
2010	3,480,067,000	0	3,480,067,000	2,885,000	3,477,182,000
2011	3,780,490,000	0	3,780,490,000	1,955,000	3,778,535,000
2012	4,131,465,000	0	4,131,465,000	995,000	4,130,470,000
2013	4,055,890,000	0	4,055,890,000	0	4,055,890,000
2014	4,142,675,000	0	4,142,675,000	0	4,142,675,000
2015	4,176,700,000	0	4,176,700,000	0	4,176,700,000
2016	4,379,240,000	200,000,000	4,179,240,000	0	4,179,240,000
2017	4,310,610,000	196,595,000	4,114,015,000	0	4,114,015,000
2018	4,160,050,000	191,400,000	3,968,650,000	0	3,968,650,000
2019	4,492,915,000	453,420,000	4,039,495,000	0	4,039,495,000

Source: Mississippi Treasury Department and the Department of Finance and Administration.

GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND REVENUES[(1)]

Fiscal Year Ended	General Fund Revenues[(3)]	General Fund Debt Service	General Obligation Debt Service as a Percent of Revenues
2005	$3,930,938,591	$207,175,252	5.27%
2006	4,332,615,923	331,458,398	7.65
2007	4,789,398,828	212,707,963[(2)]	4.44
2008	4,936,891,193	289,547,871	5.86
2009	4,729,998,654	289,547,871	6.12
2010	4,453,337,142	347,187,030	7.80
2011	4,580,238,231	360,834,668	7.88
2012	4,850,552,501	369,045,642	7.61
2013	5,083,326,217	376,367,667	7.40
2014	5,332,732,585	375,860,167	7.05
2015	5,486,482,394	385,628,277	7.03
2016	5,450,753,169	392,741,392	7.21
2017	5,548,357,844	392,741,392	7.08
2018	5,659,632,355	385,241,392	6.81
2019	5,949,554,566	385,241,392	6.48
2020	5,009,395,807[(4)]	385,241,392	7.69

(1) Represents all debt service paid from the State's General Fund for the years provided.

(2) During fiscal year 2007, $100 million of debt service normally funded through General Fund appropriation was funded by the proceeds from the issuance of Gulf Tax Credit Bonds in October 2006.

(3) Represents General Fund Revenues excluding settlement payments resulting from litigation.

(4) Represents all General Fund Revenues as of May 31, 2020.

Source: Mississippi Treasury Department, the Department of Finance and Administration and the Legislative Budget Office.

Long-Term Debt Ratios

The following table presents the State's long-term debt ratios as of June 1, 2020.

As of June 1, 2020	Amount	Debt Per Capita[1]	Debt to Assessed Valuation[2]	Debt to Estimated Full Valuation[3]	Debt to Personal Income[4]
Gross Debt	$4,634,855,000	$1,557.67	25.89%	3.21%	3.95%
Direct Debt	4,195,635,000	1,409.75	23.43	2.91	3.58

(1) Based on 2019 estimated population of 2,976,149. Source: U.S. Department of Commerce, Bureau of the Census. www.census.gov/quickfacts/MS.

(2) Based on calendar year 2018 assessed valuation of $17,902,635,142 (Real Property tax roll). Source: Mississippi Department of Revenue, Annual Report FY Ending June 30, 2019.

(3) Based on 2018 full valuation of $144,124,551,151 (Real Property tax roll). Source: Mississippi Department of Revenue, Annual Report FY Ending June 30, 2019.

(4) Based on 2019 total personal income of $117,165,400,000 (not adjusted for inflation). Source: U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov/data/income-saving/personal-income-by-state.

The following table presents the recent history of the State's bonded indebtedness as of July 1 of each year.

HISTORICAL GENERAL OBLIGATION BONDED DEBT OUTSTANDING AND DEBT RATIOS SINCE 2010[1]

As of July 1	Outstanding	Debt Per Capita	Debt to Assessed Valuation	Debt to Estimated Full Valuation	Debt to Personal Income
2019					
Gross Debt	$4,492,915,000	$1,504.39	25.71%	3.20%	3.96%
Net Direct Debt	4,039,495,000	1,352.57	23.12	2.87	3.56
2018					
Gross Debt	$4,160,050,000	$1,394.07	24.48%	3.04%	3.78%
Net Direct Debt	3,968,650,000	1,329.93	23.36	2.90	3.60
2017					
Gross Debt	4,310,610,000	1,442.29	26.28	3.26	4.06
Net Direct Debt	4,114,015,000	1,376.51	25.09	3.11	3.88
2016					
Gross Debt	4,379,240,000	1,463.49	27.00	3.35	4.20
Net Direct Debt	4,179,240,000	1,396.65	25.77	3.20	4.02
2015					
Gross Debt	4,176,700,000	1,394.99	26.26	3.25	4.07
Net Direct Debt	4,176,700,000	1,394.99	26.26	3.25	4.07
2014					
Gross Debt	4,142,675,000	1,384.95	26.04	3.22	4.08
Net Direct Debt	4,142,675,000	1,384.95	26.04	3.22	4.08
2013					
Gross Debt	4,055,890,000	1,366.86	25.89	3.25	4.04
Net Direct Debt	4,055,890,000	1,366.86	25.89	3.25	4.04
2012					
Gross Debt	4,131,465,000	1,392.33	26.38	3.31	4.31
Net Direct Debt	4,130,470,000	1,383.78	26.37	3.31	4.31
2011					
Gross Debt	3,780,490,000	1,274.05	24.89	3.10	4.09
Net Direct Debt	3,778,535,000	1,273.39	24.88	3.10	4.08
2010					
Gross Debt	3,480,067,000	1,223.22	40.60	5.02	5.85
Net Direct Debt	3,477,182,000	1,222.21	40.57	5.01	5.84

(1) 2010 debt per capita, debt to assessed valuation, debt to estimated full valuation and debt to personal income information was based on the Census data from 2000, subsequent years based on the Census data from 2010. Source: U.S. Department of Commerce, Bureau of the Census. www.census.gov.

Source: Mississippi Department of Revenue and the Department of Finance and Administration.

Lease Purchase Agreements

Pursuant to the authority granted the State by Section 31-7-10, Mississippi Code of 1972, as amended and supplemented (the "Lease Purchase Act"), the Department of Finance and Administration has entered into a master lease purchase agreement to finance new personal property leased by various agencies, boards, departments and commissions of the State (the "Agency Leases"). The Agency Leases require the State to make periodic payments of rent sufficient to pay the principal and interest due thereunder. The lease payments are subject to annual appropriation and are not a full faith and credit obligation of the State. The Commission has authorized the State, through the Department of Finance and Administration, to enter into Agency Leases in an amount not to exceed $65,000,000 to be outstanding at any one time. There was an outstanding balance under the Agency Leases at May 31, 2020 of $13,485,000.

Under the Lease Purchase Act, the Department of Finance and Administration is also authorized to enter into lease purchase agreements (the "School Leases" and "Community College Leases") to finance personal property to be subleased by school districts and community colleges in the State (the "Subleases"). The School Leases require the State to make periodic payments of rent sufficient to pay the principal and interest due thereunder (the "Lease Payments"). The Subleases require the school districts and community colleges to make payments to the State sufficient to make the Lease Payments. The Lease Payments are subject to annual appropriation and are not a full faith and credit obligation of the State. The Commission has authorized the State, through the Department of Finance and Administration, to enter into School Leases and Community College Leases in an amount not to exceed $50,000,000 to be outstanding at any one time. There was an outstanding balance under the School Districts and Community College Leases at May 31, 2020 of $5,665,000.

Certificates of Participation

Section 47-5-941 of the Mississippi Code of 1972, as amended and supplemented, authorizes the Wilkinson County Industrial Development Authority (the "Wilkinson Authority") to contract with the Mississippi Department of Corrections ("MDOC"), acting for and on behalf of the State, for the private incarceration of inmates of the State. The Wilkinson Authority entered into a Lease-Purchase Agreement, dated as of December 1, 1996, with MDOC (the "Wilkinson County Lease") in the original principal amount of $31,435,000 to finance the construction of a 500-bed correctional facility to be located in Wilkinson County, which facility presently has 1,000 beds as a result of a subsequent expansion. In connection with the refunding of the then outstanding amounts under the Wilkinson County Lease, the Wilkinson County Lease has been amended and restated and assigned to secure the payment of the $20,100,000 Mississippi Development Bank Special Taxable Obligation Bonds, Series 2010B (MDOC - Wilkinson County Correctional Facility Refunding Bonds Project), dated May 21, 2010. The Wilkinson County Lease currently expires on August 1, 2021 and the current outstanding amount under the Wilkinson County Lease is $12,095,000.

House Bill 1719, Local and Private Laws of the 1996 Regular Session of the Mississippi Legislature authorized the Board of Supervisors of Lauderdale County, Mississippi to create the East Mississippi Correctional Facility Authority (the "East Mississippi Authority") for the purpose of contracting with MDOC for the private incarceration of inmates of the State. The East Mississippi Authority entered into a Lease-Purchase Agreement, dated as of December 15, 1997, with MDOC (the "East Mississippi Lease") in the original principal amount of $34,520,000 to finance the construction of a 500-cell correctional facility to be located in Lauderdale County. In 2007, the East Mississippi Lease was amended to cover a 500-cell expansion of the facility and additional bonds were issued in the principal amount of $39,000,000 to finance such expansion. In connection with the refunding of the then outstanding amounts under the East Mississippi Lease, the East Mississippi Lease has been amended and restated and assigned to secure the payment of the (a) $68,830,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2010D (MDOC - East Mississippi Correctional Facility Refunding Bonds Project), dated July 20, 2010 and currently outstanding in the amount of $12,555,000, (b) $26,685,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2016C (Mississippi Department of Corrections East Mississippi Correctional Facility Refunding Bond Project), dated July 29, 2016 and currently outstanding in the amount of $26,685,000, and (c) $20,340,000 (original aggregate principal amount) Mississippi Development Bank Taxable Special Obligation Bonds, Series 2016D (Mississippi Department of Corrections East Mississippi Correctional Facility Refunding Bond Project), dated July 29, 2016 and currently outstanding in the amount of $18,995,000. The East Mississippi Lease currently expires on August 1, 2027.

House Bill 1878, Local and Private Laws of the 1998 Regular Session of the Mississippi Legislature authorized the Town of Walnut Grove to create the Walnut Grove Correctional Authority (the "Walnut Grove

Authority") for the purpose of contracting with MDOC for the private incarceration of inmates of the State. The Walnut Grove Authority entered into a Lease-Purchase Agreement, dated as of November 1, 1999, with MDOC (the "Walnut Grove Lease") in the original principal amount of $41,420,000 to finance the construction of a 1000-bed correctional facility (the "Walnut Grove Facility") to be located in the Town of Walnut Grove. In 2007, the Walnut Grove Lease was amended to cover a 500-cell expansion of the Walnut Grove Facility and additional bonds were issued in the principal amount of $40,000,000 to finance such expansion. In connection with the refunding of the outstanding amounts under the Walnut Grove Lease, the Walnut Grove Lease has been amended and restated and assigned to secure the payment of the (a) $93,580,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2010C (Mississippi Department of Corrections Walnut Grove Correctional Facility Refunding Bonds Project), dated July 20, 2010 and currently outstanding in the amount of $17,495,000, (b) $34,995,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2016A (Mississippi Department of Corrections Walnut Grove Correctional Facility Refunding Project), dated July 29, 2016 and currently outstanding in the amount of $34,995,000, and (c) $26,235,000 (original aggregate principal amount) Mississippi Development Bank Taxable Special Obligation Bonds, Series 2016B (Mississippi Department of Corrections Walnut Grove Correctional Facility Refunding Project), dated July 29, 2016 and currently outstanding in the amount of $24,455,000. The Walnut Grove Lease currently expires on August 1, 2027. On June 10, 2016, MDOC notified the Walnut Grove Authority of the termination of the residential services agreement between MDOC and the Walnut Grove Authority providing for the housing of inmates at the Walnut Grove Facility, effective on September 15, 2016. MDOC ceased housing inmates at the Walnut Grove Facility on September 15, 2016 and such facility was shut down. The closure of the Walnut Grove Facility did not terminate the Walnut Grove Lease or the obligation of the State to make rental payments under the Walnut Grove Lease. Consideration is currently being given to reopen the Walnut Grove Facility.

The obligations of the State to make rental payments under the Wilkinson County Lease, the East Mississippi Lease, and the Walnut Grove Lease are subject to annual appropriation and do not constitute general obligations or a pledge of the full faith and credit of the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation. Additionally, MDOC has entered into intercept agreements in connection with the Wilkinson County Lease, the East Mississippi Lease and the Walnut Grove Lease which provide for the withholding of any and all parts of any monies which MDOC is entitled to receive from time to time, or which is in the possession of the State Treasurer or any other State agency, department or commission and the use of such funds to satisfy any delinquent payment under the Wilkinson County Lease, East Mississippi Lease or the Walnut Grove Lease.

Debt Limitation

Section 115, Paragraph 2 of the Mississippi Constitution of 1890 provides:

> "Neither the State nor any of its direct agencies, excluding the political subdivisions and other local districts, shall incur a bonded indebtedness in excess of one and one-half (1½) times the sum of all the revenue collected by it for all purposes during any one of the preceding four fiscal years, whichever year might be higher."

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.

The following table shows the State's constitutional debt limit for the previous ten fiscal years.

Fiscal Year Ending June 30	Constitutional Debt Limit	Net Debt Applicable to Limit	Net Debt Applicable to the Limit as a Percentage
2010	$12,451,109,000	$3,275,320,000	26.3%
2011	12,451,109,000	3,490,465,000	28.0
2012	12,451,109,000	3,847,744,000	30.9
2013	12,505,104,000	3,867,930,000	30.9
2014	12,823,921,000	3,928,641,000	30.6
2015	13,312,194,000	4,040,812,000	30.4
2016	13,312,194,000	4,054,062,000	30.5
2017	13,312,194,000	4,157,052,000	31.2
2018	13,312,194,000	3,982,879,000	29.9
2019	13,370,476,000	4,130,775,000	30.9

Source: 2019 State of Mississippi Comprehensive Annual Financial Report.

Annual Debt Service Requirements on Net Direct General Obligation Bonded Debt

The following table shows the annual debt service requirements on the State's Net Direct Debt as of June 1, 2020.

Fiscal Year Ending June 30	Principal(1)(2)	Interest(1)(2)	Total Annual Debt Service(1)(2)
2021	409,155,000	176,461,904	585,616,904
2022	255,950,000	158,589,305	414,539,305
2023	251,320,000	149,237,644	400,557,644
2024	241,160,000	140,129,865	381,289,865
2025	234,900,000	130,842,053	365,742,053
2026	243,975,000	121,026,145	365,001,145
2027	231,970,000	110,834,518	342,804,518
2028	232,145,000	100,377,897	332,522,897
2029	219,335,000	89,932,015	309,267,015
2030	221,975,000	79,744,929	301,719,929
2031	208,350,000	70,031,042	278,381,042
2032	258,625,000	59,765,103	318,390,103
2033	251,175,000	48,412,122	299,587,122
2034	249,145,000	36,510,054	285,655,054
2035	233,825,000	24,694,676	258,519,676
2036	196,870,000	14,739,151	211,609,151
2037	119,770,000	7,888,650	127,658,650
2038	56,725,000	4,271,650	60,996,650
2039	52,080,000	2,129,000	54,209,000
2040	27,185,000	543,700	27,728,700
	$4,195,635,000	$1,526,161,423	$5,721,796,423

(1) Does not include the effects of the Series 2020 Bonds.

(2) These amounts do not include any subsidy payments due to the State from the United States Treasury pursuant to and in accordance with Section 1531 of the Title 1 of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat. 115 (2009)) (the "Recovery and Reinvestment Act") and Sections 54AA(g) and 6431 of the Code (as defined herein). Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under Section 6431 of the Code applicable to certain qualified bonds are subject to sequestration. The IRS Office of Tax Exempt Bonds (TEB) has announced that the sequester reduction percentage for payments to issuers of direct pay bonds for FY 2020 (October 1, 2019 through and including September 30, 2020) will be 5.9%. The reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. The State has made arrangements to pay the additional debt service on bonds issued under the Recovery and Reinvestment Act.

Source: Mississippi Treasury Department and the Department of Finance and Administration.

Revenue Bonds

On October 22, 2015 the State issued its $200,000,000 Gaming Tax Revenue Bonds, Series 2015E (the "Series 2015E Bonds") to provide funds to the State to finance the costs of the repair, rehabilitation, replacement, construction and/or reconstruction of State maintained bridges within the State. The Series 2015E Bonds are limited obligations of the State payable from all or a portion of the Dedicated Gaming Tax Revenue (which is defined as the first $3,000,000.00 of all taxes, fees, interest, penalties, damages, fines or other monies collected monthly by the Mississippi Department of Revenue in accordance with Section 75-76-177(c), Mississippi Code of 1972, as amended (the "Gaming Tax Act"), in connection with all gaming operations in the State). The full faith and credit of the State is not pledged for the repayment of the Series 2015E Bonds.

On January 31, 2019 the State issued its $268,775,000 Gaming Tax Revenue Bonds, Series 2019A (the "Series 2019A Bonds" and together with the Series 2015 Bonds, the “Gaming Tax Revenue Bonds”) to provide funds to the State to finance the State’s Emergency Road and Bridge Repair Fund and the State’s 2018 Transportation and Infrastructure Improvements Fund. The Series 2019A Bonds are limited obligations of the State payable from all or a portion of the Dedicated Gaming Tax Revenue. The full faith and credit of the State is not pledged for the repayment of the Series 2019A Bonds. The Series 2015E Bonds and the Series 2019A Bonds are parity obligations.

On March 16, 2020, the Mississippi Gaming Commission issued an Emergency Order of Closure directing all casinos in the State to close in response to the COVID-19 Pandemic. As a result of the closure of the casinos in the State, there was no Dedicated Gaming Tax Revenue collected after said date to pay debt service on the Gaming Tax Revenue Bonds. On May15, 2020, the Mississippi Gaming Commission issued an order allowing all casinos in the State to reopen on May 21, 2020. All of the State's 26 casinos have now reopened.

The State had on deposit in the debt service accounts for the Gaming Tax Revenue Bonds sufficient funds to make the April 15, 2020 interest payments coming due on the Gaming Tax Revenue Bonds. In addition to the amounts set aside for said debt service, the State had at that time a balance of $3,714,999.99 in the 2015E Debt Service Account and a balance of $3,477,499.98 in the 2019A Debt Service Account. The State also at that time had a balance of $16,123,625.00 in the 2015E Special Reserve Account and a balance of $31,536,585.17 in the Surplus Account established in the issuance resolution for the Series 2015E Bonds.

Amounts deposited to the Surplus Account may be used to cure any deficiency in the 2015E Debt Service Account, the 2015E Special Reserve Account, the 2019A Debt Service Account, and debt service for any additional bonds issued under the Gaming Tax Act or may be transferred to the Gaming Counties State Assisted Infrastructure Fund, all at the discretion of the Treasurer of the State. Amounts deposited in the 2015E Special Reserve Account may be used to pay any debt service payment due on the Series 2015E Bonds to the extent that the amounts then on deposit in, first, the 2015E Debt Service Account and, second, the Surplus Account are insufficient to pay all amounts payable on the Series 2015E Bonds therefrom on such payment date.

The Treasurer of the State has the discretion to use the moneys in the Surplus Account to replenish both debt service accounts for the Gaming Tax Revenue Bonds. State Treasurer David McRae has stated that it is his intent that the moneys in the Surplus Account will remain in the Surplus Account for the purpose of replenishing the funds and accounts for the Series 2015E Bonds and the Series 2019A Bonds.

Moral Obligation Bonds

The Mississippi Development Bank (the "Development Bank"), a body corporate and politic of the State, issues various series of Mississippi Development Bank Special Obligation Bonds (the "Development Bank Bonds") which may carry a pledge of the moral obligation of the State. The Development Bank Bonds are issued pursuant to the terms and provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented (the "Bank Act"), to provide financing for governmental projects of political subdivisions of the State. The Bank Act provides that, in order to assure the maintenance of the debt service reserve requirement in a debt service reserve fund for certain Development Bank Bonds carrying the moral obligation pledge of the State, the Legislature of the State may, but is not obligated to, appropriate to the Development Bank for deposit in any such debt service reserve fund such sum as necessary to restore such debt service reserve fund to the debt service reserve requirement. As required by the Bank Act, any such amount must be certified by the Development Bank on or before January 1 of any year to the Governor of the State and then as required by the Bank Act transmitted by a request from the Governor to the Legislature of the State.

Nothing in these provisions or any other provision of the Bank Act creates a debt or liability of the State to make any payments or appropriations to or for the use of the Development Bank or in connection with any Development Bank Bonds. There is no assurance under the Bank Act (a) that the request by the Governor transmitted to the Legislature of the State, stating the amount of a deficiency in any debt service reserve fund, would be taken up for consideration by the Legislature of the State, (b) that upon consideration of any such request, the Legislature would determine to appropriate funds to reduce or eliminate such deficiency, or (c) that in the event the Legislature determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. As of the date hereof, no such request has been made by the Development Bank to fund any debt service reserve fund on Development Bank Bonds carrying the State's moral obligation pledge.

As of June 1, 2020, the Development Bank Bonds outstanding carrying a moral obligation pledge of the State totaled $204,035,000.00. Except for these Development Bank Bonds, no bonds of the State are outstanding as of the date of this Official Statement which carry a pledge of the moral obligation of the State or which contemplate the appropriation by the Legislature of any amount as may be necessary to make up any deficiency in any debt service reserve fund in connection with indebtedness issued by or on behalf of a political subdivision of the State.

Record of No Default

Except as set forth below, there has been no default on general obligations of the State as to payment of either principal or interest during the last 100 years.

On May 3, 2017, the State gave notice of the optional call, on June 5, 2017, of $75,000 principal amount of its State of Mississippi General Obligation Bonds (Mississippi Small Enterprise Development Finance Act Issue 2003 Series A through C) (the "Series 2003 Bonds"). As a result of a clerical error by the State and its paying agent, the payment of the principal and interest on that portion of the Series 2003 Bonds was not made until June 7, 2017. The State has taken action to ensure that such an error will not occur in the future.

Annual Debt Service Requirements

Annual debt service requirements for the Series 2020 Bonds are set forth on pages A-1 and A-2 in APPENDIX A hereto.

FISCAL OPERATIONS OF THE STATE

COVID-19 Pandemic

Summary. The State's first confirmed case of COVID–19 was on March 11, 2020. Since then, the virus has spread throughout the State. As of July 15, 2020, there have been 39,797 cases of COVID-19 in the State with 1,308 deaths and 377,756 people being tested.

State Orders. On March 4, 2020, the Governor of the State issued an Executive Order creating the Mississippi Coronavirus (COVID-19) Preparedness and Response Planning Steering Committee. On March 14, 2020, the Governor signed a State of Emergency Executive Order declaring that a State of Emergency existed in the State as a result of the outbreak of COVID-19. Thereafter, the Governor issued various COVID-19 related executive orders including an order to close public schools, community colleges and universities. On April 1, 2020, the Governor issued Executive Order No. 1466 to declare a Shelter in Place Order for the entire State (the "Shelter in Place Order") except for certain essential; businesses. The Shelter in Place Order remained in effect until April 27, 2020 when Executive Order No. 1477 establishing a Safer at Home Order (the "Safer at Home Order") went into effect. During the Safer at Home Order, the Governor has issued additional executive orders to start reopening the State. On May 28, 2020, the Governor issued Executive Order 1492 allowing all businesses and non-profits in the State to reopen with certain prescribed restrictions. Because of an increase in the number of COVID-19 cases on July 10, 2020, the Governor issued Executive Order 1507 which applies only to thirteen counties in the State. Among other things, this order requires the employees and customers of all retail businesses to wear face coverings and that all social gatherings/activities to be limited to a maximum of ten persons indoors and 20 persons outdoors. Most of these Executive Orders expire on July 20, 2020 but there is an expectation that many if not all will be extended. In addition to the State's orders, some local governments, such as the State's capitol, the City of Jackson, have issued more restrictive mandatory orders, from time to time.

Federal Actions. The United States Congress has enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed by the President on March 27, 2020, and provided over $2 trillion of financial aid to American families, payroll and operating expense support for small businesses, and loan assistance for distressed industries, as well as providing funds to and directing the Federal Reserve System to support the capital markets. In addition, the CARES Act established the $150 billion Coronavirus Relief Fund to provide payments to states and certain eligible local governments, including the State, for expenses that (a) are necessary expenditures incurred due to the COVID-19 Pandemic, (b) were not accounted for in the budget most recently approved as of March 27, 2020, and (c) were incurred between March 1, 2020 and December 30, 2020. The State received $625 million on April 15, 2020 and an additional $625 million on April 20, 2020 for a total of $1.25 billion from the Coronavirus Relief Fund. Additionally, under the CARES Act, the Governor of the State received $34,700,000 from the Governor's Emergency Education Relief Fund to be used for education in the State. The Mississippi Department of Education received $169,900,000 from the Elementary and Secondary School Emergency Relief Fund and the State received $149,000,000 from the Higher Education Emergency Relief Fund.

The CARES Act also directed the Federal Reserve Bank to provide liquidity to the financial system through a new facility to purchase certain new issuances of securities by eligible issuers, including certain eligible state and local governments, and pursuant thereto the Federal Reserve Bank has established the "Municipal Liquidity Facility". The State currently believes that it can qualify as an eligible issuer to utilize the Municipal Liquidity Facility subject to applicable requirements of the Facility; as of the date of this Official Statement, however, the State has no plans to utilize the Municipal Liquidity Facility.

Since the enactment of the CARES Act, the United States Congress has enacted, and the President has signed, additional economic stimulus and financial aid legislation and other bills continue to be introduced in Congress addressing the COVIC-19 Pandemic.

On March 13, 2020, President Trump declared an emergency under Section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the "Stafford Act") authorizing assistance in response to the COVID-19 Pandemic for all states, territories, tribes, and the District of Columbia. The emergency declaration authorized the Federal Emergency Management Agency's ("FEMA") Public Assistance program to provide direct and financial assistance to eligible applicants, including the State, for costs incurred while performing emergency protective measures. FEMA assistance will be provided at a 75 percent federal cost share. The State has or expects to receive significant Stafford Act funds in connection with the COVID-19 Pandemic.

State Legislative Actions. On May 20, 2020, the Mississippi Legislature enacted Senate Bill 2772, 2020 Session, State Legislature ("Senate Bill 2772"), which established two funds for the disbursement of a portion of the monies received under the CARES Act. Senate Bill 2772 created the Mississippi COVID-19 Relief Payment Fund in the amount of $60,000,000 to provide eligible business taxpayers with a grant in the amount of $2,000. In addition, it created the Back to Business Mississippi Grant Fund in the amount of $240,000,000, to be administered by the Mississippi Development Authority ("MDA") and to provide grants to eligible businesses as well as additional expenses to comply with public health mandates. This grant program is to reimburse eligible businesses for lost income as a result of the Shelter in Place Order. The grants range in amount from $1,500 to $25,000 and the application process started on June 11, 2020. Senate Bill 2772 also provided that $900,000,000 of the monies received by the State under the CARES Act be deposited in the Budget Contingency Fund, and that $50,000,000 be used by the Department of Finance and Administration for the purpose of defraying expenses incurred by any state agency, department or institution as provided under the CARES Act in connection with the COVID-19 Pandemic.

By subsequent legislation, the State Legislature has allocated the $900,000,000 originally deposited to the Budget Contingency Fund pursuant to Senate Bill 2772 for rural broadband access, for healthcare, including hospitals, and other health providers and nonprofits, including food pantries, to the Mississippi Emergency Management Agency, to cities and counties, to the Department of Corrections, for tourism, for k-12 distance learning, for k-12 internet connectivity, for public and private colleges and universities, for community colleges, for private secondary schools, for workforce development, for elections, for courts and judiciary and for the Unemployment Trust Fund. Any of these monies not expended by December 1, 2020 will be transferred to the Unemployment Trust Fund. It is possible that the State Legislature could take additional action related to the COVID-19 Pandemic and the allocation of these funds.

State Economy. According to the Bureau of Economic Analysis ("BEA"), the State's economy grew 1.3% in 2018 and 2019. These back-to-back growth rates were the strongest growth since 2008. The growth in 2018 marked the first time that growth exceeded 1.0 percent in the State since the Great Recession. Nonfarm employment was up 0.4% in 2019 while nominal total personal income was up 3.7% for the same period.

Data for the first couple of months of 2020 suggested that the State was continuing a pattern of growth. The Mississippi Index of Leading Economic Indicators was up 1.1 over the year ago in February. Employment for January and February was up a somewhat modest 0.2%, but inflation adjusted withholdings for the first quarter showed a 5.6% growth over the same period of 2019, suggesting robust income growth. Initial unemployment claims were low, and the unemployment rate was 4.5%. Expectations of the State's economist were for the State to again see above 1.0% growth in 2020.

The COVID-19 Pandemic and the accompanying government response slowed economic activity substantially for the nation and the State. In April, Mississippi nonfarm employment declined 113,900 from the level in March. Every sector, with the exception of the federal government, saw marked declines for the month. Weekly initial unemployment claims rose to over 45,000, an unprecedented occurrence. Likewise, weekly continued claims exceeded 200,000. The data shows the economy has begun to improve as lockdown orders were lifted. Employment rose over 30,000 in May relative to April. Weekly Initial and continued unemployment claims are trending down even as they remain above historical levels. The unemployment rate fell to 10.6% in May from 16.3% in April.

Reserves. During the economic expansion, the State built up its reserves so that it could support services during an economic downturn such as the COVID-19 Pandemic. As of June 30, 2020, the Working Cash Stabilization Fund carried a fund balance of $555,751,389.56.

Fiscal Impact of COVID-19 Pandemic. Prior to the COVID-19 Pandemic, transfers to the General Fund in Fiscal Year 2020 were relatively strong. Through March, transfers to the General Fund in Fiscal Year 2020 were up 4.8% above the original, Fiscal Year 2020 estimate and 4.5% above the year prior, not including settlements and other non-budgetary transfers. Much of the growth was attributed to corporate and individual income tax revenue.

On June 15, 2020, the Joint Legislative Budget Committee adopted a revised Fiscal Year 2020 General Fund estimate of $5.653 billion, based upon the projections developed by the Revenue Estimating Committee. This estimate is $205.7 million or 3.5% below the Sine Die estimate and 5.3% below the actual Fiscal Year 2019 General Fund. The committee also adopted a Fiscal Year 2021 General Fund Estimate of $5.691 billion. This estimate is $274.8 million or 4.6% below the estimate adopted by the committee in November 2019. The revised estimate reflects a 0.7% gain over the estimated Fiscal Year 2020 General Fund. The Mississippi Department of Revenue moved the corporate and individual income tax filing dates to July 15th to match the federal government. This change shifted an estimated $275 million in revenue that would have been collected in Fiscal Year 2020. The State has not yet made a determination as to whether these funds will be attributed to Fiscal Year 2020 or Fiscal Year 2021.

State General Fund Revenue Estimate
FY 2020 Revised and FY 2021 Revised

Adopted by the Joint Legislative Budget Committee - June 15, 2020

(Dollar Figures in Millions)

	FY 2019	FY 2020					FY 2021			
Department of Revenue Collections	**FY19 Actual**	**FY20 Sine Die**	**FY20 Nov. Est.**	**FY20 June Est.**	**$ over/under FY19 Actual**	**% over/under FY19 Actual**	**FY21 Nov. Est.**	**FY21 June Est.**	**$ over/under FY20 June Est.**	**% over/under FY20 June Est.**
Sales Tax	$ 2,138.0	$ 2,188.6	$ 2,188.6	$ 2,117.6	$ (20.4)	-1.0%	$ 2,228.1	$ 2,002.6	$ (115.0)	-5.4%
Individual Income Tax	1,898.1	1,900.0	1,942.6	1,775.0	(123.1)	-6.5%	1,942.6	2,005.0	230.0	13.0%
Corp. Inc. & Franchise Tax	643.7	555.2	631.3	530.2	(113.5)	-17.6%	563.0	480.7	(49.5)	-9.3%
Use Tax	326.4	292.2	302.3	324.8	(1.6)	-0.5%	292.3	288.4	(36.4)	-11.2%
Insurance Premium Tax	311.9	302.3	312.0	308.2	(3.7)	-1.2%	320.4	320.4	12.2	4.0%
Tobacco Tax	138.5	140.9	135.0	138.8	0.3	0.2%	133.7	133.7	(5.1)	-3.7%
ABC Tax	81.3	81.0	83.5	88.2	6.9	8.5%	85.5	90.8	2.6	2.9%
Beer & Wine Taxes	27.9	29.6	28.9	28.5	0.6	2.0%	29.0	29.0	0.5	1.8%
Oil Severance Taxes	31.6	32.3	31.4	22.6	(9.0)	-28.5%	31.4	20.2	(2.4)	-10.6%
Gas Severance Taxes	3.3	3.8	3.6	2.0	(1.3)	-39.3%	3.5	1.8	(0.2)	-10.0%
Auto Tag Fees	13.2	10.3	12.4	13.7	0.5	3.6%	10.7	11.5	(2.2)	-16.1%
Installment Loan Taxes	11.6	11.0	11.0	12.0	0.4	3.7%	11.2	12.2	0.2	1.7%
Nuclear Plant In-Lieu	1.2	1.2	1.2	1.2	-	0.0%	1.2	1.2	-	0.0%
Miscellaneous Taxes	10.8	11.4	11.4	11.4	0.6	5.2%	11.6	11.6	0.2	1.8%
Gaming Fee & Taxes	136.6	134.5	134.5	112.0	(24.6)	-18.0%	134.5	114.3	2.3	2.1%
Total Dept. of Revenue	**5,774.1**	**5,694.3**	**5,829.7**	**5,486.2**	**(287.9)**	**-5.0%**	**5,798.7**	**5,523.4**	**37.2**	**0.7%**
Other Than Department of Revenue										
Interest on Investments	22.4	16.0	14.0	16.0	(6.4)	-28.7%	14.0	14.5	(1.5)	-9.4%
Highway Safety Patrol	18.2	18.7	18.7	18.7	0.5	2.8%	18.7	18.7	-	0.0%
Insurance Department	27.5	28.9	28.9	28.9	1.4	4.9%	29.2	29.2	0.3	1.0%
Licenses, Fees and Permits	54.6	47.3	52.0	52.0	(2.6)	-4.7%	52.0	52.0	-	0.0%
Crime Tax/ Criminal Law Assessment*	43.0	43.5	43.5	43.5	0.5	1.2%	43.5	43.5	-	0.0%
Miscellaneous Collections**	3.0	2.4	2.4	2.4	(0.6)	-20.2%	2.4	2.4	-	0.0%
Gaming Fees	6.7	7.3	7.0	5.0	(1.7)	-24.9%	7.0	7.0	2.0	40.0%
Settlements/Other Collections	18.2	-	-	-	(18.2)	-100.0%	-	-	-	0.0%
Total Other Than DOR	**193.7**	**164.1**	**166.5**	**166.5**	**(27.2)**	**-14.0%**	**166.8**	**167.3**	**0.8**	**0.5%**
Total General Fund	**$ 5,967.8**	**$ 5,858.4**	**$ 5,996.2**	**$ 5,652.7**	**$ (315.1)**	**-5.3%**	**$ 5,965.5**	**$ 5,690.7**	**$ 38.0**	**0.7%**

($205.7)

($274.8)

($315.1)

$38.0

* Combined Crime Tax and Criminal Law Assessment categories in FY 2019.

** Combined From Special Funds and Miscellaneous Collections categories in FY 2019.

The State has experienced and expects significantly increased costs relating to providing an emergency response through various programs and departments. The State does not yet have sufficient data to fully quantify or make predictions about the size or implications of the expenditure impact but is managing the situation through a variety of administrative and budget actions. The State will also continue to actively monitor the effects of COVID–19 on the State's economy and adapt its responses as appropriate to facilitate a successful economic recovery. See "The Budgetary Process" below for a description of the budgeting process.

Impact of COVID-19 Pandemic on Education. The COVID-19 Pandemic has had a significant effect on education in the State. On March 19, 2020, the Governor signed Executive Order No. 1460 to close all public schools and universities and to implement distance learning for the remaining 2019-2020 school year.

On May 21, 2020, the Board of Trustees of State Institutions of Higher Learning directed all State universities to make plans to resume traditional operations of their respective campuses for the fall of 2020 while urging them to take precautions in planning for resuming traditional operations while recognizing that adjustments may be needed upon recommendations from health care professionals.

On June 8, 2020, the State Department of Public Education sent out a directive to the superintendent of each K-12 public school district directing that each district would be responsible for implementing their own guidelines for the 2020-2021 school year including alternatives for traditional class room operations as well as distance learning or a hybrid of both.

On June 10, 2020, the Mississippi Association of Community Colleges announced that all 15 Community Colleges would reopen their campuses for the fall semester. Each individual community college was directed to establish protocols for the reopening of their campuses.

Significant developments regarding COVID–19 continue to occur daily and the extent to which COVID–19 Pandemic will impact the State in the future is highly uncertain and cannot be predicted. However, the State does not expect the various aspects of COVID–19 Pandemic to negatively impact the State's ability to pay the principal of and interest on the 2020 Bonds. See "DESCRIPTION OF THE SERIES 2020 BONDS - Security".

