

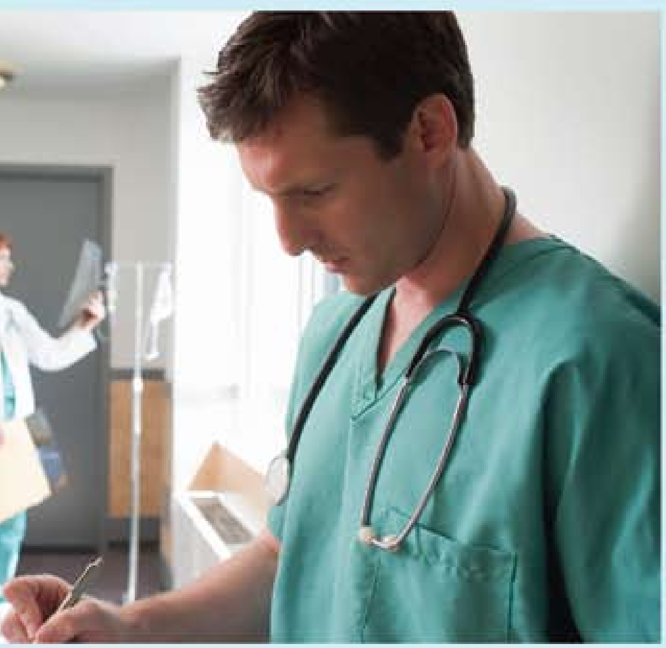

PERS
of MISSISSIPPI

Benefiting You
Benefiting Mississippi

2011
COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
FISCAL YEAR ENDED JUNE 30

True Benefits for All Mississippians

You count on PERS to help you prepare for a solid, secure retirement.

But did you know that our retirement system benefits the whole state, not just public employees?

It's true. When you retire, your benefits will help you buy the things you need. Those payments act as an economic engine to the community in which you live and provide local businesses with income so that they can operate profitably and provide jobs. All combined, active retirees, thriving local economies, and a strong workforce provide true benefits for all Mississippians.

A better quality of life for us all...

2011 Comprehensive Annual Financial Report

A Component Unit of the State of Mississippi
Fiscal Year Ended June 30

Prepared By:

The Office of Administrative Services
Public Employees' Retirement System of Mississippi

PERS Building
429 Mississippi Street
Jackson, Mississippi
39201-1005

PERS of MISSISSIPPI

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PERS of MISSISSIPPI

Providing Benefits for Life

December 20, 2011

Board of Trustees
Public Employees' Retirement System
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

I am pleased to present the 2011 Comprehensive Annual Financial Report (CAFR) of the Public Employees' Retirement System of Mississippi (the System). Against the backdrop of an uncertain economy, we have been successful in extending our track record of leadership in delivering retirement benefits to tens of thousands of retired Mississippi public employees. Our complete commitment to providing secure benefits for life has led us to enhanced technology systems and pension plan changes that position PERS for sustained financial stability well into the future. But our accomplishments are not just an expression of our financial strength and our ability to deliver retirement benefits. They confirm our strategy and solid commitment to long-term pension administration success. I am happy to report that we remain well prepared to provide secure benefits while carefully safeguarding the retirement future of our members and retirees. We trust that each of you will find this CAFR helpful in understanding your retirement system.

PROFILE OF THE SYSTEM

The System was established to provide benefits for all state and public education employees, officers of the Mississippi Highway Patrol, elected members of the state Legislature, the President of the Senate, and other public employees whose employers have elected to participate. Plans administered by the System include the Public Employees' Retirement System (PERS), which was established by legislation in 1952; the Mississippi Highway Safety Patrol Retirement System (MHSPRS), established in 1958; the Mississippi Deferred

Public Employees' Retirement System of Mississippi
429 Mississippi Street, Jackson, MS 39201-1005 601.359.3589 800.444.PERS www.pers.state.ms.us

Compensation Plan and Trust (MDC), established in 1973; the Supplemental Legislative Retirement Plan (SLRP), established in 1989; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987. As of June 30, 2011, the System's defined benefit plans served a total of 162,392 members and 86,022 retirees and beneficiaries. There are 896 participating employers from across the state. Primary sources of funding for the System include employer contributions, member contributions, and investment income. Retirement benefits paid during the fiscal year totaled $1.8 billion. Employers contributed $755.2 million during the fiscal year while members of the System contributed a total of $535.6 million. As of June 30, 2011, net assets held in trust for pension benefits totaled $20.8 billion.

The System is administered by a 10-member Board of Trustees that includes the State Treasurer; one gubernatorial appointee who is a member of the System; two state employees; two retirees; and one representative each from public schools and community colleges, state universities, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is vested with the responsibility for the general administration and proper operation of the System. The executive director is designated by the Board to lead and conduct all business for the System. The Public Employees' Retirement System of Mississippi operates under legislative mandate with respect to administrative budgets, human resources, and purchasing guidelines. The System is considered a component unit of the state of Mississippi for financial reporting purposes and, as such, the financial statements contained in this report also are included in the State of Mississippi's Comprehensive Annual Financial Report.

Annual budgets are legally adopted for the administrative expenditure portion of the System's operations and are funded by earnings of the System. Our operating budget request for the upcoming fiscal year is prepared in conjunction with a review of our strategic long-range plan. A budget request is approved by the Board of Trustees and submitted to the state Legislature, which legally enacts the budget in the form of an appropriation bill during the subsequent legislative session. Transfers may be made between budget categories with approval of the Mississippi Department of Finance and Administration. A more detailed discussion of the budgetary process is presented in the Financial Section of this CAFR on pages 39 and 40.

FINANCIAL INFORMATION

Our staff issues a CAFR within six months of the close of each fiscal year. The report contains basic financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards, as well as standards applicable to financial audits contained in government auditing standards. The 2011 independent audit was conducted by KPMG LLP, a firm of licensed certified public accountants. The Independent Auditors' Report is presented in the Financial Section on page 17.

This CAFR consists of management's representations concerning the finances of the System. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. A framework of internal controls is maintained to establish reasonable assurance that assets are safeguarded, transactions are accurately executed, and financial statements are fairly presented. The system of internal controls also includes written policies and procedures and an internal audit department that reports to the Board of Trustees. The internal audit department makes recommendations for improvements in controls and operating efficiency. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with this letter.

In an economy diminished by high unemployment, turbulent financial markets, and slow economic growth, our capacity to provide retirement benefits to our members and retirees continues to remain stable, secure and sustainable well into the future. Since the inception of the System, the Board of Trustees has focused on a disciplined investing approach that emphasizes the fundamentals of a well-diversified portfolio of securities invested over the long term. Our asset allocation policy is strategically balanced to provide an expected level of return while incurring minimal risk, which over time will fund the liabilities of the System with the contribution rate at a level percent of payroll. The System earned a 25.4 percent rate of return on investments as of June 30, 2011, outperforming the System's benchmark return of 21.7 percent. As of September 2011, the Public Employees' Retirement System remains well positioned, ranking as the 66th largest among corporate and public pension plans in the United States and the 158th largest plan in the world.