The Budgetary Process

Capital Improvement Budget. Beginning in mid-spring, the Department of Finance and Administration's Bureau of Building, Grounds and Real Property Management performs annual on-site visits, tours and inspections of State agency and institution buildings, facilities and campuses statewide, noting problems and seeing first-hand the requested and necessary projects. The projects are placed into priority guidelines as to the projects (i) preserving and improving existing, occupied buildings and infrastructure to maintain assets and make them more efficient and effective, (ii) replacing existing buildings and infrastructure that are needed but not feasible to renovate, (iii) restoring existing, unoccupied buildings which are feasible to renovate, (iv) demolishing existing buildings which are not needed and/or not feasible to renovate, and (v) constructing new buildings which are identified by institutions/agencies as necessary for support of new and/or expanding programs. After consideration, these projects are included in a five-year capital improvement plan and presented to the Legislature for consideration. Funding is requested for a single year, with projections for the succeeding four years presented for informational purposes only.

Operating Budget Preparation. The State operates on a fiscal year beginning July 1 and ending June 30. The budget cycle begins on or about August 1 when all State agencies and institutions requesting appropriations submit budget requests to the Governor's Budget Office and the Legislative Budget Office. Agencies justify their requested budget in hearings held during September and October. At the close of the hearings, the Governor's Budget Office and the Legislative Budget Office receive information prepared by the State Department of Revenue, the University Research Center and the respective budget staffs regarding the financial outlook for the upcoming fiscal year. Based on this information, the budget offices adopt a consensus revenue estimate. This action enables both branches to use the same revenue estimate as the basis for their budget recommendations. It is a statutory requirement that both the Governor and Legislature submit balanced budgets for consideration. The Executive Budget is prepared and submitted to the Legislature by November 15, except that every four years after a statewide election, the Executive Budget is prepared and submitted to the Legislature by January 31. The Legislative Budget is submitted to the Legislature at its regular session, which begins on the first Tuesday after the first Monday in January of each year. At the close of each annual regular session, the Legislature will have acted on approximately 150 separate appropriation bills that constitute the budget for the upcoming year beginning July 1. All General Fund, Education Enhancement Fund and most Special Fund expenditures are appropriated annually by the Legislature and those Special Funds that are not appropriated are subject to the approval of the Department of Finance and Administration.

Revenue Projections. Five independently derived projections form the basis of the State's official revenue forecast. The Department of Revenue, the Legislative Budget Office, the Office of the State Treasurer, the Department of Finance and Administration and the University Research Center present and discuss their initial revenue forecasts and reach a consensus projection. This process is carried out for each major revenue category. Estimating techniques consist of econometric modeling and various forms of extrapolation.

Each October, the revenue estimate for the next fiscal year is finalized and presented to the Joint Legislative Budget Committee and the Governor's Budget Office. The estimate may be revised if circumstances warrant upon a consensus being reached by the five revenue-estimating agencies. If revenues fall short of projections, the Department of Finance and Administration is empowered to directly cut expenditures. All State agencies receiving general and/or special funds are subject to funding reductions of up to 5%. No agency receives a cut in excess of 5% unless all have been reduced by this percentage. Tax collections for fiscal year 2016 were less than expectations in an amount of $207 million or -3.71%. Tax collections for fiscal year 2017 were less than expectations in an amount of $169.4 million or -3.07%. Tax collections for fiscal year 2018 exceeded expectations in an amount of $75.8 million or 1.4%. Tax collections for fiscal year 2019 exceeded expectations in the amount of $275.5 million or 5.0%. Total revenue collections for the month of June 2020 were approximately $8,612,029 or 1.14% above the sine die revenue estimate, with Fiscal Year 2020 revenue collections through June being approximately $42,453,800 or 0.72% below the sine die estimate. Fiscal Year 2020 total revenue collections through June 2020 were $151,032,338 or 2.53% below the prior year's collections. The Fiscal Year 2020 Sine Die Revenue Estimate is $5,858,400,000. As of June 30, 2020, total revenue collections for Fiscal Year 2020 were $5,815,946,200. When compared to the total General Fund appropriations for Fiscal Year 2020 of $5,760,078,578, the General Fund will end the fiscal year with an estimated excess of $55.9 million.

If at any time during a fiscal year, the revenues received for that year fall below 98% of the Legislative Budget Office's General Fund revenue estimate, the Executive Director of the Department of Finance and Administration, the State's Fiscal Officer, may at any time but shall after October or any month thereafter, reduce allocations to all State agencies to keep expenditures within the actual General Fund receipts including any transfers, which may be made from the Working Cash-Stabilization Fund. Transfers from the Working Cash-Stabilization fund may not exceed $50.0 million in any fiscal year. Senate Bill 2001 of the Second Extraordinary Session of the 2016 State Legislature removed the $50.0 million limitation for fiscal year 2016. Senate Bill 2649 of the 2017 Regular Legislative Session provided not more than $100 million may be transferred in fiscal year 2017.

Budget Implementation. The second phase of the budget process is the implementation of the budget based on the Legislature's appropriation bills. The establishment of any State agency's expenditure authority is a function of the Executive Director of the Department of Finance and Administration (the "Executive Director"). The Executive Director sets two six-month expenditure allotments based on major expenditure categories and their funding sources. These initial allotments must be approved by the Executive Director upon passage of appropriation bills each fiscal year.

Budget and Accounting Controls. Based on the budget implemented by the Department of Finance and Administration, the Bureau of Financial Control pre-audits all invoices that are $1,000 and greater including supporting documents and issues warrants for payment of the legal debts of the State. No agency is allowed to exceed either the total fund allotment or major expenditure category allotment as established by the Executive Director. All payments made through the Bureau of Financial Control, except those classified as personal services and utilities, must have an approved encumbrance or purchase order on file and are charged against the allotment.

The Department of Finance and Administration has the authority to make limited revisions to agency budgets during the course of the fiscal year in the form of transfers and escalations. If an agency has a line item budget, transfers from one major object of expenditure to another major object of expenditure are limited to a maximum increase of 10% of the receiving major object of expenditure; transfer authority is not applicable to the salary category or to an increase in the equipment category. If an agency has a lump sum appropriation, transfers are not limited. Escalation authority applies to Special Funds only if funded with 100% federal funds. An escalation of nonfederal funds may be made if allowed within the appropriation bill for such requesting agency.

The Department of Finance and Administration maintains a dual fiscal management system, in that control is exercised over the total State budget as well as individual agency budgets. The Department of Finance and Administration may restrict, in its discretion, an agency to monthly allotments when it becomes evident that an agency's rate of expenditure will deplete its appropriation prior to the close of the fiscal year. In addition, should revenue collections fall below the amount estimated for collection during that period of the fiscal year, the Department of Finance and Administration may reduce allocations to all agencies in an amount necessary to keep expenditures within actual General Fund receipts. If it is determined that a deficit in revenues may occur in the General Fund at the end of a fiscal year, the Executive Director shall direct the transfer of such funds as necessary but not more than $50.0 million from the Working Cash-Stabilization Fund to the General Fund. For fiscal year 2017, the State Legislature provided that not more than $100 million may be transferred. Should any unexpended Special Fund cash balance exist at the end of a fiscal year, the balance may be retained for use by the respective agency in its accounts with the State Treasurer unless otherwise specified by law.

The Mississippi Office of State Auditor is responsible for and performs a post audit of public entities under the jurisdiction of the State Auditor and investigates exceptions to spending practices discovered during the audit process. The State Department of Audit has the authority to recover any funds found to have been spent illegally.

GAAP Accounting

The State prepares its Comprehensive Annual Financial Report of the State ("CAFR") in accordance with Section 27-104-4, Mississippi Code of 1972, as amended and supplemented. The CAFR presents information on the financial position and operations of State government as one reporting entity. The various agencies, departments, boards, commissions and funds of State government, which constitute the State reporting entity, are governed by criteria established by the Governmental Accounting Standards Board. This Official Statement also includes financial data that was not prepared according to CAFR specifications but on a budgetary basis. The audited general-purpose financial statements of the State for the fiscal year ended June 30, 2019, prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), are presented in this Official Statement as APPENDIX B. The Government Finance Officers Association of the United States and Canada (the "GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the fiscal years ended June 30, 1987 through 2018 which is the highest form of recognition in the area of governmental financial reporting.

Investment and Cash Management

The State Treasurer is custodian of all State funds including all cash in the General Fund, Education Enhancement Fund and all Special Funds and is responsible for the investment of all such monies. The State Treasurer serves as custodian for securities, which are pledged to the State to secure deposits of State funds, and for other securities, which are held by various State agencies in accordance with specific State statutes.

As revenues are received from various agencies, they are deposited, and funds not immediately needed for payment are invested in interest-bearing demand accounts and then are normally placed into longer-term investments. Funds of the State invested in certificates of deposit with Mississippi financial institutions are fully collateralized by authorized United States of America and State obligations for amounts in excess of the FDIC coverage. Fiscal records of receipts, deposits and disbursements of all State funds, including federal funds received by the State, are maintained in the State Treasury as well as detailed and current records of the State's bonded indebtedness. All payments of State-obligated bonds and interest due are made by the State Treasurer.

Pursuant to Section 27-105-33, Mississippi Code of 1972, as amended and supplemented, it is the duty of the State Treasurer and the Executive Director of the Department of Finance and Administration on or before the tenth day of each month and at any other time when necessary to analyze the amount of cash in the State's General Fund and in the Special Funds credited to any special purpose designated by the Legislature. They also must determine when the cash in such funds is in excess of the amount needed to meet the current needs and demands on such funds for the next seven days and report the findings to the Governor. The State Treasurer's Office is directed to invest such excess funds in certificates of deposit, United States Treasury Obligations, United States Government agency obligations or in direct security repurchase agreements with approved depositories of the State at a rate of interest numerically equal to the bond equivalent yield on direct obligations of the United States Treasury with a similar length of maturity.

Accounting Systems

Through June 30, 2014, the State operated a Statewide Automated Accounting System ("SAAS"), a comprehensive financial management system that met all GAAP, State budget and other financial management reporting requirements.

As of July 1, 2014, the State implemented a new system known as MAGIC (Mississippi's Accountability System for Government Information and Collaboration), an Enterprise Resource Planning (ERP) software to implement Financial, Procurement, Human Resource, and Payroll functions into a single, integrated software system. MAGIC has met new functional and data requirements; reduces inefficiencies and costs associated with multiple stand-alone systems at the statewide and agency levels; maintains enterprise data on a consistent, "real-time" basis; replaces aging, incompatible technology; and uses state of the art technology based on best business practices. Once MAGIC is fully implemented, it will replace the following legacy systems: SPAHRS (Statewide Payroll and Human Resource System) and ACE (Access Channel for Employees). All other systems utilized by the State prior to the implementation of MAGIC has been discontinued including SAAS (Statewide Automated Accounting Systems); WebProcure; MERLIN (Mississippi Executive Resource Library and Information Network); MELMS (Mississippi Enterprise Learning Management System); and PATS (Project Accounting and Tracking System).

Through the use of various funds, the Office of Fiscal Management of the Department of Finance and Administration accounts for operations of the State on a modified cash basis for budgetary purposes and on the modified accrual basis for GAAP purposes.

Overview of State Funds

The accompanying tables present a summary of receipts, disbursements and beginning and ending cash balances of the General Fund, Education Enhancement Fund and Special Funds.

Receipts and disbursements of the General Fund and Special Funds, as shown in the tables, may differ substantially from budgetary resources and appropriations for a number of reasons, including the following:

(a) Capital improvements authorized in a given fiscal year's budget may require several years to complete, so that the amounts appropriated for capital improvements in a particular fiscal year do not necessarily correspond to actual disbursements for capital improvements in that fiscal year. In such cases, unused money is reappropriated each fiscal year; and

(b) Appropriations by the Legislature for current purposes in a particular fiscal year constitute an authorization to spend up to a certain amount, but no more. In most cases, the amount actually disbursed will be below that limit.

The General Fund. Revenues of the State for general operating purposes are derived principally from sales, income and use taxes, gaming taxes and fees, plus smaller amounts from other taxes, profits from wholesale sales of alcoholic beverages, interest earned on investments, proceeds from sales of various supplies and services, service charges and license fees. For the fiscal year ended June 30, 2018, sales taxes accounted for 37.9%, individual income taxes for 33.3% and corporation income and franchise taxes for 10.4% of the total receipts allocated to the General Fund. For the fiscal year ended June 30, 2019, sales taxes accounted for 35.8%, individual income taxes for 31.8% and corporation income and franchise taxes for 10.8% of the total receipts allocated to the General Fund. A comparison of the amounts received by the various revenue sources (budgetary basis) of the General Fund is detailed in the Revenues section of the accompanying table entitled "STATE OF MISSISSIPPI GENERAL FUND - Results of Operations - Budgetary Basis."

The General Fund appropriation is limited to 98% of the official revenue estimate and estimated prior fiscal year ending cash balance; unless waived by an act of the State Legislature. The 2015 State Legislature waived this rule for fiscal year 2016 and appropriated 100% of the revenue estimate. The 2016 State Legislature waived this rule for fiscal year 2017 and appropriated 100% of the revenue estimate. The 2017 State Legislature waived this rule for fiscal year 2018 and appropriated 99% of the revenue estimate. The 2018 and 2019 State Legislature did not waive this rule for fiscal years 2019 and 2020, and appropriated 98% of the revenue estimate, re-establishing the 2% set-aside rule pursuant to Mississippi Code Annotated Section 27-103-139. For the fiscal year ending June 30, 2020, appropriation for educational purposes accounts for 52.81% of the General Fund Budget. This includes State contributions to local school and community college districts. However, this percentage does not include certain State contributions such as maintenance funds for local school districts, shared taxes or local assistance. Other principal disbursements include costs related to welfare, public health, health care and hospitals and certain State operations. General Fund (budgetary basis) expenditures are detailed in the Disbursements section of the accompanying table entitled "STATE OF MISSISSIPPI GENERAL FUND - Results of Operations - Budgetary Basis."

The General Fund, as shown in the 2019 financial statements in APPENDIX B, is defined in Note 1 of the Notes to the Financial Statements on Significant Accounting Policies. The 2019 financial statements as set forth in APPENDIX B reflect all funds of the State, not just those that are budgeted.

At each fiscal year end, the General Fund unencumbered cash balance is distributed in the following order: (1) an amount not to exceed $750,000 to the Municipal Revolving Loan Fund; (2) an amount equal to 50% of the remaining balance, not to exceed 10% of the General Fund appropriations for the fiscal year that the unencumbered balance represents, to the Working Cash Stabilization Reserve Fund; and (3) any remaining amount to the Capital Expense Fund.

As of June 30, 2020, the Working Cash Stabilization Fund had a fund balance of $555,751,389.56.

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State of Mississippi General Fund
Results of Operations-Budget Basis for Fiscal Year Ended June 30 (In Thousands)[1]

	2015	2016	2017	2018	2019
Revenues:					
Sales	$2,034,319	$2,062,137	$2,055,230	$2,082,930	$2,138,038
Individual Income	1,743,427	1,769,431	1,781,661	1,826,570	1,898,059
Corporate Income and Franchise	714,086	596,260	563,983	572,299	643,689
Use and Wholesale Compensating	226,522	238,254	234,094	257,512	326,413
Tobacco, Beer and Wine	177,786	175,573	174,063	167,755	166,390
Insurance	240,413	292,774	297,117	339,746	339,418
Oil and Gas Severance	54,761	26,483	27,267	31,806	34,889
Alcohol Excise and Privilege	73,854	73,369	75,816	78,448	81,307
Other	15,256	12,845	12,655	10,526	11,575
Interest	13,336	10,206	11,286	13,335	22,441
Auto Privilege, Tax and Title Fees	9,443	9,389	14,177	7,797	13,229
Gaming Fees	131,270	133,847	132,948	136,303	143,292
Highway Safety Patrol Fees	23,595	20,429	19,043	19,022	18,182
Other Fees and Services	12,543	11,680	6,542	107,263	104,305
Miscellaneous	3,314	2,826	3,242	7,122	7,708
Court Assessments and Settlements	50,011	66,207	73,777	32,190	17,658
General Fund Revenues (SB2362 2016RLS)	0	0	129,281	0	0
Special Fund Revenues	0	0	0	0	0
TOTAL REVENUES	$5,523,927	$5,501,710	$5,612,182	$5,690,624	$5,966,593
Expenditures by Major Budgetary Function:					
Legislative	$ 26,454	$ 28,154	$ 26,137	$ 24,839	$26,332
Judiciary & Justice	71,260	74,070	99,784	94,294	96,063
Executive & Adm	3,171	3,128	16,670	15,515	14,838
Fiscal Affairs	63,396	66,876	146,717	140,448	129,189
Public Education[1]	2,162,141	2,252,624	2,241,689	2,229,021	2,224,807
Higher Education	789,825	807,597	761,407	715,846	708,411
Public Health	35,442	36,569	33,425	28,337	30,410
Hospitals and Hospital Schools	219,418	221,768	211,929	212,085	207,963
Agriculture, Commerce & Economic Dev.	116,204	118,615	108,387	105,551	106,546
Conservation and Recreation	51,867	52,357	44,449	41,715	43,227
Insurance and Banking	0	0	16,307	16,275	15,877
Corrections	345,280	326,337	314,503	309,904	306,604
Social Welfare	990,961	1,098,569	1,017,806	1,052,440	1,032,161
Public Protection and Veterans Assistance	104,006	108,103	100,721	101,087	104,244
Local Assistance	84,455	83,188	80,626	80,626	80,626
Motor Veh. & Other Regulatory Agencies	40	32	0	0	0
Miscellaneous	1,378	1,540	22,648	20,696	20,720
Public Works	32,000	0	0	0	0
Debt Service	380,532	392,099	392,193	384,900	384,877
TOTAL EXPENDITURES	5,477,830	5,671,626	5,635,398	5,573,579	5,532,895
Excess of Rev. over (under) expenditures	46,097	(169,916)	(23,216)	117,045	433,698
Other Financing Sources (Uses)					
Transfers In	12,184	190,961	41,855	3,678	1,200
Transfers Out	(50,761)	(62,416)	(18,369)	(119,051)	(434,395)
Other Sources (uses) of Cash	(343)	(515)	(2,493)	(1,271)	(608)
Excess of Revenues & Other Sources over (under) Expenditures & Other Uses	7,177	(41,886)	(2,223)	401	(105)
Budgetary Fund Balances, Beginning	$ 41,325	$ 48,502	$ 6,616	$ 4,393	$ 4,794

[1] The State is in the process of closing Fiscal Year 2020, so those numbers are not yet available.

[2] Public Education reflects all educational activities.

Source: Department of Finance and Administration.

Education Enhancement Fund. Of the total sales tax revenue collected, 2.266% is to be deposited into the School Ad Valorem Tax Reduction Fund until such time that the total amount deposited into the fund during a fiscal year equals $42 million. Thereafter, the amounts diverted during the fiscal year in excess of $42 million are to be deposited into the Education Enhancement Fund for appropriation by the Legislature. Additionally, 9.073% of the total sales tax revenue collected is to be deposited into the Education Enhancement Fund.

Of the total use tax revenue collected, 2.266% is to be deposited into the School Ad Valorem Tax Reduction Fund until such time that the total amount deposited into the fund during a fiscal year equals $4 million. Thereafter, the amounts diverted during the fiscal year in excess of $4 million are to be deposited into the Education Enhancement Fund for appropriation by the Legislature. Additionally, 9.073% of the total use tax revenue collected is to be deposited into the Education Enhancement Fund.

EDUCATION ENHANCEMENT FUND(1)
For Fiscal Year Ended June 30 (In Thousands)

	2015	2016	2017	2018	2019
RESOURCES:					
Surplus from Prior Year	$ 20,501.5	$ 8,128.0	$ 61.9	$ 6,683.1	$ 23,778.0
Sales Tax	288,934.5	294,023.3	296,419.8	299,156.3	308,432.9
Use Tax	27,539.7	29,457.4	29,215.5	32,138.6	41,004.4
Ad Valorem Reduction	46,002.2	46,000.0	45,999.9	46,000.0	46,000.0
Additional EEF from Dept. of Ed.	635.9	1,860.9	1,993.2	6,151.7	1,267.2
Transfer in from General Fund	0.0	0.0	0.0	0.0	0.0
Total Resources Available	$ 383,613.8	$ 379,469.6	$ 373,690.4	$ 390,129.7	$ 420,482.60
DISBURSEMENTS:					
Education, K-12	$ 265,482.2	$ 268,333.1	$ 260,810.2	$ 260,422.1	$ 270,033.5
Community & Jr. Colleges	42,522.7	42,730.3	42,763.3	40,658.3	43,685.4
Institutions of Higher Learning	64,292.8	64,957.6	61,988.1	61,827.2	66,467.5
Other	3,188.1	3,386.7	3,445.7	3,444.1	3,444.1
Total Disbursements	375,485.8	379,407.7	367,007.3	366,351.7	383,630.5
YEAR END SURPLUS	$ 8,128.0	$ 61.9	$ 6,683.1	$ 23,778.0	$ 36,851.1

Source: Department of Finance and Administration.

Special Funds

General. The major sources of Special Fund receipts are federal grants-in-aid and diversion of State taxes for special purposes. Special Fund receipts are not estimated on a statewide basis. Expenditures are limited by the receipt of revenues. A portion of both motor vehicle privilege taxes and motor fuel excise taxes is deposited to a special fund for highway construction, and the balance of the privilege and excise tax collections is diverted to counties and municipalities.

For the fiscal year ended June 30, 2019, Special Funds received approximately $6,821.3 million from the federal government which includes public education, health and welfare, and highways. In addition, State tax receipts of $1,532.3 million were diverted into Special Funds for particular purposes as provided by State law.

Health Care Trust Fund. The Health Care Trust Fund (the "Health Care Trust Fund") is a special fund established pursuant to 43-13-401 et seq., Mississippi Code of 1972, as amended and supplemented, for the deposit of funds received by the State as a result of the national tobacco litigation settlement. The Mississippi Legislature declared that such funds received by the State should be applied toward improving the health and health care of the citizens and residents of the State.

The Health Care Trust Fund began fiscal year 2000 with a balance of $280,000,000. All subsequent tobacco settlement annual payments were to be deposited into the Health Care Trust Fund. Each year, a specified amount of funds from the Health Care Trust Fund are transferred to the "Health Care Expendable Fund", and those funds are available for expenditure by appropriation of the Legislature exclusively for health care purposes. If the interest and dividends from the investment of the Health Care Trust Fund are insufficient to fund the transfer to the Health Care Expendable Fund, the State Treasurer will transfer from the annual installment payment an amount sufficient to fully fund the transfer as required.

The 2011 Mississippi Legislature further amended the law and required annual transfers from the Health Care Trust Fund to the Health Care Expendable Fund for appropriation for health care needs. The annual transfer provided in the law is as follows:

Fiscal Year	Annual Transfer
2006	$186,000,000
2007	186,000,000
2008	106,000,000
2009	92,254,000
2010	112,000,000
2011	112,000,000
2012	56,263,438
2013	97,450,332
2014	23,100,000
2015	3,055,564
2016	18,762
2017	5,475
2018	0
2019	0

Source: Department of Finance and Administration.

A board of directors, consisting of thirteen members, is statutorily responsible for investing the funds in the Health Care Trust Fund and the Health Care Expendable Fund. The board voted in May 2010 to discontinue meeting regularly since the assets were being gradually liquidated to satisfy the appropriations approved by the State Legislature. Upon receipt of the annual tobacco settlement payments on December 31, 2015 and in April 2016, the combined balance of both payments was transferred into the Expendable Fund by the end of fiscal year 2016. Future payments from the annual tobacco settlement will be transferred directly into the Expendable Fund. At June 30, 2020, the Health Care Expendable Fund had a balance of $4,198,701.71.

Mississippi Prepaid Affordable College Tuition Fund. The Mississippi Prepaid Affordable College Tuition ("MPACT") program is a trust fund managed for the payment of tuition as required by contracts between the State and purchasers of the contracts. Monies received from purchasers of the MPACT contracts provide some of the cash flow used to satisfy the payment of benefits to institutions of higher learning on behalf of matriculating students. In addition to the payments received from the purchasers of MPACT contracts, the program is also funded in part from the dividends, interest and gains from the assets under management. The MPACT fund is managed within an actuarial framework, so the fund does have a target rate of return in order to grow the fund to a size that will be able to accommodate future obligations. All MPACT contracts carry the full faith and credit of the State. The relevant statute governing the MPACT Fund is Section 37-155-1 to Section 37-155-27, Mississippi Code of 1972, as amended and supplemented.

The MPACT Fund is overseen by the College Savings Plans of Mississippi Board of Directors (the "Board") of which the State Treasurer serves as Chairman. Any action taken with regard to the investments of the funds, including changes in investment management, investment policy, asset allocation, etc., must be approved by the Board.

On August 23, 2012, the Board voted to defer the 2012 enrollment effective September 1, 2012 and contract for the performance of an actuarial audit. Results of the audit were communicated to the Board at its April 30, 2013 Board meeting. Over the following 18 months, the Board held numerous planning sessions to review and approve changes to the program and the actuarial funding assumptions. The program reopened for enrollment on October 1, 2014. Utilizing the revised actuarial assumptions, as of June 30, 2019, the MPACT Fund-Legacy Plan had $269.2 million in assets under management with a funded status of 71.9%. The value of expected liabilities of the trust exceeded the value of the assets, including the value of future payments by contract holders, by $108.9 million. As of June 30, 2019, the MPACT Fund-Horizon Plan had $48.6 million in assets under management with a funded status of 115.1%. The value of assets of the trust exceeded the value of the expected liabilities, including the value of future payments by contract holders, by $9 million. The liability amounts are based on actuarial assumptions approved by the Board.

Budget Contingency Fund. The Budget Contingency Fund (the "BCF") is a special fund created by the Legislature to handle non-recurring budget shortfalls. The Legislature has traditionally funded the BCF with one-time revenues. During the 2016 legislative session, the Legislature directed the initial $150 million deposit of the British Petroleum Litigation Settlement (the "BP Settlement") to the BCF. From the funds deposited into the BCF for the BP Settlement, the Legislature made appropriations for various infrastructure and capital projects.

On May 20, 2020, the Legislature enacted Senate Bill 2772 to appropriate the CARES Act funds received by the State. Of the funds received, $900,000,000 was deposited in the BCF. The Legislature has allocated these funds to defray expenses incurred related to the COVID-19 Pandemic. As of July 2, 2020, the fund balance was $900,000,524.80.

Education Improvement Trust Fund. The Education Improvement Trust Fund is legally restricted to the extent that only earnings, and not principal, may be used for the purpose of educating elementary and secondary school students and for vocational training in the State. As of June 30, 2020, the Education Improvement Trust Fund had a balance of $874,670.28.

STATE OF MISSISSIPPI SPECIAL FUND RECEIPTS[1][2]
For Fiscal Year Ended June 30, (In Thousands)

	2015	2016	2017	2018	2019
TAXES:					
Department of Revenue	$ 786,111.4	$ 874,481.0	$ 1,356,847.0	$ 1,332,535.0	$ 1,376,168.5
Motor Vehicle Division	539,017.9	571,830.0	123,166.5	133,265.9	138,242.3
Other	15,969.1	20,277.9	16,013.2	17,248.3	17,935.8
Licenses, Fees, Permits & Penalties	505,127.0	508,141.6	444,789.7	638,157.1	645,536.0
Interest on Direct Investments	21,977.1	24,827.8	25,701.0	26,381.3	32,778.7
Sales and Services	656,960.2	932,302.9	767,914.3	500,422.9	484,762.2
Federal Grants-In-Aid					
Education	614,719.9	680,904.3	6,088,158.6	88,045.3	702,751.8
Highways	483,559.9	496,123.5	510,917.9	530,689.5	595,586.5
Public Health & Welfare[2]	0.0	0.0	0.0	5,034,023.1	5,061,012.4
Federal-State Local Programs[3]	5,351,049.2	5,576,163.7	0.0	140,769.2	14,371.2
Agricultural & Economic Dev[2]	0.0	0.0	0.0	6,473.2	96,211.5
Employment Security[2]	0.0	0.0	0.0	80,846.1	76,415.8
Other	9,346.2	14.8	19,990.1	304,488.0	274,916.7
Political Subdivisions	180,694.0	115,633.6	132,239.6	127,333.1	48,552.4
Gross Sales of Alcoholic Bev	319,584.8	245.2	642.4	274,712.6	287,493.9
TOTAL REVENUE RECEIPT	$ 9,484,116.7	$ 9,800,946.3	$ 9,486,380.3	$ 9,835,390.6	$ 9,852,753.7
Bonds, Notes Issued	76.1	0.0	0.0	3.6	2,544.3
Trans, Refunds & Other Rec.	1,748,512.6	1,470,072.7	1,561,016.1	1,319,180.5	1,610,416.0
TOTAL RECEIPTS	$11,232,705.4	$11,271,019.0	$11,047,396.4	$11,154,574.7	$ 11,465,696.0

(1) The financial data presented in this chart was not prepared according to CAFR specifications but is presented on a budgetary basis.

(2) Public Health & Welfare, Agricultural & Economic Development, and Employment Security included in the Education program for years 2015-2017.

(3) Federal-State Local Programs included in the Education program for year 2017.

Source: Department of Finance and Administration.

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STATE OF MISSISSIPPI SPECIAL FUND DISBURSEMENTS[(1)]
For Fiscal Year Ended June 30 (In Thousands)

	2015	2016	2017	2018	2019
Legislative	$ 6.0	$ 0.0	$ 0.0	$ 29.0	18.0
Judiciary & Justice	63,687.3	72,379.1	35,974.0	45,191.0	48,356.0
Executive & Administrative	39,500.0	18,638.0	8,183.0	14,639.0	14,253.0
Fiscal Affairs	158,908.0	115,726.0	76,696.0	114,265.0	186,523.0
Public Education	763,362.8	809,456.0	768,675.0	761,288.0	748,959.0
Higher Education	91,522.9	86,206.0	86,257.0	80,555.0	90,087.0
Public Health & Social Welfare	6,589,816.0	6,668,631.0	6,714,172.0	6,609,992.0	6,605,206.0
Hospitals & Hospital Schools	382,159.7	375,919.0	356,431.0	345,962.0	340,432.0
Agriculture & Economic Development	257,455.0	208,373.0	163,015.0	159,506.0	110,536.0
Conservation & Recreation	239,583.0	243,233.0	234,381.0	251,335.0	218,905.0
Insurance & Banking	70,252.5	57,907.0	27,576.0	28,312.0	29,063.0
Corrections	13,747.1	32,302.0	23,002.0	22,860.0	36,997.0
Interdepartmental Service	47,115.6	51,905.0	0.0	0.0	0.0
Public Protection & Assistance to Veterans	497,464.0	377,013.0	368,367.0	325,361.0	320,681.0
Local Assistance					
Motor Vehicle & Other Regulatory Agencies	28,345.8	29,119.0	18,652.0	19,998.0	21,756.0
Miscellaneous	767.0	1,213.0	1,462.0	1,646.0	1,771.0
Public Works	1,161,434.0	1,198,184.0	1,299,783.0	1,286,552.0	1,252,710.0
Debt Service	28,464.0	9,989.0	6,102.0	3,115.0	46,402.0
TOTAL DISBURSEMENTS	$10,433,592.0	$10,356,193.0	$10,188,728.0	$10,070,606.0	$10,472,655.0

(1) The financial data presented in this chart was not prepared according to CAFR specifications but is presented on a budgetary basis.

Source: Department of Finance and Administration.

Potential Claims Related to Federal Grants

The State is aware of several potential claims against the State by federal agencies for the reimbursement of certain federal grant monies. The State believes that the maximum aggregate exposure for the repayment of these grants, if any, will not exceed $76,000,000. The State is in the process of gathering information which it believes will mitigate this exposure to the federal government.

DESCRIPTION OF STATE TAXES

State operations are funded by General Fund revenues, Education Enhancement Fund revenues and Special Fund receipts. Mississippi's tax base receives its major support from general sales and use taxes, personal income taxes, corporate income and franchise taxes, petroleum excise taxes, motor vehicle privilege taxes, insurance premium taxes and excise levies on tobacco and alcohol. The major sources of General Fund revenues are sales and use taxes, personal income taxes and corporate income and franchise taxes.

Sales Taxes. Sales taxes are imposed at a general tax rate of 7% (see "FISCAL OPERATIONS OF THE STATE - Education Enhancement Fund" herein). The State returns to the municipalities 18.5% of the retail sales tax collected within each municipality. Major exemptions from the sales tax include: (i) sales to governments; (ii) sales of raw materials to manufacturers, large vessels, barges and rail rolling stock; (iii) sales of livestock; (iv) sales of property for foreign export; (v) sales of seed, feed, fertilizer and agricultural chemicals; (vi) sales of farm products by a producer, except when sold by a producer through a regular place of business; (vii) sales of certain utility services for residential, industrial and farm use; (viii) sales of motor fuel; (ix) sales of food purchased with food stamps; (x) sales to non-profit hospitals and infirmaries; (xi) sales of newspapers; and (xii) sales of prescription drugs and medicines. The tax rate for construction contracts exceeding $10,000, except residential construction, is 3.5%. The tax rate for the sale of automobiles, light trucks and motor homes is 5%. The tax rate for the sale of aircraft, semi-trailers and mobile homes is 3%. The tax rate for the sale of manufacturing machinery and equipment, farm implement and farm tractors is 1.5%. Sales to electric power associations are taxed at 1%.

Use Taxes. Use taxes are imposed at the same rate as sales taxes on personal property from out-of-state sources for use, consumption or storage in the State. Credit is allowed for taxes paid to another state if the property has been used in another state prior to being brought into the State for use. Exemptions for use taxes are the same as those for sales taxes.

Personal Income Taxes. Personal income taxes are imposed at a rate of 3% on the first $5,000 of taxable income, 4% on the second $5,000 and 5% on the remainder. Single taxpayers are allowed a $6,000 exemption. Married taxpayers are allowed a $12,000 joint exemption. Heads of household taxpayers with one or more dependents living in the home are allowed an $8,000 exemption. The exemption for each dependent is $1,500, plus an additional $1,500 exemption for taxpayers who are blind or over age 65. The Mississippi Taxpayer Pay Raise Act of 2016 (the "Taxpayer Pay Raise Act") passed during the 2016 Legislative Session will gradually eliminate the 3% tax bracket. Under the current plan, $1,000 of the first $5,000 of taxable income would be exempted in 2018, with another $1000 each year until the bracket is phased out by 2022.

Corporate Income and Franchise Taxes. Franchise taxes are currently imposed at a rate of $2.50 per $1,000 of capital employed in the State. The Taxpayer Pay Raise Act will gradually eliminate the franchise tax. Beginning in 2018, the first $100,000 of taxable capital will be exempt from the franchise tax. In 2019, the tax cut reduces the rate by 25 cents every year until the franchise tax is fully repealed by January 1, 2028. Certain nonprofit and not-for-profit organizations are exempt from corporate income taxes and franchise taxes, such as (i) religious, charitable, educational and scientific associations and institutions; (ii) business leagues, labor organizations, chambers of commerce; (iii) civic leagues and social clubs operated for promotion of social welfare; (iv) non-profit agricultural associations such as farmers' or fruit growers' cooperatives; and (v) non-profit cooperative electric power associations. A small business corporation having a valid election in effect under Subchapter S of the Code, is exempt from State income tax, except for that portion of income that might be allocable to shares of stock owned by nonresidents of the State.

Gaming Taxes and Fees. Gaming taxes and fees are imposed on gaming establishment gross revenue at a rate of 4% on the first $50,000 per month, 6% of the next $84,000 per month and 8% of all over $134,000 per month.

Other Taxes. The Department of Revenue also collects other taxes that provide significant amounts of revenue. The tobacco tax is imposed on sales of all tobacco products in the State, including cigarettes, which are taxed at 68 cents per package of 20 cigarettes, all other tobacco products are taxed at 15% of the manufacturer's list price. Other taxes include gas and oil severance, beer excise, insurance premium, and finance company privilege taxes.

The Alcoholic Beverage Control Division of the Department of Revenue that controls the sale and consumption of distilled spirits and wine contributes to the General Fund through the collection of State excise taxes, markups, permit license fees (one half goes to the city or county where the permittee is located), permit application fees and interest earned on demand deposits.

SUMMARY OF GENERAL FUND RECEIPTS BY MAJOR SOURCES
Fiscal Year Ended June 30
(In Millions)

	2017		2018		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Total General Fund Receipts	$5,654.0	100.00%	$5,690.6	100.00%	5,966.6	100.00%
Sales Taxes	2,055.2	37.04	2,082.9	36.58	2,138.0	35.83
Individual Income Taxes	1,781.7	32.11	1,826.6	32.08	1,898.1	31.81
Corporate Income & Franchise Taxes	564.0	10.16	572.3	10.05	643.7	10.79
Use Taxes	234.1	4.22	257.5	4.52	326.4	5.47
Gaming Taxes & Fees	133.0	2.40	136.3	2.39	143.3	2.40
Insurance Premium Taxes	274.5	4.95	339.7	5.97	339.4	5.69
All Other Receipts	611.5	9.12	475.3	8.41	477.7	8.01

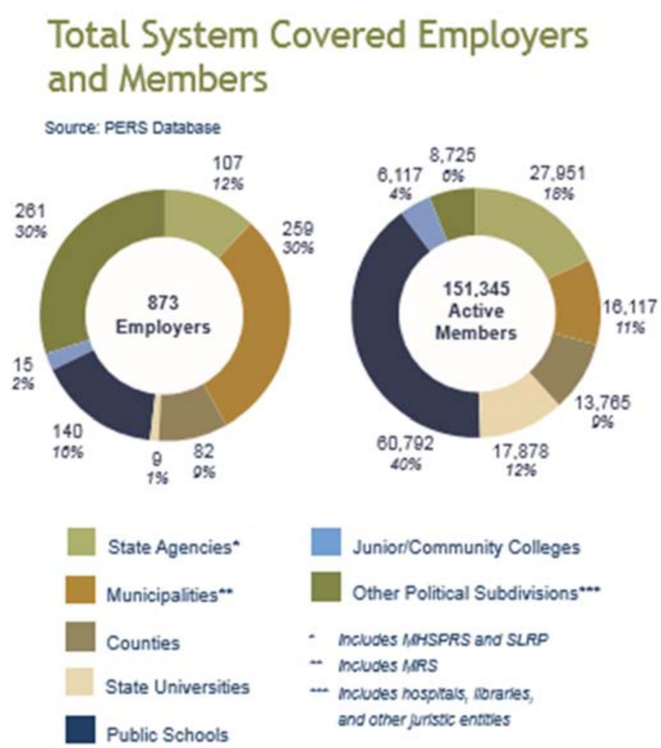
Source: 2019 Comprehensive Annual Financial Report (CAFR).

RETIREMENT SYSTEM

In accordance with State statutes, the Public Employees' Retirement System (the "System") Board of Trustees (the "Board of Trustees") administers 24 programs and plans, including 22 defined benefit plans and two defined contribution plans. The defined benefit plans include the Mississippi Public Employees' Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system established in 1952, the Mississippi Highway Safety Patrol Retirement System ("MHSPRS"), a single-employer public employee retirement system established in 1958, the Supplemental Legislative Retirement Plan ("SLRP"), established in 1989, and the Municipal Retirement Systems ("MRS") made up of 17 fire and police and two municipal employee plans placed under the administration of the System on July 1, 1987. MRS is an agent multiple-employer defined benefit public employees' retirement system.

The defined contribution plans include the Optional Retirement Program ("ORP"), established in 1990 in accordance with Section 401(a) of the IRS Code as an alternative for membership in PERS for certain teaching faculty and certain administrative staff of the State's nine colleges and universities, and the Mississippi Deferred Compensation Plan and Trust ("MDCPT") created in 1973 in accordance with Section 457 of the IRS Code. The System has no liability for losses under the ORP or the MDCPT but does have fiduciary responsibilities for both plans related to the administration and selection of investment vehicles.

Any political subdivision or judicial entity within the State may elect to have its employees covered by PERS or participate in the MDCPT. As of June 30, 2019, the System covered 873 public entities within the State.



The State neither contributes to MRS nor assumes any liability for benefits payable to members but does have the duty of due care required of an ordinary prudent investor. The plans under MRS were closed from 1975 through 1987 and the administration transferred to PERS in 1987.

On July 1, 1989, the Legislature established the SLRP for the purpose of providing supplemental retirement allowances and other benefits for elected members of the State Legislature and the President of the Senate and their beneficiaries. Each legislator and the President of the Senate must contribute 3% of all compensation or remuneration paid, except mileage allowance. The contribution rate by the State is 7.4%.

On July 1, 1990, ORP was established for employees of the State's nine colleges and universities who hold certain teaching or administrative faculty positions and who are appointed or employed after July 1, 1990. These participants have rejected membership in PERS. Title 25, Article 11 of the Mississippi Code states that the System will provide for administration of the ORP Program. ORP participants direct the investment of their funds. Benefits payable to plan participants are not obligations of the State. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

Membership in PERS is a condition of employment and eligibility is granted upon hiring for all State agency and university employees not participating in ORP. For those employed by political subdivisions and instrumentalities of the State, membership is contingent upon the PERS Board of Trustees' approval of the entity's participation in the plan. If approved, membership is a condition of employment and eligibility is granted upon hiring.

Participating employees who retire at or after age 60 with four years of credited service if hired before July 1, 2007 or for those that were hired on July 1, 2007 or after, who retire at or after age 60 with eight years of credited service or those who retire regardless of age with at least 25 years of credited service if hired prior to July 1, 2011 or 30 years for those that were hired on July 1, 2011 or after are entitled to an annual retirement allowance, payable monthly for life. The retirement allowance is an amount equal to 2% of their average compensation for each year of credited service up to and including 25 years and 2.5 % for each year of credited service over 25 years, if hired prior to July 1, 2011. If hired on July 1, 2011 or after they are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2% of their average compensation for each year of credited service up to and including 30 years and 2.5 % for each year of credited service over 30 years. There is an actuarial reduction for each year of creditable service below 30 or for each year of age below age 65, whichever is less for those hired on July 1, 2011 or after. "Average compensation" is the average of the employee's covered earnings during the four highest compensated years of credited service. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of four years of credited service for those hired prior to July 1, 2007 and vest with completion of eight years of credited service for those hired on or after July 1, 2007. PERS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense. Benefit provisions are established by Section 25-11-1 *et seq.*, Mississippi Code of 1972, as amended, and may be amended and supplemented from time to time only by the State Legislature.

The System incurs no expense for post-retirement health benefits. See Note 16 in the Excerpts from 2019 Audited Financial Statements of the State included in APPENDIX B hereto for a complete discussion of the State's other post-employment benefits.

Membership in MHSPRS is a condition of employment and eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol (the "Highway 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. Participating employees in MHSPRS 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 credited service at any age are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2.5% of average compensation during the four highest consecutive years of earnings reduced 3% for each year below age 55 or 3% for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense. Benefit provisions for MHSPRS are established by Section 25-13-1 *et seq.*, Mississippi Code of 1972, as amended, and may be amended and supplemented from time to time only by the State Legislature.

Employees covered by PERS are required to contribute 9.0% of their salaries, as of July 1, 2010. Employees of MHSPRS are required to contribute 7.25%, as of July 1, 2008. Members of SLRP are required to contribute an additional 3% of their compensation.

During a special session, the 2010 Mississippi Legislature passed House Bill 1 ("House Bill 1") which amended Sections 25-11-123, 25-11-109 and 25-11-115, Mississippi Code of 1972, and increased the percent of earned compensation as stated above from 7.25% to 9% (as a percentage of annual covered payroll) and members who retire on or after July 1, 2010 will receive credit for ½ day of leave for each full year of membership service accrued after June 30, 2010. Also, an option for members of PERS for payment of a member's retirement allowance provides that upon the retired member's death, ¾ of the member's reduced retirement allowance will be continued throughout the life of the employee's beneficiary.

Actuarial assumptions at June 30, 2019 were:

(a) Rate of return on investment of 7.75%,

(b) Projected Wage inflation rates 3.00%,

(c) Projected salary increases of 3.00% to 18.25% per year for PERS, 3.00% to 8.56% for MHSPRS and 3.00% for SLRP attributable to seniority/merit,

(d) Assumption that post-retirement benefits will increase 3.0% per year for PERS and SLRP; calculated 3% simple interest to age 55, compounded each year thereafter; and 3.0% for MHSPRS; calculated 3% simple interest to age 60, compounded each year thereafter,

(e) Entry age for actuarial cost method, and

(f) Five-year smoothed market asset valuation method.

Employer contribution rates for PERS, and SLRP are set by the PERS Board of Trustees in accordance with the adopted Funding Policy following the annual actuarial valuation and projection reports. The employer contribution rate for MHSPRS is set by the PERS Board after considering recommendations from the MHSPRS Advisory Board in accordance with the adopted Funding Policy following the annual actuarial valuation and projection reports. The PERS Board of Trustees revised the Funding Policy for PERS and SLRP in 2012 with the focus on contribution stability with an objective of producing a projected funded ratio of at least 80% in 2042. The PERS Board of Trustees once again revised the Funding Policy for PERS and SLRP in 2018 and implemented a "signal light" approach with three metrics, funded ratio, cash flow as a percent of assets, and actuarially determined contributions (ADC) ratio. Green – plan passes metric, yellow – plan passes metric, but a warning is issued, and red – the plan fails metric. The cash flow projection is defined as the difference between total contributions less benefit payments, divided by the beginning of the year market value of assets. This calculation is provided for the entire projection period. The last metric reviews the plan to determine if the contributions meet or exceed the ADC. For the purposes of the ADC ratio only, the existing UAAL as of June 30, 2018, will be calculated using a 30-year closed amortization period and future actuarial experience will be calculated using a closed 25 years from the date of the valuation.

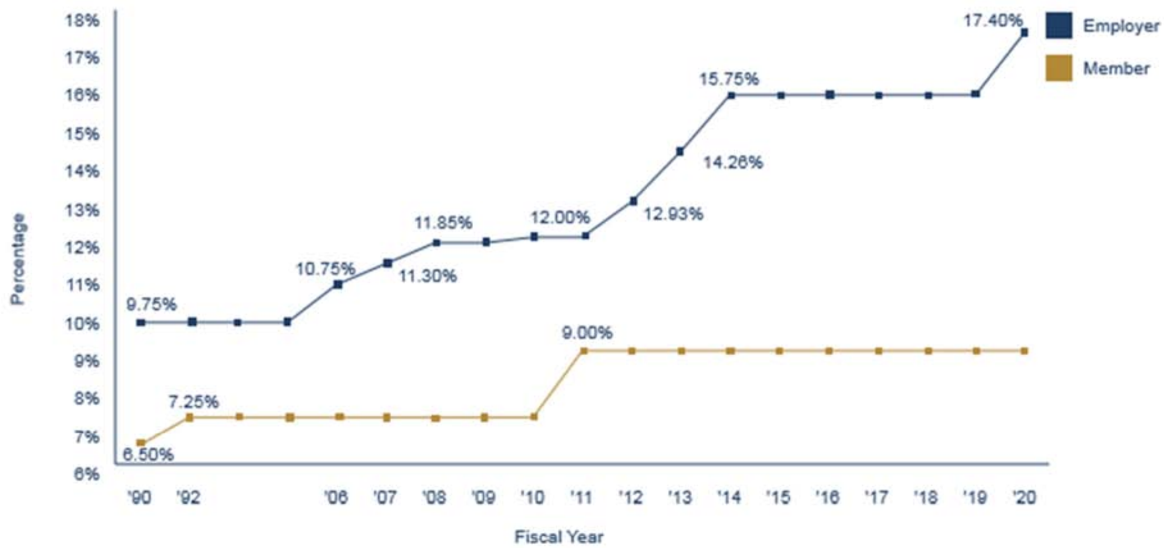
The MHSPRS Funding Policy provides that unfunded actuarial accrued liabilities are amortized as a level percent of active member payroll at a rate designed to produce a projected funded ratio of at least 80% in 2042. These benchmarks are reviewed annually, and should the projected funded ratio be less than 60% in 2042 or projected to be less than 75% in 2042 following two consecutive annual actuarial valuations (70% following three consecutive annual actuarial valuations for MHSPRS), a contribution rate increase will be determined that is sufficient to generate a funded ratio of 85% in 2042. The employer contribution rate so computed, expressed as a percent of active member payroll, is designed to accumulate sufficient assets to pay benefits when due.

For MRS, as closed plans, with declining active and retired memberships, the contribution is determined as a percentage of each municipality's assessed property valuation that generates an ultimate asset reserve level equal to a reasonable percentage (100 to 150 percent) of the next year's projected benefit payments, with the objective of developing a pattern of contribution rates that will develop the required funds needed to meet the objective of paying all benefits when due with little, if any, residual asset value.

House Bill 1 increased the PERS member contribution rate from 7.25% to 9.0% (as a percentage of annual covered payroll) effective July 1, 2010. Employer contribution rate increases scheduled to go into effect July 1, 2011, were delayed six months. At its October 2010 scheduled meeting, the Board approved rate increases from 12 to 12.93 % for PERS-covered employers, 6.65 to 7.40 % for the SLRP and 30.30 to 35.21 % for the MHSPRS. However, in response to a request from leaders in the Mississippi Legislature, the Board of Trustees took action at its February 2011 meeting and the MHSPRS Administrative Board voted in March 2011 to delay any employer contribution rate increase until January 1, 2012. Effective July 1, 2012, the PERS employer contribution rate increased from 12.93% to 14.26% and the MHSPRS from 35.21% to 37.0%. Effective July 1, 2013, the PERS employer contribution rate increased from 14.26% to 15.75%. Beginning July 1, 2018, the MHSPRS employer contribution rate increased from 37.00% to 49.08% and effective July 1, 2019, the employers of PERS were required to contribute 17.40%, an increase of 1.65% over the previous rate.

PERS Contribution Rate Change

Source: System Actuarial Valuation Reports



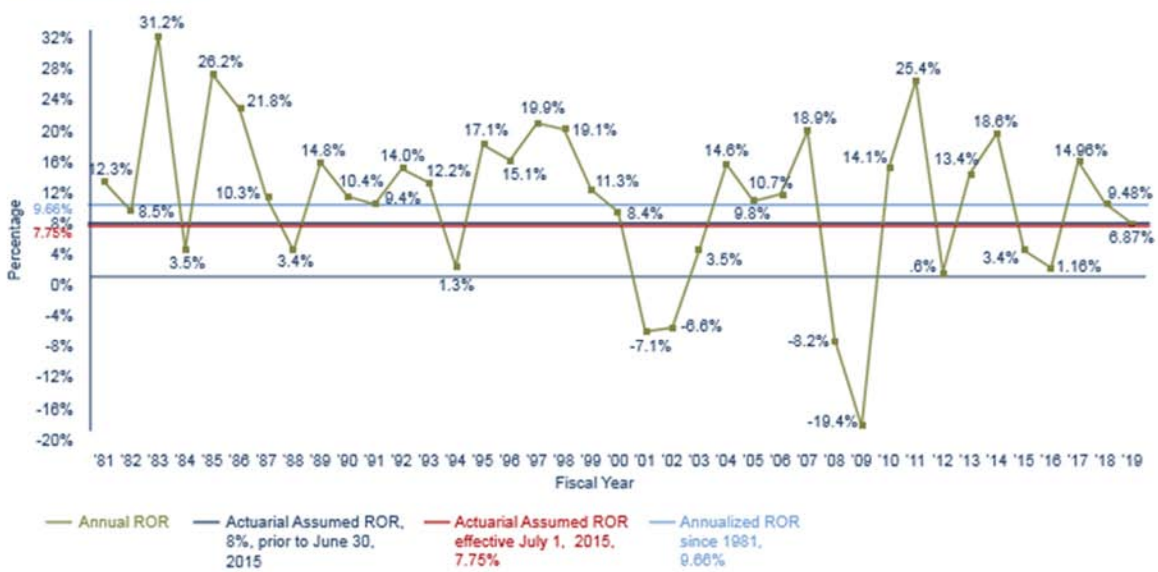
Effective Date	1/1/90 FY '90	7/1/91 FY '92	7/1/05 FY '06	7/1/06 FY '07	7/1/07 FY '08	7/1/09 FY '10	7/1/10 FY '11	1/1/12 FY '12	7/1/12 FY '13	7/1/13 FY '14	7/1/19 FY'20
Employer Rate	9.75%	9.75%	10.75%	11.30%	11.85%	12.00%	12.00%	12.93%	14.26%	15.75%	17.40%
Member Rate	6.50%	7.25%	7.25%	7.25%	7.25%	7.25%	9.00%	9.00%	9.00%	9.00%	9.00%

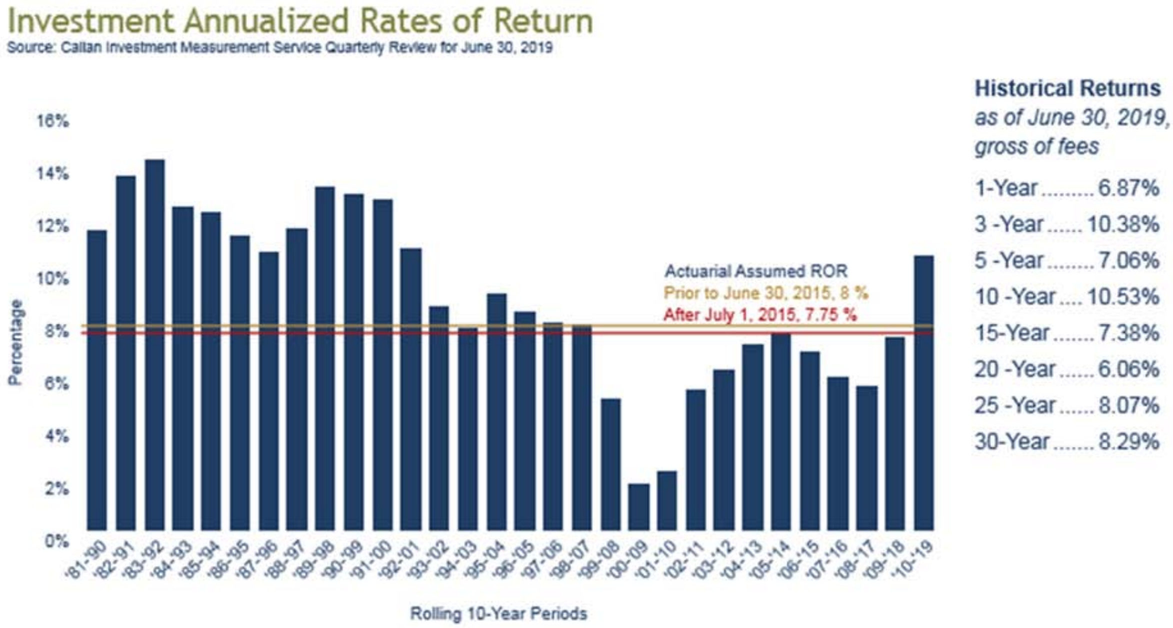
For fiscal year 2019, the combined net assets of all the defined benefit plans administered by PERS increased by $446 million, or 1.6%.

Annual Investment Rates of Return Since FY 1981

Source: PERS Annual Investment Report

PERS began equity investments in August 1980. This chart demonstrates the volatility in the markets and the need to focus on the long term.





At June 30, 2019, the plans' actuarial valuations reported the following pension benefit liabilities (in thousands).

	PERS	MHSPRS	SLRP
Total Actuarial Accrued Liability	$46,006,859	$541,925	$22,934
Less: Actuarial Value of Assets	28,024,611	362,591	18,428
Unfunded Actuarial Accrued Liability	$17,982,248	$179,334	$ 4,506

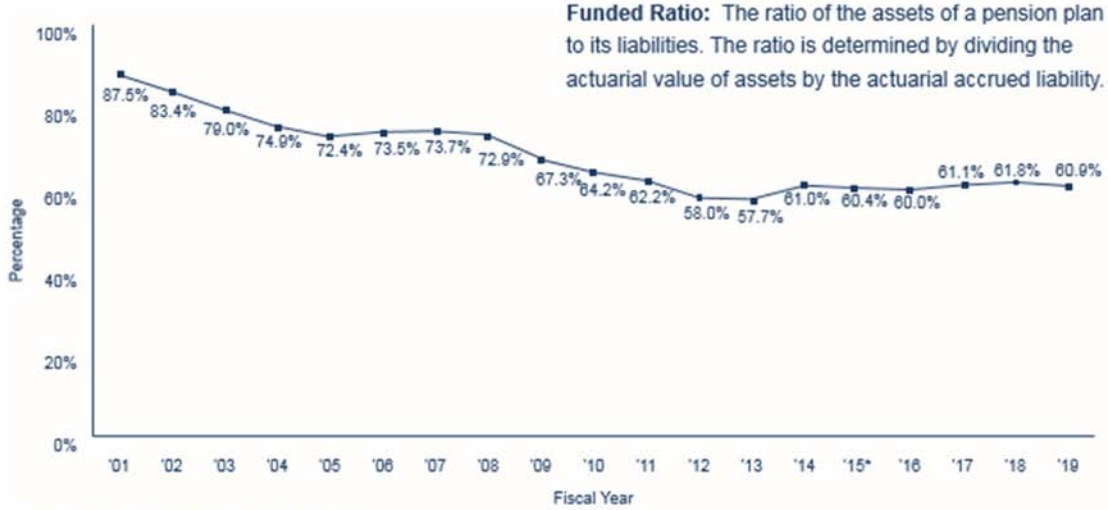
Funding policies for PERS, MHSPRS and SLRP provide for periodic employer contributions at actuarially determined rates that are adequate to accumulate sufficient assets to pay benefits when due. PERS, MHSPRS, and SLRP, were actuarially funded at 60.9%, 66.9%, and 80.4%, respectively as of June 30, 2019 with unfunded accrued liability amortization periods of 36.2, 17.7, and 22.9 years, respectively, using an open amortization approach.

In June 2018, the Board of Trustees adopted a revised and more comprehensive funding policy that added additional metrics for decision-making. Under the revised funding policy, PERS seeks to maintain an increasing trend in the funded ratio over the projection period with the ultimate goal of being 100.0% funded. The actuarial value of assets includes smoothing actuarial gains and losses over five years. The System incorporated the requirements of GASB Statement 67, *Financial Reporting for Pension Plans* beginning in its fiscal year-end 2014 financial reports which no longer requires a 30-year amortization period for the unfunded accrued liability.

PERS Funded Ratio

Source: System Actuarial Valuation Reports

Funded Ratio: The ratio of the assets of a pension plan to its liabilities. The ratio is determined by dividing the actuarial value of assets by the actuarial accrued liability.



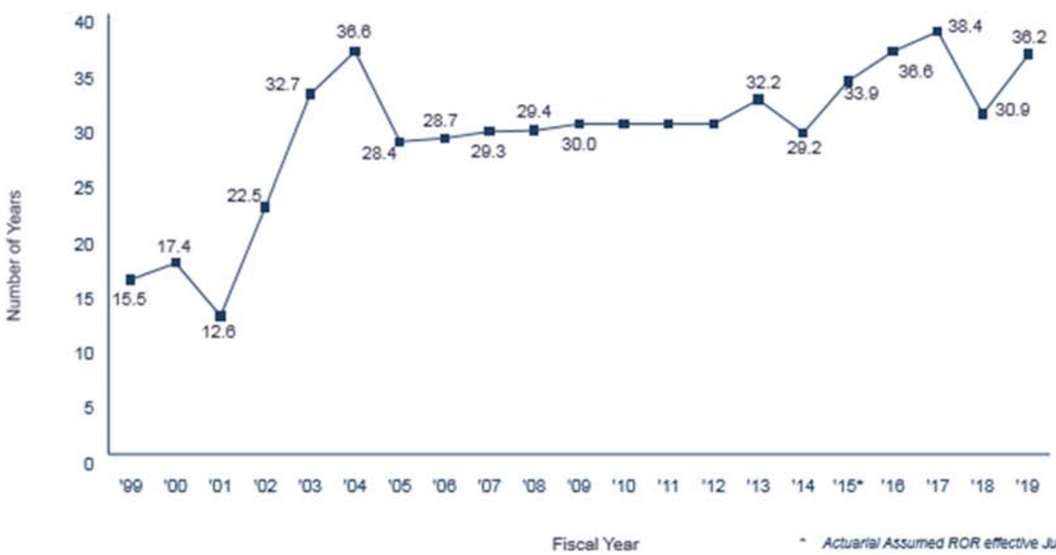
* Actuarial Assumed ROR effective July, 2015, 7.75%

PERS Amortization Period of Unfunded Accrued Liability

Source: System Actuarial Valuation Reports

Amortization: Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump-sum payment.

Unfunded Accrued Liability: The difference between the actuarial accrued liability and valuation of assets.



* Actuarial Assumed ROR effective July, 2015, 7.75%

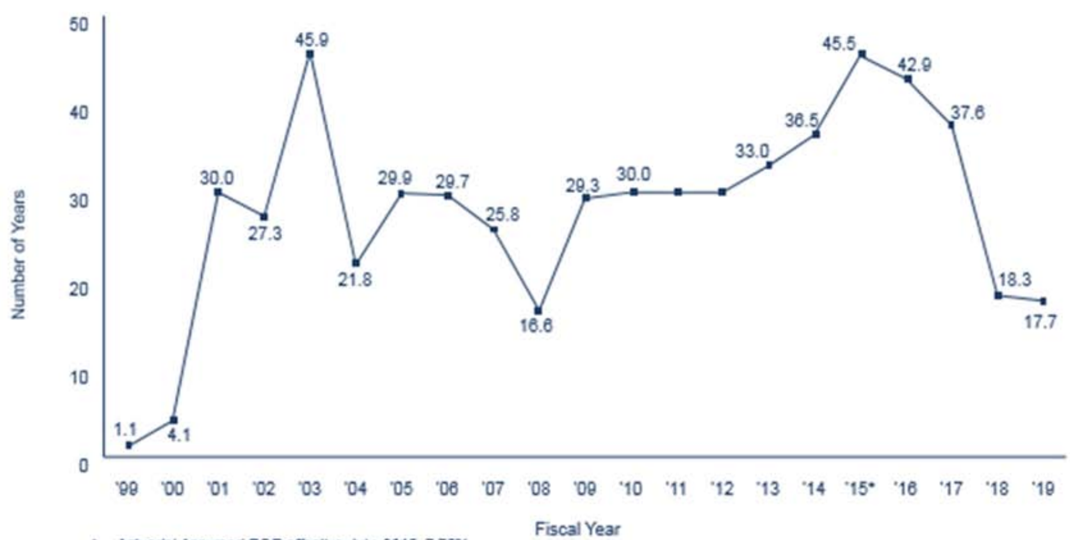
MS Highway Safety Patrol Retirement System (MHSPRS)

Source: System Actuarial Valuation Reports

Funded Ratio

* *Actuarial Assumed ROR effective July, 2015, 7.75%*

Amortization Period of Unfunded Accrued Liability

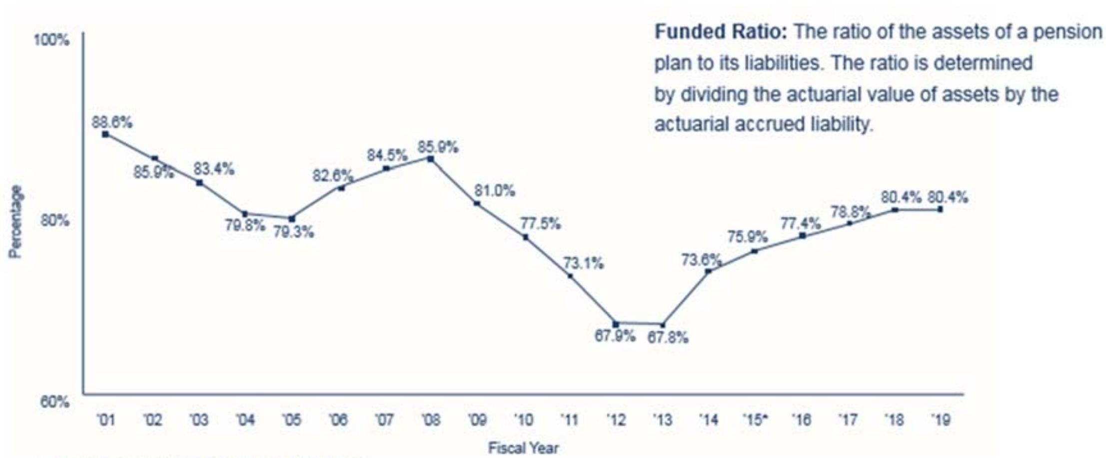


* *Actuarial Assumed ROR effective July, 2015, 7.75%*

Supplemental Legislative Retirement Plan (SLRP)

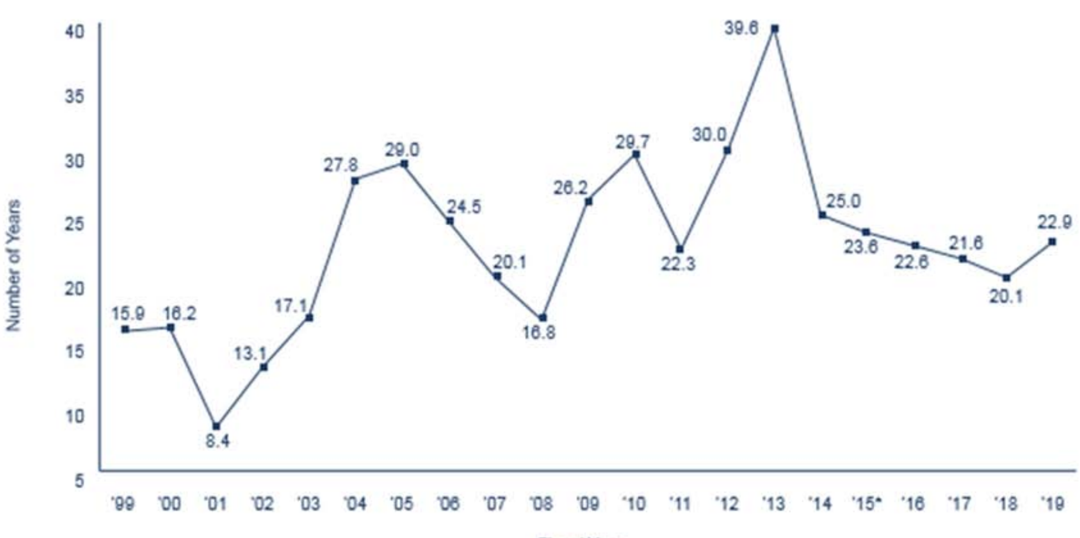
Source: System Actuarial Valuation Reports

Funded Ratio



* *Actuarial Assumed ROR effective July, 2015, 7.75%*

Amortization Period of Unfunded Accrued Liability



* *Actuarial Assumed ROR effective July, 2015, 7.75%*

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Fiscal Year Ended June 30 (In Thousands)

	2016	2017	2018	2019
Additions:				
Member Contribution	$ 574,963	$ 572,456	$ 573,310	$583,510
Employer Contributions	1,055,072	1,052,147	1,051,414	1,075,122
Total Contributions	1,630,035	1,624,603	1,624,724	1,658,632
Net Investment Income:				
Net Appreciation (Depreciation) in Fair Value	(335,671)	3,037,548	1,945,654	1,218,364
Interest and Dividends	538,894	539,547	569,743	604,825
Securities Lending				
Net Appreciation (Depreciation) in Fair Value	1,740	3,236	(2,888)	(381)
Interest Income on Securities Lending	23,152	37,318	65,666	93,633
Manager's Fees & Trading Costs	(89,116)	(95,916)	(105,462)	(104,675)
Interest Expense	(2,366)	(14,840)	(0)	(0)
Program Fees	(3,097)	(3,381)	(45,627)	(77,717)
Net Investment Income	133,536	3,503,512	2,427,086	1,734,049
Other Revenues	35	36	51	38
Total Additions (Reductions)	$1,763,606	$5,128,151	$4,051,861	$3,392,719
Deductions:				
Retirement Annuities	2,433,505	2,544,382	2,676,744	2,816,445
Refunds to Terminated Employees	113,010	113,868	124,427	108,058
Administrative Expenses	16,273	26,196	21,733	22,222
Total Deductions	$ 2,562,788	$ 2,684,446	$ 2,822,904	$ 2,946,725
Net Increase (Decrease) in Plan Net Assets	(799,182)	2,443,705	1,233,117	445,994
Net Assets held in Trust for Pension Benefits Beginning of Year	25,416,205	24,617,023	27,060,728	28,293,845
End of Year	$24,617,023	$27,060,728	$28,289,685	$ 28,739,839

Source: State Auditor and Public Employees' Retirement System.

ORGANIZATION OF STATE GOVERNMENT

The State Constitution separates the legal powers of State government into three distinct branches, the legislative, the executive and the judicial.

Legislative Branch

Legislative power is vested in the Senate and the House of Representatives, which jointly comprise the Legislature of the State. The Senate is composed of 52 members, and the House of Representatives consists of 122 members. Each member of each chamber is elected to a four-year term.

The Legislature convenes annually on the first Tuesday after the first Monday in January. Regular sessions last 90 days in all years of an administration except for the first session after a new governor has been elected, when a 125-day session is held, which last occurred in January 2016. Any regular session may be extended by a concurrent resolution adopted by a 2/3 vote of the membership of both the House and the Senate. The Governor may convene the Legislature by a proclamation whenever, in the Governor's opinion, the public safety or welfare requires it, or upon written application of 3/5 of the members of each legislative body. The

Legislature has the authority to enact legislation to complement the constitutional duties and powers of the executive branch of government.

Executive Branch

The Governor is vested with the chief executive powers of the State. The Governor is elected to a four-year term and may be elected for one additional four-year term. The Governor recommends to the Legislature, by message at the commencement of each session, the passage of such measures as the Governor deems appropriate; appoints, by and with the advice and consent of the Senate, certain officers of State government; may remit fines and penalties; grant reprieves, commute sentences, and grant pardons and paroles after convictions; and is Commander-in-Chief of the military forces of the State and, as such, may call out the National Guard to enforce laws, suppress insurrections and repel invasion.

Specific administrative functions are performed by the other statewide elected officials: the Lieutenant Governor, the Secretary of State, the Attorney General, the State Treasurer, the State Auditor, the State Insurance Commissioner and the State Commissioner of Agriculture and Commerce. For example, legal services are provided by the Attorney General; audit functions are performed under the direction of the State Auditor; and the Secretary of State maintains official records of the State, regulates the securities industry in the State and performs other statutory duties.

Other activities of State government are conducted through various boards and commissions created by the Legislature and accountable to either or both the legislative and executive branches. These include, among others:

(1) The Department of Transportation includes the State Highway Department, the Aeronautics and Rail Division, the weight inspection stations and portable scales from the Department of Revenue and the State Aid Engineer and the Division of State Aid Road Construction. The three elected members of the Mississippi Transportation Commission (one from each Supreme Court District of the State) select an executive director who serves as the administrative head of the Department of Transportation. The primary responsibilities of the department are the maintenance of highways and roads within the State and to promote the coordinated and efficient use of all available and future modes of transportation, to study means of encouraging travel and transportation of goods by the combination of motor vehicle and other modes of transportation. For operational purposes, the department is divided into six districts with maintenance and construction engineers in each district. However, certain functions, such as right-of-way acquisition, relocation assistance, bridge design, property control, research and development and testing are controlled at the departmental level. Other transportation related agencies are the Department of Public Safety and the Public Service Commission.

(2) Mississippi has a number of agencies that perform activities related to public health and welfare. Among those agencies are the State Department of Health, the Department of Human Services, the Department of Rehabilitation Services, the Division of Medicaid, Child Protective Services and the Parole Board. The Department of Health administers programs involving disease control, family health and environmental health. It also inspects sewer and water facilities, factories, food processing plants and conditions in State institutions. The Department of Human Services administers assistance payments to families of dependent children and makes determination of Medicaid eligibility. Additional services are provided through the Child Support, Food Assistance, Child Protective Services and Social Services Programs. The Office of Child Protective Services investigates reports of child abuse and administers the State's foster care system. The Division of Medicaid, within the Office of the Governor, administers the activities of all health-related programs under Title XIX of the Social Security Act.

(3) The construction, maintenance and repair of State buildings are administered by the Office of Building, Grounds and Real Property Management, within the Department of Finance and Administration. In order to fulfill its responsibilities, pursuant to authority granted by the Legislature, the Office of Building, Grounds and Real Property Management has the authority to acquire real and personal property by lease or purchase and to exercise the right of eminent domain. Short and long-range public plans are subject to the approval of the Public Procurement Review Board of the Department of Finance and Administration.

(4) Under the supervision of three-elected commissioners, one from each Supreme Court district of the State, the Public Service Commission supervises and regulates various activities of utilities and motor carriers operating within the State. It has the authority and responsibility of prescribing rates and charges that will allow the utilities a fair and reasonable rate of return on investment under efficient operating conditions while

protecting at all times the interest and welfare of the public. In the case of motor carriers, the Public Service Commission is charged with the responsibility of enforcing the provisions of the Motor Regulatory Act of 1938 on a fair and equitable basis by assuring that proper tags are purchased, that proper commodities are transported at proper rates, that franchise provisions are strictly adhered to and that each carrier has full and adequate insurance coverage.

Judicial Branch

The Judicial Branch of State government consists of a Supreme Court, a Court of Appeals, Chancery District Courts and Circuit District Courts. The Supreme Court is an appellate court with members elected from three districts for terms of eight years. The Court of Appeals is an intermediate appellate court comprised of ten appellate judges, two elected from each congressional district, to serve for a period of eight years. There are 20 Chancery District Courts and 22 Circuit District Courts in the State, subject to change by the Legislature, with judges elected from each district for terms of four years. County Court judges in certain counties, and Justice Court judges in every county, are elected for four-year terms.

Local Governments

County and municipal governments and other political subdivisions have no sovereign powers in the State. In the State's counties and municipalities, the major sources of revenues are shared revenues from sales taxes and property taxes assessed on all local real and personal property, subject to certain exemptions. State agencies, however, provide various important services to political subdivisions, including the following: the State Department of Health works in an advisory capacity with local health departments; the State Department of Education provides guidance and aid for county and municipal Superintendents of Education; the Department of Transportation provides funding and technical assistance for county and urban road and bridge construction; and MDA is authorized to provide many economic development services.

EDUCATION

Elementary/Secondary Education

Public Education in Mississippi has seen dramatic changes during the past 30 years, with the 1982 Education Reform Act serving to trigger much of that change. A statewide core curriculum has also been established, outlining objectives school districts are expected to include in their instruction. The State has been a leader in developing a performance-based accreditation model, with both schools and districts receiving an annual accreditation level. The State is home to the Mississippi School for Mathematics and Science, the fourth of its kind in the nation when it opened in 1988, which provides intensive training in math, science and technology to certain high school juniors and seniors. The Mississippi School of Fine Arts, which opened in the fall of 2003, offers certain high school juniors and seniors training in the various fine arts. During the 2018-2019 school year, public elementary schools (K-6) enrolled 262,105 students and public secondary schools enrolled 208,563 students. The enrollment for public elementary and secondary students was a combined total of 470,668 students. The State's public schools employed 31,657 full-time equivalent classroom teachers. State and local boards of education are responsible for governing public elementary and secondary education. At the State level, a nine-member State Board of Education administers these responsibilities. The State Superintendent of Education, appointed by the State Board of Education, serves as its secretary and chief operating officer.