The System is prepared for fluctuating market conditions, in part, through emphasis on the long-term perspective. Over the 31-year period since the System entered the stock market, we have experienced positive returns, as high as 31.2 percent, with the exception of four years – 2001, 2002, 2008, and 2009 – when negative returns were recorded. From PERS' initial investment in equities in 1980, the average return stands at 11.24 percent, which exceeds our expected return of 8.0 percent. Positive investment performance over the long term ensures that the System continues on firm financial ground as it navigates through a challenging economy. The path forward may not always be smooth, but with a solid record of success and continued diligent effort, we will advance our mission to provide secure retirement benefits to our members and retirees. A performance summary of rates of return compared to appropriate benchmark rates of return is located on page 76 of this report.

Annual actuarial valuations for PERS, MHSPRS, MRS, and SLRP are conducted by the consulting actuarial firm of Cavanaugh Macdonald Consulting, LLC. Actuarial assumptions and contribution rates are based on recommendations made by the actuary. Experience investigations are performed at least every other year by the actuary to determine that actuarial assumptions are reasonably related to actual experience. Additional information regarding the actuarial valuation is presented in the notes to the basic financial statements and in the Actuarial Section of this report.

The funding ratio is a measure of the actuarial value of assets to the actuarial accrued liability. Based on the most recent actuarial valuation, PERS is 62.2 percent funded, MHSPRS is 67.1 percent funded, MRS is 47.2 percent funded, and SLRP is 73.1 percent funded. Funding status and progress is presented in the Required Supplementary Information Schedules and accompanying notes beginning on page 57. Based on fiscal year-end valuation results, each of the System's plans continue in sound condition, presuming that future contributions will be made at the level necessary to ensure adequate funding and to meet accounting standards as certified in the Actuarial Section of this report.

The PERS employer contribution rate remained unchanged during fiscal year 2011 at 12.0 percent. To help address the funded status of plans within the System, the Board of Trustees approved the recommendation of our consulting actuary to increase the PERS employer contribution rate from 12.0 percent to 12.93 percent, the MHSPRS employer contribution rate from 30.3 to 35.21, and the SLRP employer contribution rate from 6.65 percent to 7.4 percent. In response to a request from legislative leaders, the Board delayed the employer contribution rate increase effective date from July 1, 2011, until January 1, 2012. The Board's funding decisions are based on the System's funding policy, which states that the need for increases will be evaluated on an annual basis, in conjunction with recommendations made by our consulting actuary, in order to maintain the unfunded accrued liability (UAL) period within 30 years.

FOR THE FUTURE

Information technology has been an area of careful consideration and review for the System over the past several years. In keeping with our efforts to provide high-quality pension benefits administration, the System embarked on a major project initiative with the aim of implementing a new pension and benefits administration solution using the most economical avenues for technical support. Our objectives are centered on developing a stable, state-of-the-industry solution consisting of the implementation of a fully integrated retirement system and customizations to that system capable of supporting PERS' mission well into the 21st century. I am pleased to report that PERS is 14 months into a three-year project with an estimated implementation date of the first quarter of 2013.

PERS has responded to the effect of the economic downturn in 2008 and 2009 by initiating a series of sustainability measures that became effective July 1, 2011. These changes to pension benefits apply only to employees of the System hired on or after the effective date and do not affect the benefit structure of current employees. Details of these changes can be found on pages 118 and 119 of the Actuarial Section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents that conform to program standards. Such financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The System has received a Certificate of Achievement for the last 24 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for evaluation.

The Public Employees' Retirement System of Mississippi's submission of a Popular Annual Financial Report to the GFOA resulted in an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2010. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of only one year. The Public Employees' Retirement System of Mississippi has received a Popular Award for the last eight consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

The Public Employees' Retirement System received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2011 Award in recognition of meeting professional standards for plan design and administration. The PPCC is a national confederation of state retirement associations whose standards are widely recognized benchmarks for public pension systems in the areas of plan design, funding, actuarial and financial audits, as well as member communications.

CONCLUSION

This report is a product of the combined efforts of the System's staff and advisors functioning under your leadership. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the System's members and their employers.

Copies of this report are provided to the Governor, State Auditor, and all member agencies. These agencies form the link between the System and its members, and their cooperation contributes significantly to our success. I hope all recipients of this report find it informative and useful. This report also is available to the general public on our website, www.pers.state.ms.us.

I would like to express my gratitude to you, the staff, the advisors, and others who have worked so diligently to build on the foundation we have laid and to preserve the vision of a secure retirement future of our members and retirees.

Respectfully submitted,

Pat Robertson

Pat Robertson
Executive Director

Pat Robertson
Executive Director

2011 Board of Trustees

Outside Professional Services

FIXED INCOME MANAGERS

CIS, a Division of Dreyfus Corporation
BNY Mellon Center, Suite 5400
Pittsburgh, Pennsylvania 15258-0001
Telephone: (412) 234-0168

Pacific Investment Management Company
840 Newport Center Drive
Newport Beach, California 92660
Telephone: (949) 720-6000

BlackRock Institutional Trust Company, NA
40 East 52nd Street
New York, New York 10022
Telephone: (212) 810-3729

Aberdeen Asset Management
1735 Market Street, 37th Floor
Philadelphia, Pennsylvania 19103
Telephone: (215) 405-5700

State Street Global Advisors
State Street Financial Center
One Lincoln Street
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Loomis Sayles & Company, LP
One Financial Center
Boston, Massachusetts 02111
Telephone: (617) 482-2450

Wellington Management Company, LLP
75 State Street
Boston, Massachusetts 02109
Telephone: (617) 951-5000

EQUITY MANAGERS

Northern Trust Global Investment
50 South LaSalle Street
Chicago, Illinois 60675
Telephone: (312) 444-4977

Fayez Sarofim & Company
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Houston, Texas 77010
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The Boston Company Asset Management, LLC
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Boston, Massachusetts 02108
Telephone: (617) 722-7000

Wellington Management Company, LLP
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Boston, Massachusetts 02109
Telephone: (617) 951-5000

Artisan Partners Limited Partnership
875 East Wisconsin Avenue, Suite 800
Milwaukee, Wisconsin 53202
Telephone: (414) 390-6100

Dimensional Fund Advisors, Inc.
6300 Bee Cave Road, Building One
Austin, Texas 78746
Telephone: (512) 306-7400

State Street Global Advisors
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2999
Telephone: (617) 664-4739

Eagle Capital Management
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Outside Professional Services *(continued)*

Lazard Asset Management
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New York, New York 10020
Telephone: (212) 632-6000

Capital Guardian Trust Company
333 South Hope Street, 55th Floor
Los Angeles, California 90071-1406
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Jarislowsky Fraser Ltd.
20 Queen Street West, Suite 3100
Toronto, Ontario
M5H 3R3
Canada
Telephone: (514) 842-2727

BlackRock Institutional Trust Company, N.A.
40 East 52nd Street
New York, New York 10022
Telephone: (212) 810-3729

AllianceBernstein
1325 Avenue of the Americas
New York, New York 10105
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New Star Institutional Managers Ltd.
1 Knightsbridge Green
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Telephone: +00 44 (0) 203-535-8100

Mondrian Investment Partners, Inc.
Two Commerce Square
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Pyramis Global Advisors
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Smithfield, Rhode Island 02917
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Acadian Asset Management
One Post Office Square, 20th Floor
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RREEF
875 North Michigan Avenue
Chicago, Illinois 60611
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Principal Global Investors
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UBS Realty Investors, LLC
242 Trumbull Street
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Telephone: (860) 616-9000

AEW Partners
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Boston, Massachusetts 02210
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Heitman
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Chicago, Illinois 60606
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Angelo Gordon & Company
245 Park Avenue, 26th Floor
New York, New York 10167
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Outside Professional Services *(continued)*

Hancock Timber Resource Group
99 High Street, 26th Floor
Boston, Massachusetts 02110-2320
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Cohen & Steers Capital Management
280 Park Avenue, 10th Floor
New York, New York 10017-1216
Telephone: (212) 832-3232

European Investors, Inc.
640 Fifth Avenue, 8th Floor
New York, New York 10019
Telephone: (212) 735-9500

PRIVATE EQUITY MANAGERS

Pathway Capital Management, LLC
1300 Division Road, Suite 305
West Warwick, Rhode Island 02893
Telephone: (401) 589-3402

Credit Suisse
11 Madison Avenue, 16th Floor
New York, New York 10010
Telephone: (212) 538-7658

ABSOLUTE RETURN MANAGER

Pacific Investment Management Company
840 Newport Center Drive
Newport Beach, California 92660
Telephone: (949) 720-6000

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New York, New York 10286
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ACTUARY

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Telephone: (601) 354-3701

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3475 Piedmont Road NE, Suite 800
Atlanta, Georgia 30305
Telephone: (404) 442-3100

Callan Associates, Inc.
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Office of the Attorney General
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Jackson, Mississippi 39205
Telephone: (601) 359-3680

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement System of Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2011

Presented to

Public Employees' Retirement System of Mississippi

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

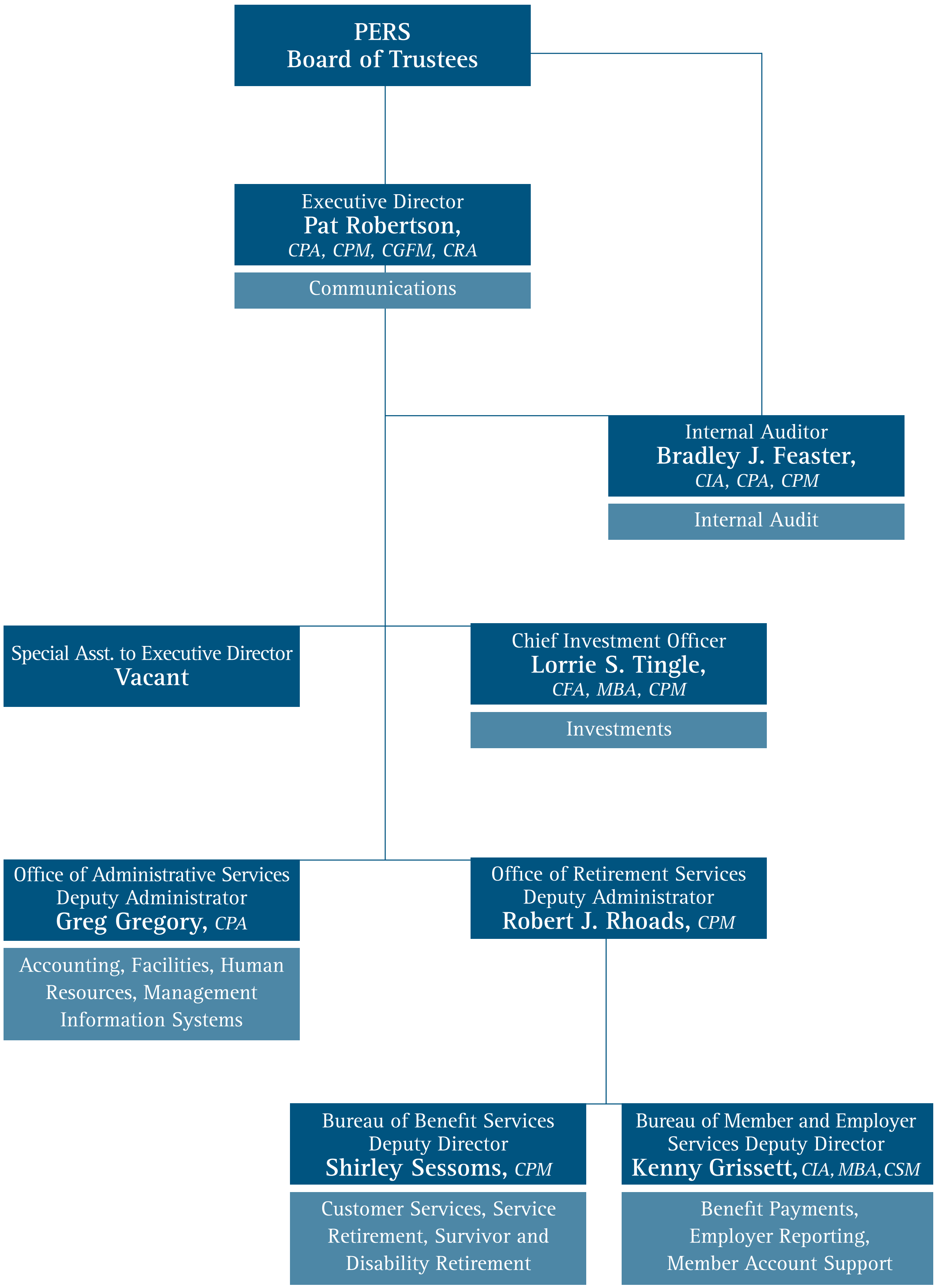
Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

Organizational Chart



fact one

93 percent of PERS payments remain in Mississippi, benefiting local businesses and the state economy.

Source: PERS

financial

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

Independent Auditors' Report

The Board of Trustees
Public Employees' Retirement System of Mississippi:

We have audited the accompanying statement of fiduciary net assets of the Public Employees' Retirement System of Mississippi (the System), a component unit of the State of Mississippi, as of June 30, 2011, and the related statement of changes in fiduciary net assets for the year then ended. These basic financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System as of June 30, 2011, and the changes in the System's net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 30, 2011, on our consideration of the System'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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 18 through 28 and the schedules of funding progress and employer contributions on pages 57 through 63 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, investment section, actuarial section, statistical section and supplementary information included in Schedules 1 through 6 on pages 64 through 68 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information included in Schedules 1 through 6 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 30, 2011

KPMG LLP

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Public Employees' Retirement System of Mississippi's (the System) financial position and performance for the year ended June 30, 2011. It is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal–included in the Introductory Section–the financial statements, and other information presented in the Financial Section of this Comprehensive Annual Financial Report.