Community Colleges

The State was the first state to establish a system of public two-year colleges and has 15 community colleges located on 34 campuses and centers in every area of the State. These two-year institutions offer university level courses of study as well as vocational and technical programs. There is a wide variety of specialized programs for industry start-up and industry training, which are offered Statewide. Total headcount enrollment (unduplicated) at the public community and junior colleges for 2018-2019 school year was 71,105. Public community colleges are governed by local boards of trustees, with State coordination by a ten-member State Board for Community and Junior Colleges.

Universities and Colleges

Eight institutions of higher learning are supported by the State (included in this number is the University of Mississippi Medical Center whose numbers are reflected within those for the University of Mississippi). These institutions offer courses and programs statewide. The 2018-2019 academic year enrollment in the State supported institutions of higher learning was approximately 79,193. The State's eight institutions of higher learning are administered by a 12-member Board of Trustees of State Institutions of Higher Learning and a Commissioner of Higher Education.

THE ECONOMY

Location and Geography

The State is centrally located in the southern region of the United States of America. It is bounded on the east by Alabama, on the north by Tennessee, on the west by the Mississippi River, which separates it from Arkansas and Louisiana, and by Louisiana and the Gulf of Mexico on its southern boundary. The State encompasses 47,715 square miles and ranks 32nd in physical size among the states. Jackson, located in the central part of the State, is the capital and the largest city.

The State has a temperate to subtropical climate. The temperature ranges from a high mean temperature throughout the State of 84.5 degrees during July to a low mean temperature of 45.6 degrees in January. The State has an average rainfall of 53.9 inches. The topography of the State ranges from flat to hilly, with a maximum elevation of 806 feet in the northeastern corner of the State.

The State's Economy (as of May 31, 2020)

According to the Bureau of Economic Analysis ("BEA"), the State's economy grew 1.3% in 2018 and 2019. These back-to-back growth rates were the strongest growth since 2008. The growth in 2018 marked the first time that growth exceeded 1.0 percent in the State since the Great Recession. Nonfarm employment was up 0.4% in 2019 while nominal total personal income was up 3.7% for the same period.

Data for the first couple of months of 2020 suggested that the State was continuing a pattern of growth. The Mississippi Index of Leading Economic Indicators was up 1.1 over the year ago in February. Employment for January and February was up a somewhat modest 0.2%, but inflation adjusted withholdings for the first quarter showed a 5.6% growth over the same period of 2019, suggesting robust income growth. Initial unemployment claims were low, and the unemployment rate was 4.5%. Expectations of the State's economist were for the State to again see above 1.0% growth in 2020.

The COVID-19 Pandemic and the accompanying government response slowed economic activity substantially for the nation and the State. In April, Mississippi nonfarm employment declined 113,900 from the level in March. Every sector, with the exception of the federal government, saw marked declines for the month. Weekly initial unemployment claims rose to over 45,000, an unprecedented occurrence. Likewise, weekly continued claims exceeded 200,000. The data shows the economy has begun to improve as lockdown orders were lifted. Employment rose over 30,000 in May relative to April. Weekly Initial and continued unemployment claims are trending down even as they remain above historical levels. The unemployment rate fell to 10.6% in May from 16.3% in April.

Prior to the COVID-19 Pandemic, transfers to the General Fund were relatively strong. Through March, transfers to the FY 2020 General Fund were up 4.8% above the estimate and 4.5% above a year ago, not including settlements and other non-budgetary transfers. Much of the growth was attributed to corporate and individual income tax revenue. As a result of the COVID-19 Pandemic, on June 15, 2020, the Joint Legislative Budget adopted a revised FY 2020 General Fund estimate and also a FY 2021 General Fund Estimate. See "FISCAL OPERATIONS OF THE STATE - COVID-19 Pandemic" herein.

Short-Term Outlook

BEA reports the national economy contracted 5.0% in the first quarter of 2020 (annualized quarterly growth). The contraction was due to widespread shelter-in-place orders in March and April in response to the COVID-19 Pandemic. This resulted in a recession beginning in March 2020 according to the National Bureau of Economic Research ("NBER"). Currently, Real GDP is expected to decline an annualized 41.9% in the second quarter. Many economists believe growth resumed in May, making the 2020 recession the shortest on record, although the NBER has not yet made that declaration. Growth is expected to be robust in the second half of 2020. However, the depth of the recession, along with the weak global economy, suggests full recovery will not occur until 2022.

The Mississippi economy is expected to follow a similar pattern as that of the nation. Growth is expected to resume in the third quarter and continue and strengthen going into 2021. Full recovery from the COVID-19 Pandemic could take longer for the State than the nation. In the two previous recessions, the State showed slower recovery than the nation, growth only slightly above inflation. See "FISCAL OPERATIONS OF THE STATE – COVID-19 Pandemic" herein.

State Economic Structure

About 83% of the State's roughly 1.1 million wage and salary workers are in service-producing industries and the remaining 17% are employed in goods-producing industries. Almost 78.6% of total nonfarm employment is in the private sector while government employs the remaining 21.4%. Nationally, the government represents slightly more than 15.5% of the workforce. Mississippi also depends relatively more on the manufacturing sector than the U.S. with 12.4% of employment concentrated in manufacturing compared to the national average of slightly less than 8.5%. Because of the strong linkages to the rest of the economy, the manufacturing sector is a driver of significant economic activity in other sectors in the State as well.

Economic Development

MDA was created to improve the quality of life for Mississippians through the creation of productive employment opportunities and the enhancement of the State's tax base. To accomplish its mandate, MDA concentrates on recruiting new industries into the State, encouraging expansion of existing industries, expanding world markets for State products, seeking international business investment, assisting in the development of minority businesses, and providing training and retraining programs for the State's work force to meet the needs of today's business.

A variety of services are available to individuals and businesses to stimulate jobs and income growth in the State. MDA provides financial, management and technical assistance services. Some of these include tax incentives, loan programs and bond financing programs for industries, small businesses and agribusinesses.

Banking and Finance

There are 71 financial institutions in the State, consisting of 7 national chartered commercial banks, 4 federal chartered thrifts, and 60 state-chartered commercial banks. The total number of branch offices in the State is 1,150. Combined assets for these 71 financial institutions as of December 31, 2019 totaled $111,055,136,000.

There are 4 banks with assets exceeding $10 billion. Three of these four are state chartered. Hancock Whitney Bank is the largest financial institution based in the state and has assets of over $30 billion.

There are 9 financial institutions with assets less than $10 billion, but greater than $1 billion. Total assets for the 13 largest institutions are $95,891,565,000. This represents approximately 86% of banking assets in the State. Average asset growth for the 13 largest institutions over the past three years is 4%.

Manufacturing

Approximately 177,800 people are employed in more than 1,960 manufacturing facilities. About one-fourth of these facilities have 100 or more employees and account for 80% of all manufacturing workers. The State has twenty-two (22) manufacturing companies with 1,000 or more employees.

Every county in the State has a manufacturing facility. Hinds County has the largest number of manufacturing plants followed by Lee, Rankin, DeSoto and Harrison counties. The leading product groups in the State are apparel, electrical machinery and equipment, food products, furniture and fixtures, lumber and wood products and transportation equipment.

In November 2000, Nissan North America, Inc. ("Nissan") announced the location of a $930 million automobile manufacturing facility in Madison County, Mississippi. In June 2002, while the original facility was still under construction, Nissan announced that it would expand the facility to 2.5 million square feet with an additional investment of $500 million. When the plant began production, 2,040 people were employed and has grown to present employment of approximately 6,400. The 4.7 million-square-foot plant has a capacity to produce 450,000 vehicles per year.

In March 2007, Toyota Motor Engineering & Manufacturing North America, Inc. ("Toyota") announced its plans to locate a new manufacturing plant near the town of Blue Springs, Mississippi. Toyota directly employs approximately 2,000 and represents an $800 million investment. Since the plant began production during November of 2011, Mississippians have been successfully producing Toyota's best-selling model, the Corolla, for the U.S. and international markets and is at full production today. In April 2018, Toyota announced the company was investing $170 million and creating 400 new jobs to support production of the 12th generation Corolla using Toyota New Global Architecture.

Huntington Ingalls Industries is the State's largest manufacturing employer through its shipyards located in Pascagoula and Gulfport. With current employment above 12,000, Huntington Ingalls Industries has an annual payroll of approximately $580 million. The company develops and produces technologically advanced warships for the United States Navy, Coast Guard, Marine Corps and for foreign and commercial customers. It has operated in the State since 1938.

PACCAR, a global leader in the design and manufacture of premium light-, medium- and heavy-duty trucks, constructed its newest engine manufacturing and assembly plant on a 394-acre site in Lowndes County.

Yokohama selected the city of West Point as the location for its new tire manufacturing facility and opened the $300 million commercial truck tire facility October 5, 2015, just a little over 24 months after breaking ground on the site. The modern, one-million-square-foot facility located on more than 500 acres of land has hired more than 600 employees. The company plans to produce up to one million tires annually when running at full capacity.

Continental Tire the Americas, LLC, constructed its commercial vehicle tire manufacturing plant in Hinds County and has committed to investing $1.45 billion and creating 2,500 jobs. Continental held its grand opening in October 2019.

The employment numbers sited above do not include any reduction in employment resulting from the COVID-19 Pandemic.

Tourism and Gaming

Since 1992, the total capital investment in the State by the gaming industry has exceeded $4.5 billion. The gross gaming revenues for the 28 State-licensed casinos in fiscal year 2018 was $2,075,714,907.17 and for the 28 State-licensed casinos in fiscal year 2019 was $2,167,251,308.09. The State's gaming industry reported 29,184 State-licensed and casino hotel employees as of March 31, 2020. In addition, the Mississippi Band of Choctaw Indians employs an estimated 2,700 workers at its casino hotels.

According, to the Mississippi Department of Revenue, gross gaming revenues for July 1, 2019 through March 30, 2020 were $1,556,036,873.21. See "DEBT STRUCTURE AND CHARACTERISTICS – Revenue Bonds."

Due to the COVID-19 Pandemic, the Mississippi Gaming Commission closed all casinos in the State effective Tuesday, March 17, 2020. The casinos began reopening on Thursday, May 21,2020. The Mississippi Gaming Commission reported a total revenue of $33,912,761 statewide from May 21, 2020 to May 25, 2020. That was $5 million more than casinos brought in during the Memorial Holiday weekend in 2019, which saw a total of $28,913,421.

Agriculture and Forestry

Agriculture is one of the State's leading industries, employing approximately 29% of the State's workforce either directly or indirectly. Agriculture in the State is a $7.72 billion industry. There are approximately 34,700 farms in the State covering 10.4 million acres. The average size farm is composed of 299 acres. Agriculture makes a significant contribution to all 82 counties. The primary agricultural products in Mississippi are poultry, forestry, soybeans, cotton, corn, rice, cattle and calves, catfish, sweet potatoes, rice, hay, horticulture crops, hogs, milk, peanuts, wheat, and grain sorghum.

Forestry and forestry products contribute a total impact of $12.8 billion to the State's economy. 19.4 million acres or about 63% of the total land in the State is devoted to forest production. Mississippi ranks number one in the nation in the number of certified tree farms with more than 3,200. The forestry sector, which includes pulp mills, paper mills, wood furniture, employs 5% of the State's manufacturing workforce totaling almost 70,000 jobs.

Construction

The construction industry plays a powerful role in sustaining economic growth, in addition to producing structures that add to productivity and quality of life. In 2018, construction contributed $4.2 billion (3.7%) of the State's GDP of $114 billion, making construction's contribution to the State's GDP less than the industry's 4% share of United States GDP. Private non-residential construction spending in the State totaled $677 million in 2018 while nonresidential starts in the State totaled $2.2 billion in 2018, according to ConstructConnect. Construction employment in July 2019 totaled 44,400 an increase of 1.6% from July 2018. Construction worker's pay in the State averaged $50,325, 29% more than all private sector employees in the State.

During the period 2014 through 2019, building permits issued for residential construction averaged 7,000 annually, with an average annual valuation of $1,163 billion. The following chart presents annual data for residential building activity for the past 10 years.

RESIDENTIAL CONSTRUCTION BUILDING ACTIVITY
(Valuation in Millions)

Calendar Year	Building Permits(In Thousands)	Privately-Owned Housing Units Valuation (In Millions)	Contract Construction Employment (In Thousands)
2010	4.8	646.3	50.2
2011	5.3	724.1	49.6
2012	6.0	836.5	45.8
2013	6.8	956.1	49.6
2014	6.9	1,033.1	49.0
2015	6.8	1,078.1	47.4
2016	6.9	1,181.9	45.3
2017	7.5	1,255.3	43.3
2018	6.9	1,193.5	45.1
2019	6.9	1,240.8	45.7

Source: University Research Center, the U.S. Department of Commerce, Bureau of the Census, Building Permits Branch and the Bureau of Labor Statistics, Associated General Contractors of America, Mississippi Department of Employment Security.

Transportation

The Mississippi Department of Transportation ("MDOT") is the lead agency to meet the transportation needs of the State. MDOT is committed to providing a transportation system - a network of highways, airports, public transit systems, ports, weight enforcement offices and rail systems - that will provide for the safe and efficient movement of people and goods. Much of the success of the transportation system can be attributed to the AHEAD program enacted in 1987, which promises to link every Mississippian to a four-lane highway within 30 miles or 30 minutes. In the spring of 2002, the Mississippi Legislature enacted Vision 21 - MDOT's Proposed Highway Program for the 21st Century. This pay-as-you-go highway program has been and will continue to upgrade existing roadways or build new highways where they are needed most, without burdening the public with new taxes.

The State's 81 public and private airports provide facilities for both commercial and private aircraft and play a vital part in the economic development of the small communities in the State. The mission of the MDOT Aeronautics Division is to assist airport owners in developing a safe and effective air transportation system in the State.

The State's public ports continue to play a vital role in the State's transportation system and the State's economy. Currently, there are 16 public ports in the State which include the State controlled Port of Gulfport in Harrison County, the largest port, and Yellow Creek State Inland Port in Tishomingo County. The Port of Pascagoula, an agency of Jackson County, is the second largest port in the State. The remaining 13 ports are locally owned and operated. These ports contribute $1.4 billion to the State economy, representing almost 3% of the State's GDP and including some 34,000 direct and indirect jobs paying $765 million in wages and salaries.

On average, over 47.7 million tons of cargo moved through the public and private terminals within the State's ports annually.

Mississippi has approximately 2,500 miles of mainline railroad providing service between major centers throughout the State. This mileage is comprised of five Class-I Railroads (large rail systems extending from the Gulf of Mexico into Canada) and twenty-two Class II/III Railroads (local and regional rail systems) utilizing the Mississippi Rail System.

During the First Extraordinary Session of 2018, the Mississippi Legislature passed legislation which is estimated to provide $220 million or more annually for infrastructure projects throughout the State. The infrastructure funding will be generated by diverting a portion of State use tax collections to local governments for the construction of roads and bridges, funded by revenue from sports betting, a State Lottery and appropriating the remaining BP Settlement funds. Additionally, the Mississippi Legislature authorized up to $300 million of revenue bonds for infrastructure projects administered by MDOT ($250 million) and the Mississippi Department of Finance and Administration ($50 million).

Population

According to the 2010 Census, the population of the State was 2,967,297.

TOTAL RESIDENT POPULATION FOR MISSISSIPPI AND THE UNITED STATES
(In Thousands)

Calendar Year	Mississippi Population	Percent Change	United States Population	Percent Change
1970	2,217	1.80%	203,302	13.40%
1980	2,521	13.70	226,546	11.40
1990	2,577	2.10	249,440	10.10
2000	2,844	10.36	282,224	14.30
2001	2,856	.25	285,318	1.10
2002	2,863	.25	288,369	1.10
2003	2,874	.40	290,810	1.00
2004	2,893	.66	293,655	1.00
2005	2,908	.52	296,410	.93
2006	2,911	.10	299,398	1.00
2007	2,919	.27	303,809	1.47
2008	2,939	.69	305,800	1.00
2009	2,951	.40	307,007	.40
2010	2,967	.54	308,746	.60
2011	2,979	.40	311,592	.92
2012	2,985	.20	313,914	.75
2013	2,991	.20	316,129	.71
2014	2,994	.10	318,857	.87
2015	2,993	.03	321,419	.80
2016	2,988	.17	323,128	.53
2017	2,984	.13	325,719	.80
2018	2,987	.10	327,167	.44
2019	2,976	.36	328,239	.32

Source: U.S. Department of Commerce, Bureau of the Census www.census.gov/quickfacts/fact/table/US,MS/PST045219.

MISSISSIPPI RESIDENT POPULATION CHARACTERISTICS AND PERCENTAGE CHANGE BY CENSUS PERIOD (In Thousands of People)

Sector	1990	2000	2010	%Change 1970-1980	%Change 1980-1990	%Change 1990-2000	%Change 2000-2010
Urban	1,213.8	1,388.6	1,331.0	20.7%	1.6%	14.4%	(4.1)%
Rural Non-farm	1,307.2	1,409.7	1,591.1	28.4	5.0	7.8	12.9
Rural Farm	56.2	46.4	45.2	(67.6)	(33.7)	(17.4)	(2.6)
TOTAL/AVERAGE	2,577.2	2,844.7	2,967.3	13.6%	2.1%	10.4%	4.3%

Source: U.S. Department of Commerce, Bureau of the Census.

Employment

The service producing industries are the leading employers within the State employing 969,800 people or 83% of total non-agricultural employment as of June 2019. Other large employment sectors are government, trade and transportation, and manufacturing with each employing 239,000, 233,600, and 147,500, respectively, as of June 2019. Within the goods producing industry, the durable goods segment of the industry employed 97,200 and the nondurable goods segment employ 50,300. The leading manufacturers by product category are transportation equipment which includes ship building (45,000), food manufacturing (24,400) and furniture manufacturing (17,900). Although its importance has declined, agriculture continues to contribute significantly to the State's economy. The total employment in agriculture as of June 2019 was 28,100.

TEN LARGEST MISSISSIPPI MANUFACTURING EMPLOYERS(1)(2)(3)

Manufacturer	Major Product	2019 Employment
Huntington Ingalls Industries	Ship Building	12,500
Nissan North America	Automobile Assembly	6,000
Sanderson Farms, Inc.	Processed Poultry	4,145
Ashley Furniture Industries	Furniture Manufacturing	3,510
Cal-Maine Foods, Inc.	Eggs	3,500
Koch Foods of Mississippi, LLC	Poultry Processing	3,023
United Furniture Industries	Furniture Manufacturing	2,840
Howard Industries	Electronics	2,800
Tyson Foods Inc. - Forest	Processed Poultry	2,330
Southern Motion, Inc.	Furniture Manufacturing	2,185

(1) Number of employees is based on an annual estimate by each employer as a part of a survey conducted by MDA and reflects actual direct employees without contractors or temporary workers employed by a third party.

(2) The employment numbers sited above do not include any reduction in employment resulting from the COVID-19 Pandemic.

(3) Many of these employers have suffered layoffs and furloughs as a result of the COVID-19 Pandemic.

Source: Mississippi Development Authority, Existing Industry and Business Division,

Mississippi Business Journal.

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RECENT MISSISSIPPI LABOR FORCE STATISTICS
(In Thousands of People)

Year/ Month	Civilian Labor Force	Total Employed	Unemployment Rate
2000	1,326.4	1,251.1	5.7
2001	1,305.3	1,233.9	5.5
2002	1,298.0	1,209.8	6.8
2003	1,312.1	1,229.0	6.3
2004	1,330.2	1,248.1	6.2
2005	1,343.2	1,237.2	7.9
2006	1,316.5	1,220.5	7.3
2007	1,317.9	1,234.1	6.4
2008	1,326.6	1,234.3	7.0
2009	1,300.3	1,176.8	9.5
2010	1,575.6	1,411.3	10.4
2011	1,344.6	1,203.6	10.5
2012	1,336.9	1,216.3	9.0
2013	1,299.1	1,194.2	8.7
2014	1,228.2	1,135.5	7.6
2015	1,163.6	1,187.3	6.5
2016	1,286.1	1,208.5	6.0
2017	1,289.7	1,225.1	5.0
2018	1,275.6	1,215.0	4.8
2019	1,275.9	1,206.7	5.4
2020			
Jan	1,279.3	1,209.5	5.5
Feb	1,276.5	1,208.0	5.4
March	1,267.1	1,202.8	5.1
April	1,197.9[1]	1,002.5[1]	16.3[1]
May	1,209.2[1]	1,080.8[1]	10.6[1]

(1) Preliminary.
Source:U.S. Department of Labor Bureau of Labor Statistics, May 2020.

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MISSISSIPPI ANNUAL EMPLOYMENT STATISTICS
(In Thousands of People)

	2015	2016	2017	2018	2019
Civilian labor force	1,267.7	1,280.4	1,280.0	1,275.7	1,276.1
Total employment	1,188.1	1,205.8	1,215.1	1,215.0	1,206.9
Agricultural[1]	32.6	32.3	32.4	32.3	28.1
Non-agricultural	1,126.8	1,150.4	1,152.2	1,154.8	1,156.1
All Other	28.7	23.1	30.5	27.9	22.5
Unemployment Rates					
Mississippi	6.3	5.8	5.1	4.8	5.4
United States	5.1	4.9	4.4		3.8
By Place of Employment					
Non-Agricultural	1,126.8	1,150.4	1,152.2	1,154.8	1,156.1
Manufacturing	140.8	143.1	144.0	144.9	146.9
Durable goods	93.6	95.0	94.9	95.3	97.3
Wood Product	8.5	8.9	9.0	9.2	9.2
Furniture & Related Products	18.4	18.9	18.9	18.4	18.4
Metal Products	9.7	10.0	9.9	10.1	10.3
Machinery Manufacturing	12.3	11.8	12.4	12.5	12.9
Electrical Equipment & Appliance	6.4	6.4	6.5	6.5	6.5
Transportation Equip[2]	46.8	45.2	45.6	45.4	45.4
Nondurable goods	47.2	48.1	48.2	49.5	49.6
Food	22.0	23.0	24.1	23.9	24.0
Paper	3.6	3.9	4.0	4.1	4.1
Plastics & Rubber	6.1	6.8	7.0	7.4	7.2
Service Producing					
Industries	932.1	955.7	950.5	959.3	958.0
Mining[3]	8.6	6.8	6.9	6.9	6.9
Construction	45.3	44.8	43.3	43.7	44.3
Information	13.5	12.1	11.6	11.0	10.9
Trade & Transportation	221.7	228.5	231.6	231.1	229.4
Financial Activities	44.4	44.0	44.1	44.5	44.4
Government	245.3	247.8	242.6	241.3	244.3
Education & Health Services[4]	135.5	141.0	144.2	145.0	147.0
Leisure & Hospitality	131.6	134.1	135.1	135.5	133.7
Professional & Business	102.5	108.0	108.2	109.8	107.9
Other Services	37.6	40.2	40.3	41.3	40.4

(1) Mississippi Agricultural Statistics.

(2) Motor Vehicle Parts, Ship and Boat Building.

(3) Natural Resources and Mining.

(4) Education, Health Care and Social Assistance.

Source: Mississippi Department of Employment Security, State & Metro Trends, www.mdes.ms.gov December 2019.

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Income

Services, government, trade and transportation, and manufacturing employment represent the largest components of earned personal income in the State.

COMPARISON OF MISSISSIPPI AND UNITED STATES PER CAPITA INCOME

Year	Mississippi	United States	Mississippi as a Percentage of United States
2004	24,650	32,937	74.8
2005	25,318	34,586	73.2
2006	26,535	36,276	73.1
2007	28,845	38,611	74.7
2008	29,922	39,928	74.9
2009	30,103	39,138	76.9
2010	31,186	40,584	76.8
2011	31,882	41,415	77.0
2012	33,657	43,735	77.0
2013	34,478	44,543	77.4
2014	34,333	46,129	74.4
2015	34,771	47,669	72.9
2016	35,936	49,571	72.5
2017	36,346	50,392	72.1
2018	37,994	53,712	70.7
2019	39,368(1)	56,663(1)	69.0(1)

(1) Preliminary

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, last updated March 2020, www.bea.gov/data/income-saving/personal-income-by-state.

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MISSISSIPPI GROSS TAXABLE SALES[1]
For Fiscal Year Ended June 30
(In Millions of Dollars)

Industry Group	2014	2015	2016	2017	2018	2019
Agriculture, Forestry, Fishing and Hunting	$ 11.4	$ 11.8	$ 16.6	$ 18.5	$ 23.0	20.0
Mining, Quarrying, and Oil & Gas Extraction	412.7	398.3	170.3	156.3	169.7	225.0
Utilities	1,439.0	1,271.3	1,147.2	1,126.9	1,196.3	1,187.0
Construction	5,716.0	5,461.1	4,994.2	5,271.2	5,065.0	5,543.9
Manufacturing	896.0	783.1	797.1	806.5	871.3	892.3
Retail Trade	25,048.8	25,605.0	26,582.7	26,554.2	28,201.4	27,161.9
Wholesale Trade	3,658.2	3,624.3	3,577.7	3,772.2	3,872.3	4,082.3
Information	2,635.7	2,706.5	2,696.7	2,666.3	2,602.4	2,616.5
Professional, Scientific & Technical Services	147.0	162.6	191.1	186.0	195.3	203.6
Management of Companies & Enterprises	.3	.3	.2	.8	.3	.6
Administrative, Support, Waste Management	335.2	361.7	391.2	411.4	438.0	439.6
Educational Services	4.6	.1	.1	.1	.7	.1
Health Care & Social Asst.	2.5	2.9	2.9	3.2	3.8	4.0
Arts, Entertainment, Recreation	125.0	122.8	123.1	124.2	133.4	153.1
Accommodation & Food Services	4,590.8	4,802.4	5,069.4	5,549.0	5,456.7	5,693.7
Other Services	1,335.8	1,389.6	1,489.7	1,511.9	1,562.6	1,622.6
Public Administration	66.4	62.6	57.8	60.9	63.2	61.8
Finance & Insurance	47.0	50.6	54.4	66.9	68.2	80.4
Transportation & Warehousing	51.1	49.0	44.1	53.2	79.5	94.9
Real Estate, Rental & Leasing	862.6	929.1	946.1	1,089.1	1,134.8	1,224.4
Total Taxable Sales	$47,386.1	$47,795.1	$48,352.5	$49,135.3	$51,140.6	$51,307.7

Source: Mississippi Department of Revenue, Fiscal Years 2014-2019.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P"), have assigned ratings of "AA (stable outlook)," "Aa2 (stable outlook)," and AA (stable outlook)," respectively, to the Series 2020 Bonds. An explanation of the significance of such ratings may be obtained from the agencies which assigned the ratings.

There is no assurance that present or future ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of any or all of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the Series 2020 Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"), which was originally adopted by the SEC in 1989 under the Securities Exchange Act of 1934, sets forth certain disclosure requirements relating to a primary offering of municipal securities. The Rule requires that, prior to purchasing or selling municipal securities, brokers, dealers and municipal securities dealers must reasonably determine that the issuer of such municipal securities, together with any other "obligated persons," within the meaning of the Rule, have entered into an undertaking for the benefit of bondholders to make certain information available to bondholders on a continuing basis. The State is an "obligated person" with respect to the Series 2020 Bonds within the meaning of the Rule.

The State will enter into written undertakings for the benefit of the bondholders for the Series 2020 Bonds to deliver, or cause to be delivered, to (a) the Municipal Securities Rulemaking Board (the "MSRB") through MSRB's Electronic Municipal Market Assess system at http://emma.msrb.org ("EMMA") in the electronic format then prescribed by the SEC pursuant to the Rule, and (b) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule, the information described in the undertaking, including, but not limited to, annual financial reports and notices of certain material events, together with any identifying information or other information then required to accompany the applicable filing. This information will be made available free to securities brokers and others through EMMA. For the procedures for all filings and notices due to the MSRB, instructions will be provided on the following website for MSRB: http://emma.msrb.org.

For a summary of the State's undertakings, see "APPENDIX C - FORMS OF CONTINUING DISCLOSURE CERTIFICATES".

The State is current in all material respects with its previous continuing disclosure undertakings under the Rule. However, there have been some instances in the previous five years in which the State filed its annual undertakings late. Due to the change in the State's accounting system (see "FISCAL OPERATIONS OF THE STATE – Accounting Systems" herein), although the State's unaudited financial statements or partial unaudited financial statements were filed timely along with the annual reports, the State's CAFR for fiscal year 2015 was not filed on EMMA until May 31, 2016, the State's CAFR for fiscal year 2016 was not filed on EMMA until May 5, 2017, and amended on May 15, 2017, the State's CAFR for fiscal year 2017 was not filed on EMMA until March 15, 2018, and the State's CAFR for fiscal year 2018 was not filed on EMMA until April 18, 2019. For fiscal year 2016, the State filed partial unaudited financial statements on February 1, 2017, for fiscal year 2017, the State filed partial unaudited financial statements on December 28, 2017, and for fiscal year 2018, the State filed partial unaudited financial statements on February 1, 2019. There have been instances when the State's unaudited financial statements did not contain an update of all of the information normally included therein due to its unavailability at the time of filing. When such information has become available, the State has subsequently amended its filings to update the information not available at the time of its original filing. Under one of its continuing disclosure agreements, the State is required to file its CAFR earlier than it is required to do so under its other continuing disclosure agreements, and the State has failed to meet this obligation on multiple occasions. Likewise, the State has in the past failed to timely file certain event notices such as ratings changes and refunding notices and has also on occasion failed to link its filings to all of its CUSIPs. The State has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the State has approved a "State of Mississippi Debt Management Policy" which provides detailed procedures for the timely filing of continuing disclosure by the State. Also, the State has engaged HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc., Dallas, Texas, as dissemination agent to assist with compliance with the terms of its undertakings.

LITIGATION

The Attorney General's Office has reviewed the status of pending litigation involving the State. The State is party to various legal proceedings that arise in the normal course of governmental operations.

It is anticipated, regardless of the ultimate outcome of any litigation, that neither the courts nor the Mississippi Legislature will act inconsistently with the State's financial ability to pay all outstanding bonded indebtedness and the interest thereon. It is not anticipated that the ultimate outcome of any or all of the pending litigation will result in obligations exceeding the financial resources of the State, so that in all events it is reasonable to expect that the State will remain in a sufficiently viable financial position to meet all of these obligations, including, but not limited to, the Series 2020 Bonds provided the same are issued, sold and delivered. To predict with any degree of accuracy the ultimate outcome of any litigation would be conjectural.

UNDERWRITING

The Series 2020A Bonds are initially being purchased for reoffering by Wells Fargo Bank, National Association and Raymond James & Associates, Inc. (collectively, the "Series 2020A Underwriters"). The Series 2020A Underwriters have agreed to purchase the Series 2020A Bonds at a purchase price of $502,792,745.04, representing $504,225,000.00 par amount less an underwriters' discount of $1,432,254.96. The bond purchase agreement pursuant to which the Series 2020A Underwriters expect to purchase the Series 2020A Bonds provides that the Series 2020A Underwriters will purchase all the Series 2020A Bonds if any are purchased. The obligation of the Series 2020A Underwriters to accept delivery of the Series 2020A Bonds is subject to various conditions stated in such bond purchase agreement.

The Series 2020B Bonds are initially being purchased for reoffering by Piper Sandler & Co. and Raymond James & Associates, Inc. (the "Series 2020B Underwriters" and together with the Series 2020A Underwriters, the "Underwriters"). The Series 2020B Underwriters have agreed to purchase the Series 2020B Bonds at a purchase price of $45,124,091.70, representing $37,390,000.00 par amount less an underwriters' discount of $109,874.25 and plus a net original issue premium of $7,843,965.95. The bond purchase agreement pursuant to which the Series 2020B Underwriters expect to purchase the Series 2020B Bonds provides that the Series 2020B Underwriters will purchase all the Series 2020B Bonds if any are purchased. The obligation of the Series 2020B Underwriters to accept delivery of the Series 2020B Bonds is subject to various conditions stated in such bond purchase agreement.

The Underwriters may offer and sell the Series 2020 Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the insider cover page hereto. The initial public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the State for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the State.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the Series 2020A Underwriters, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2020A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2020A Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2020A Bonds. Pursuant to the WFSLLC

Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

A portion of the proceeds of Series 2020A Bonds will be used to make a swap termination payment to Wells Fargo Bank, National Association, as swap counterparty, in connection with the swap agreement between the State and Wells Fargo Bank, National Association.

Piper Sandler & Co. ("Piper Sandler"), one of the Series 2020B Underwriters, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings, including the Series 2020B Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase the Series 2020B Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Series 2020B Bonds that CS&Co. sells.

VALIDATION

Prior to issuance, the Series 2020 Bonds will be validated before the Chancery Court of the First Judicial District of Hinds County, Mississippi, as provided in Sections 31-13-1 *et seq.*, Mississippi Code of 1972, as amended.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Series 2020 Bonds are subject to the approving legal opinions of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, whose approving legal opinions will be available at the time of delivery of the Series 2020 Bonds (see APPENDIX E, herein). Certain legal matters with respect to the State will be passed upon by the State Attorney General, Lynn Fitch, Esq. (see APPENDIX D, herein). Certain legal matters will be passed upon for the Underwriters for the Series 2020 Bonds by their counsel Balch& Bingham LLP, Jackson, Mississippi.

FINANCIAL ADVISOR

The State has retained Hilltop Securities, Inc., Dallas, Texas, as independent municipal advisor (the "Financial Advisor") in connection with the sale and issuance of the Series 2020 Bonds. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the State with respect to the preparation of documents, the preparation for the sale of the Series 2020 Bonds and of the time of the sale, tax-exempt and taxable bond market conditions and other factors related to the sale of the Series 2020 Bonds. Although the Financial Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations supporting the conclusion that the principal amounts and the interest thereon of the Investment Securities to be deposited in trust with the Escrow Agent, along with any univested cash deposited in the 2020A Escrow Account (see "PLAN OF REFUNDING – Series 2020A Bonds" herein), are adequate to provide for the payment when due and upon redemption thereof, of the principal of, premium, if any, and interest on the 2020A Fixed Rate Refunded Bonds will be verified by Causey Demgen & Moore P.C., independent certified public accountants, as Verification Agent. Such verification will be based, in part, upon information supplied to the Verification Agent by the State and the Financial Advisor.

TAX MATTERS

Series 2020A Bonds

INTEREST ON THE SERIES 2020A BONDS SHOULD BE TREATED AS INCLUDED IN GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020A Bonds is exempt from income taxation in the State.

Series 2020B Bonds

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020B Bonds (including any original issue discount properly allocable to the owner of a Series 2020B Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended and supplemented (the "Code") that must be met subsequent to the issuance of the Series 2020B Bonds. Failure to comply with such requirements could cause interest on the Series 2020B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020B Bonds. The State has covenanted in the Resolution and certain certificates to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2020B Bonds.

The accrual or receipt of interest on the Series 2020B Bonds may otherwise affect the federal income tax liability of the owners of the Series 2020B Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2020B Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2020B Bonds.

Bond Counsel is also of the opinion that, under existing statutes, interest on the Series 2020B Bonds is exempt from all income taxation in the State.

Series 2020B Premium Bonds

The Series 2020B Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2020B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2020B Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2020B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2020B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2020B Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020B Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2020B Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020B Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2020B BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2020B BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2020B BONDS.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the predictions and estimates will be realized.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2020 Bonds, the security for the payment of the Series 2020 Bonds and the rights and obligations of the registered owners thereof.

References herein to the Resolution, the State's Constitution, the Act and all other legislative acts referred to herein are only summaries, excerpts or brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof. Additional information may be obtained upon request from the Office of the State Treasurer, 1101 Woolfolk Building, Suite A, 501 North West Street, Jackson, Mississippi, 39201, (601) 359-3600, Attention: Mr. Brian Wilson or from the Department of Finance and Administration, 1301 Woolfolk Building, Suite A, 501 North West Street, Jackson, Mississippi 39201, (601) 359-3402, Attention: Ms. Gilda Reyes.

The execution of this Official Statement has been duly authorized by the Commission.

STATE OF MISSISSIPPI

By: *Tate Reeves*
Tate Reeves, Governor

By: *Lynn Fitch*
Lynn Fitch, Attorney General

By: *David McRae*
David McRae, State Treasurer

Prepared by:	Office of the State Treasurer 1101 Woolfolk Building, Suite A 501 North West Street Jackson, Mississippi 39201 (601) 359-3600	Department of Finance and Administration 1301 Woolfolk Building, Suite A 501 North West Street Jackson, Mississippi 39201 (601) 359-3160

APPENDIX A

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DEBT SERVICE ON THE SERIES 2020A BONDS

$504,225,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020A

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2021	$ 9,785,000.00	$ 4,148,119.31	$ 13,933,119.31
2022	0.00	5,630,504.46	5,630,504.46
2023	795,000.00	5,629,514.69	6,424,514.69
2024	68,115,000.00	5,484,802.27	73,599,802.27
2025	38,205,000.00	5,233,150.49	43,438,150.49
2026	63,985,000.00	4,896,474.98	68,881,474.98
2027	34,455,000.00	4,506,134.65	38,961,134.65
2028	36,625,000.00	4,154,456.95	40,779,456.95
2029	36,545,000.00	3,730,119.75	40,275,119.75
2030	16,795,000.00	3,379,812.85	20,174,812.85
2031	55,485,000.00	2,852,615.55	58,337,615.55
2032	58,575,000.00	1,963,499.70	60,538,499.70
2033	57,675,000.00	986,062.20	58,661,062.20
2034	25,750,000.00	257,164.20	26,007,164.20
2035	470,000.00	23,309.00	493,309.00
2036	480,000.00	14,249.50	494,249.50
2037	485,000.00	4,806.35	489,806.35
TOTAL	$504,225,000.00	$52,894,796.90	$557,119,796.90

DEBT SERVICE ON THE SERIES 2020B BONDS

$37,390,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020B

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2021	$ 0.00	$1,064,576.39	$ 1,064,576.39
2022	0.00	1,869,500.00	1,869,500.00
2023	5,810,000.00	1,724,250.00	7,534,250.00
2024	6,075,000.00	1,427,125.00	7,502,125.00
2025	6,355,000.00	1,116,375.00	7,471,375.00
2026	6,650,000.00	791,250.00	7,441,250.00
2027	3,210,000.00	544,750.00	3,754,750.00
2028	9,290,000.00	232,250.00	9,522,250.00
TOTAL	$37,390,000.00	$8,770,076.39	$46,160,076.39

GENERAL FUND CASH FLOW BY MONTHS

January 2010 Through May 2020
(In Millions of Dollars)

	Beginning Balance	Receipts	Disbursements	Ending Balance	Borrowing from Special Funds	Borrowing from Working Cash Balance Revolving
2010						
January	131.3	323.1	333.7	120.4	0.0	(0.175)
February	120.4	270.4	360.9	155.0	125.0	0.0
March	155.0	464.6	451.9	117.7	(50.0)	0.0
April	117.7	486.8	323.1	120.9	(160.5)	0.0
May	120.9	356.3	261.6	95.6	(120.0)	0.0
June	95.6	578.1	264.7	98.8	(79.5)	(230.8)
July	98.8	251.9	375.2	125.5	0.0	150.0
August	125.5	337.3	390.5	152.8	0.0	80.5
September	152.8	410.6	419.8	143.6	0.0	0.0
October	143.6	402.3	493.0	52.8	0.0	0.0
November	52.8	326.0	403.1	180.6	178.4	26.5
December	180.6	350.9	296.2	180.9	(54.4)	0.0
2011						
January	180.9	333.1	349.6	164.5	0.0	0.0
February	164.5	234.1	333.4	160.1	95.0	0.0
March	160.1	472.3	403.4	229.1	0.0	0.0
April	229.1	529.2	360.9	177.9	(219.0)	(0.5)
May	177.9	357.3	358.5	176.6	0.0	0.0
June	176.6	597.2	366.9	150.5	(91.0)	(165.5)
July	150.5	245.3	387.2	128.6	0.0	120.0
August	128.6	340.3	416.0	109.4	0.0	56.5
September	109.4	451.7	429.2	131.9	0.0	0.0
October	131.9	423.0	579.9	-25.1	0.0	0.0
November	-25.1	335.2	313.9	256.3	260.0	0.0
December	256.3	363.5	304.1	315.6	0.0	0.0
2012						
January	315.6	349.1	384.1	124.7	(156.0)	0.0
February	124.7	261.8	422.6	128.9	165.0	0.0
March	128.9	517.6	361.1	135.4	(150.0)	0.0
April	135.4	545.3	359.4	121.3	(200.0)	0.0
May	121.3	389.9	357.3	103.9	(7.0)	(43.0)
June	103.9	648.9	512.5	194.9	0.0	(45.5)
July	194.9	268.8	410.4	193.9	40.0	100.6
August	193.9	330.8	420.4	104.4	0.0	0.0
September	104.4	429.8	411.1	123.1	(100.6)	100.6
October	123.1	465.5	498.2	90.4	0.0	0.0
November	90.4	337.2	417.4	260.2	0.0	250.0
December	260.2	384.9	328.7	316.5	0.0	0.0
2013						
January	316.5	365.3	395.4	136.4	(150.0)	0.0
February	136.4	292.2	344.3	84.3	0.0	0.0
March	84.3	506.4	432.8	157.9	0.0	0.0
April	157.9	516.2	435.2	238.3	0.0	(0.5)
May	238.4	554.7	370.9	422.2	0.0	0.0
June	422.2	666.8	362.0	487.0	0.0	(240.1)
July	487.0	275.1	477.3	284.8	0.0	0.0
August	284.8	383.6	464.5	203.9	0.0	0.0
September	203.9	494.9	885.4	94.9	0.0	281.5
October	94.9	454.0	424.9	123.5	0.0	(0.5)
November	123.5	349.3	428.8	44.0	0.0	0.0
December	44.0	455.0	315.0	344.0	160.0	0.0
2014						
January	344.0	347.4	397.4	134.0	(160.0)	0.0
February	134.0	371.6	360.3	145.3	0.0	0.0
March	145.3	539.1	471.2	213.3	0.0	0.0

	Beginning Balance	Receipts	Disbursements	Ending Balance	Borrowing from Special Funds	Borrowing from Working Cash Balance Revolving
April	213.3	584.3	432.2	364.9	0.0	(0.5)
May	364.9	468.37	407.2	255.8	(0.5)	(170.0)
June	255.8	680.4	426.1	481.0	80.0	(110.0)
July	481.0	298.4	442.8	336.6	0.0	0.0
August	336.6	361.2	440.1	257.8	0.0	0.0
September	257.8	501.4	568.6	190.5	0.0	0.0
October	190.5	459.5	593.5	166.5	110.0	0.0
November	166.5	388.1	628.3	380.1	453.9	0.0
December	380.1	502.0	674.1	208.0	0.0	0.0
2015						
January	208.0	368.3	399.0	177.4	0.0	0.0
February	177.4	336.3	390.7	123.0	0.0	0.0
March	123.0	590.2	516.1	197.1	0.0	0.0
April	197.1	627.9	444.2	380.8	0.0	0.0
May	380.8	338.9	405.1	364.6	0.0	0.0
June	364.6	712.5	329.2	184.0	(397.0)	(166.9)
July	184.0	294.2	515.3	359.9	397.0	0.0
August	359.9	396.2	533.7	222.4	0.0	0.0
September	222.4	485.8	572.5	135.7	0.0	0.0
October	135.7	470.0	546.5	159.2	100.0	0.0
November	159.2	383.3	516.6	425.8	400.0	0.0
December	425.8	459.1	452.1	432.9	0.0	0.0
2016						
January	432.9	384.3	465.5	339.5	(14.8)	2.6
February	339.5	372.2	394.4	321.8	0.0	4.5
March	321.8	576.8	522.0	326.6	0.0	(50.0)
April	326.6	550.0	442.5	434.6	0.0	0.4
May	434.6	471.0	406.3	287.6	(111.8)	(100.0)
June	287.6	688.1	341.9	48.5	(385.2)	(200.0)
July	48.5	302.4	463.1	287.8	0.0	400.0
August	287.8	415.9	514.1	189.6	0.0	0.0
September	188.9	576.7	590.9	174.6	0.0	0.0
October	174.6	527.8	623.3	79.1	0.0	0.0
November	79.1	363.3	537.9	149.0	245.3	(0.9)
December	149.0	466.3	427.3	388.0	200.0	0.0
2017						
January	388.0	399.3	482.2	101.0	(205.5)	1.5
February	101.0	317.1	443.2	164.4	190.0	0.5
March	164.4	532.4	447.1	242.7	0.0	(7.0)
April	242.7	778.7	458.2	463.2	(100.0)	0.0
May	463.2	407.0	348.5	196.7	(300.0)	(25.0)
June	196.7	685.0	362.5	121.3	(142.1)	(255.8)
July	121.3	310.6	493.5	138.4	0.0	200.0
August	138.4	412.0	565.0	185.5	0.0	200.0
September	185.5	491.3	531.5	145.2	0.0	0.0
October	145.2	485.0	553.6	176.6	0.6	99.4
November	176.6	384.7	539.2	122.1	91.2	8.8
December	122.1	494.4	366.4	350.2	100.0	0.0
2018						
January	350.2	407.7	443.2	114.7	(200.0)	0.0
February	114.7	321.2	381.4	154.5	100.0	0.0
March	154.5	403.2	528.4	129.3	0.0	100.0
April	129.3	767.8	395.0	502.1	0.0	0.0
May	502.1	487.3	414.9	374.5	(200.0)	0.0
June	374.5	727.7	405.8	196.4	(290.2)	(209.8)
July	196.4	318.0	461.6	343.1	0.0	290.3
August	343.1	399.3	536.4	206.0	0.0	0.0
September	206.0	517.5	654.4	186.1	117.0	0.0
October	186.1	486.8	532.1	140.7	0.0	0.0
November	140.7	420.0	539.2	171.5	208.8	(58.8)

	Beginning Balance	Receipts	Disbursements	Ending Balance	Borrowing from Special Funds	Borrowing from Working Cash Balance Revolving
December	171.5	523.3	398.8	446.0	150.0	0.0
2019						
January	446.0	422.0	425.1	242.9	0.0	(200.0)
February	242.9	331.9	364.7	210.1	0.0	0.0
March	210.1	406.9	475.3	141.7	0.0	100.0
April	141.7	881.4	441.2	581.9	0.0	0.0
May	581.9	484.1	400.6	365.5	0.0	(300.0)
June	365.5	780.4	418.7	519.9	(207.3)	0.0
July	519.9	332.8	515.5	637.2	0.0	300.0
August	637.2	411.6	492.3	556.5	0.0	0.0
September	556.5	540.0	720.0	676..5	250.3	49.7
October	676.5	555.9	853.1	379.3	0.0	0.0
November	379.3	432.0	498.4	262.9	(150.0)	100.0
December	262.9	536.8	429.0	470.7	94.5	5.5
2020						
January	470.7	440.3	446.3	314.7	(94.5)	(55.5)
February	314.7	329.0	365.7	278.0	0.0	0.0
March	278.0	433.2	533.4	177.8	0.0	0.0
April	177.8	582.9	434.9	325.9	0.0	0.0
May	325.9	455.6	399.3	382.2	0.0	0.0

Source: Department of Finance and Administration.

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APPENDIX B

EXCERPTS FROM 2018 AUDITED FINANCIAL STATEMENTS

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2019, 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 Employment Security, the Mississippi Development Authority, and the Department of Public Safety, which, in the aggregate, represent 4% and 1%, 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 97%, 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, the Department of Employment Security, the Mississippi Development Authority, and the Department of Public Safety, which, in the aggregate, represent 4% and 1%, respectively, of the assets and revenues of the General Fund;

    - Proprietary Funds

        - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Department of Finance and Administration State Life and Health Plan, 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 and the Veterans' Home Purchase Board;

        - Other Employee Benefits Trust Fund – State Life and Health Insurance Plan;

        - the Pension Trust Funds;

        - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Mississippi, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, in 2019, the State of Mississippi adopted new accounting guidance, Governmental Accounting Standards Board (GASB) standards Statement No. 83, *Certain Asset Retirement Obligations;* GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described 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 December 20, 2019, 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
December 20, 2019

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, 2019. 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 $14,710,654,000 (reported as "net position"). Of this amount, a negative $5,641,096,000 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 $4,362,878,000. Net position of governmental activities increased by $576,902,000 while business-type activities increased by $15,590,000.

Fund Level - At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of $4,611,239,000, which is $773,641,000 more than the previous year. Revenues from taxes increased slightly from the prior year while other sources of revenues also increased. Expenditures continued to rise slightly.

Long-term Debt - The total outstanding net long-term bonds and notes were $5,792,287,000 at June 30, 2019. During the year, the State issued $784,730,000 in bonds and notes, including premiums. These bonds and notes were issued primarily for capital improvements.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

> **Governmental Activities** - The State's basic services are reported here, including general government; education; health and social services; law, justice and public safety; recreation and resource development; regulation of business and professions; and transportation. Taxes and federal grants finance most of these activities.
>
> **Business-type Activities** - The cost of providing goods or services to the general public, which is financed or recovered primarily through user charges, is reported here. State fair and coliseum operations; home mortgage loans to veterans; port facilities; and unemployment compensation services are examples of these activities.

Fund Financial Statements

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

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

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

Proprietary Funds - The State reports the enterprise fund type as proprietary funds. Enterprise funds charge fees for services to outside customers. They are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting, and are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Unemployment Compensation Fund, the Port Authority at Gulfport Fund, the Prepaid Affordable College Tuition Fund, and the State Life and Health Insurance Plan are presented separately as major funds, with the nonmajor enterprise funds combined into a single column. The eight nonmajor enterprise funds are presented in detail in the combining financial statements.

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

Reconciliation of Government-wide and Fund Financial Statements

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

> Capital assets used in governmental activities are not reported on governmental funds financial statements. Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.
>
> Bond and note proceeds result in liabilities on the government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements. Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Notes to the Financial Statements

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

Other Information

This report also contains the following required supplementary information (RSI): the Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds, the Schedule of Employer Contributions for each pension plan, the Schedules of Changes in the Net Pension Liability for the single employer plans, the Schedule of Proportionate Share of the Net Pension Liability for the multiple employer plan, the Schedule of Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability, and the Schedule of the Proportionate Share of Employer Contributions OPEB along with the accompanying notes. The combining financial statements are presented as supplementary information immediately following RSI.

Request for Information

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

Government-wide Financial Analysis

Net Position

The State's combined net position for governmental and business-type activities increased $565,155,000 in fiscal year 2019. Current year net position is $14,710,654,000 in contrast to the prior year balance of $14,145,499,000. 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 $306,199,000 from the previous year. The governmental activities' increase of $307,069,000 was primarily due to additions to buildings, as well as, additions to infrastructure for roads, highways, and bridges.

Restricted net position represents resources that are subject to externally imposed restrictions. Restricted net position increased by $461,651,000, or 11.8 percent during fiscal year 2019.

The remaining net position is classified as unrestricted. As of June 30, 2019, the State had a deficit unrestricted net position of $5,641,096,000. 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 $395,258,000 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 6,930,603	$ 6,200,480	$ 1,697,830	$ 1,726,115	$ 8,628,433	$ 7,926,595
Capital assets	16,707,109	16,448,138	695,905	698,881	17,403,014	17,147,019
Total Assets	23,637,712	22,648,618	2,393,735	2,424,996	26,031,447	25,073,614
Deferred outflows of resources	351,820	447,239	2,751	3,397	354,571	450,636
Noncurrent liabilities	8,846,841	8,486,576	410,944	423,429	9,257,785	8,910,005
Other liabilities	2,073,644	2,103,627	159,532	193,780	2,233,176	2,297,407
Total Liabilities	10,920,485	10,590,203	570,476	617,209	11,490,961	11,207,412
Deferred inflows of resources	183,363	169,832	1,040	1,507	184,403	171,339
Net position:						
Net investment in capital assets	15,298,901	14,991,832	689,971	690,841	15,988,872	15,682,673
Restricted	3,623,137	3,189,862	739,741	711,365	4,362,878	3,901,227
Unrestricted (deficit)	(6,036,354)	(5,845,872)	395,258	407,471	(5,641,096)	(5,438,401)
Total Net Position	$ 12,885,684	$ 12,335,822	$ 1,824,970	$ 1,809,677	$ 14,710,654	$ 14,145,499

Mississippi

Changes in Net Position

Operating grants and contributions of $7,014,822,000 and taxes of $7,499,336,000 were the State's major revenue sources. Together, they accounted for 81.5 percent of total revenues. Revenue from taxes increased $373,334,000 and operating grants and contributions decreased by $136,431,000 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 $7,799,755,000 or 45.3 percent. Expenses within this function declined over the prior year by $66,897,000. Unemployment compensation expenses were down by $13,270,000, continuing a downward trend.

Changes in Net Position

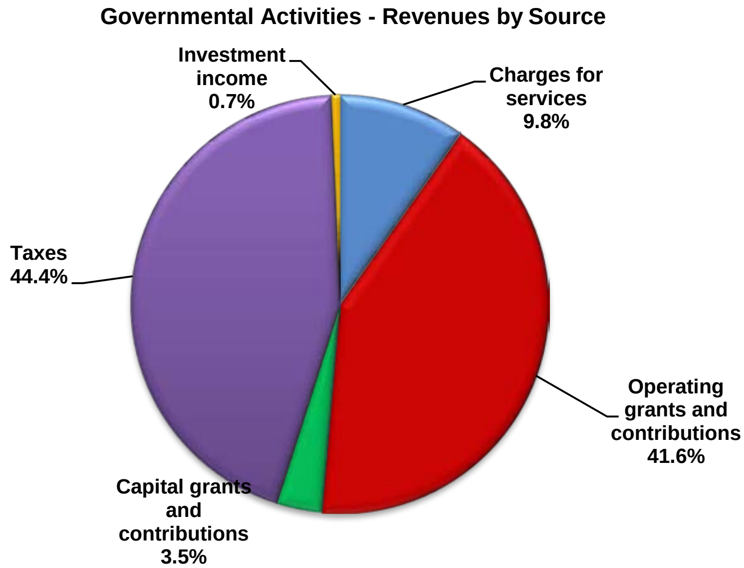
(amounts expressed in thousands)

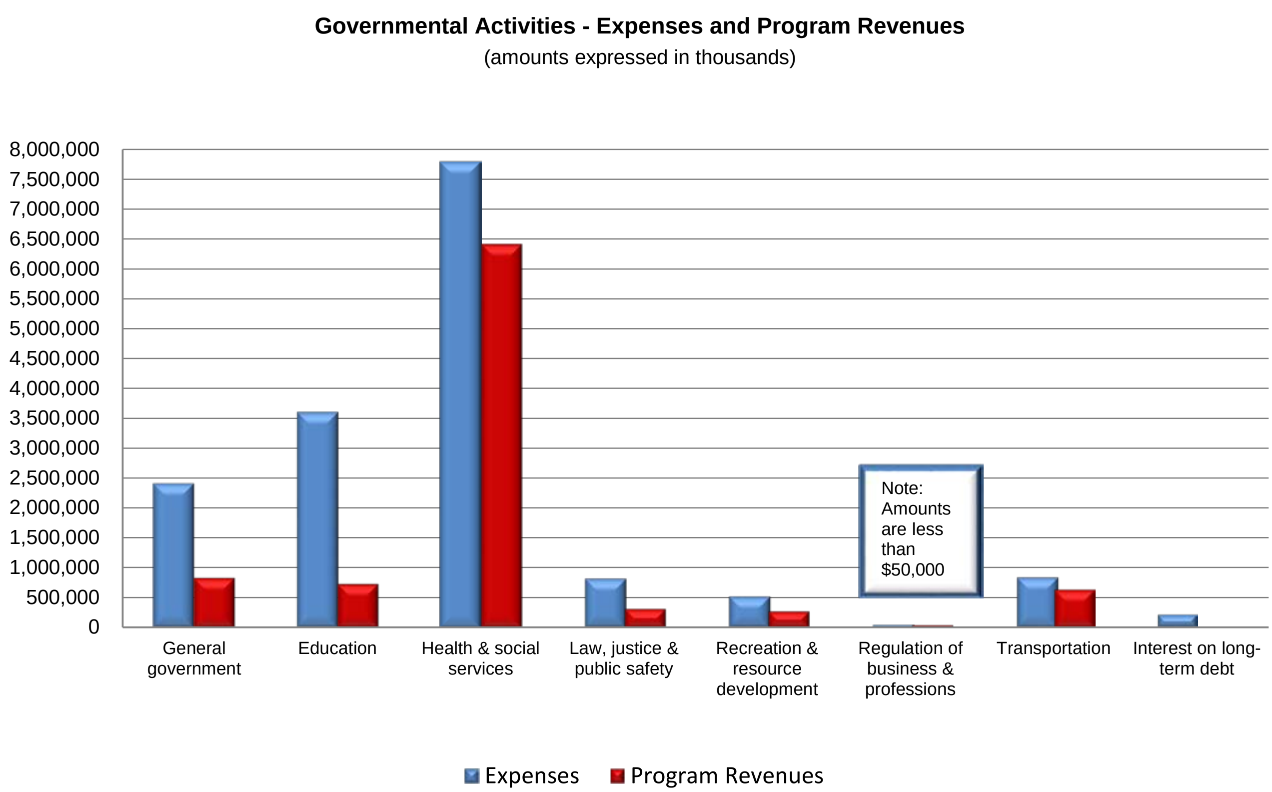
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	$ 1,654,227	$ 1,634,428	$ 884,062	$ 880,003	$ 2,538,289	$ 2,514,431
Operating grants and contributions	7,013,833	7,150,268	989	985	7,014,822	7,151,253
Capital grants and contributions	594,837	561,012	8	106	594,845	561,118
General Revenues:						
Taxes	7,499,336	7,126,002			7,499,336	7,126,002
Investment income	113,085	39,300	44,695	50,331	157,780	89,631
Total Revenues	16,875,318	16,511,010	929,754	931,425	17,805,072	17,442,435
Expenses:						
General government	2,412,774	2,229,648			2,412,774	2,229,648
Education	3,610,869	3,610,796			3,610,869	3,610,796
Health and social services	7,799,755	7,866,652			7,799,755	7,866,652
Law, justice and public safety	823,290	860,122			823,290	860,122
Recreation and resource development	525,045	480,745			525,045	480,745
Regulation of business and professions	46,308	45,223			46,308	45,223
Transportation	846,227	803,887			846,227	803,887
Interest on long-term debt	216,247	188,672			216,247	188,672
Unemployment compensation			60,625	73,895	60,625	73,895
Port Authority at Gulfport			36,702	33,447	36,702	33,447
Prepaid affordable college tuition			14,826	18,290	14,826	18,290
State life and health plan			792,020	782,341	792,020	782,341
Other business-type			27,892	26,737	27,892	26,737
Total Expenses	16,280,515	16,085,745	932,065	934,710	17,212,580	17,020,455
Excess/(Deficit) before Extraordinary Items and Transfers	594,803	425,265	(2,311)	(3,285)	592,492	421,980
Extraordinary item - debt forgiveness				12,791		12,791
Transfers	(17,901)	(95,075)	17,901	94,075		(1,000)
Change in Net Position	576,902	330,190	15,590	103,581	592,492	433,771
Net Position - Beginning, as restated	12,308,782	12,005,632	1,809,380	1,706,096	14,118,162	13,711,728
Net Position - Ending	$ 12,885,684	$ 12,335,822	$ 1,824,970	$ 1,809,677	$ 14,710,654	$ 14,145,499

Mississippi

Governmental Activities

Governmental activities increased the State's net position by $576,902,000 for fiscal year 2019. Taxes increased by $373,334,000, in comparison to the prior year. The majority of both expenses and program revenues were in the health and social services function at $7,799,755,000 and $6,419,162,000, respectively. Education expenses of $3,610,869,000 exceeded program revenues of $739,508,000 resulting in a negative $2,871,361,000 to be funded from general revenues.



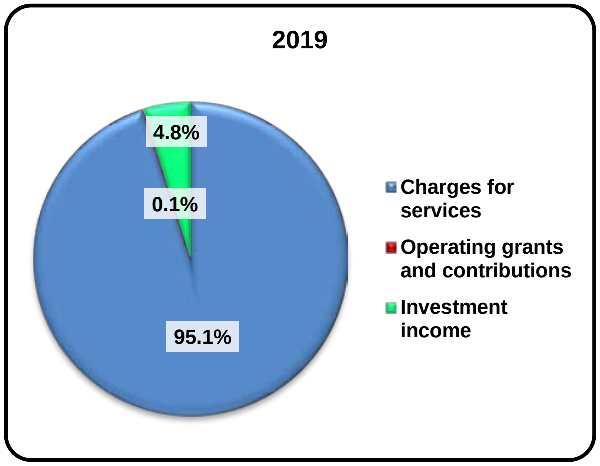


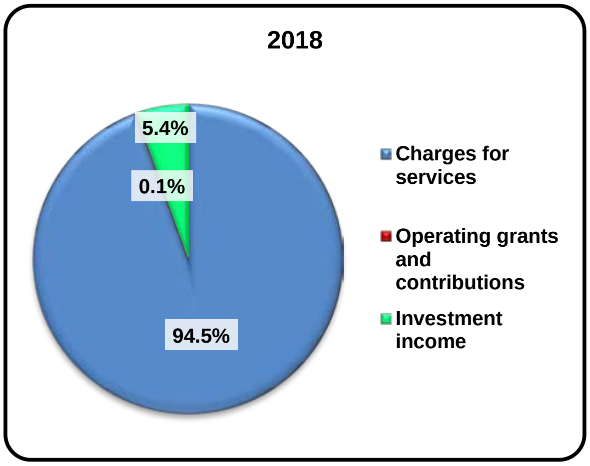
Mississippi

Business-type Activities

Business-type activities increased the State's net position by $15,590,000. The percentage of revenues from charges for services continued to increase as federal revenue for the Emergency Unemployment Compensation program increased slightly. The amount of investment income decreased from the prior year, as did the investment income as a percentage of total revenues, due to market conditions. For the current year, the Unemployment Compensation Fund decreased in both revenues and expenses with a positive change in net position of $28,826,000. Operations at the Port Authority at Gulfport added $8,732,000 to net position in the current year.

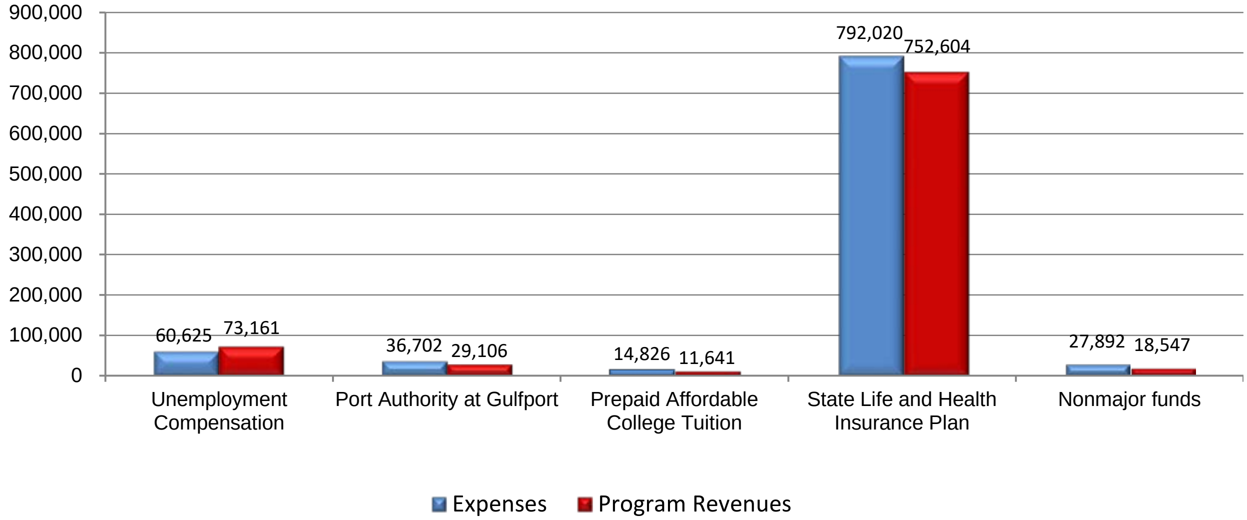
Business-type Activities - Revenues by Source





Business-type Activities - Expenses and Program Revenues

(amounts expressed in thousands)



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, 2019, the governmental funds reported combined fund balances of $4,611,239,000, indicating an increase of $773,641,000 from the prior year. Within fund balances, $99,659,000 or 2.2 percent was classified as nonspendable. The majority of the fund balance, $3,523,478,000 or 76.4 percent was restricted. Committed fund balance equaled $112,429,000 or 2.4 percent of the total. Assigned fund balance comprised $26,265,000 or .6 percent while the remaining 18.4 percent, or $849,408,000, of fund balance was unassigned.

The General Fund is the chief operating fund of the State. The fund balance for the General Fund increased by $768,964,000 from the prior year. The increase, along with the restatement of beginning fund balance, result in an ending fund balance of $4,543,010,000. Overall, taxes increased by $339,389,000 or 4.7 percent. There was a $57,630,000 increase in corporate income and franchise tax revenues. Sales and use tax revenues rose by $159,908,000 compared to an increase of $66,911,000 in the prior year. Gasoline and other motor fuel revenues increased by 3.9 percent. Federal government revenues decreased by $95,667,000. Court assessments and settlements revenue was $36,796,000 more than the prior year.

Health and social services expenditures decreased slightly during fiscal year 2019, falling by .3 percent over the prior fiscal year. Expenditures decreased due to Department of Medicaid commitment to contain cost below the inflation rate. The Centers for Medicaid Services estimate inflation at 4.4 percent.

Proprietary Funds

The Unemployment Compensation Fund experienced an increase in net position of $28,826,000 as compared to prior year, largely due to a decrease in claims benefits of $13,270,000. Claims and benefits expense decreased as the economy continued to gradually improve. Assessments' revenue decreased by $10,699,000 or 12.9 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 continually to fall. Additionally, federal revenue used to pay claims increased by $6,000 or .6 percent.

The Port Authority at Gulfport Fund increased net position by $8,732,000 as compared to an $86,520,000 increase reported in the prior year. Operating revenues and expenses increased slightly by $1,638,000 and $3,439,000 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 $7,244,000. Tuition receipts increased by 12.5 percent over the prior year as a result, of increased contract sales in the current year. The $3,329,000 decrease in claims and benefits expense was directly related to changes in the actuarially determined experience of the program. Investment income decreased by $14,338,000 due to fewer realized gains from the sale of investments in the current year.

General Fund Budgetary Highlights

Actual fiscal year 2019 General Fund revenue collections increased by $275,969,000 or 4.8 percent over the prior year. These revenues were $311,693,000 above estimated amounts. Individual income tax increased by $71,489,000 or 3.9 percent, sales tax collection increased by $55,108,000 or 2.6 percent, and corporate income and franchise tax increased by $71,390,000 or 12.5 percent.

The final expenditure budget was $106,000 more than the original budget and actual expenditures were $10,189,000 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, 2019 were $23,286,031,000, less accumulated depreciation of $5,883,017,000, resulting in a net book value of $17,403,014,000. For the current fiscal year, governmental activities increased by $258,971,000, and business-type activities decreased by $2,976,000. These changes amount to 1.6 percent increase and .4 percent decrease, respectively, over the prior year.

Major capital asset events during fiscal year 2019 included the following:

Construction in progress for governmental activities had the largest increases and decreases of any asset class with $716,686,000 and $687,820,000, respectively. Mississippi Department of Transportation accounts for the majority of the increase with $709,750,000. The Department of Finance and Administration additions included building projects for the Mississippi Civil Rights and History Museums, East Mississippi State Hospital's Receiving Units and Mississippi State Fairground improvements. Decreases to construction in progress are primarily for completed Mississippi Department of Transportation projects moved to infrastructure.

Governmental activities added $626,290,000 to infrastructure for roads, highways and bridges. These additions included pavement rehabilitation projects in Grenada, Pike, Alcorn, and Jones counties. The Surface Transportation Program (Urban street projects) was completed in Rankin and Monroe counties. Interstate projects were completed in Hinds county, and Vision 21 highway projects were completed for Madison, Jones, Harrison, Lowndes, Pontotoc and Marshall counties.

During fiscal year 2019, net capital assets for business-type activities decreased by $2,976,000. The Port Authority at Gulfport added $18,283,000 to Construction in Progress, which includes the following current projects: East and West Pier site improvements, East Pier wharf expansion, and Northport land improvements. Projects completed and moved to infrastructure and land improvements included the West Pier Site Work and Infrastructure Project, Terminal 3 Warehouse, Gate and Interchange Buildings, West Pier Security System, and Terminal 3 Cross-Dock Inspection Structure. The completed projects were valued at $169,576,000.

Additional information about the State's capital assets is presented in Note 8 to the financial statements. Note 17 addresses the State's outstanding long-term contracts related to the construction of state and county roads, highways, and bridges, as well as building projects for various state agencies.

Capital Assets, Net of Depreciation
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Land	$ 2,442,102	$ 2,418,859	$ 132,044	$ 132,068	$ 2,574,146	$ 2,550,927
Software	116,339	126,795			116,339	126,795
Buildings	1,490,302	1,454,412	132,005	101,221	1,622,307	1,555,633
Land improvements	110,302	116,571	147,509	122,933	257,811	239,504
Machinery and equipment	220,298	220,522	29,831	32,282	250,129	252,804
Infrastructure	7,944,998	7,757,077	240,305	142,364	8,185,303	7,899,441
Construction in progress	4,382,768	4,353,902	14,211	168,013	4,396,979	4,521,915
Total	$ 16,707,109	$ 16,448,138	$ 695,905	$ 698,881	$ 17,403,014	$ 17,147,019

Debt Administration

As of June 30, 2019, outstanding general obligation debt for the State was $4,389,336,000, including premiums. General Obligation Refunding bonds of $1,664,580,000, Capital Improvements bonds of $1,145,542,000, and Industry Incentive Financing bonds of $258,914,000 comprise 69.9 percent of this outstanding debt. During the current fiscal year, the State issued $447,835,000 in general obligation bonds and notes which are reported in governmental activities. Within business-type activities, general obligation bonds decreased by $6,187,000 as the Port Authority at Gulfport continued to repay its long-term debt.

The State issued $20,092,000 of notes payable, of which $11,309,000 is reported in governmental activities and $8,783,000 is reported in business-type activities.

Outstanding Long-term Debt
Bonds and Notes
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds and notes	$ 4,389,027	$ 4,263,174	$ 309	$ 6,496	$ 4,389,336	$ 4,269,670
Limited obligation bonds	507,839	215,158			507,839	215,158
Notes payable	889,397	957,165	5,715		895,112	957,165
Total	$ 5,786,263	$ 5,435,497	$ 6,024	$ 6,496	$ 5,792,287	$ 5,441,993

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, 2019, the State's constitutional legal debt limit remained at $13,370,476,000, 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 2018 was 4.8 percent, which is higher than the national average of 3.9 percent. In calendar year 2018, Mississippi's personal income increased by 3.8 percent and per capita personal income increased by 3.9 percent compared to national average increases of 4.5 percent and 3.8 percent, respectively.

Fiscal year 2020 revenue collected by the Department of Revenue (DOR) continues to outperform revenue collected in fiscal year 2019. DOR collections from the beginning of fiscal year 2020 through November 30, 2020, were up by $92,137,000 or 4.4 percent. Mississippi's two largest revenue generators are collected from sales and individual income taxes. To-date, sales taxes and individual income taxes are outperforming projections by .67 percent and 5.2 percent, respectively. Sales and individual income taxes account for approximately 73 percent of Mississippi's revenue, which has the state optimistic that revenue collections will either meet or exceed expectations.