The System is responsible for administering retirement benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety 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 is comprised of seven funds, including four defined benefit pension plans: the Public Employees' Retirement System of Mississippi (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS), and the Supplemental Legislative Retirement Plan (SLRP). The System also is responsible for the administration of two defined contribution plans: the Mississippi Deferred Compensation Plan & Trust (MDC), which is a voluntary supplemental retirement savings plan, and the Optional Retirement Plan (ORP), which is an optional plan offered as an alternative to PERS to certain employees of the state's institutions of higher learning. As explained in Note 2 to the basic financial statements, ORP is not part of the System's reporting entity. The System's funds, with the exception of ORP, are defined as pension (and other employee benefit) trust funds, which are fiduciary in nature. The remaining fund is the Flexible Benefits Cafeteria Plan (FBCP), which is an agency fund. Throughout this discussion and analysis, units of measure (i.e. billions, millions, and thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

Financial Highlights

The combined net assets of the defined benefit plans administered by the System increased by $3.7 billion, or 21.3 percent. This increase was primarily the result of an improvement in overall market performance compared to the 2010 market environment.

The 2011 rate of return on investments for the defined benefit plans was 25.4 percent, compared with fiscal year 2010's rate of return of 14.1 percent. Domestic, international, and global equity portfolios returned 34.4 percent, 30.7 percent, and 34.4 percent for the year respectively, while the return on debt securities was 6.5 percent. The rate of return on real estate investments was 21.1 percent and the return on the private equity portfolio was 8.4 percent, while the absolute return strategy had a return of 26.8 percent as of fiscal year end.

The defined benefit plans administered by the System were actuarially funded at an average of 62.4 percent as of June 30, 2011, a decrease from the comparative average of 65.1 percent as of June 30, 2010. The decrease in funding percentage was primarily due to recognition of investment losses from 2008 and 2009 and lower than expected payroll growth as a result of a decrease in active membership. Funding status is further described in Note 6 of the basic financial statements.

The Mississippi Deferred Compensation Plan & Trust (MDC) net assets increased $201 million during fiscal year 2011, primarily due to an increase in the market value of securities.

The MDC rates of return for investment options ranged from a high of 42.5 percent to a low of 0.3 percent compared to prior year investment option returns with a high of 26.2 percent and a low of 0.3 percent.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial reporting, which is comprised of the following components:

1. Basic financial statements,
2. Notes to the basic financial statements,
3. Required supplementary information, and
4. Other supplementary schedules.

Collectively, this information presents the net assets held in trust for pension benefits for each of the funds administered by the System as of June 30, 2011. This financial information also summarizes changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

1. **Basic financial statements.** The June 30, 2011, financial statements are presented for the fiduciary funds administered by the System. Fiduciary funds are used to account for resources held for the benefit of parties outside of the System. Fiduciary funds include pension trust funds such as PERS, MHSPRS, MRS, SLRP, and MDC, as well as an agency fund, the FBCP. A Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets are presented for the fiduciary funds as of June 30, 2011. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, as of year end, as well as the changes in those resources during the year.

2. **Notes to the basic financial statements.** The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. Information in the notes to the basic financial statements is described below.
    - Note 1 provides a general description of the System, as well as a concise description of each of the funds administered by the System. Information regarding employer and member participation in the pension plans administered by the System also is provided.
    - Note 2 provides a summary of significant accounting policies, including the basis of accounting for each fund type, management's use of estimates, and other significant accounting policies.
    - Note 3 describes investments, including investing authority and policies, investment risk discussion and additional information about cash, securities lending, and derivatives.
    - Note 4 provides a summary of the property and equipment of the System including depreciation and net holding amounts.
    - Note 5 provides a summary of receivables and payables (due to/due from other funds).
    - Note 6 provides information about the funding status and progress for the defined benefit plans administered by the System.
    - Note 7 provides information about contributions to the defined benefit plans administered by the System.
    - Note 8 provides information about System employees as members of PERS.
    - Note 9 provides information related to historical trends.

3. **Required supplementary information.** The required supplementary information consists of schedules of funding progress, schedules of employer contributions, and related notes concerning actuarial information for the defined benefit pension plans administered by the System.

4. **Other supplementary schedules.** Other schedules include detailed information on administrative expenses incurred by the System, investment and

other professional service expenses incurred, as well as the due to balances for individual municipal retirement plans. Also included are summaries of cash receipts and disbursements, a comparison of budget and actual administrative expenses, and a statement of changes for the FBCP.

Financial Analysis of the Systems – Defined Benefit Plans

Investments

The investment assets of the defined benefit plans administered by the System are combined in a commingled investment pool as authorized by state statute. Each plan owns an equity position in the pool and receives a proportionate investment allocation of income or loss from the pool in accordance with its respective ownership percentage. Each plan's allocated share of each type of investment in the pool is shown in the Statement of Fiduciary Net Assets. Investment gains or losses are reported in the Statement of Changes in Fiduciary Net Assets. The rate of return on investments is therefore approximately the same for each of the plans.

Total System Investments

At June 30, 2011, the System's total investments, before securities lending activities, approximated $20.3 billion, an increase of $3.5 billion from fiscal year 2010. The combined investment portfolio experienced a return of 25.4 percent compared with a median large public plan return of 21.7 percent*. Investment results over time compared with the System's benchmarks are presented on page 76 in the Investment Section.

**Public Funds > $1 billion median*

Short-Term Securities

At June 30, 2011, the System held $24.4 million in short-term investments, which is $21.8 million above 2010 holdings. Short-term investments returned 0.1 percent for the year.

Debt Securities

At June 30, 2011, the System held $4.4 billion in debt securities, which is approximately $135.8 million more than fiscal year 2010 holdings. Debt securities returned 6.5 percent compared with the System's benchmark return of 3.9 percent.

Equity Securities

At June 30, 2011, the System held $14.3 billion in US, international, and global equity securities, an increase of $2.7 billion from fiscal year 2010. US, international, and global equity securities had returns of 34.4 percent, 30.7 percent, and 34.4 percent, respectively. The System's benchmark return for domestic equity securities was 32.4 percent, while the international securities benchmark returned 30.3 percent. The global securities benchmark used by the System posted a return of 30.5 percent.

Private Equity

The private equity asset class, totaling $216.3 million, posted a return of 8.4 percent. Private equities are investments in operating companies, typically accessed through limited partnerships, which provide a differentiated return stream and diversification. This asset class is generally managed for long-term gains where returns and asset value take time to develop. The System's benchmark return was 35.7 percent. The System began investing in private equities in fiscal year 2009.

Real Estate

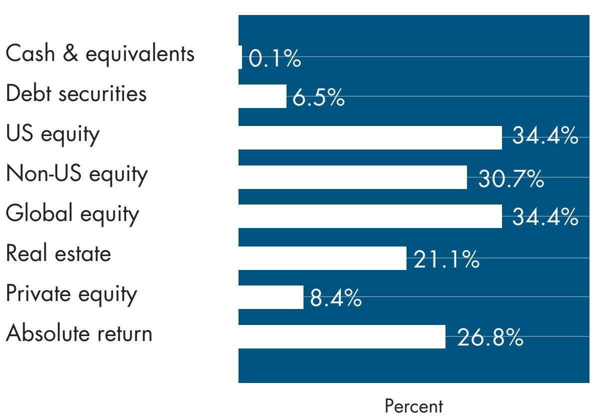
The real estate portfolio is divided between core commingled and value-added fund investments that directly invest in properties. The System also invests in managed portfolios of Real Estate Investment Trusts (REIT), which are exchange traded securities that provide indirect exposure to real estate properties and real estate management companies. At June 30, 2011, combined holdings totaled $1.3 billion, an increase of $541.2 million from 2010. The System's real estate portfolio experienced a return of 21.1 percent on the total real estate portfolio. The NFI-ODCE Value Weighted fund, the benchmark for the System's core commingled and value added fund investments, saw a return of 20.5 percent for the year ended June 30, 2011, while the U.S. Select REIT Index had a return of 35.0 percent for the same period.

Securities Lending

The System earns additional investment income by lending investment securities to broker-dealers. This is done on a pooled basis by the System's custodial bank, Bank of New York Mellon (BNYM). The broker-dealers provide collateral to BNYM and generally use the borrowed securities to cover short sales and failed trades for their clients. BNYM invests cash collateral to earn interest. For the 2011 fiscal year, net securities lending income to the System amounted to $18.1 million, a decrease of $21.8 million from fiscal year 2010.

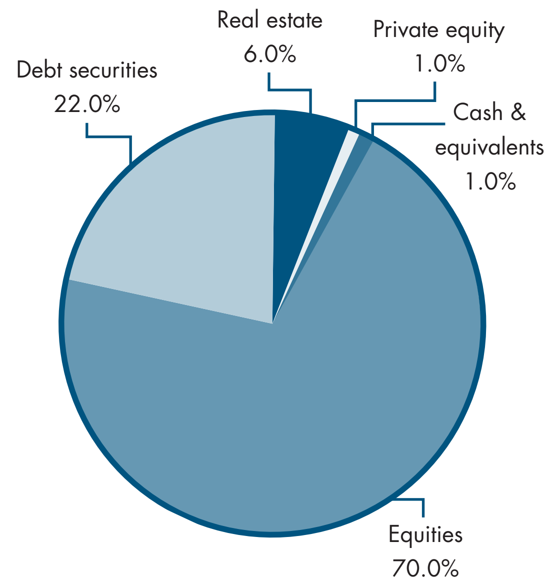
Defined Benefit Plans Investment Rates of Return by Investment Type

Fiscal Year 2011



Defined Benefit Plans Asset Allocation at Fair Value

June 30, 2011



Analysis of Individual Systems – Defined Benefit Plans

Public Employees' Retirement System

PERS is a defined benefit plan that provides retirement benefits to all eligible state of Mississippi public employees, public education employees, other public employees whose employers have elected to participate, and elected members of the state Legislature and President of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. Net assets held in trust for benefits at June 30, 2011, amounted to $20.4 billion, an increase of $3.6 billion (21.4 percent) above $16.8 billion at June 30, 2010.

Additions to PERS net assets held in trust for benefits include employer and member contributions and investment income. For the 2011 fiscal year, employer and member contributions increased $86.3 million (7.4 percent) from $1.2 billion in fiscal year 2010 to $1.3 billion. This change is attributed to an increase in the member contribution rate effective July 1, 2010, from 7.25 percent to 9.0 percent. PERS recognized net investment income of $4.2 billion for the 2011 fiscal year compared with net investment income of $2.1 billion for the 2010 fiscal year.

Deductions from PERS net assets held in trust for benefits primarily include retirement and beneficiary benefits, as well as administrative expenses. For the 2011 fiscal year, retirement benefits amounted to $1.7 billion, an increase of $153.7 million (9.7 percent) over the 2010 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients, as well as an increase in the average benefit payment. For the 2011 fiscal year, the cost of administering the System amounted to $13.0 million, an increase of $861 thousand (7.1 percent) from fiscal year 2010. The increase in administrative expenses was due primarily to increases in the contractual services and commodities categories.

An actuarial valuation of PERS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2011, the funded status of the plan decreased to 62.2 percent from 64.2 percent at June 30, 2010. The amount by which PERS' actuarial assets were less than actuarial benefit liabilities was $12.3 billion at June 30, 2011, an increase in unfunded actuarial accrued liabilities of $1.1 billion over June 30, 2010. The decrease in funded status is due primarily to recognition of investment losses in 2008 and 2009 smoothed over a five-year period, as well as a decrease in active membership that resulted in a decrease in total payroll.

Mississippi Highway Safety Patrol Retirement System

MHSPRS provides retirement benefits to sworn officers of the Mississippi Highway Safety Patrol. Benefits of the plan are funded by member and employer contributions and by earnings on investments. MHSPRS net assets held in trust for benefits at June 30, 2011, amounted to $277.6 million, an increase of $44.7 million (19.2 percent) from $232.9 million at June 30, 2010.

Additions to MHSPRS net assets held in trust for benefits include employer and member contributions and investment income. For the 2011 fiscal year, employer and member contributions were $10.0 million, a decrease of $641 thousand (6.0 percent) from 2010. MHSPRS also received fees of $3.4 million to fund retirement benefits. Contributions decreased due to a decrease in the number of active members, from 542 in 2010 to 515 in 2011. MHSPRS recognized net investment income of $57.1 million for the 2011 fiscal year compared with a net investment income of $29.9 million for 2010.

Deductions from MHSPRS net assets held in trust for benefits primarily include retirement and beneficiary benefits and administrative fees. For the 2011 fiscal year, benefits amounted to $25.6 million, a decrease of $227 thousand (0.9 percent) from the 2010 fiscal year. The decrease in benefit payments was due to a decrease in partial lump-sum distributions taken in fiscal year 2011. For the 2011 fiscal year, MHSPRS transferred $162 thousand to PERS to offset the cost of administration, a decrease of $10 thousand (5.8 percent) from 2010.

An actuarial valuation of MHSPRS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2011, the funded status of the plan decreased to 67.1 percent from 68.3 percent at June 30, 2010. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $136.2 million, compared with $130.2 million at June 30, 2010. The decrease in funded status is due primarily to recognition of investment losses from 2008 and 2009 and a decrease in active membership that resulted in less-than-expected payroll growth.