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Basic Financial Statements

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	**Component Units**
Assets				
Current assets:				
Equity in internal investment pool	$ 3,864,321	$ 238,514	$ 4,102,835	$ 2,133
Cash and cash equivalents	183,821	888,813	1,072,634	652,515
Investments	10,929	5,988	16,917	350,156
Receivables, net	687,494	34,250	721,744	393,450
Restricted assets:				
Cash and cash equivalents		100	100	
Due from other governments, net	539,488	778	540,266	212
Internal balances	(18,883)	18,883		
Due from component units	2,919	96	3,015	
Due from primary government				12,714
Inventories	39,579	253	39,832	39,153
Prepaid items		738	738	27,354
Loans and notes receivable, net	27,336	6,821	34,157	42,707
Other assets				2,424
Total Current Assets	5,337,004	1,195,234	6,532,238	1,522,818
Noncurrent assets:				
Investments	131,392	327,375	458,767	687,210
Receivables, net	625,260		625,260	
Due from other governments, net	632,766		632,766	
Loans and notes receivable, net	204,181	175,221	379,402	170,199
Restricted assets:				
Cash and cash equivalents				126,146
Investments				1,194,463
Capital assets:				
Land and construction in progress	6,824,870	146,255	6,971,125	601,773
Other capital assets, net	9,882,239	549,650	10,431,889	3,815,816
Other assets				73,088
Total Noncurrent Assets	18,300,708	1,198,501	19,499,209	6,668,695
Total Assets	23,637,712	2,393,735	26,031,447	8,191,513
Deferred Outflows of Resources				
Interest rate swaps	1,922		1,922	
Refunding	110,392		110,392	46,622
Pensions	221,262	2,644	223,906	188,677
Other postemployment benefits	18,244	107	18,351	8,624
Total Deferred Outflows	$ 351,820	$ 2,751	$ 354,571	$ 243,923

(Continued on Next Page)

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	**Component Units**
Liabilities				
Current liabilities:				
Warrants payable	$ 45,915	$ 979	$ 46,894	$
Accounts payable and other liabilities	638,885	25,252	664,137	239,767
Contracts payable	79,647	1,198	80,845	
Income tax refunds payable	267,318		267,318	
Due to other governments	350,937	5,278	356,215	
Due to component units	12,698	16	12,714	
Due to primary government				3,015
Claims and benefits payable	68,133	109,527	177,660	
Deposits	95,494	1,433	96,927	
Unearned revenues	129,634	15,192	144,826	96,358
Pollution remediation obligation	8,638		8,638	
Bonds and notes payable, net	366,276	583	366,859	50,552
Lease obligations payable	2,468		2,468	304
Net other postemployment benefit liability	7,601	74	7,675	47
Other liabilities				93,364
Total Current Liabilities	2,073,644	159,532	2,233,176	483,407
Noncurrent liabilities:				
Due to other governments	2,420		2,420	
Claims and benefits payable	37,363	378,043	415,406	
Derivative instruments	29,427		29,427	
Pollution remediation obligation	35,382		35,382	
Bonds and notes payable, net	5,419,987	5,441	5,425,428	1,234,219
Lease obligations payable	4,936		4,936	770
Liabilities payable from restricted assets:				
Deposits		100	100	
Net pension liability	3,012,096	25,129	3,037,225	2,667,960
Net other postemployment benefit liability	171,569	1,569	173,138	142,949
Other liabilities	133,661	662	134,323	261,686
Total Noncurrent Liabilities	8,846,841	410,944	9,257,785	4,307,584
Total Liabilities	10,920,485	570,476	11,490,961	4,790,991
Deferred Inflows of Resources				
Refunding				5,023
Pensions	152,237	837	153,074	66,511
Other postemployment benefits	31,126	203	31,329	11,367
Beneficial interest in irrevocable trusts				34,944
Total Deferred Inflows	$ 183,363	$ 1,040	$ 184,403	$ 117,845

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	**Component Units**
Net Position				
Net investment in capital assets	15,298,901	689,971	15,988,872	3,204,504
Restricted for:				
Expendable:				
General government	68,477		68,477	
Education	132,362		132,362	
Health and social services	590,185		590,185	
Law, justice and public safety	72,642		72,642	
Recreation and resources development	1,415,059		1,415,059	
Regulation of business and professions	30,254		30,254	
Transportation	614,201		614,201	
Capital projects	381,625		381,625	
Debt service	258,252		258,252	131
Unemployment compensation benefits		739,741	739,741	
Other purposes				809,808
Nonexpendable:				
Education	45,316		45,316	893,565
Health and social services	2,025		2,025	
Recreation and resources development	12,739		12,739	
Unrestricted (deficit)	(6,036,354)	395,258	(5,641,096)	(1,381,408)
Total Net Position	$ 12,885,684	$ 1,824,970	$ 14,710,654	$ 3,526,600

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

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Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,412,774	$ 827,965	$ 12,678	$ 229
Education	3,610,869	14,913	724,498	97
Health and social services	7,799,755	567,213	5,850,994	955
Law, justice and public safety	823,290	88,929	214,449	9,875
Recreation and resource development	525,045	77,983	194,077	95
Regulation of business and professions	46,308	37,060	302	40
Transportation	846,227	40,164	16,835	583,546
Interest on long-term debt	216,247			
Total Governmental Activities	16,280,515	1,654,227	7,013,833	594,837
Business-type activities:				
Unemployment compensation	60,625	72,172	989	
Port Authority at Gulfport	36,702	29,106		
Prepaid affordable college tuition	14,826	11,641		
State life and health insurance plan	792,020	752,604		
Other business-type	27,892	18,539		8
Total Business-type Activities	932,065	884,062	989	8
Total Primary Government	$ 17,212,580	$ 2,538,289	$ 7,014,822	$ 594,845
Component units:				
Universities	$ 3,778,334	$ 2,285,709	$ 509,638	$ 30,088
Nonmajor	28,839	24,797		4,327
Total Component Units	$ 3,807,173	$ 2,310,506	$ 509,638	$ 34,415

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			
Governmental Activities	Business-type Activities	Total	**Component Units**
$ (1,571,902)	$	$ (1,571,902)	
(2,871,361)		(2,871,361)	
(1,380,593)		(1,380,593)	
(510,037)		(510,037)	
(252,890)		(252,890)	
(8,906)		(8,906)	
(205,682)		(205,682)	
(216,247)		(216,247)	
(7,017,618)		(7,017,618)	
	12,536	12,536	
	(7,596)	(7,596)	
	(3,185)	(3,185)	
	(39,416)	(39,416)	
	(9,345)	(9,345)	
	(47,006)	(47,006)	
(7,017,618)	(47,006)	(7,064,624)	
			$ (952,899)
			285
			(952,614)
3,629,500		3,629,500	
430,764		430,764	
1,917,567		1,917,567	
648,347		648,347	
360,047		360,047	
513,111		513,111	
113,085	44,695	157,780	96,393
			243,822
			740,797
			41,876
(17,901)	17,901		
7,594,520	62,596	7,657,116	1,122,888
576,902	15,590	592,492	170,274
12,308,782	1,809,380	14,118,162	3,356,326
$ 12,885,684	$ 1,824,970	$ 14,710,654	$ 3,526,600

Mississippi

Governmental Funds

Balance Sheet

June 30, 2019 (Expressed in Thousands)

	General	Permanent	Totals
Assets			
Equity in internal investment pool	$ 3,861,168	$ 3,153	$ 3,864,321
Cash and cash equivalents	182,418	1,403	183,821
Investments	78,746	63,575	142,321
Receivables, net	1,312,080	674	1,312,754
Due from other governments, net	1,172,254		1,172,254
Due from other funds	1,432	2	1,434
Due from component units	2,919		2,919
Inventories	39,579		39,579
Loans receivable, net	231,517		231,517
Total Assets	$ 6,882,113	$ 68,807	$ 6,950,920
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Warrants payable	$ 45,917	$	$ 45,917
Accounts payable and accruals	678,813	578	679,391
Contracts payable	79,647		79,647
Income tax refunds payable	267,318		267,318
Due to other governments	353,357		353,357
Due to other funds	20,317		20,317
Due to component units	12,698		12,698
Claims payable	68,133		68,133
Unearned revenues	129,634		129,634
Total Liabilities	1,655,834	578	1,656,412
Deferred inflows of resources:			
Deferred revenues	683,269		683,269
Fund balances:			
Nonspendable			
Inventories	39,579		39,579
Principal		60,080	60,080
Restricted			
General government	65,860		65,860
Education	128,256	4,106	132,362
Health and social services	574,432	993	575,425
Law, justice and public safety	65,807		65,807
Recreation and resources development	1,411,952	3,050	1,415,002
Regulation of business and professions	30,254		30,254
Transportation	598,891		598,891
Capital projects	381,625		381,625
Debt service	258,252		258,252
Committed			
General government	26,168		26,168
Education	12,668		12,668
Health and social services	43,354		43,354
Law, justice and public safety	22,801		22,801
Recreation and resources development	5,039		5,039
Regulation of business and professions	2,399		2,399
Assigned			
General government	21,743		21,743
Education	48		48
Health and social services	2,638		2,638
Recreation and resources development	1,836		1,836
Unassigned	849,408		849,408
Total Fund Balances	4,543,010	68,229	4,611,239
Total Liabilities, Deferred Inflows and Fund Balances	$ 6,882,113	$ 68,807	$ 6,950,920

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

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

June 30, 2019 (Expressed in Thousands)

Total fund balances for governmental funds		$ 4,611,239
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	$ 2,442,102	
Construction in progress	4,382,768	
Software	171,924	
Buildings	2,270,779	
Land improvements	285,878	
Machinery and equipment	774,563	
Infrastructure	12,132,780	
Accumulated depreciation	(5,753,685)	16,707,109
Deferred outflows of resources reported in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Interest rate swaps	1,922	
Refunding of debt	110,392	
Pensions	221,262	
Other postemployment benefits	18,244	351,820
Deferred inflows of resources reported in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Interest rate swaps		
Pensions	(152,237)	
Other postemployment benefits	(31,126)	(183,363)
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.		683,269
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds:		
General obligation bonds	(4,039,486)	
General obligation notes	(106,000)	
Limited obligation bonds	(453,420)	
Notes payable	(821,967)	
Unamortized premiums	(365,390)	
Derivative instruments	(29,427)	
Capital lease obligations	(7,404)	
Accrued compensated absences	(117,289)	
Pollution remediation obligation	(44,020)	
Net pension liability	(3,012,096)	
Net other postemployment benefits liability	(179,170)	
Claims payable	(37,363)	
Accrued interest payable	(44,658)	
Other liabilities	(26,700)	(9,284,390)
Net position of governmental activities		$ 12,885,684

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, 2019 (Expressed in Thousands)

	General	Permanent	Totals
Revenues			
Taxes:			
Sales and use	$ 3,626,296	$	$ 3,626,296
Gasoline and other motor fuel	430,910		430,910
Individual income	1,908,011		1,908,011
Corporate income and franchise	650,618		650,618
Insurance	360,047		360,047
Other	513,111		513,111
Licenses, fees and permits	550,943	676	551,619
Federal government	7,575,374		7,575,374
Investment income	109,286	3,799	113,085
Charges for sales and services	423,232	452	423,684
Rentals	1,545	882	2,427
Court assessments and settlements	239,531		239,531
Other	492,763	11	492,774
Total Revenues	16,881,667	5,820	16,887,487
Expenditures			
Current:			
General government	2,356,261		2,356,261
Education	3,614,617	117	3,614,734
Health and social services	7,757,625		7,757,625
Law, justice and public safety	835,203		835,203
Recreation and resources development	514,218	26	514,244
Regulation of business and professions	45,536		45,536
Transportation	1,126,873		1,126,873
Debt service:			
Principal	354,249		354,249
Interest and other fiscal charges	231,184		231,184
Total Expenditures	16,835,766	143	16,835,909
Excess of Revenues over (under) Expenditures	45,901	5,677	51,578
Other Financing Sources (Uses)			
Bonds and notes issued	727,919		727,919
Capital leases issued	2,840		2,840
Insurance recovery	177		177
Payments to note escrow agent	(39,000)		(39,000)
Premiums on bonds and notes issued	48,028		48,028
Transfers in	3,184		3,184
Transfers out	(20,085)	(1,000)	(21,085)
Net Other Financing Sources (Uses)	723,063	(1,000)	722,063
Net Change in Fund Balances	768,964	4,677	773,641
Fund Balances - Beginning, as restated	3,774,046	63,552	3,837,598
Fund Balances - Ending	$ 4,543,010	$ 68,229	$ 4,611,239

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

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, 2019 (Expressed in Thousands)

Net change in fund balances - total governmental funds		$ 773,641
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	$ 805,006	
Depreciation expense	(544,401)	260,605
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.		(3,224)
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	(48,028)	
Bonds and notes issued	(727,919)	
Capital leases issued	(2,840)	
Payments of debt principal	354,249	
Payments to bond escrow agent	39,000	
Accrued interest payable	(10,195)	(395,733)
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	1,591	
Change in claims payable	(858)	
Change in compensated absences	1,026	
Change in deferred revenues	(30,600)	
Change in other postemployment benefit costs, net	725	
Change in pollution remediation obligation	(5,746)	
Change in fair value of borrowing derivative	4,503	
Change in pension costs, net	(45,561)	
Change in other liabilities	(3,861)	
Amortization of premiums	35,240	
Amortization of deferred amount on refunding	(14,846)	(58,387)
Change in net position of governmental activities		$ 576,902

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

Mississippi

Proprietary Funds

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security		State Treasurer
	Unemployment Compensation	**Port Authority at Gulfport**	Prepaid Affordable College Tuition
Assets			
Current assets:			
Equity in internal investment pool	$	$ 739	$ 543
Cash and cash equivalents	724,251	17,815	10,971
Investments		5,988	
Receivables, net	27,066	2,881	307
Restricted assets:			
Cash and cash equivalents		100	
Due from other governments, net	579	196	
Due from other funds	242	8,339	
Due from component units	96		
Inventories			
Prepaid items		157	
Loans and notes receivable		696	
Total Current Assets	752,234	36,911	11,821
Noncurrent assets:			
Investments		24,665	302,710
Loans and notes receivable		12,481	
Capital assets:			
Land and construction in progress		137,050	
Other capital assets, net		518,483	
Total Noncurrent Assets		692,679	302,710
Total Assets	$ 752,234	$ 729,590	$ 314,531
Deferred Outflows of Resources			
Pension		666	66
Other postemployment benefits		26	2
Total Deferred Outflows of Resources		692	68

	Enterprise Funds		
	Department of Finance and Administration		
	State Life and Health Insurance Plan	**Nonmajor Funds**	**Totals**
	$ 152,658	$ 84,574	$ 238,514
	115,983	19,793	888,813
			5,988
		3,996	34,250
			100
	3		778
	82	11,652	20,315
			96
		253	253
		581	738
		6,125	6,821
	268,726	126,974	1,196,666
			327,375
		162,740	175,221
		9,205	146,255
		31,167	549,650
		203,112	1,198,501
	$ 268,726	$ 330,086	$ 2,395,167
		1,912	2,644
		79	107
		1,991	2,751

(Continued on Next Page)

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Department of Employment Security		State Treasurer
Liabilities	Unemployment Compensation	**Port Authority at Gulfport**	Prepaid Affordable College Tuition
Current liabilities:			
Warrants payable	$	$	$ 432
Accounts payable and other liabilities	69	8,751	525
Retainage payable		1,198	
Due to other governments	4,780		44
Due to other funds	836		
Due to component units			16
Claims and benefits payable	6,715		39,762
Deposits			
Bonds and notes payable		128	
Unearned revenues	93	689	
Net other postemployment benefits liability		9	2
Total Current Liabilities	12,493	10,775	40,781
Noncurrent liabilities:			
Claims and benefits payable			378,043
Bonds and notes payable		181	
Liabilities payable from restricted assets:			
Deposits		100	
Net pension liability		6,853	998
Net other postemployment benefits liability		185	47
Other liabilities		300	31
Total Noncurrent Liabilities		7,619	379,119
Total Liabilities	12,493	18,394	419,900
Deferred Inflows of Resources			
Pension		163	25
Other postemployment benefits		14	7
Total Deferred Inflows of Resources		177	32
Net Position			
Net investment in capital assets		655,224	
Restricted for:			
Expendable			
Unemployment compensation benefits	739,741		
Unrestricted (deficit)		56,487	(105,333)
Total Net Position	$ 739,741	$ 711,711	$ (105,333)

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

Enterprise Funds		
Department of Finance and Administration		
State Life and Health Insurance Plan	Nonmajor Funds	Totals
$	$ 547	$ 979
12,670	3,237	25,252
		1,198
435	19	5,278
	596	1,432
		16
63,050		109,527
	1,433	1,433
	455	583
14,196	214	15,192
	63	74
90,351	6,564	160,964
		378,043
	5,260	5,441
		100
	17,278	25,129
	1,337	1,569
	331	662
	24,206	410,944
90,351	30,770	571,908
	649	837
	182	203
	831	1,040
	34,747	689,971
		739,741
178,375	265,729	395,258
$ 178,375	$ 300,476	$ 1,824,970

Proprietary Funds

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

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security		State Treasurer
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition
Operating Revenues			
Charges for sales and services/premiums	$	$ 28,151	$
Assessments	72,172		
Investment income			
Federal agencies	989		
Rentals			
Fees			
Tuition receipts			11,641
Other			
Total Operating Revenues	73,161	28,151	11,641
Operating Expenses			
Cost of sales and services			
General and administrative		4,207	549
Contractual services		10,993	1,221
Commodities		387	4
Depreciation		18,165	
Claims and benefits	60,625		13,052
Other			
Total Operating Expenses	60,625	33,752	14,826
Operating Income (Loss)	12,536	(5,601)	(3,185)
Nonoperating Revenues			
Revenue from counties		951	
Insurance recovery		4	
Gain on disposal of capital assets			
Investment income	16,290	2,887	10,429
Total Nonoperating Revenues	16,290	3,842	10,429
Nonoperating Expenses			
Loss on disposal of capital assets		2,907	
Interest and other fiscal charges		43	
Total Nonoperating Expenses		2,950	
Income (Loss) before Capital Contributions and Transfers	28,826	(4,709)	7,244
Capital Contributions			
Transfers In		13,441	
Transfers Out			
Change in Net Position	28,826	8,732	7,244
Total Net Position - Beginning, as restated	710,915	702,979	(112,577)
Total Net Position - Ending	$ 739,741	$ 711,711	$ (105,333)

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

Enterprise Funds

Department of Finance and Administration State Life and Health Insurance Plan	Nonmajor Funds	Totals
$ 752,525	$ 11,062	$ 791,738
		72,172
	5,608	5,608
		989
	5,656	5,656
	169	169
		11,641
79	1,614	1,693
752,604	24,109	889,666
	8,360	8,360
	9,763	14,519
32,864	6,179	51,257
	1,657	2,048
	1,624	19,789
759,156		832,833
	198	198
792,020	27,781	929,004
(39,416)	(3,672)	(39,338)
		951
		4
	38	38
7,066	2,415	39,087
7,066	2,453	40,080
		2,907
	111	154
	111	3,061
(32,350)	(1,330)	(2,319)
	8	8
	6,644	20,085
(1,600)	(584)	(2,184)
(33,950)	4,738	15,590
212,325	295,738	1,809,380
$ 178,375	$ 300,476	$ 1,824,970

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Business-type Activities -		
	Department of Employment Security		State Treasurer
	Unemployment Compensation	**Port Authority at Gulfport**	Prepaid Affordable College Tuition
Cash Flows from Operating Activities			
Cash receipts from federal agencies	$ 929	$	$
Cash receipts/premiums from customers		27,979	11,641
Cash receipts from assessments	76,805		
Cash payments to suppliers for goods and services		(13,092)	(1,214)
Cash payments to employees for services		(3,786)	(506)
Cash payments for claims and benefits	(62,220)		(30,320)
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	15,514	11,101	(20,399)
Cash Flows from Noncapital Financing Activities			
Transfers in		40,054	
Transfers out			
Revenues from counties		776	
Net Cash Provided by (Used for) Noncapital Financing Activities		40,830	
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets		(38,856)	
Principal received on notes receivable		679	
Proceeds from sales of capital assets		59	
Proceeds from notes payable			
Principal paid on bonds and capital asset contracts		(6,188)	
Interest paid on bonds and capital asset contracts		(138)	
Proceeds from insurance recovery		4	
Net Cash Used for Capital and Related Financing Activities		(44,440)	
Cash Flows From Investing Activities			
Proceeds from sales of investments		3,000	114,528
Purchases of investments		(33,556)	(95,897)
Investment income	16,290	2,657	4,292
Net Cash Provided by (Used for) Investing Activities	16,290	(27,899)	22,923
Net Change in Cash and Cash Equivalents	31,804	(20,408)	2,524
Cash and Cash Equivalents - Beginning	692,447	39,062	8,990
Cash and Cash Equivalents - Ending	$ 724,251	$ 18,654	$ 11,514

Enterprise Funds		
Department of Finance and Administration State Life and Health Insurance Plan	**Nonmajor Funds**	**Totals**
$	$	$ 929
754,581	18,646	812,847
		76,805
(766,634)	(16,739)	(797,679)
	(9,237)	(13,529)
		(92,540)
	2,256	2,256
(33,016)		(33,016)
	23,143	23,143
	(25,788)	(25,788)
(45,069)	(7,719)	(46,572)
	6,644	46,698
(1,600)	(584)	(2,184)
		776
(1,600)	6,060	45,290
	(6,639)	(45,495)
		679
	70	129
	8,783	8,783
	(3,109)	(9,297)
	(111)	(249)
		4
	(1,006)	(45,446)
	2,115	119,643
		(129,453)
7,066	2,400	32,705
7,066	4,515	22,895
(39,603)	1,850	(23,833)
308,244	102,517	1,151,260
$ 268,641	$ 104,367	$ 1,127,427

(Continued on Next Page)

Statement of Cash Flows

For the Year Ended June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Business-type Activities -		
	Department of Employment Security		**State Treasurer**
	Unemployment Compensation	**Port Authority at Gulfport**	Prepaid Affordable College Tuition
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating income (loss)	$ 12,536	$ (5,601)	$ (3,185)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		18,165	
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	4,316	(179)	
Due from other governments	214		
Due from other funds	53		
Due from component units	50		
Inventories			
Prepaid items		(15)	
Loans and notes receivable			
Increase (decrease) in liabilities:			
Warrants payable			(131)
Accounts payable and other liabilities	(3)	(1,682)	(73)
Due to other governments	(904)		44
Due to other funds	(997)		
Due to component units			16
Claims and benefits payable	302		(17,105)
Unearned revenues	(60)	7	
Pension cost		412	36
Other postemployment benefits cost		(6)	(1)
Other Liabilities	7		
Total adjustments	2,978	16,702	(17,214)
Net Cash Provided by (Used for) Operating Activities	$ 15,514	$ 11,101	$ (20,399)
Noncash Capital and Related Financing and Investing Activities			
Capital contributions			
Gain (loss) on disposal of capital assets		(2,907)	
Change in market value of investments		7	(8,600)

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

Enterprise Funds

Department of Finance and Administration State Life and Health Insurance Plan	Nonmajor Funds	Totals
$ (39,416)	$ (3,672)	$ (39,338)
	1,624	19,789
	373	4,510
(3)		211
22	1,785	1,860
		50
	3	3
	(300)	(315)
	(7,824)	(7,824)
	(530)	(661)
(164)	(267)	(2,189)
12	(167)	(1,015)
	569	(428)
		16
		(16,803)
1,958	208	2,113
	505	953
	(19)	(26)
(7,478)	(7)	(7,478)
(5,653)	(4,047)	(7,234)
$ (45,069)	$ (7,719)	$ (46,572)
	8	8
	38	(2,869)
2,390		(6,203)

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2019 (Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Private-purpose Trust Fund	Agency Funds
Assets			
Equity in internal investment pool	$ 1,317	$ 32	$ 10,235
Cash and cash equivalents	783,096		26,046
Investments, at fair value:			
Short-term investments	413,555	12,559	
Long-term debt securities	5,622,471	49,152	
Equity securities	16,974,061	116,237	
Private equity	2,323,258		
Real estate investments	2,893,098	11,976	
Life insurance contracts		51,359	
Securities lending:			
Short-term investments	1,008,645		
Long-term debt securities	2,408,515		
Receivables, net:			
Employer contributions	65,949		
Employee contributions	36,491		
Investment proceeds	970,766		
Interest and dividends	105,482		
Other	704		182
Commodity inventory			2,993
Capital assets:			
Land and construction in progress	1,717		
Other capital assets, net	16,429		
Total Assets	33,625,554	241,315	$ 39,456
Deferred Outflow of Resources			
Pension		88	
Other postemployment benefits	55		
Total Deferred Outflows	55	88	
Liabilities			
Warrants payable	106	1	65
Accounts payable and accruals	1,467,938	118	1,193
Due to other governments			732
Amounts held in custody for others			37,466
Net Pension Liability		166	
Obligations under securities lending	3,415,620		
Net other postemployment benefits liability	1,013	10	
Total Liabilities	4,884,677	295	$ 39,456
Deferred Inflow of Resources			
Pension		136	
Other postemployment benefits	75	2	
Total Deferred Inflows	75	138	
Net Position			
Net position restricted for pensions and trust beneficiaries	$ 28,740,857	$ 240,970	

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

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2019 (Expressed in Thousands)

	Pension and Other Employee Benefits Trust Funds	Private-purpose Trust Fund
Additions		
Contributions:		
Employer	$ 1,109,134	$
Plan participant	583,510	33,517
Total Contributions	1,692,644	33,517
Net Investment Income:		
Net change in fair value of investments	1,218,364	5,457
Interest and dividends	604,843	6,585
Securities lending:		
Income from securities lending	93,252	
Interest expense and trading costs from securities lending	(77,717)	
Managers' fees and trading costs	(104,675)	
Net Investment Income	1,734,067	12,042
Other Additions:		
Administrative fees		175
Other	38	
Total Other Additions	38	175
Total Additions	3,426,749	45,734
Deductions		
Benefits	2,850,457	30,696
Refunds to terminated employees	108,058	
Administrative expenses	17,570	1,401
Depreciation	4,652	
Total Deductions	2,980,737	32,097
Change in Net Position	446,012	13,637
Net Position - Beginning, as restated	28,294,845	227,333
Net Position - Ending	$ 28,740,857	$ 240,970

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

Component Units

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Universities	Nonmajor	Totals
Assets			
Current assets:			
Equity in internal investment pool	$	$ 2,133	$ 2,133
Cash and cash equivalents	628,863	23,652	652,515
Investments	317,831	32,325	350,156
Receivables, net	391,278	2,172	393,450
Due from other governments		212	212
Due from primary government	12,712	2	12,714
Inventories	38,034	1,119	39,153
Prepaid items	27,190	164	27,354
Notes receivable, net	42,707		42,707
Other assets	2,410	14	2,424
Total Current Assets	1,461,025	61,793	1,522,818
Noncurrent assets:			
Investments	687,210		687,210
Notes receivable, net	170,199		170,199
Restricted assets:			
Cash and cash equivalents	126,015	131	126,146
Investments	1,194,463		1,194,463
Capital assets:			
Land and construction in progress	588,075	13,698	601,773
Other capital assets, net	3,771,948	43,868	3,815,816
Other assets	73,088		73,088
Total Noncurrent Assets	6,610,998	57,697	6,668,695
Total Assets	8,072,023	119,490	8,191,513
Deferred Outflows of Resources			
Refunding	46,622		46,622
Pension	187,147	1,530	188,677
Other postemployment benefits	8,544	80	8,624
Total Deferred Outflows	242,313	1,610	243,923

(Continued on Next Page)

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

Component Units

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

(Continued from Previous Page)

	Universities	Nonmajor	Totals
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	234,127	5,640	239,767
Due to primary government	2,936	79	3,015
Unearned revenues	95,901	457	96,358
Bonds and notes payable	50,552		50,552
Lease obligations payable	194	110	304
Net other postemployment benefits liability		47	47
Other liabilities	93,364		93,364
Total Current Liabilities	477,074	6,333	483,407
Noncurrent liabilities:			
Bonds and notes payable	1,233,469	750	1,234,219
Lease obligations payable	650	120	770
Net pension liability	2,649,318	18,642	2,667,960
Net other postemployment benefits liability	141,832	1,117	142,949
Other liabilities	261,105	581	261,686
Total Noncurrent Liabilities	4,286,374	21,210	4,307,584
Total Liabilities	4,763,448	27,543	4,790,991
Deferred Inflows of Resources			
Refunding	5,023		5,023
Pension	65,296	1,215	66,511
Other postemployment benefits	11,216	151	11,367
Beneficial interest in irrevocable trusts	34,944		34,944
Total Deferred Inflows	116,479	1,366	117,845
Net Position			
Net investment in capital assets	3,147,726	56,778	3,204,504
Restricted for:			
Debt service		131	131
Other purposes	809,808		809,808
Permanent endowments:			
Nonexpendable	893,565		893,565
Unrestricted (deficit)	(1,416,690)	35,282	(1,381,408)
Total Net Position	$ 3,434,409	$ 92,191	$ 3,526,600

Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Universities	Nonmajor	Total
Universities	$ 3,778,334	$ 2,285,709	$ 509,638	$ 30,088	$ (952,899)	$	$ (952,899)
Nonmajor	28,839	24,797		4,327		285	285
Total	$ 3,807,173	$ 2,310,506	$ 509,638	$ 34,415	(952,899)	285	(952,614)
General revenues:							
Investment income					95,101	1,292	96,393
Other					239,881	3,941	243,822
Payment from State of Mississippi					740,797		740,797
Contributions to permanent endowments					41,876		41,876
Total General Revenues and Contributions					1,117,655	5,233	1,122,888
Change in Net Position					164,756	5,518	170,274
Net Position - Beginning, as restated					3,269,653	86,673	3,356,326
Net Position - Ending					$ 3,434,409	$ 92,191	$ 3,526,600

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

June 30, 2019

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, 2019, 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 Development Bank – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and a financial benefit/burden relationship exists. The Bank and the State work together, providing support, one to the other, in the State's economic development. The audited financial statements may be obtained from Mississippi Development Bank at 735 Riverside Drive, Suite 300, Jackson, MS 39202-1166.

Mississippi Lottery Corporation – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will on the corporation. A financial benefit/burden relationship exists. The Corporation conducts and administers lottery games within the State resulting in maximization of revenues to support various State programs. The audited financial statements may be obtained from Mississippi Lottery Corporation at P.O. Box 321433, Flowood, MS 39232.

Mississippi Prison Industries Corporation – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will on the corporation. A financial benefit/burden relationship exists. The Corporation leases and manages the prison industry programs of the Mississippi Correctional Industries. The audited financial statements may be obtained from Mississippi Prison Industries Corporation at 663 North State Street, Jackson, MS 39202.

Pat Harrison Waterway District – This is a legally separate entity created and established as a body corporate and politic. The State does not appoint the voting majority of the board. The District is fiscally dependent and a financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District provides flood relief along the Pascagoula River and its tributaries and preserves and protects these waters for future generations and for economic enhancement of the area and its industrial growth. The audited financial statements may be obtained from Pat Harrison Waterway District at P.O. Drawer 1509, Hattiesburg, MS 39403-1509.

Pearl River Valley Water Supply District – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will. A financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District operates and maintains the Ross Barnett Reservoir and surrounding district lands to provide water supply, flood reduction and recreational opportunities. The audited financial statements may be obtained from Pearl River Valley Water Supply District at P.O. Box 2180, Ridgeland, MS 39158-2180.

Tombigbee River Valley Water Management District – This is a legally separate entity created and established as a body corporate and politic. The State appoints the voting majority of the board and may impose its will. A financial benefit/burden relationship exists. Expenditures are subject to legislative budget approval. The District provides for a plan of conservation, recreation, water control and utilization, agricultural development and economic advancement within the district. The audited financial statements may be obtained from Tombigbee River Valley Water Management District at P.O. Box 616, Tupelo, MS 38802-0616.

Effective July 1, 2018, the State Legislature dissolved the Pearl River Basin Development District and named the Department of Finance and Administration as the agent–in-fact for the District. The Department of Finance and Administration was given the authority to use all funds that were available to the District and to the extent necessary to complete the dissolution of the District and ensure that all obligations of the District are met. These transactions are reported in the General Fund as of June 30, 2019.

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

C. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

The State reports the following major governmental fund:

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

The State reports the following major enterprise funds:

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

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

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

The State Life and Health Insurance Plan Fund accounts for resources and transactions pertaining to the State's self-insured medical plan and life insurance program as mandated by state law to be offered to state and public education employees. Funding is provided by premiums collected from active and retired employees, local school districts, and the State's operating fund.

Additionally, the State reports the following nonmajor funds:

Governmental funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

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

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

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

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

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

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

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

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

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

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

Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the fair values.

H. Receivables - Receivables represent amounts due to the State for revenues earned that will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as "current" and amounts expected to be collected beyond the next fiscal year are classified as "noncurrent." Receivables are reported net of allowances for uncollectible accounts where applicable.

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 reclassed to accounts receivable and accounts payable, respectively, on the government-wide Statement of Net Position.

K. Inventories and Prepaid Items - Inventories of supplies and materials are stated at cost, generally using the first-in, first-out method. Cost of inventories held for use by the Department of Transportation is determined by the weighted average method. Inventories of supplies and materials of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

L. Restricted Assets - Proprietary fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets.

M. Capital Assets - Capital assets are reported, net of depreciation, in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their acquisition value on the date of donation. Classes of capital assets and their related capitalization thresholds are: land - cost or acquisition value on the date of donation, software - $1,000,000, buildings - $50,000, land improvements - $25,000, machinery and equipment - $5,000, infrastructure - $100,000, and construction in progress - based on the project's class. Infrastructure acquired prior to July 1, 1980 is not reported in the basic financial statements. The costs of normal maintenance and repairs that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

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

O. Accumulated Unpaid Leave - State law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. Additionally, in accordance with the Fair Labor Standards Act, nonexempt employees may accrue up to 240 hours of compensatory leave (480 hours for emergency response personnel). No payment is authorized for accrued major medical leave unless employees present medical evidence that their physical condition is such that they can no longer work in a capacity of state government.

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

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

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 positon. For the purpose of determining the PERS fiduciary net position, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

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

S. Net Position/Fund Balance - Net Position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources on government-wide, proprietary and fiduciary funds financial statements and Fund Balance on governmental funds financial statements. Fund Balances of governmental funds are classified as:

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

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

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

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

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

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

T. Federal Grants - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

U. Bonds and Notes - Bond and note proceeds, premiums and discounts are reported as other financing sources or uses in the governmental fund financial statements. In the government-wide and proprietary fund financial statements, bond and note premiums and discounts, as well as refunding charges (the difference between the carrying amount of redeemed/defeased debt and its reacquisition price), are deferred and amortized over the life of the bonds and notes using the straight-line method. Bonds and notes payable are reported net of the applicable unamortized bond and note premium and discount while refunding charges are reported as deferred outflows or deferred inflows of resources. Issuance costs are recognized as debt service expenditures/expenses in the period incurred.

V. Changes in Accounting Standards - The State implemented the following standards issued by GASB in the current fiscal year as required: GASB Statement No. 83*, Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.* The implementation of these GASB Statements did not have a material impact on the financial statements and notes.

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 $4,362,878,000 of restricted net position, of which $194,118,000 is restricted by enabling legislation.

B. Deficit Net Position - At June 30, 2019, the State Treasurer Prepaid Affordable College Tuition Fund (a major proprietary fund) has a deficit net position of $105,333,000. The deficit is a result of actual investment earnings being less than actuarial assumptions.

C. Working Cash Stabilization Reserve Account - The Budget Reform Act of 1992 created the Working Cash Stabilization Reserve Account (Account) and required that 100% of the unencumbered General Fund cash balance be deposited into the Account at the close of each fiscal year until the balance reaches $40,000,000. Thereafter, 50% of the unencumbered General Fund ending cash balance must be deposited into the Account until it reaches 10% of General Fund appropriations for the fiscal year that the unencumbered General Fund cash balance represents. As required by law, the Account is not considered as a surplus or available funds when adopting a balanced budget. The Account balance in excess of $40,000,000 may be permanently transferred to the General Fund to cover deficits up to a maximum of $50,000,000 in any one fiscal year. These transfers are restored to the Account out of future annual General Fund ending cash balances until the 10% maximum is again attained. At June 30, 2019, the Account, as reported in the General Fund, has an unassigned fund balance of $350,252,000.

D. Fund Balances – At June 30, 2019, the State's restricted, committed and assigned fund balances are summarized by purpose as follows (amounts expressed in thousands):

	Restricted	Committed	Assigned
Governmental Funds			
General			
General Government			
Fiscal Affairs	$ 21,436	$ 16,591	$ 21,743
Regulatory	18,692	723	
Other	25,732	8,854	
Education	128,256	12,668	48
Health and Social Services	574,432	43,354	2,638
Law, Justice and Public Safety			
Judicial and Justice	12,947	7,703	
Highway safety	23,866	3,787	
Other	28,994	11,311	
Recreation and Resources Development			
Industrial Development	579,301	1,724	248
Natural Resources	675,431	1,013	
Other	157,220	2,302	1,588
Regulation of Business and Professions	30,254	2,399	
Transportation			
Highways	424,528		
State Roads and Bridges	70,651		
Other	103,712		
Capital Projects	381,625		
Debt Service	258,252		
Total General Fund	3,515,329	112,429	26,265
Permanent			
Education	4,106		
Health and Social Services	993		
Recreation and Resources Development			
Wildlife Conservation	3,050		
Total Permanent Fund	8,149		
Total Governmental Funds	$ 3,523,478	$ 112,429	$ 26,265

E. Restatements of Fund Balance and Net Position – During fiscal year 2019, a prior period adjustment was made for the over recognition of federal revenue and general government expenditures. The restatement of fund balance is as follows (amounts expressed in thousands):

Fund Balance	June 30, 2018 as previously reported	Prior Period Adjustment	June 30, 2018 as restated
Governmental Funds:			
General Fund	$ 3,801,086	$ (27,040)	$ 3,774,046

During fiscal year 2019, a prior period adjustment was made for the over recognition of revenues and expenses as reported in governmental activities. A prior period adjustment was also reported by a nonmajor enterprise fund as reported in business-type activities for the reclassification of construction costs incurred in a prior year that should have expensed and not capitalized to construction in progress and an error in calculating the net OPEB liability. Pension Trust Funds, fiduciary funds, reported a restatement of net position for the understatement of net investment income. Universities, a major component unit, reported a restatement for one of its foundations.