Municipal Retirement Systems

Two municipal retirement plans and 17 fire and police disability and relief plans comprise MRS, all of which are closed to new members. Seventeen of these separate plans provide retirement benefits to municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Membership in the other two plans was extended until July 1, 1987. All active employees have retired from six of the municipal plans. The financial positions of MRS plans have been aggregated for financial reporting purposes. Individual plan information is included with the specific municipality's comprehensive annual financial report. Benefits of MRS are funded by employer and member contributions and by earnings on investments. The aggregated plan's net assets held in trust for benefits at June 30, 2011, amounted to $172.4 million, an increase of $22.2 million (14.8 percent) from $150.2 million at June 30, 2010.

Additions to MRS net assets held in trust for benefits consist of employer and employee contributions and investment income. For the 2011 fiscal year, employer and member contributions of $23.0 million were $1.4 million (6.6 percent) more than contributions of $21.6 million received in fiscal year 2010. Municipal plan employer contributions are funded through taxes levied on assessed properties. The increase is due to higher contribution amounts made by some municipalities within the plan. MRS recognized net investment income of $35.4 million for the 2011 fiscal year compared with net investment income of $19.4 million for the 2010 fiscal year.

Deductions from MRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2011 fiscal year, benefits amounted to $35.6 million, a decrease of $157 thousand (0.4 percent) from the 2010 fiscal year. The decrease in benefit payments resulted primarily from a reduction in the number of retirees due to mortality, as well as fewer retirements during the fiscal year. For the 2011 fiscal year, MRS transferred $457 thousand to PERS to offset the cost of administration, compared to $429 thousand transferred for fiscal year 2010. Administrative fees are calculated based on the amount of employer contributions.

An actuarial valuation of MRS assets and benefit obligations is performed annually as of September 30. The funded status of MRS as of September 30, 2010, decreased to 47.2 percent from 50.2 percent at September 30, 2009. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $196.9 million at September 30, 2010, compared with $189.9 million at September 30, 2009.

Supplemental Legislative Retirement Plan

SLRP provides supplemental retirement benefits to all elected members of the state Legislature and President of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. The plan's net assets held in trust for benefits at June 30, 2011, amounted to $13.7 million, an increase of $2.6 million (23.9 percent) from $11.1 million at June 30, 2010.

Additions to SLRP net assets held in trust for benefits include employer and member contributions and investment income. For the 2011 fiscal year, employer and member contributions were $663 thousand, an increase of $15 thousand (2.3 percent) from those of fiscal year 2010. The increase in contributions is attributed to an increase in total payroll. SLRP recognized net investment income of $2.8 million for the 2011 fiscal year, compared with a net investment income of $1.4 million for the 2010 fiscal year.

Net Assets – Defined Benefit Plans

June 30

(In Thousands)

	PERS 2011	PERS 2010	MHSPRS 2011	MHSPRS 2010	MRS 2011	MRS 2010
Assets:						
Cash, cash equivalents,						
and receivables	$ 746,903	$ 632,004	$ 9,889	$ 8,700	$ 6,605	$ 5,209
Investments at fair value	19,861,689	16,381,981	271,135	227,446	167,949	147,126
Invested securities						
lending collateral	3,151,546	3,983,717	43,177	55,513	26,746	35,908
Capital assets	19,494	15,387	–	–	–	–
Total assets	23,779,632	21,013,089	324,201	291,659	201,300	188,243
Liabilities:						
Investment accounts						
and other payables	250,600	236,289	3,458	3,205	2,102	2,088
Securities lending liability	3,151,796	3,988,586	43,180	55,581	26,747	35,952
Total liabilities	3,402,396	4,224,875	46,638	58,786	28,849	38,040
Total net assets	$20,377,236	$16,788,214	$277,563	$232,873	$172,451	$150,203

Changes in Net Assets – Defined Benefit Plans

Year Ended June 30

(In Thousands)

	PERS 2011	PERS 2010	MHSPRS 2011	MHSPRS 2010	MRS 2011	MRS 2010
Additions:						
Contributions	$ 1,257,205	$ 1,170,941	$ 10,015	$ 10,656	$ 22,986	$ 21,565
Investment income	4,167,042	2,148,749	57,090	29,942	35,363	19,369
Other additions	639	610	3,427	3,985	–	–
Total additions	5,424,886	3,320,300	70,532	44,583	58,349	40,934
Deductions:						
Pension benefits	1,734,475	1,580,808	25,620	25,847	35,609	35,766
Refunds	88,343	73,580	60	65	35	3
Administrative and						
other deductions	13,046	12,185	162	172	457	429
Total deductions	1,835,864	1,666,573	25,842	26,084	36,101	36,198
Increase in net assets	$ 3,589,022	$ 1,653,727	$ 44,690	$ 18,499	$ 22,248	$ 4,736

SLRP 2011	SLRP 2010	Eliminations 2011	Eliminations 2010	Total Defined Benefits Pension Plans 2011	Total Defined Benefits Pension Plans 2010	Total Percent Change
$ 454	$ 363	$ (19)	$ (6)	$ 763,832	$ 646,270	18.19%
13,449	10,872	–	–	20,314,222	16,767,425	21.15
2,142	2,654	–	–	3,223,611	4,077,792	(20.95)
–	–	–	–	19,494	15,387	26.69
16,045	13,889	(19)	(6)	24,321,159	21,506,874	13.09
166	153	(19)	(6)	256,307	241,729	6.03
2,142	2,657	–	–	3,223,865	4,082,776	(21.04)
2,308	2,810	(19)	(6)	3,480,172	4,324,505	(19.52)
$13,737	$11,079	$ –	$ –	$20,840,987	$17,182,369	21.29%

SLRP 2011	SLRP 2010	Eliminations 2011	Eliminations 2010	Total Defined Benefits Pension Plans 2011	Total Defined Benefits Pension Plans 2010	Total Percent Change
$ 663	$ 648	$ –	$ –	$ 1,290,869	$ 1,203,810	7.23%
2,832	1,432	–	–	4,262,327	2,199,492	93.79
–	–	(628)	(610)	3,438	3,985	(13.73)
3,495	2,080	(628)	(610)	5,556,634	3,407,287	63.08
828	804	–	–	1,796,532	1,643,225	9.33
–	20	–	–	88,438	73,668	20.05
9	9	(628)	(610)	13,046	12,185	7.07
837	833	(628)	(610)	1,898,016	1,729,078	9.77
$ 2,658	$ 1,247	$ –	$ –	$ 3,658,618	$ 1,678,209	118.01%

Deductions from SLRP net assets held in trust for benefits primarily include retirement and beneficiary benefits, as well as administrative fees. For the 2011 fiscal year, benefits amounted to $828 thousand, an increase from $804 thousand (3.0 percent) in the 2010 fiscal year. The increase in retirement benefits is due to an increase in the number of retirees. For the 2011 fiscal year, SLRP transferred $9 thousand to PERS to offset the cost of administration. Transfers in 2010 also totaled $9 thousand.