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

Net Position	June 30, 2018 as previously reported	Prior Period Adjustments	June 30, 2018 as restated
Governmental Activities			
Net Investment in capital assets	$ 14,991,832	$	$ 14,991,832
Restricted	3,189,862	(5,503)	3,184,359
Unrestricted (deficit)	(5,845,872)	(21,537)	(5,867,409)
Total Governmental Activities	$ 12,335,822	$ (27,040)	$ 12,308,782
Business-type Activities			
Net Investment in capital assets	$ 690,841	$	$ 690,841
Restricted	711,365		711,365
Unrestricted (deficit)	407,471	(297)	407,174
Total Business-type Activities	$ 1,809,677	$ (297)	$ 1,809,380
Total Primary Government	$ 14,145,499	$ (27,337)	$ 14,118,162
Fudiciary Funds			
Restricted	$ 28,290,685	$ 4,160	$ 28,294,845
Component Units:			
Net Investment in capital assets	$ 3,107,461	$	$ 3,107,461
Restricted	1,644,132		1,644,132
Unrestricted (deficit)	(1,395,731)	464	(1,395,267)
Total Component Units	$ 3,355,862	$ 464	$ 3,356,326

Note 3 - Interfund Transactions

At June 30, 2019, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

	Due To						
Due From	General	Permanent	Unemployment Compensation	Port Authority at Gulfport	State Life and Health Insurance Plan	Nonmajor Enterprise	Total
Governmental:							
General	$	$ 2	$ 242	$ 8,339	$ 82	$ 11,652	$ 20,317
Proprietary:							
Unemployment Compensation	836						836
Nonmajor Enterprise	596						596
Total	$ 1,432	$ 2	$ 242	$ 8,339	$ 82	$ 11,652	$ 21,749

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, 2019, amounts due from/to primary government and component units consisted of (amounts expressed in thousands):

	Due To				
	Primary Government		Component Units		
Due From	General	Unemployment Compensation	Universities	Nonmajor	Total
Primary Government:					
General	$	$	$ 12,696	$ 2	$ 12,698
Proprietary:					
Prepaid Affordable College Tuition			16		16
Component Units:					
Universities	2,840	96			2,936
Nonmajor	79				79
Total	$ 2,919	$ 96	$ 12,712	$ 2	$ 15,729

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, 2019, interfund transfers consisted of (amounts expressed in thousands):

	Transfer To			
Transfer From	General	Port Authority at Gulfport	Nonmajor Enterprise	Total
Governmental:				
General	$	$ 13,441	$ 6,644	$ 20,085
Permanent	1,000			1,000
Proprietary:				
Nonmajor Enterprise	584			584
State Life and Health Insurance Plan	1,600			1,600
Total	$ 3,184	$ 13,441	$ 6,644	$ 23,269

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

Note 4 - Deposits and Investments

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

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

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

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

Primary Government Deposits (except for the System)

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

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

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

Sections 27-105-5 and 27-105-6, Mississippi Code Ann. (1972) establish criteria for a financial institution that has been in existence for three years or more to be approved as a qualified public funds depository and a public funds guaranty pool member. Potential guaranty pool members must submit an application and supply financial information to the State Treasurer as provided to its regulatory authority to verify the institution meets certain financial criteria established in the law. In addition to the 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, 2019, of the statewide collateral pool cash deposits reported by the financial institutions, $28,402,969 was uninsured and uncollateralized. Of the cash deposits not included in the statewide collateral pool, $1,039,000 was uninsured and uncollateralized, and $17,229,000 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;

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, 2019 are as follows (amounts expressed in thousands):

	Quality Ratings				
Investment Type	**AAA**	**AA**	**A**	**BBB**	**Not Rated**
Asset backed securities	$ 4,075	$ 2,012	$ 2,589	$ 842	$
Collateralized mortgage obligations					309,214
Corporate bonds	479	2,517	21,397	5,824	
Mortgage pass-throughs		2,293			58,470
Municipal bonds	2,810	1,834			1,326
Mutual funds	53,934				61,711
U.S. Government agency obligations	33,123	1,697,934	20,000		587,475
Total	$ 94,421	$ 1,706,590	$ 43,986	$ 6,666	$ 1,018,196

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, 2019, the primary government had the following investments and maturities (amounts expressed in thousands):

	Fair Value	**Investment Maturities (in Years)**			
Investment Type	*(in thousands)*	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Asset backed securities	$ 9,757	$	$ 5,099	$ 3,886	$ 772
Collateralized mortgage obligations	373,146		1	81,005	292,140
Corporate bonds	34,920	4,719	19,627	4,497	6,077
Fixed income securities	44,923		44,923		
International fixed	22,118		20,000	2,118	
Mortgage pass-throughs	65,805	953	10,359	9,725	44,768
State and local obligations	3,160		1,580	1,279	301
Mutual funds	43,243	43,243			
Other pass-throughs	308,338	365	5,686	27,028	275,259
U.S. Government agency obligations	2,324,065	1,048,356	1,250,641	21,615	3,453
U.S. Treasury Obligations	121,096	59,689	33,167	24,648	3,592
U.S. Treasury bills	200,336	200,336			
Zero coupon bonds	481		481		
Total Primary Government	$ 3,551,388	$ 1,357,661	$ 1,391,564	$ 175,801	$ 626,362

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

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

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

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

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. As of June 30, 2019, the primary government has the following recurring fair value measurements (amounts expressed in thousands):

		Fair Value Measurements Using:	
Investment by Fair Value Level	**Fair Value**	**Quoted Prices in Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Debt securities:			
Asset backed securities	$ 9,757	$	$ 9,757
Collateralized mortgage obligations	373,146		373,146
Corporate bonds	34,920	2,111	32,809
Fixed income securities	44,923	44,923	
International fixed	22,118	2,118	20,000
Mortgage pass-throughs	65,805		65,805
Mutual funds	50,402	50,402	
Other pass-throughs	308,338		308,338
Real estate investments	11,976	11,976	
State and local obligations	3,160		3,160
U.S. Government agency obligations	2,324,065		2,324,065
U.S. Treasury obligations	121,096	121,096	
U.S. Treasury bills	200,336	200,336	
Total Debt Securities	3,570,042	$ 432,962	$ 3,137,080
Equity securities:			
Domestic equities	212,918	212,918	
International equities	50,995	50,995	
Total Equity Securities	**263,913**	**263,913**	
Total Investments By Fair Value Level	**3,833,955**	**$ 696,875**	**$ 3,137,080**
Open-ended comingled funds - foreign	66,669		
Real estate funds	15,194		
Total Investments Measured at NAV	**81,863**		
Total Investments Measured at Fair Value	**$ 3,915,818**		

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	$ 66,669	$ -	Daily	Up to 30 days
Real estate funds	15,194	-	Daily	Up to 60 days
Total Investments at NAV	$ 81,863	-		

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	$ 771,083	15.83%
Federal Home Loan Mortgage Corporation	722,388	14.83
Federal National Mortgage Association	365,912	7.51
Federal Farm Credit Bank	287,740	5.91
Federal Agricultural Mortgage Corporation	539,630	11.08

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, 2019, the System had no deposits in foreign demand deposit accounts.

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

System Investment Policies

The System is authorized to invest in the following:

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

School district bonds of the State;

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

Highway bonds of the State;

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

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

Bonds of the Tennessee Valley Authority;

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

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

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

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

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

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

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

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

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

System Investments

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

The Moody's or S&P credit ratings for the System's investments as of June 30, 2019 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	$ 1,211,561	$ 27,809	$ 38,711	$ 23,008	$ 5,077	$ 5,688
Collateralized mortgage obligations	309,957	217,836	24,804	24,190	15,482	4,554
Commercial paper		167,950	35,009			
Corporate bonds	49,758	849,555	1,024,427	846,173	276,589	60,865
Mortgage pass-throughs	198	688,367				
Repurchase agreements		549,010	90,400			
Sovereign governments debt	98,952	133,751	251,263	234,969	114,514	221,893
State and local obligations	695	15,166	6,630	3,114	209	
U.S. Government agency obligations	738	45,695				
Yankee/Global bonds	22,154	5,725	3,433	7,709		
Total	$ 1,694,013	$ 2,700,864	$ 1,474,677	$ 1,139,163	$ 411,871	$ 293,000

Investment Type	Quality Ratings Caa/CCC	Ca/CC	C/C	D/D	Not Rated
Asset backed securities	$ 1,258	$ 3	$ 15		$ 23,351
Collateralized mortgage obligations	4,892	224			38,392
Commercial paper					
Corporate bonds	11,127		71	1,753	11,861
Repurchase agreements					125,321
Sovereign governments debt	12,933			2,203	72,306
State and local obligations					750
Total	$ 30,210	$ 227	$ 86	$ 3,956	$ 271,981

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 $31,643,603,000 in investments at June 30, 2019, $4,436,075,000 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, 2019, consisted of (amounts expressed in thousands):

Investment Type	Fair Value
Cash collateral securities	
Asset backed securities	$ 1,052,873
Commercial paper	202,959
Corporate bonds	1,396,545
Repurchase agreements	764,783
Total cash collateral securities	3,417,160
Underlying securities on non-cash loans	
Debt securities	143,544
Equities	857,389
Real Estates Investment Trusts	17,982
Total underlying securities on non-cash loans	1,018,915
Total	$ 4,436,075

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, 2019, the System had the following investments and maturities (amounts expressed in thousands):

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Asset backed securities	$ 1,336,481	$ 1,159,957	$ 89,782	$ 34,248	$ 52,494
Collateralized mortgage obligations	640,331	278,833	13,955	25,001	322,542
Commercial paper	202,959	202,959			
Corporate bonds	3,132,179	725,994	1,604,616	429,410	372,159
Mortgage pass-throughs	770,335		2,995	15,072	752,268
Repurchase agreements	764,731	764,731			
Sovereign governments debt	1,142,784	13,492	310,475	487,031	331,786
State and local obligations	26,564		3,246	986	22,332
U.S. Government agency obligations	46,433	31,460	3,266	440	11,267
U.S. Treasury obligations	1,052,691	94,584	316,108	291,130	350,869
Yankee/Global bonds	39,021		24,065	7,026	7,930
Total	$ 9,154,509	$ 3,272,010	$ 2,368,508	$ 1,290,344	$ 2,223,647

During fiscal year 2019, 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 $33,500,000 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 $640,300,000 in CMOs at June 30, 2019. Of this amount, $224,800,000 were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the derivatives policy.

ABS are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, ABS have been structured as pass-throughs and as structures with multiple bond classes. Of the $1,300,000,000 in ABS held at June 30, 2019, $17,300,000 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, 2019, the System has invested in $770,300,000 in mortgage pass-through securities issued by the FNMA, FHLMC, and GNMA. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

D. Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The investment 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, 2019, is as follows (amounts expressed in thousands):

Currency	Cash and Equivalents	Equities and REITs	Debt Securities	Total Fair Value
Argentina peso	$ (212)	$	$ 1,256	$ 1,044
Australian dollar	(6,331)	286,435	10,428	290,532
Brazilian real	5,126	116,905	2,664	124,695
British pound sterling	(75,507)	800,549	79,038	804,080
Canadian dollar	(41,659)	208,146	41,434	207,921
Chilean peso	1,500	5,441		6,941
Chinese Yuan Renminbi	(8,654)	45,275	8,784	45,405
Columbian peso	3,509	590		4,099
Czech koruna	23	4,152		4,175
Danish krone	(15,522)	102,220	18,460	105,158
Euro	(389,492)	1,489,635	366,283	1,466,426
Hong Kong dollar	(8,401)	543,085		534,684
Hungarian forint	(1,899)	19,095	1,968	19,164
Indian Rupee	145	125,509		125,654
Indonesian rupiah	4,658	55,623	6,194	66,475
Israeli shekel	(12,201)	25,081	5,575	18,455
Japanese yen	(138,100)	1,072,601	151,161	1,085,662
Kenyan shilling		1,111		1,111
Malaysian ringgit	(11,584)	24,064	15,303	27,783
Mexican peso	(1,322)	53,255	15,851	67,784
New Taiwan dollar	173	122,282		122,455
New Zealand dollar	(1,351)	21,275	1,737	21,661
Norwegian krone	1,570	29,859		31,429
Pakistani rupee		4,225		4,225
Peruvian nuevo sol	(425)		6,008	5,583
Philippines peso	3	7,480		7,483
Polish zloty	13,371	21,261	1,394	36,026
Qatari riyal		1,900		1,900
Romanian leu	(22)			(22)
Russian ruble	10,825	374	8,248	19,447
Singapore dollar	(10,427)	85,607		75,180
South African rand	(2,499)	100,021	7,615	105,137
South Korean won	8,966	256,507		265,473
Swedish krona	(11,349)	139,896	14,823	143,370
Swiss franc	6,556	303,772		310,328
Thailand baht	12	49,920		49,932
Turkish lira		25,992		25,992
UAE dirham	22	1,510		1,532
Uruguayan peso			2,760	2,760
Total	$ (680,498)	$ 6,150,653	$ 766,984	$ 6,237,139

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, 2019, 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, 2019, are as follows (amounts expressed in thousands):

Investment Type	Notional Amount	Changes in Fair Value		Fair Value at June 30, 2019	
		Classification	Amount	Classification	Amount
Foreign currency forwards	$ 70,260,387	Investment income	$ 1,014	Investment	$6,568

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, 2019, 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 2019.

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 four days at June 30, 2019. 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, 2019, were 24 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 $1,018,915,000 securities lent for securities collateral as of June 30, 2019. 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, 2019, the aggregate cost of securities lending holdings, including accrued interest, was $3,422,596,000 (fair value of $3,424,975,000) and the aggregate fair value, including accrued interest, of the underlying securities lent was $4,380,408,000. The value of the collateral pledged by borrowers at year end was $4,553,204,000.

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 considers factors specific to each asset or liability. As of June 30, 2019, the System has the following recurring fair value measurements (amounts expressed in thousands):

		Fair Value Measurements Using:		
Investment by Fair Value Level	**Fair Value**	**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	$ 202,959	$	$ 202,959	$
Repurchase agreement	764,731		764,731	
U.S. Government agency obligations	46,433		46,429	4
U.S. Treasury obligations	1,052,691	1,052,691		
Collateralized mortgage obligations	640,331		630,650	9,681
U.S. Corporate bonds	1,852,253	1,951	1,811,659	38,643
Non-U.S. Corporate bonds	1,279,926	722	1,279,204	
Mortgage pass-throughs	770,335		770,335	
State and local obligations	26,564		26,564	
Asset-Backed securities	1,336,481		1,336,481	
Yankee/Global bonds	39,021		39,021	
Sovereign government debt	1,142,784		1,142,784	
Total Debt Securities	9,154,509	$ 1,055,364	$ 8,050,817	$ 48,328
Equity securities:				
Basic materials	660,186	660,186		
Communications	2,189,275	2,189,275		
Consumer, cyclical	1,665,308	1,665,308		
Consumer, non-cyclical	3,561,729	3,561,729		
Diversified	40,215	40,215		
Energy	799,534	799,534		
Financial	3,833,986	3,833,986		
Industrial	2,044,508	2,044,508		
Technology	2,158,968	2,158,968		
Utilities	388,464	388,464		
Total Equity Securities	**17,342,173**	**17,342,173**		
Total Investments By Fair Value Level	**26,496,682**	**$ 18,397,537**	**$ 8,050,817**	**$ 48,328**
Investments measured at NAV:				
Real estate funds	2,524,986			
Private equity funds	2,323,258			
Total Investments Measured at NAV	**4,848,244**			
Total Investments Measured at Fair Value	**$ 31,344,926**			
International Currency	**$ 298,677**			
Total Investments	**$ 31,643,603**			
Investment derivative instruments:				
Foreign exchange contracts (Liabilities)	1,022,494			
Total Investment Derivative Instruments	**$ 1,022,494**			

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

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, 2019.

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, 2019, 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, 2019, 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	$ 2,117,334	$	Quarterly	45-90 days
Value Added - Closed End	316,435	420,646	N/A	10-12 years
Timber	91,217		Various*	Various*
Total Real Estate	2,524,986	420,646		
Private Equity Funds:				
Diversified	2,323,258	1,856,561	10-12 years	N/A
Total Private Equity	2,323,258	1,856,561		
Total Investment Measured at NAV	$ 4,848,244	$ 2,277,207		

**Based on partnership agreement terms*

Note 5 - Receivables

At June 30, 2019, receivables consisted of (amounts expressed in thousands):

	Governmental Activities		
	General	Permanent	Total
Accounts	$ 242,347	$ 381	$ 242,728
Settlements	560,000		560,000
Taxes:			
Sales	332,982		332,982
Income	295,480		295,480
Gasoline	39,814		39,814
Other	87,037		87,037
Interest and dividends	12,820	293	13,113
Other	5		5
Gross receivables	1,570,485	674	1,571,159
Allowance for uncollectibles	(258,405)		(258,405)
Receivables, net	$ 1,312,080	$ 674	$ 1,312,754
Amounts not scheduled for collection in subsequent year	$ 625,260		625,260

	Business-type Activities				
	Unemployment Compensation	Port Authority at Gulfport	Prepaid Affordable College Tuition	Nonmajor	Total
Accounts	$ 65,853	$ 2,652	$ 38	$ 3,512	$ 72,055
Assessments	24,963				24,963
Interest and dividends		229	269	484	982
Gross receivables	90,816	2,881	307	3,996	98,000
Allowance for uncollectibles	(63,750)				(63,750)
Receivables, net	$ 27,066	$ 2,881	$ 307	$ 3,996	$ 34,250

	Component Units		
	Universities	Nonmajor	Total
Accounts	$ 1,047,165	$ 2,082	$ 1,049,247
Interest	4,332	90	4,422
Gross receivables	1,051,497	2,172	1,053,669
Allowance for uncollectibles	(660,219)		(660,219)
Receivables, net	$ 391,278	$ 2,172	$ 393,450

Note 6 - Due From Other Governments

At June 30, 2019, due from other governments consisted of (amounts expressed in thousands):

	Governmental Activities	
	General	
Due from other governments	$	1,199,133
Allowance for uncollectibles		(26,879)
Due from other governments, net	$	1,172,254
Amounts not scheduled for collection in subsequent year	$	632,766

	Business-type Activities							
	Unemployment Compensation		Port Authority at Gulfport		State Life and Health Insurance Plan		Total	
Due from other governments	$	1,311	$	196	$	3	$	1,510
Allowance for uncollectibles		(732)						(732)
Due from other governments, net	$	579	$	196	$	3	$	778

Note 7 - Loans and Notes Receivable

At June 30, 2019, loans and notes receivables consisted of (amounts expressed in thousands):

	Primary Government		Component Units	
	Governmental Activities Governmental Funds General		Universities	
Loans and notes receivable	$	396,271	$	238,284
Allowance for uncollectibles		(164,754)		(25,378)
Loans and notes receivable, net	$	231,517	$	212,906
Amounts not scheduled for collection in subsequent year	$	204,181	$	170,199

Note 8 - Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2019, was as follows (amounts expressed in thousands):

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,418,859	$ 23,507	$ 264	$ 2,442,102
Construction in progress	4,353,902	716,686	687,820	4,382,768
Total capital assets not being depreciated	6,772,761	740,193	688,084	6,824,870
Capital assets being depreciated:				
Software	171,924			171,924
Buildings	2,195,184	76,861	1,266	2,270,779
Land improvements	281,672	4,206		285,878
Machinery and equipment	759,414	46,552	31,403	774,563
Infrastructure	11,713,634	626,290	207,144	12,132,780
Total capital assets being depreciated	15,121,828	753,909	239,813	15,635,924
Less accumulated depreciation for:				
Software	45,129	10,456		55,585
Buildings	740,772	40,512	807	780,477
Land improvements	165,101	10,475		175,576
Machinery and equipment	538,892	44,589	29,216	554,265
Infrastructure	3,956,557	438,369	207,144	4,187,782
Total accumulated depreciation	5,446,451	544,401	237,167	5,753,685
Total capital assets being depreciated, net	9,675,377	209,508	2,646	9,882,239
Governmental activities capital assets, net	$ 16,448,138	$ 949,701	$ 690,730	$ 16,707,109

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 132,068	$ 2,050	$ 2,074	$ 132,044
Construction in progress	168,013	23,650	177,452	14,211
Total capital assets not being depreciated	300,081	25,700	179,526	146,255
Capital assets being depreciated:				
Buildings	128,423	39,239	5,496	162,166
Land improvements	142,963	31,073		174,036
Machinery and equipment	49,315	607	620	49,302
Infrastructure	188,150	105,328		293,478
Total capital assets being depreciated	508,851	176,247	6,116	678,982
Less accumulated depreciation for:				
Buildings	27,202	3,063	104	30,161
Land improvements	20,030	6,497		26,527
Machinery and equipment	17,033	2,842	404	19,471
Infrastructure	45,786	7,387		53,173
Total accumulated depreciation	110,051	19,789	508	129,332
Total capital assets being depreciated, net	398,800	156,458	5,608	549,650
Business-type activities capital assets, net	$ 698,881	$ 182,158	$ 185,134	$ 695,905

Mississippi

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

Governmental Activities:		
General government	$	34,323
Education		2,992
Health and social services		15,689
Law, justice and public safety		26,430
Recreation and resources development		11,039
Regulation of business and profession		186
Transportation		453,742
Total depreciation expense - governmental activities	$	544,401
Business-type Activities:		
Port Authority at Gulfport	$	18,165
Other business-type		1,624
Total depreciation expense - business-type activities	$	19,789

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

		Project Authorization		Expended To Date		Outstanding Commitment
Governmental Activities:						
Department of Transportation	$	6,174,647	$	4,050,861	$	835,562
Department of Finance and Administration		126,038		118,274		8,025
Wireless Communication Commission		24,962		20,182		4,780
Department of Public Safety		39,346		37,252		114
Department of Health		32,266		32,266		
Department of Rehabilitation Services		13,536		13,536		
East MS State Hospital		41,973		30,602		9,934
Military Department		87,026		40,610		17,401
Fair Commission		33,965		16,103		14,934
Other projects less than $10 million		51,262		23,082		6,826
Total governmental activities		6,625,021		4,382,768		897,576
Business-type Activities:						
Port Authority at Gulfport		13,169		9,989		4,784
Yellow Creek Port Authority		7,000		4,222		3,336
Total business-type activities		20,169		14,211		8,120
Total construction in progress	$	6,645,190	$	4,396,979	$	905,696

Component Units

At June 30, 2019, capital assets consisted of (expressed in thousands):

	Universities	Nonmajor	Total
Capital assets not being depreciated:			
Land	$ 114,322	$ 10,765	$ 125,087
Construction in progress	473,753	2,933	476,686
Total capital assets not being depreciated	588,075	13,698	601,773
Capital assets being depreciated:			
Buildings	4,314,980	25,031	4,340,011
Land improvements	477,794	51,666	529,460
Machinery and equipment	1,363,979	22,150	1,386,129
Infrastructure		45,915	45,915
Total capital assets being depreciated	6,156,753	144,762	6,301,515
Less accumulated depreciation	2,384,805	100,894	2,485,699
Total capital assets being depreciated, net	3,771,948	43,868	3,815,816
Component units capital assets, net	$ 4,360,023	$ 57,566	$ 4,417,589

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, 2019 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, 2019, 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.

During fiscal year 2019, the State issued the following general obligation note which is reported in governmental activities:

Taxable General Obligation Note, Series 2019A totaling $198,000,000 dated March 28, 2019. This note was issued to provide funding for the Major Economic Impact Act. The current outstanding balance is $106,000,000. Interest is payable semi-annually on the outstanding balance at the rate of 3.25%. The principal balance is payable on or before March 15, 2022.

In accordance with Statement No. 88 of the Governmental Accounting Standards Board, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* the Series 2019A Note has been separated from the general obligation bonds related to governmental activities. The State has outstanding general obligation notes from direct borrowings and direct placements related to governmental activities totaling $106,000,000.

The Series 2019A Note was issued with a Private Placement Agreement between the State and Trustmark National Bank. The Series 2019A Note will constitute a general obligation of the State, secured by a pledge of the full faith and credit of the State.

At the option of the State, the principal amount of the Series 2019A Note may be supplied by multiple advances of at least $5,000,000, provided, however, that the total aggregate principal amount of all advances shall not exceed $198,000,000. As stated above, the current outstanding balance is $106,000,000.

Defeased Bonds

In prior years, the State defeased certain outstanding general obligation bonds of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2019, $554,095,000 of outstanding general obligation bonds are considered defeased.

Mississippi

At June 30, 2019, 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:				
Technology Alliance	$ 933	1.68% - 5.10%	Oct. 2026	$ 2,050
Farish Street Historic District	241	3.58% - 4.35%	Nov. 2023	500
Heritage, History, and Culture Tourism	340	3.58% - 4.35%	Nov. 2023	700
Small Business and Existing Forestry Industry	2,415	3.58% - 4.35%	Nov. 2023	5,000
State Railroad Revitalization	485	3.58% - 4.35%	Nov. 2023	1,000
Sustainable Energy	260	1.90% - 4.35%	Nov. 2023	1,000
Local Governments Capital Improvements	10,045	1.68% - 5.10%	Oct. 2026	23,000
State Shipyard Improvements	147,652	1.68% - 5.10%	Nov. 2030	196,985
Hinds County Development Project Loans	12,810	3.58% - 4.35%	Dec. 2026	20,000
Job Protection	2,110	1.68% - 5.10%	Dec. 2026	4,000
Railroad Lines and Bridges Improvement	3,933	1.68% - 5.10%	Dec. 2026	7,400
Workforce Training	3,772	1.68% - 4.35%	Dec. 2026	8,000
Industry Incentive Financing	258,914	1.68% - 4.35%	Oct. 2027	388,010
Small Enterprise Development Finance	1,975	4.60% - 4.88%	July 2028	27,600
ACE Fund	66,919	1.68% - 5.54%	Nov. 2030	107,180
Existing Industry	25,766	1.90% - 5.54%	Oct. 2029	43,000
Rural Impact	3,038	1.90% - 5.54%	Oct. 2029	6,200
Statewide Wireless Communication System	25,506	2.84% - 5.54%	Oct. 2029	47,000
Major Economic Impact	212,178	1.68% - 5.54%	Dec. 2037	299,488
Port Improvements	5,812	5%	Dec. 2033	10,000
Rail Authority of East Mississippi	1,965	3% - 5%	Nov. 2035	2,384
North Central MS Regional Railroad Grant	21,668	1.85% - 3.16%	Nov. 2025	30,000
Railroad Improvements	1,878	1.85% - 3.16%	Nov. 2025	2,600
Farm Reform	1,795	4.48% - 5.67%	Oct. 2034	3,000
Small Municipalities and Limited Population Counties	21,424	1.68% - 5.67%	Oct. 2034	28,749
Business Investment	31,617	1.68% - 5.25%	Nov. 2034	39,390
Economic Development Highway	145,998	1.68% - 5.54%	Nov. 2034	190,000
Capital Improvements	1,145,542	1.68% - 5.67%	Nov. 2039	1,476,525
General Obligation Refunding Bonds *	1,664,271	1.68% - 11.0%	Oct. 2036	2,493,802
Local Governments Water System Improvement	5,083	2.55% - 5.25%	Oct. 2036	8,100
Local System Bridge Replacement and Rehabilitation	78,192	3.5% - 5.25%	Oct. 2036	108,694
Rural Fire Truck Acquisition	5,922	3.5% - 5.67%	Oct. 2036	7,250
Transportation	129,027	2.88% - 5.45%	Dec. 2037	192,263
Total Bonds	4,039,486			5,780,870
Premiums	243,541			-
Notes:				
Major Economic Impact	106,000	3.25%	Mar 2022	106,000
Total Governmental Activities	4,389,027			5,886,870
Business-type Activities:				
General Obligation Refunding Bonds	309	4.90% - 5.50%	Nov. 2022	2,127
Total General Obligation Bonds and Notes	$ 4,389,336			$ 5,888,997

*General obligation refunding bonds include $157,225,000 of outstanding variable rate bonds, $150,195,000 of which have associated interest rate swap agreements. Under the interest rate swap agreements, the state pays the counterparty fixed rate payments ranging from 3.75% to 3.843% on $50,195,000 and 5.248% to 5.708% on $100,000,000. The state receives variable rate payments computed on one-month LIBOR. The remaining outstanding general obligation bonds have fixed rates of interest.

At June 30, 2019, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

	Governmental Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
Year Ending June 30	Principal	Interest	Principal	Interest
2020	$ 249,572	$ 180,728	$	$ 3,445
2021	397,949	158,785		3,445
2022	239,156	147,041	106,000	2,727
2023	234,259	137,996		
2024	223,825	129,204		
2025-2029	1,070,245	503,771		
2030-2034	1,086,215	256,713		
2035-2039	538,265	36,090		
Total	4,039,486	1,550,328	106,000	9,617
Premiums	243,541			
Total Debt Service, Net	$ 4,283,027	$ 1,550,328	$ 106,000	$ 9,617

	Business-type Activities	
Year Ending June 30	Principal	Interest
2020	$ 128	$ 13
2021	71	8
2022	74	4
2023	36	1
Total	309	26
Premiums		
Total Debt Service, Net	$ 309	$ 26

Derivative Instruments

The State entered into interest rate swap agreements in connection with $150,195,000 of outstanding variable rate debt in order to hedge changes in cash flows. At June 30, 2019, the State had the following pay-fixed interest rate swap derivative instruments reported in governmental activities, all of which had the objective of hedging the interest rate risk of the variable rate bonds.

Associated Bonds	Notional Amount	Effective Date	Final Maturity Date	Terms	Counterparty Credit Rating
2017C	$ 50,000,000	Aug. 2017	Nov. 2028	Pay 5.708%; receive one-month LIBOR	A+/Aa2/AA-
2017C	50,000,000	Aug. 2017	Nov. 2026	Pay 5.248%; receive one-month LIBOR	A/A1/AA-
2017B	22,495,000	Aug. 2017	Sept. 2025	Pay 3.843%; receive one-month LIBOR x 67%	BBB+/A3/A
2017B	27,700,000	Aug. 2017	Sept. 2027	Pay 3.750%; receive one-month LIBOR x 67%	BBB+/A3/A

The swaps associated with the 2017B and 2017C variable rate bonds had an effectiveness determined using regression analysis on variable interest rate bonds. The variability of the cash flows of the bond coupons is affected by more than changes in the benchmark interest rate. For example, changes in the credit quality of the State's bonds would affect its interest rates. The State's specific objective, however, is to offset changes in the cash flows of the bond coupons attributable to changes in the benchmark interest rate (a cash flow hedge). The relevant benchmark interest rate index for the 2017B and 2017C variable rate bonds is LIBOR. For the 2017B and 2017C bonds, the swaps that the State entered into do not meet the criteria for the consistent critical terms method. Because the swaps are a hedge of interest rate risk as opposed to the risk of changes in overall cash flows associated with the bond coupons, the State is precluded from using the synthetic instrument method to evaluate effectiveness. Unable to apply either the consistent critical terms method or the synthetic instrument method, the State has chosen to apply the regression analysis method for financial reporting purposes as well as tax compliance purposes.

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 2016 through June 2019, to determine if the potential hedging derivative instruments were effective as of June 30, 2019. The use of the regression analysis method requires appropriate interpretation and understanding of the statistical inferences.

The resulting calculation shows that using over 30 observations, the resulting adjusted R-square is 1.00, the F-statistic is zero and the regression coefficients for the slopes is -1.0076. Based on these parameters required to apply hedge accounting, 2017B and 2017C hedges are deemed highly effective.

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

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

The fair value balances at June 30, 2019 and the changes in fair value of pay fixed receive-variable interest rate swaps reported in governmental activities are (amounts expressed in thousands):

Associated	Notional	Changes in Fair Value		Fair Value at June 30, 2019	
Bonds	**Amount**	**Classification**	**Amount**	**Classification**	**Amount**
2017C	$ 50,000	Interest expense	$ (1,662)	Borrowing	$ (14,008)
		Deferred outflows of resources	5,048	At-market derivative	(1,163)
2017C	50,000	Interest expense	(1,583)	Borrowing	(8,638)
		Deferred outflows of resources	3,614	At-market derivative	(595)
2017B	22,495	Interest expense	(669)	Borrowing	(2,933)
		Deferred outflows of resources	1,088	At-market derivative	(118)
2017B	27,700	Interest expense	(589)	Borrowing	(1,926)
		Deferred outflows of resources	717	At-market derivative	(46)
	$ 150,195		$ 5,964		$ (29,427)

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, 2019, future debt service requirements on the variable rate bonds and net payments on associated hedging derivative instruments are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Net Swap Payment	Total
2020	5,400	3,689	4,032	13,121
2021	144,795	1,092	1,166	147,053
	$ 150,195	$ 4,781	$ 5,198	$ 160,174

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, 2019, as all hedging derivative instruments are in a liability position.

Basis Risk - The swap agreements expose the State to basis risk because the applicable interest rates under the swap agreements are based on the LIBOR swap index, which may differ from the interest rates for the State's variable rate bonds. As of June 30, 2019, the weighted average variable interest rate paid on the bonds was 2.51404%, while the one-month LIBOR was 2.40238%.

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

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

B. Limited Obligation Bonds

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

These bonds, with an original issue amount of $468,775,000, were issued to provide funding for road and bridge projects and mature serially through fiscal year 2039 with interest rates ranging from 4.00% to 5.00%. At June 30, 2019, the primary government's future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest
2020	$ 14,200	$ 21,970
2021	14,385	21,255
2022	15,100	20,518
2023	15,855	19,744
2024	16,650	18,932
2025-2029	96,595	80,973
2030-2034	123,285	53,619
2035-2039	157,350	18,878
Total	453,420	255,889
Premiums	54,419	
Total Debt Service, Net	$ 507,839	$ 255,889

Note 10 - Bonds Authorized But Unissued

At June 30, 2019, 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	$ 142,650	$ 31,000
Business Investment Act	362,500	51,223
Capital Improvements	789,367	287,696
Deer Island Project	10,000	1,200
Economic Development Highway	377,500	58,600
Farm Reform	128,000	20,000
Major Economic Impact	1,513,800	332,110
Small Enterprise Development Finance	140,000	138,025
Technology Alliance	4,000	950
Transportation - Access Roads	4,600	4,600
	$ 3,472,417	$ 925,404

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, 2019, outstanding revenue bonds and notes are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Component Units				
Universities:				
Bonds	$ 1,252,788	.29% - 6.84%	June 2047	$ 1,840,683
Notes	31,233	1.39% - 3%	June 2033	37,505
Total Component Units	$ 1,284,021			$ 1,878,188

At June 30, 2019, future revenue bond and note debt service requirements are (amounts expressed in thousands):

	Component Units	
Year Ending June 30	Principal	Interest
2020	$ 50,552	$ 50,838
2021	52,773	49,266
2022	51,605	47,554
2023	52,599	45,698
2024	54,668	43,676
2025-2029	279,069	185,787
2030-2034	296,606	127,270
2035-2039	216,420	70,890
2040-2044	172,422	29,882
2045-2049	57,307	4,177
	$ 1,284,021	$ 655,038

Note 12 - Other Long-term Liabilities

A. Compensated Absences - The State's liability for compensated absences at June 30, 2019 is $117,289,000 for governmental activities and $706,000 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 $122,569,000 of which $121,900,000 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, 2019, five Superfund sites in the State are in various stages of cleanup ranging from initial assessment of contamination to cleanup of chemical spills. Numerous leaking underground storage tank sites exist where motor fuels contaminate soil and groundwater, and present inhalation and explosive hazards. Under federal and state law, the State is legally obligated to remedy the detrimental effects of existing pollution through site investigation and assessment, restoration and replacement, cleanup, and monitoring.

At June 30, 2019, the primary government's pollution remediation obligation is $44,020,000. This estimate is based on professional judgment, experience, historical cost data, and the use of the expected cash flow technique. Recoveries from other responsible parties, which would reduce the State's remediation liability, are not anticipated. Costs of pollution remediation are paid out of the general fund. Remediation obligation estimates may change over time. Estimated costs will vary due to changes in technology, fluctuation in prices, changes in potential responsible parties, and changes in regulations.

C. Notes Payable – Direct Borrowings At June 30, 2019, the primary government's outstanding notes payable from direct borrowings are (amounts expressed in thousands):

Purpose	Outstanding Amount	Interest Rates	Final Maturity Date	Original Amount
Governmental Activities:				
Utility restoration	$ 13,175	5%	Jul. 2019	$ 57,325
Energy efficiency	4,008	3.10% - 4.50%	Apr. 2026	12,606
Buildings	185,269	2% - 5.37%	Feb. 2034	337,054
Roads and bridges	619,515	1% - 6.59%	Jan. 2040	815,455
Total	821,967			1,222,440
Premiums	67,430			
Total Notes Payable, Net	$ 889,397			$ 1,222,440
Business-Type Activities:				
Land	$ 5,715	5%	Apr. 2029	$ 5,750
Total	5,715			5,750
Premiums				
Total Notes Payable, Net	$ 5,715			$ 5,750

The State's outstanding notes payable from direct borrowings related to business-type activities of $5,715,000 is secured with land.

Refunding and Defeased Notes

In prior years, the State defeased certain outstanding notes of the primary government by depositing the proceeds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the refunded debt. Accordingly, for financial reporting purposes, the defeased notes and related trust accounts are not included in the financial statements. At June 30, 2019, $163,065,000 of outstanding notes are considered defeased.

At June 30, 2019, the primary government's future debt service requirements for notes payable are (amounts expressed in thousands):

	Notes Payable from Direct Borrowings			
	Governmental Activities		Business-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2020	$ 68,073	$ 37,509	$ 455	$ 290
2021	57,549	34,645	481	265
2022	60,217	31,997	506	239
2023	62,201	32,383	534	211
2024	64,046	29,697	562	183
2025-2029	300,119	101,283	3,177	423
2030-2034	130,517	45,897		
2035-2039	67,255	15,118		
2040-2041	11,990	769		
Total	821,967	329,298	5,715	1,611
Premiums	67,430			
Total Debt Service, Net	$ 889,397	$ 329,298	$ 5,715	$ 1,611

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, 2019, assets recorded under capital leases are as follows (amounts expressed in thousands):

	Governmental Activities	Business-type Activities
Land	$	$ 700
Machinery and Equipment	15,918	293
Accumulated Depreciation	(9,843)	(121)
Total	$ 6,075	$ 872

The discretely presented component units recorded capital assets acquired through capital leases of $1,529,000.

At June 30, 2019, future minimum commitments under capital leases are (amounts expressed in thousands):

Year Ending June 30	Governmental Activities	Component Units
2020	$ 2,709	$ 354
2021	2,658	337
2022	1,433	158
2023	810	140
2024	313	140
2025-2029		70
Total Minimum Lease Payments	7,923	1,199
Less Interest	519	125
Present Value of Minimum Lease Payments	$ 7,404	$ 1,074

Note 13 - Changes in Long-term Liabilities

Changes in the primary government's long-term liabilities for the year ended June 30, 2019 are summarized below (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds (Note 9)	$ 3,971,944	$ 341,835	$ 274,293	$ 4,039,486	$ 249,572
General Obligation Notes from Direct Borrowings (Note 9)	39,000	106,000	39,000	106,000	
Premiums/Discounts (Note 9)	252,230	15,161	23,850	243,541	22,606
Limited Obligation Bonds (Note 9)	191,400	268,775	6,755	453,420	14,200
Premiums (Note 9)	23,758	32,867	2,206	54,419	3,037
Notes Payable from Direct Borrowings (Note 12)	880,551	11,309	69,893	821,967	68,073
Premiums (Note 12)	76,614		9,184	67,430	8,788
Total Bonds and Notes	5,435,497	775,947	425,181	5,786,263	366,276
Derivative Instruments (Note 9)	23,463	5,964		29,427	
Capital Lease Obligations (Note 12)	7,872	2,840	3,308	7,404	2,468
Accrued Compensated Absences (Note 12)	118,315	72,865	73,891	117,289	10,329
Pollution Remediation Obligation (Note 12)	38,274	14,372	8,626	44,020	8,638
	$ 5,623,421	$ 871,988	$ 511,006	$ 5,984,403	$ 387,711
Business-type Activities:					
General Obligation Bonds (Note 9)	$ 6,496	$	$ 6,187	$ 309	$ 128
Capital Lease Obligations (Note 12)	40		40		
Accrued Compensated Absences (Note 12)	696	319	309	706	44
Notes Payable from Direct Borrowings (Note 12)		8,783	3,068	5,715	455
	$ 7,232	$ 9,102	$ 9,604	$ 6,730	$ 627

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

Note 14 - Short-term Financing

General Obligation Note – The State issued a taxable general obligation note, Series 2018A dated March 29, 2018 totaling $135,000,000 to provide financing for a Major Economic Impact Project. The 2018A note was scheduled to mature on April 1, 2019, with an interest rate of 2.74%. This note was redeemed with the proceeds of Taxable General Obligation Bonds, Series 2018B dated October 17, 2018 and Taxable General Obligation Note, Series 2019A dated March 28, 2019. Because the proceeds were received and the redemption of the General Obligation note 2018A occurred during fiscal year 2019, it is treated as short-term financing. At June 30, 2019, there were no outstanding short-term general obligation notes. Changes in general obligation short-term note activity recorded in governmental activities during fiscal year 2019, are as follows (amounts expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Note, Series 2018A	$ 0	$ 135,000	$ 135,000	$ 0

Note 15 - Retirement Plans

Plan Description

In accordance with state statutes, Public Employees' Retirement System (PERS) Board of Trustees (System) administers four defined benefit plans. The defined benefit plans are 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, 2019, the total annual COLA payments for PERS were $699,947,000.

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, 2019, the total annual COLA payments for MHSPRS were $10,504,000.

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

Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service beyond 20 years, not to exceed 66.67 percent of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS plans also provide certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Benefit provisions are established by 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, 2019, the total COLAs for MRS plans were $5,500,000.

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, 2019, the total COLAs for SLRP were $337,000.

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% *	49% *	N/A	7.4% *
Other employers	N/A	N/A	.80 – 5.82 mills****	N/A
Plan members	9%	7.25%	7% - 10%	3% **
Employer contributions made	$ 1,038,108	$ 19,375***	$ 17,114	$ 525

* 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 employer contributions in the pension trust funds. Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of $3,500,000 was used to calculate the actuarially determined contributions for MHSPRS. The actual amount received in 2019 was $3,770,000.

**** Based on assessed property values.

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

At June 30, 2019, the State reported a liability of $2,860,867,000 for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2018, 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 17.20%.

At June 30, 2019, the State reported a net pension liability of $173,259,000 and $3,265,000 for MHSPRS and SLRP, respectively. The net pension liability was measured as of June 30, 2018, 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 (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$ 497,992	$ 341,719	$ 156,273
Changes for the Year:			
Service Cost	7,205		7,205
Interest	37,338		37,338
Difference between expected and actual experience	17,311		17,311
Contributions - employer		15,128	(15,128)
Contributions - employee		2,271	(2,271)
Net investment income		27,719	(27,719)
Benefit payment, including refunds of employee contributions	(32,418)	(32,418)	0
Administrative expense		(250)	250
Net Changes	29,436	12,450	16,986
Balances at June 30, 2019	$ 527,428	$ 354,169	$ 173,259

SLRP	Total Pension Liability (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$ 20,799	$ 17,342	$ 3,457
Changes for the Year:			
Service Cost	431		431
Interest	1,557		1,557
Difference between expected and actual experience	(58)		(58)
Contributions - employer		513	(513)
Contributions - employee		207	(207)
Net investment income		1,412	(1,412)
Benefit payment, including refunds of employee contributions	(1,428)	(1,428)	0
Administrative expense		(10)	10
Net Changes	502	694	(192)
Balances at June 30, 2019	$ 21,301	$ 18,036	$ 3,265

For the year ended June 30, 2019, the State recognized pension expense of $217,351,000 for PERS, $21,745,000 for MHSPRS, and $2,000 for SLRP. At June 30, 2019, 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	$	12,923	$	12,329
Net difference between projected and actual earnings on pension plan investments				53,998
Changes in proportion		1,034		77,355
Changes of assumptions		1,729		1,638
Contributions subsequent to the measurement date		173,162		
Total PERS		188,848		145,320
MHSPRS				
Differences between expected and actual experience		14,466		3,134
Net difference between projected and actual earnings on pension plan investments				1,930
Changes of assumptions		780		1,952
Contributions subsequent to the measurement date		19,375		
Total MHSPRS		34,621		7,016
SLRP				
Differences between expected and actual experience				277
Net difference between projected and actual earnings on pension plan investments				105
Changes of assumptions				492
Contributions subsequent to the measurement date		525		
Total SLRP		525		874
Total	$	223,994	$	153,210

Contributions subsequent to the measurement date of $173,162,000 for PERS, $19,375,000 for MHSPRS and $525,000 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, 2020. 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
2020	$	(1,245)	$	6,617	$	(217)
2021		(30,896)		1,975		(391)
2022		(84,628)		(294)		(246)
2023		(12,865)		(68)		(20)
Total	$	(129,634)	$	8,230	$	(874)

Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	MHSPRS	SLRP
Inflation	3 %	3 %	3 %
Salary increases, including inflation	3.25% - 18.5 %	3.25% - 8.81 %	3.25 %
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.

Mortality rates for PERS, MHSPRS and SLRP were based on the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022, set forward one year for males with adjustments.

The actuarial assumptions for PERS, MHSPRS and SLRP used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2016. The experience report is dated April 18, 2017.

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, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
U.S. Broad	27 %	4.60 %
International equity	18	4.50
Emerging markets equity	4	4.75
Global	12	4.75
Fixed income	18	0.75
Real assets	10	3.50
Private equity	8	5.10
Emerging Debt	2	2.25
Cash	1	0.00
Totals	100 %	

Single-Employer Benefit Plan Employees

The following employees were covered by the benefit terms of MHSPRS and SLRP at June 30, 2018:

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

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%, 49.08% and 7.4% for PERS, MHSPRS and SLRP, respectively. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plans members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
PERS	$ 3,766,942	$ 2,860,867	$ 2,107,801
MHSPRS	237,420	173,259	120,079
SLRP	5,337	3,265	1,482
Total	$ 4,009,699	$ 3,037,391	$ 2,229,362

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 Life and Health Insurance Plan (the Plan) established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which is amended annually by the Board. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the Plan. The Plan provides other postemployment benefits (OPEB) as a cost-sharing multiple-employer defined benefit OPEB plan.

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

Benefits Provided

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

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

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

Contributions

Pursuant to the authority granted by Mississippi Statute, the Board has the authority to establish and change premium rates for the participants, employers, and other contributing entities. The required premiums vary based on the plan selected and the type of participant. Employees' premiums are paid primarily by the employer. Employers do not pay premiums for retirees nor premiums for active employee spouse and dependent medical coverage. At June 30, 2019, the State's actuarially determined contributions to the OPEB plan were $7,813,000.

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

At June 30, 2019, the State reported a liability of $181,836,000 for its proportionate share of the net OPEB liability. The liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The State's proportion of the OPEB liability was based on a projection of the long-term share of contribution to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date the State's proportion was 23.51%.

For the year ended June 30, 2019, the State recognized OPEB expense of $7,113,000. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts expressed in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 370	$
Changes in proportion	10,223	18,450
Changes in assumptions		12,956
Contributions subsequent to the measurement date	7,813	
Total	$ 18,406	$ 31,406

Contributions subsequent to the measurement date of $7,813,000 reported as deferred outflows of resources will be recognized as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30	Net Outflows & Inflows of Resources
2020	$ (4,161)
2021	(4,161)
2022	(4,161)
2023	(4,161)
2024	(3,451)
Thereafter	(718)
Total	$ (20,813)

Actuarial Assumptions

The collective total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to the periods included in the measurement:

Inflation	3%
Salary increases, including inflation	3.25% - 18.5%
Investment rate of return	4.5%
Municipal bond index rate	3.89%
Single equivalent interest rate	3.89%
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Retirement age – by employee type shown:	
Highway safety patrol	Any age with 25 years of service Age 55 with at least 5 years of service Age 45 with at least 20 years of service
General state and school employees hired before July 1, 2011	Any age with 25 years of service or hired before July 1, 2007 Age 60 with at least 4 years of service or hired after July 1, 2007 Age 60 with at least 8 years of service
General state and school employees hired on or after July 1, 2011	Any age with 30 years of service or Age 60 with at least 8 years of service

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022, male rates set forward one year and adjusted to 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward four years for males and three years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of the last actuarial experience study, dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capital costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Changes in Actuarial Assumptions and Methods

The discount rate was changed from 3.56% for the prior measurement date to 3.89% for the current measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.89%. The discount rate determination was based on an average of the Bond Buyer General Obligation 20 year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer. Since the trust was set up as of June 20, 2018 with an initial contribution of $1,000,000 the Plan was projected to be depleted immediately in 2018.

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

The following table presents the State's proportionate share of the net OPEB liability using the discount rate of 3.89%, as well as what the State's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current rate (amounts expressed in thousands):

	1% Decrease 2.89%	Current Discount Rate 3.89%	1% Increase 4.89%
State's proportionate share of net OPEB liability	$ 201,560	$ 181,836	$ 164,872

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

The following table presents the State's proportionate share of the net OPEB liability using the healthcare trend rate of 7.25% decreasing to 4.75% by 2028, as well as what the State's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (6.25% decreasing to 3.75%) or 1-percentage-point higher (8.25% decreasing to 5.75%) than the current rate (amounts expressed in thousands):

	1% Decrease (6.25% decreasing to 3.75%)	Current Discount Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
State's proportionate share of net OPEB liability	$ 168,440	$ 181,836	$ 197,054

Detailed information about the Life and Health OPEB Plan is available on the Department of Finance and Administration website at www.dfa.ms.gov.

Note 17 - Commitments

A. Operating Leases

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

Operating lease payments are recorded as expenditures or expenses when paid or incurred. Future minimum commitments due under non-cancellable operating leases for land and buildings as of June 30, 2019 are as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2020	22,310
2021	18,329
2022	15,465
2023	14,113
2024	12,496
2025-2029	47,469
2030-2034	32,579
2035-2039	7,170
2040-2044	793
2045-2049	59
2050-2054	12
Total Minimum Commitments	$ 170,795

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2019 amounted to $25,257,000.

B. Contracts

At June 30, 2019, the Department of Transportation had contracts outstanding of approximately $802,418,000 with performance continuing during fiscal year 2020. Of this amount $33,027,000 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 67 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 $45,744,000 outstanding at June 30, 2019 for construction, repair and maintenance of state and county roads. These contracts will be paid through the General Fund. Approximately 59 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 $134,591,000 at June 30, 2019. These contracts will be paid from the General fund.

The Military Department had contracts outstanding of approximately $17,401,000 at June 30, 2019. 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 $3,179,000 at June 30, 2019. These contracts were primarily for construction costs related to the port. These contracts will be paid from Port Authority at Gulfport's revenues and federal grants.

The Department of Information Technology Services had contracts outstanding of approximately $4,780,000 at June 30, 2019. These contracts were primarily for the construction of the Mississippi Wireless Information Network state-wide digital trunked land mobile radio system including enhancements which add broadband data capabilities. Future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred.

C. Encumbrances

Encumbrances represent executed but unperformed purchase orders that are reported within governmental funds as restricted, committed, or assigned fund balance. At June 30, 2019, the encumbrance amounts in the General Fund were $33,523,000.

Note 18 - Risk Management

The State has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the State are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits. The State utilizes the Risk Management Fund to account for these activities with the noted exception in workers' compensation benefits. Estimates of liabilities for incurred but unpaid claims include both reported and unreported insured events. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments due to immateriality. Changes in claim liabilities for fiscal years 2018 and 2019 are as follows (amounts expressed in thousands):

	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance	Due within one year
2018	$ 183,386	$ 809,300	$ 819,002	$ 173,684	$ 137,179
2019	173,684	820,183	825,321	168,546	131,183

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

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

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

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

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

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

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

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

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

Note 19 - Contingencies

A. **Federal Grants** - The State has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State. The State estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

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

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

B. **Litigation** - The State is party to various legal proceedings that arise in the normal course of governmental operations. The State's legal counsel believes that they will be successful in defending the State and its agencies in a majority of these cases. Of the $205,379,000 in pending litigation, the State's legal counsel considers $26,699,000 probable and reasonably estimable that a liability has occurred and is reported in the accompanying financial statements. The State's legal counsel also believes that the remaining $178,680,000 is reasonably possible that a liability has been incurred as of June 30, 2019. 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, 2019, outstanding MDA loan guarantees totaled $29,347,000.

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, 2019, 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 $2,434,706,000 at June 30, 2019. The faith, credit and taxing power of the State and the Bank are not pledged to the payment of such bonds.

Note 20 – Tax Abatements

As of June 30, 2019, 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 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 2019 are (amounts expressed in thousands):

Program	Amount Abated	
Jobs Tax Credit***	$ -	
Investment Tax Credit***	-	
Income Tax Exemption***	-	
Withholding Rebate for New Job Creation***	-	
Withholding Rebate for Maintaining Existing Jobs	-	*
Fee in Lieu of Franchise Tax	-	*
Aggregate total of tax credits, tax rebates, income tax exemption, and franchise tax exemption	20,495	
Sales and Use Tax Exemption to Establish and Operate the Project	-	**
Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services	-	**
Total Sales and Use Tax Exemptions	10,753	
Total	$ 31,248	

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

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

***There were no taxes abated under these programs in FY 2019.

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 $555,475,000 from the Working Cash Stabilization Reserve Account and $94,525,000,000 from budgetary special funds as of December 13, 2019. In order to comply with State law, all borrowings must be repaid by the end of the fiscal year.

The State entered into a direct borrowing financing agreement on November 21, 2019 to advance refund a portion of the 2014 highway project notes payable. The agreement resulted in notes payable totaling $49,035,000 beginning in year 2020 through year 2030 with interest rates ranging from 1.932% to 2.644%.

Draws of $5,000,000 were made subsequent to year end on the Taxable General Obligation Note, Series 2019A issued March 28, 2019. The note was issued to provide funding for the Major Economic Impact. A principal payment of $111,000,000 was made in October 2019 from proceeds of the General Obligation Bonds, Series 2019C as discussed below. The Series 2019A note matures March 15, 2022.

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

General Obligation Bonds, Series 2019B totaling $169,700,000 dated September 26, 2019. These bonds were issued to provide funding for or to refinance various Capital Improvements. These bonds have principal payments beginning in October 2033 and will mature serially through October 2039 with interest payments rates ranging from 3% to 5%.

Taxable General Obligation Bonds, Series 2019C, totaling $235,840,000 dated September 26, 2019. These bonds were issued for the purpose of funding Capital Improvements, Major Economic Impact, Economic Development Highway, ACE Fund, Business Investment, and Technology Alliance. These bonds have principal payments beginning in October 2020 and will mature serially through October 2032 with interest payments ranging from 1.796% to 3%.

Required Supplementary Information

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APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the State of Mississippi (the "Issuer" or the "State") in connection with the issuance of the $504,225,000 State of Mississippi Taxable General Obligation Refunding Bonds, Series 2020A (the "Series 2020A Bonds"). The Series 2020A Bonds are being issued pursuant to a resolution of the State Bond Commission of the State dated May 18, 2020 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Series 2020A Bonds and the beneficial owners of the Series 2020A Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5)(i)(C).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc., Dallas, Texas, and any successors thereto, which has been designated by the Department of Finance and Administration, an agency of the State, to serve as Dissemination Agent to the State.

"EMMA" shall mean the Electronic Municipal Market Access System found at http://emma.msrb.org which is the electronic format prescribed by the MSRB pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The electronic filings with the MSRB shall be through EMMA.

"Participating Underwriters" shall mean any of the original underwriters of the Series 2020A Bonds required to comply with the Rule.

"Repository" shall mean the MSRB and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as in effect on the date hereof.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. The Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, provide to each Repository an Annual Report which is consistent with the requirements of Sections 3 and 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Sections 3 and 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. If the audited financial statements of the Issuer are publicly unavailable on February 1 of each year, the Issuer agrees to provide unaudited financial statements and such audited financial statements if and when publicly available.

If the Issuer is unable to provide the Repositories an Annual Report by the date required in the immediately preceding paragraph, the Issuer shall send a notice to each Repository.

The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain the Comprehensive Annual Financial Report of the State prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (the "CAFR"), including operating data of the type included in the Issuer's most recent CAFR dated June 30, 2019 (the "Operating Data"). If the CAFR starts excluding the Operating Data, then the Issuer's Annual Report shall contain the CAFR and the Operating Data, in separate format, to the extent such information is prepared by, or available to, the Issuer.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events in a timely manner not in excess of ten (10) business days after the occurrence thereof. All events mandated by the Rule are listed below; however, some may not apply to the Series 2020A Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on the credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2020A Bonds;

(7) Modification to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Series 2020A Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the State[1];

(13) Consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) The appointment of a successor or additional trustee or the change of name of a trustee, if material;

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[1] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(15) Incurrence of a financial obligation[2] of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation[2] of the obligated person, any of which reflect financial difficulties.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Series 2020A Bonds.

SECTION 7. Dissemination Agent. The Issuer has engaged the Dissemination Agent to assist it in disseminating information hereunder. The Issuer shall send the information required by Sections 3 and 4 hereof and event notices required by this Disclosure Certificate to the Dissemination Agent. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than five (5) days after receipt of such information, forward the same to (i) the MSRB and State Repository, if any, as described herein, and (ii) any beneficial holder of the Series 2020A Bonds who requests such information in writing to the Dissemination Agent or the Issuer. The Dissemination Agent shall have no duty to review the materials described in this paragraph prior to disseminating such materials.

The initial Dissemination Agent shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc., Dallas, Texas. The Issuer may discharge the Dissemination Agent or any successor Dissemination Agent, but in such event shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of dissemination hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder or beneficial owner of a Series 2020A Bonds or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The obligations of the

[2] For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the County intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2020A Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, holders from time to time of the Series 2020A Bonds, and beneficial owners of the Series 2020A Bonds and shall create no rights in any other person or entity.

SECTION 13. Prior Disclosure. The Issuer is current in all material respects with its previous continuing disclosure undertakings under the Rule. However, there have been some instances in the previous five years in which the Issuer filed its annual undertakings late. Due to the change in the Issuer's accounting system, although the Issuer's unaudited financial statements or partial unaudited financial statements were filed timely along with the annual reports, the Issuer's CAFR for fiscal year 2015 was not filed on EMMA until May 31, 2016, the Issuer's CAFR for fiscal year 2016 was not filed on EMMA until May 5, 2017, and amended on May 15, 2017, the Issuer's CAFR for fiscal year 2017 was not filed on EMMA until March 15, 2018, and the State's CAFR for fiscal year 2018 was not filed on EMMA until April 18, 2019. For fiscal year 2016, the Issuer filed partial unaudited financial statements on February 1, 2017, for fiscal year 2017, the Issuer filed partial unaudited financial statements on December 28, 2017, and for fiscal year 2018, the State filed partial unaudited financial statements on February 1, 2019. Updated information was filed on EMMA on October 22, 2018. There have been instances when the Issuer's unaudited financial statements did not contain an update of all of the information normally included therein due to its unavailability at the time of filing. When such information has become available, the Issuer has subsequently amended its filings to update the information not available at the time of its original filing. Under one of its continuing disclosure agreements, the Issuer is required to file its CAFR earlier than it is required to do so under its other continuing disclosure agreements, and the Issuer has failed to meet this obligation on multiple occasions. Likewise, the Issuer has in the past failed to timely file certain event notices such as ratings changes and refunding notices and has also on occasion failed to link its filings to all of its CUSIPs. The Issuer has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the Issuer has approved a "State of Mississippi Debt Management Policy" which provides detailed procedures for the timely filing of continuing disclosure by the Issuer. Also, the Issuer has engaged the Dissemination Agent to assist compliance with the terms of its undertakings.

Date: August 6, 2020

STATE OF MISSISSIPPI

By: ____________________________________

Governor and Ex officio Chairman of the
State Bond Commission

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the State of Mississippi (the "Issuer" or the "State") in connection with the issuance of the $37,390,000 State of Mississippi General Obligation Refunding Bonds, Series 2020B (the "Series 2020B Bonds"). The Series 2020B Bonds are being issued pursuant to a resolution of the State Bond Commission of the State dated May 18, 2020 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Series 2020B Bonds and the beneficial owners of the Series 2020B Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5)(i)(C).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc., Dallas, Texas, and any successors thereto, which has been designated by the Department of Finance and Administration, an agency of the State, to serve as Dissemination Agent to the State.

"EMMA" shall mean the Electronic Municipal Market Access System found at http://emma.msrb.org which is the electronic format prescribed by the MSRB pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The electronic filings with the MSRB shall be through EMMA.

"Participating Underwriters" shall mean any of the original underwriters of the Series 2020B Bonds required to comply with the Rule.

"Repository" shall mean the MSRB and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as in effect on the date hereof.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. The Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, provide to each Repository an Annual Report which is consistent with the requirements of Sections 3 and 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Sections 3 and 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. If the audited financial statements of the Issuer are publicly unavailable on February 1 of each year, the Issuer agrees to provide unaudited financial statements and such audited financial statements if and when publicly available.

If the Issuer is unable to provide the Repositories an Annual Report by the date required in the immediately preceding paragraph, the Issuer shall send a notice to each Repository.

The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain the Comprehensive Annual Financial Report of the State prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (the "CAFR"), including operating data of the type included in the Issuer's most recent CAFR dated June 30, 2019 (the "Operating Data"). If the CAFR starts excluding the Operating Data, then the Issuer's Annual Report shall contain the CAFR and the Operating Data, in separate format, to the extent such information is prepared by, or available to, the Issuer.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events in a timely manner not in excess of ten (10) business days after the occurrence thereof. All events mandated by the Rule are listed below; however, some may not apply to the Series 2020B Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on the credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2020B Bonds;

(7) Modification to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Series 2020B Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the State[1];

(13) Consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) The appointment of a successor or additional trustee or the change of name of a trustee, if material;

[1] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(15) Incurrence of a financial obligation[2] of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation[2] of the obligated person, any of which reflect financial difficulties.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Series 2020B Bonds.

SECTION 7. Dissemination Agent. The Issuer has engaged the Dissemination Agent to assist it in disseminating information hereunder. The Issuer shall send the information required by Sections 3 and 4 hereof and event notices required by this Disclosure Certificate to the Dissemination Agent. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than five (5) days after receipt of such information, forward the same to (i) the MSRB and State Repository, if any, as described herein, and (ii) any beneficial holder of the Series 2020B Bonds who requests such information in writing to the Dissemination Agent or the Issuer. The Dissemination Agent shall have no duty to review the materials described in this paragraph prior to disseminating such materials.

The initial Dissemination Agent shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities, Inc., Dallas, Texas. The Issuer may discharge the Dissemination Agent or any successor Dissemination Agent, but in such event shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of dissemination hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder or beneficial owner of a Series 2020B Bonds or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The obligations of the

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[2] For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the County intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2020B Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, holders from time to time of the Series 2020B Bonds, and beneficial owners of the Series 2020B Bonds and shall create no rights in any other person or entity.

SECTION 13. Prior Disclosure. The Issuer is current in all material respects with its previous continuing disclosure undertakings under the Rule. However, there have been some instances in the previous five years in which the Issuer filed its annual undertakings late. Due to the change in the Issuer's accounting system, although the Issuer's unaudited financial statements or partial unaudited financial statements were filed timely along with the annual reports, the Issuer's CAFR for fiscal year 2015 was not filed on EMMA until May 31, 2016, the Issuer's CAFR for fiscal year 2016 was not filed on EMMA until May 5, 2017, and amended on May 15, 2017, the Issuer's CAFR for fiscal year 2017 was not filed on EMMA until March 15, 2018, and the State's CAFR for fiscal year 2018 was not filed on EMMA until April 18, 2019. For fiscal year 2016, the Issuer filed partial unaudited financial statements on February 1, 2017, for fiscal year 2017, the Issuer filed partial unaudited financial statements on December 28, 2017, and for fiscal year 2018, the State filed partial unaudited financial statements on February 1, 2019. Updated information was filed on EMMA on October 22, 2018. There have been instances when the Issuer's unaudited financial statements did not contain an update of all of the information normally included therein due to its unavailability at the time of filing. When such information has become available, the Issuer has subsequently amended its filings to update the information not available at the time of its original filing. Under one of its continuing disclosure agreements, the Issuer is required to file its CAFR earlier than it is required to do so under its other continuing disclosure agreements, and the Issuer has failed to meet this obligation on multiple occasions. Likewise, the Issuer has in the past failed to timely file certain event notices such as ratings changes and refunding notices and has also on occasion failed to link its filings to all of its CUSIPs. The Issuer has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the Issuer has approved a "State of Mississippi Debt Management Policy" which provides detailed procedures for the timely filing of continuing disclosure by the Issuer. Also, the Issuer has engaged the Dissemination Agent to assist compliance with the terms of its undertakings.

Date: August 6, 2020

STATE OF MISSISSIPPI

By: ____

Governor and Ex officio Chairman of the
State Bond Commission

APPENDIX D

FORM OF OPINION OF ATTORNEY GENERAL

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STATE OF MISSISSIPPI

OFFICE OF THE ATTORNEY GENERAL
OFFICIAL ATTORNEY GENERAL'S OPINION

[FORM OF OPINION OF ATTORNEY GENERAL]

August 6, 2020

LYNN FITCH
ATTORNEY GENERAL

State Bond Commission
State of Mississippi
Jackson, Mississippi

Re: $504,225,000 State of Mississippi Taxable General Obligation Refunding Bonds, Series 2020A (the "Series 2020A Bonds")

$37,390,000 State of Mississippi General Obligation Refunding Bonds, Series 2020B (the "Series 2020B Bonds" and together with the Series 2020A Bonds, the "Series 2020 Bonds")

Commission Members:

The opinion as hereinafter set forth is submitted regarding several matters pertaining to the sale and issuance of the above referenced Series 2020 Bonds of the State of Mississippi (the "State").

There are three members of the State Bond Commission (the "Commission") and, in addition to being a member of the Commission, the Attorney General is legal advisor to the Commission.

The Commission is authorized to issue the Series 2020A Bonds under the provisions of Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Refinancing Act"), and Sections 31-18-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Variable Rate Act" and together with the Refinancing Act, the "Act"), and a resolution adopted by the members of the Commission on May 18, 2020 (the "Resolution").

The Commission is authorized to issue the Series 2020B Bonds under the provisions of the Variable Rate Act and the Resolution.

The existing State Constitution is the Mississippi Constitution of 1890. Protection for the contractual obligations owed holders of the Series 2020 Bonds arising from the issuance of the Series 2020 Bonds is expressed in the provisions of Section 16 of the Constitution:

Ex post facto laws, or laws impairing the obligation of contracts shall not be passed.

I am of the opinion that when the Series 2020 Bonds are validated, issued and delivered, such Series 2020 Bonds shall constitute a contract as contemplated by Section 16, supra, and shall enjoy the full protection thereof.

The Series 2020 Bonds have been subjected to validation by a competent State court. Validation procedure is prescribed by statue and requires that the submission for validation shall be accompanied by the written opinion of the State's Bond Attorney, an attorney appointed by the Governor of the State and who shall possess the same qualifications for office as the Attorney General.

Section 31-13-7, Mississippi Code of 1972, as amended and supplemented, provides that when a decree shall be entered confirming and validating bonds and there shall be no appeal from the decree, or if on appeal the Supreme Court enters its decree confirming and validating such bonds, the validity of such bonds shall never be called in question in any court in the State.

A Certificate of Non-litigation shall be rendered by the Attorney General certifying the finality of validation prior to delivery of the Series 2020 Bonds.

Pursuant to the Act and the Resolution, the Series 2020 Bonds are general obligations of the State, and for the repayment thereof the full faith and credit of the State is irrevocably pledged. If the funds appropriated by the Legislature are insufficient to pay the principal of and the interest on the Series 2020 Bonds as they become due, then the deficiency shall be paid by the State Treasurer from any funds in the State Treasury not otherwise appropriated.

It is my opinion that the Series 2020 Bonds have been duly and validly authorized, issued, executed and delivered by and on behalf of the State, that the Series 2020 Bonds constitute valid and binding general obligations of the State enforceable in accordance with the terms thereof (except to the extent that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity), and that for the payment thereof, the full faith and credit of the State is irrevocably pledged.

In connection with the sale and issuance of the Series 2020 Bonds, the State will deliver its Continuing Disclosure Certificates dated as of the date of the issuance and delivery of the Series 2020 Bonds. The Continuing Disclosure Certificates will be delivered by the State for the benefit of the holders of the Series 2020 Bonds and in order to assist the participating underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

It is my opinion that the Continuing Disclosure Certificates have been duly and validly authorized, executed and delivered by and on behalf of the State and constitute valid and binding obligations of the State enforceable in accordance with the terms thereof (except to the extent that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity).

The Mississippi Legislature enacted Section 11-46-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, to address the tort liability of the State and its political subdivisions. This act creates an immunity and then waives this immunity except in certain situations up to a maximum of five hundred thousand dollars ($500,000.00) per occurrence.

When the Attorney General of the State shall give her opinion in writing to an officer, board, commission, department or person authorized to require such written opinion, there shall be no liability, civil or criminal, accruing to or against such body or person who in good faith follows the direction of such opinion and acts in accordance therewith, unless a court of competent jurisdiction, after a full hearing, shall publicly declare that such opinion is manifestly wrong and without any substantial support.

This opinion is being rendered in connection with the issuance of the Series 2020 Bonds and in anticipation that it will be relied upon by Bond Counsel, in rendering its opinion with respect to the Series 2020 Bonds, and such reliance is hereby specifically authorized.

Very truly yours,

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LYNN FITCH, Attorney General

APPENDIX E

FORMS OF OPINIONS OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE SERIES 2020A BONDS

August 6, 2020

State Bond Commission
State of Mississippi
Jackson, Mississippi

Commission Members:

We have examined the Constitution and statutes of the State of Mississippi (the "State"), including particularly Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time, and Sections 31-18-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (together, the "Act"), and certified copies of the proceedings had by the State Bond Commission (the "Commission"), including the adoption of a resolution by the members of the Commission on May 18, 2020 (the "Resolution"), and other proofs submitted, relative to the sale and issuance by the State, acting by and through the Commission, of

$504,225,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020A

dated the date of delivery thereof, and maturing in such amounts and at such times, bearing interest and subject to redemption, all as set forth in the Resolution (the "Series 2020A Bonds"). The Series 2020A Bonds are being issued for the purpose of providing funds to (a) advance refund and defease all or a portion of the State's (i) $353,730,000 (original principal amount) General Obligation Bonds, Series 2011A (Capital Improvements Projects), dated October 26, 2011, (ii) $43,900,000 (original principal amount) General Obligation Refunding Bonds (Nissan North America, Inc. Project), Series 2012B, dated August 1, 2012, (iii) $171,860,000 (original principal amount) General Obligation Refunding Bonds, Series 2012F, dated August 28, 2012, (iv) $136,680,000 (original principal amount) General Obligation Bonds, Series 2012H, dated October 30, 2012, (v) $179,940,000 (original principal amount) Taxable General Obligation Bonds, Series 2013A, dated December 3, 2013, (vi) $159,225,000 (original principal amount) General Obligation Bonds, Series 2013B, dated December 3, 2013, and (vii) $182,595,000 (original principal amount) General Obligation Bonds, Series 2015F (Tax-Exempt), dated December 8, 2015, (b) currently refund and restructure the State's outstanding $101,145,000 (original principal amount) Taxable General Obligation Bonds, Series 2017C (LIBOR Term Rate), dated August 30, 2017, (c) pay the termination fees for certain swap agreements associated with bonds of the State being refunded with the proceeds of the Series 2020 Bonds (as defined in the Resolution), and (d) pay the costs incident to the sale, issuance and delivery of the Series 2020A Bonds, all as authorized by the Act and the Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the Commission, certified proceedings and other certifications of the Commission and other public officials furnished to us, and certifications furnished to us by or on behalf of the Commission regarding certain federal tax matters in connection with the issuance of the Series 2020A Bonds and the use of the proceeds thereof, without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate.

Based on the foregoing and subject to the qualifications and assumptions herein, we are of the opinion on the date hereof that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Series 2020A Bonds by the State pursuant to the Constitution and laws of the State, including the Act, and the provisions of the Resolution.

2. The Series 2020A Bonds have been duly authorized, executed and delivered by the Commission under the provisions of the Resolution and are entitled to the pledge and security of the Resolution.

3. The Series 2020A Bonds are legal, valid and binding general obligations of the State and, under the provisions of the Act, for the payment thereof the full faith and credit of the State are pledged.

4. Under and pursuant to the Act, the Series 2020A Bonds and interest thereon are exempt from all income taxes imposed by the State.

Interest on the Series 2020A Bonds should be treated as included in gross income of the holders thereof for federal income tax purposes.

It is to be understood that the rights of the holders of the Series 2020A Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereinafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the State's Official Statement or other statements made in connection with any offer or sale of the Series 2020A Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2020A Bonds, except those specifically addressed herein or upon any federal or state law with respect to the sale or distribution of the Series 2020A Bonds.

In rendering this opinion letter, we have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2020A Bonds under the laws of the State and with respect to the excludability of the interest on the Series 2020A Bonds from State income taxation.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

Respectfully submitted,

BUTLER SNOW LLP

FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE SERIES 2020B BONDS

August 6, 2020

State Bond Commission
State of Mississippi
Jackson, Mississippi

Commission Members:

We have examined the Constitution and statutes of the State of Mississippi (the "State"), including particularly Sections 31-18-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Act"), and certified copies of the proceedings had by the State Bond Commission (the "Commission"), including the adoption of a resolution by the members of the Commission on May 18, 2020 (the "Resolution"), and other proofs submitted, relative to the sale and issuance by the State, acting by and through the Commission, of

$37,390,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION
REFUNDING BONDS,
SERIES 2020B

dated the date of delivery thereof and maturing in such amounts and at such times, bearing interest and subject to redemption, all as set forth in the Resolution (the "Series 2020B Bonds"). The Series 2020B Bonds are being issued for the purpose of providing funds to (a) currently refund and restructure the State's outstanding $61,260,000 (original principal amount) General Obligation Bonds, Series 2017B (LIBOR Term Rate), dated August 30, 2017, and (b) pay the costs incident to the sale, issuance and delivery of the Series 2020B Bonds, all as authorized by the Act and the Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the Commission, certified proceedings and other certifications of the Commission and other public officials furnished to us, and certifications furnished to us by or on behalf of the Commission regarding certain tax matters in connection with the issuance of the Series 2020B Bonds and the use of the proceeds thereof, without undertaking to verify the same by independent investigation. In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents presented to us as originals, and the conformity to original documents of all copies submitted to us as certified, conformed, or photographic copies. As to certificates, we have assumed the same to be properly given and to be accurate.

Based on the foregoing and subject to the qualifications and assumptions herein, we are of the opinion on the date hereof that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Series 2020B Bonds by the State pursuant to the Constitution and laws of the State, including the Act, and the provisions of the Resolution.

2. The Series 2020B Bonds have been duly authorized, executed and delivered under the provisions of the Resolution and are entitled to the pledge and security of the Resolution.

3. The Series 2020B Bonds are legal, valid and binding general obligations of the State and, under the provisions of the Act, for the payment thereof the full faith and credit of the State are pledged.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated below, interest on the Series 2020B Bonds is excludable from gross income for federal income tax purposes.

Furthermore, interest on the Series 2020B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other federal tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2020B Bonds. In rendering the opinion contained in this paragraph 4, we have assumed continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met after the issuance of the Series 2020B Bonds in order that interest on the Series 2020B Bonds not be includable in gross income for federal income tax purposes. The failure to meet such requirements may cause interest on the Series 2020B Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020B Bonds. The State has covenanted to comply with or to require compliance with the requirements of the Code in order to maintain the excludability of interest on the Series 2020B Bonds from gross income for federal income tax purposes. Owners of the Series 2020B Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of any other collateral federal income tax consequences.

5. Under and pursuant to the Act, the Series 2020B Bonds and interest thereon are exempt from all income taxes imposed by the State.

It is to be understood that the rights of the holders of the Series 2020B Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereinafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the State's Official Statement or other statements made in connection with any offer or sale of the Series 2020B Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2020B Bonds, except those specifically addressed herein or upon any federal or state law with respect to the sale or distribution of the Series 2020B Bonds.

In rendering this opinion letter, we have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2020B Bonds under the laws of the State and with respect to the excludability of the interest on the Series 2020B Bonds from federal and State income taxation.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

Respectfully submitted,

BUTLER SNOW LLP

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information provided under this APPENDIX F has been provided by The Depository Trust Company ("DTC"). No representation is made by the State as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the $504,225,000 State of Mississippi Taxable General Obligation Refunding Bonds, Series 2020A, and the $37,390,000 State of Mississippi General Obligation Refunding Bonds, Series 2020B (together, the "Series 2020 Bonds") under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2020 Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices are to be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying and Transfer Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments, if any, on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the State or the Paying and Transfer Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying and Transfer Agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying and Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the State or the Paying and Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bonds in definitive form will be printed and delivered. See the caption "DESCRIPTION OF THE SERIES 2020 BONDS - Registration" in this Official Statement.

THE STATE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCE THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS (a) PAYMENTS OF PRINCIPAL OR INTEREST ON THE SERIES 2020 BONDS; (b) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2020 BONDS; OR (c) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2020 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

THE STATE AND THE UNDERWRITERS WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (a) THE SERIES 2020 BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (c) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF AND INTEREST ON THE SERIES 2020 BONDS; (d) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OF THE SERIES 2020 BONDS; OR (e) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE SERIES 2020 BONDS.

STATE OF MISSISSIPPI • TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020A AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020B

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