An actuarial valuation of SLRP assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2011, the funded status of the plan decreased to 73.1 percent from 77.5 percent at June 30, 2010. The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $5.0 million, compared with $3.8 million at June 30, 2010. The decrease in funded status is due primarily to recognition of investment losses from 2008 and 2009.

Actuarial Valuations and Funding Progress

An actuarial valuation of each of the defined benefit plans administered by the System is performed annually as of June 30, with the exception of MRS, which is performed as of September 30. The funded status of each of the plans is shown in the Schedules of Funding Progress on pages 57 and 58. This table shows funding ratios for the last 10 fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial benefit liabilities.

As of June 30, 2011, funding ratios ranged from a high of 73.1 percent to a low of 47.2 percent, as compared to 77.5 percent and 50.2 percent for 2010. The average funding ratio decreased from 65.1 percent to 62.4 percent during the fiscal year. The decrease in funding status is due to growth in the number of retirees, improved mortality rates, the compounding effects of past benefit improvements, and recognition of investment losses from 2008 and 2009, which are smoothed over a five-year period. At June 30, 2011, the System's total unfunded actuarial accrued liability had increased to $12.7 billion from $11.6 billion at June 30, 2010. This is a net increase of $1.1 billion for the year.

The Board's funding decisions are based on the System's funding policy, which states that the need for increases will be evaluated on an annual basis and in conjunction with recommendations made by the consulting actuary, in order to maintain the unfunded accrued liability (UAL) period within 30 years in accordance with governmental accounting standards.

To help address the funding status the Board of Trustees, at their October 2010 meeting, approved the recommendation of the consulting actuary to increase the PERS employer contribution rate from 12.0 percent to 12.93 percent for the 2011/2012 fiscal year. This action came on the heels of the Mississippi Legislature's April 2010 decision to increase PERS member contributions from 7.25 percent to 9.0 percent effective July 1, 2010. Also in its October 2010 meeting, the Board moved to increase the MHSPRS employer contribution rate from 30.3 percent to 35.21 percent and to increase the SLRP employer contribution rate from 6.65 percent to 7.4 percent. In response to a request from legislative leaders, the Board delayed the employer contribution rate increases from July 1, 2011, to January 1, 2012.

The System has not been immune to volatility in the financial market. While on a long-term basis we have exceeded our actuarial assumed rate of return on investments, on a shorter-term basis we have not met the assumed rate. However, investment returns that exceed 8.0 percent, such as the 25.4 percent rate of return earned for this fiscal year, may help to lessen the degree to which contribution rates will increase in future years.

Net Assets – IRC 457 Plan

June 30

(In Thousands)

	IRC 457 Plan MDC 2011	IRC 457 Plan MDC 2010	Percent Change
Assets:			
Cash and receivables	$ 6,650	$ 5,669	17.30%
Investments at fair value	1,286,714	1,086,230	18.46
Total	1,293,364	1,091,899	18.45
Liabilities:			
Investment accounts and other payables	500	156	220.51
Total	500	156	220.51
Total net assets	$1,292,864	$1,091,743	18.42%

Changes in Net Assets – IRC 457 Plan

Year Ended June 30

(In Thousands)

	IRC 457 Plan MDC 2011	IRC 457 Plan MDC 2010	Percent Change
Additions:			
Contributions	$ 88,308	$ 86,980	1.53%
Investment income	182,210	89,849	102.80
Total	270,518	176,829	52.98
Deductions:			
Pension benefits	69,397	54,009	28.49
Total	69,397	54,009	28.49
Increase in net assets	$ 201,121	$ 122,820	63.75%

457 Defined Contribution Plan

The Mississippi Deferred Compensation Plan & Trust (MDC) was established under Section 457 of the Internal Revenue Code. MDC provides supplemental retirement benefits for plan participants. The plan is funded by participant contributions and by investment earnings. Net assets held in trust for benefits at June 30, 2011, amounted to $1.3 billion, which was an increase of $201.1 million (18.4 percent) from net assets of $1.1 billion at June 30, 2010.

Additions to the MDC net assets held in trust for benefits include contributions and investment income. For the 2011 fiscal year, contributions were $88.3 million compared to $87.0 million in 2010, or an increase of $1.3 million (1.5 percent). The increase from last year is due primarily to an increase in the number of participants, from 40,036 in 2010 to 40,125 in 2011. Net investment income of $182.2 million was recognized for the 2011 fiscal year compared with a net investment income of $89.8 million for 2010.

Deductions from the MDC net assets include payments to participants and beneficiaries. For the 2011 fiscal year, payments amounted to $69.4 million, an increase of $15.4 million (28.5 percent) from the 2010 fiscal year. The increase in withdrawals is attributed to the age of the Plan and economic conditions. As a plan ages, benefit payments increase over time and adverse economic conditions can create a need for participants to withdraw larger amounts. Benefit obligations of the 457 defined contribution plan are equal to the participants account balances, which are equal to net assets of the plan.

Requests for Information

This financial report is designed to provide a general overview of the finances of the System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Public Employees' Retirement System of Mississippi, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005.

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Public Employees' Retirement System of Mississippi
Statement of Fiduciary Net Assets – June 30, 2011
(In Thousands)

	PERS	MHSPRS	MRS	SLRP
Assets:				
Cash and cash equivalents (Note 3)	$ 412,907	$ 5,617	$ 3,480	$ 279
Receivables:				
Employer	43,054	–	930	–
Employee	32,035	–	9	–
Investment proceeds	186,058	2,540	1,573	126
Interest and dividends	72,143	985	610	49
Other receivables	687	747	3	–
Total receivables	333,977	4,272	3,125	175
Investments, at fair value (Note 3):				
Short-term securities	23,893	326	202	16
Debt securities	4,340,642	59,255	36,704	2,939
Equity securities	14,006,470	191,205	118,438	9,485
Private equity	211,439	2,886	1,788	143
Real estate investments	1,279,245	17,463	10,817	866
Asset allocation fund	–	–	–	–
Fixed rate and variable	–	–	–	–
Life insurance contracts	–	–	–	–
Total investments before lending activities	19,861,689	271,135	167,949	13,449
Securities lending:				
Short-term securities	2,202,218	30,171	18,689	1,497
Debt securities	949,328	13,006	8,057	645
Total securities lending	3,151,546	43,177	26,746	2,142
Total investments	23,013,235	314,312	194,695	15,591
Due from other funds	19	–	–	–
Capital assets, at cost, net of accumulated depreciation (Note 4)	19,494	–	–	–
Total assets	23,779,632	324,201	201,300	16,045
Liabilities:				
Accounts payable and accrued expenses	250,584	3,458	2,083	166
Obligations under securities lending	3,151,796	43,180	26,747	2,142
Due to state of Mississippi (Note 5)	16	–	19	–
Funds held for others	–	–	–	–
Total liabilities	3,402,396	46,638	28,849	2,308
Net assets held in trust for pension benefits:	$20,377,236	$277,563	$172,451	$13,737

The accompanying notes are an integral part of these basic financial statements.

Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan MDC	Total Pension Trust Funds	Agency Funds	Total 2011
$ –	$ 422,283	$ 3,528	$ 425,811	$19	$ 425,830
–	43,984	–	43,984	–	43,984
–	32,044	2,850	34,894	–	34,894
–	190,297	–	190,297	–	190,297
–	73,787	272	74,059	–	74,059
–	1,437	–	1,437	–	1,437
–	341,549	3,122	344,671	–	344,671
–	24,437	22,529	46,966	–	46,966
–	4,439,540	56,116	4,495,656	–	4,495,656
–	14,325,598	620,377	14,945,975	–	14,945,975
–	216,256	–	216,256	–	216,256
–	1,308,391	–	1,308,391	–	1,308,391
–	–	57,901	57,901	–	57,901
–	–	529,433	529,433	–	529,433
–	–	358	358	–	358
–	20,314,222	1,286,714	21,600,936	–	21,600,936
–	2,252,575	–	2,252,575	–	2,252,575
–	971,036	–	971,036	–	971,036
–	3,223,611	–	3,223,611	–	3,223,611
–	23,537,833	1,286,714	24,824,547	–	24,824,547
(19)	–	–	–	–	–
–	19,494	–	19,494	–	19,494
(19)	24,321,159	1,293,364	25,614,523	19	25,614,542
–	256,291	500	256,791	15	256,806
–	3,223,865	–	3,223,865	–	3,223,865
(19)	16	–	16	–	16
–	–	–	–	4	4
(19)	3,480,172	500	3,480,672	19	3,480,691
$ –	$20,840,987	$1,292,864	$22,133,851	$ –	$22,133,851

Public Employees' Retirement System of Mississippi
Statement of Changes in Fiduciary Net Assets – For the Year Ended June 30, 2011

(In Thousands)

	PERS	MHSPRS	MRS	SLRP
Additions:				
Contributions:				
Employer	$ 723,836	$ 8,067	$ 22,860	$ 457
Member	533,369	1,948	126	206
Total contributions	1,257,205	10,015	22,986	663
Net investment income:				
Net appreciation in fair value	3,676,915	50,375	31,203	2,499
Interest and dividends	514,235	7,045	4,364	349
Total before lending activities	4,191,150	57,420	35,567	2,848
Securities lending:				
Net appreciation in fair value	8,134	111	69	6
Interest	11,958	164	102	8
Program fees	(2,391)	(32)	(20)	(2)
Net income from securities lending	17,701	243	151	12
Managers' fees and trading costs	(41,809)	(573)	(355)	(28)
Net investment income	4,167,042	57,090	35,363	2,832
Other additions:				
Administrative fees	628	–	–	–
Other	11	3,427	–	–
Total other additions	639	3,427	–	–
Total	5,424,886	70,532	58,349	3,495
Deductions:				
Retirement annuities	1,734,475	25,620	35,609	828
Refunds to terminated employees	88,343	60	35	–
Total	1,822,818	25,680	35,644	828
Administrative expenses:				
Personal services:				
Salaries, wages and fringe benefits	7,812	–	–	–
Travel and subsistence	71	–	–	–
Contractual services	4,424	–	–	–
Commodities	330	–	–	–
Total administrative expenses	12,637	–	–	–
Depreciation	409	–	–	–
Administrative fees	–	162	457	9
Total	1,835,864	25,842	36,101	837
Net increase:	3,589,022	44,690	22,248	2,658
Net assets held in trust for pension benefits:				
Beginning of year	16,788,214	232,873	150,203	11,079
End of year	$20,377,236	$277,563	$172,451	$13,737

The accompanying notes are an integral part of these basic financial statements.

Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan MDC	Total Pension Trust Funds
$ –	$ 755,220	$ 914	$ 756,134
–	535,649	87,394	623,043
–	1,290,869	88,308	1,379,177
–	3,760,992	150,337	3,911,329
–	525,993	31,873	557,866
–	4,286,985	182,210	4,469,195
–	8,320	–	8,320
–	12,232	–	12,232
–	(2,445)	–	(2,445)
–	18,107	–	18,107
–	(42,765)	–	(42,765)
–	4,262,327	182,210	4,444,537
(628)	–	–	–
–	3,438	–	3,438
(628)	3,438	–	3,438
(628)	5,556,634	270,518	5,827,152
–	1,796,532	69,397	1,865,929
–	88,438	–	88,438
–	1,884,970	69,397	1,954,367
–	7,812	–	7,812
–	71	–	71
–	4,424	–	4,424
–	330	–	330
–	12,637	–	12,637
–	409	–	409
(628)	–	–	–
(628)	1,898,016	69,397	1,967,413
–	3,658,618	201,121	3,859,739
–	17,182,369	1,091,743	18,274,112
$ –	$20,840,987	$1,292,864	$22,133,851

NOTE 1. Plan Description

GENERAL

The Public Employees' Retirement System of Mississippi (System) is the administrator of six fiduciary funds, of which five are pension trust funds and one an agency fund, as listed below. The System also is the administrator of the Optional Retirement Plan, a defined contribution plan, but as explained in Note 2, that plan is not part of the System's reporting entity.

Plan Name	Type of Plan
Public Employees' Retirement System of Mississippi (PERS)	Cost-sharing multiple-employer defined benefit plan
Mississippi Highway Safety Patrol Retirement System (MHSPRS)	Single-employer defined benefit plan
Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS)*	Agent multiple-employer defined benefit plan
Supplemental Legislative Retirement Plan (SLRP)	Single-employer defined benefit plan
Government Employees' Mississippi Deferred Compensation Plan and Trust (MDC)	IRC 457 defined contribution plan
Flexible Benefits Cafeteria Plan (FBCP)	Agency

**Closed to new members*

The System's purpose is to provide pension benefits for all state and public education employees, sworn officers of the state Highway Patrol, other public employees whose employers have elected to participate in the System, and elected members of the state Legislature and the President of the Senate.

A summary of participating employers and members follows:

	PERS	MHSPRS	MRS*	SLRP	TOTAL
Employers:					
State agencies	114	2	–	5	121
State universities	9	–	–	–	9
Public schools	150	–	–	–	150
Community/junior colleges	15	–	–	–	15
Counties	82	–	–	–	82
Municipalities	240	–	17	–	257
Other political subdivisions	262	–	–	–	262
Total employers	872	2	17	5	896
Members:					
Active vested	111,395	402	27	133	111,957
Active nonvested	50,281	113	–	41	50,435
Total active members	161,676	515	27	174	162,392

(continued)

	PERS	MHSPRS	MRS*	SLRP	TOTAL
Members: *(continued)*					
Inactive vested	18,787	17	2	50	18,856
Inactive nonvested	110,573	29	–	10	110,612
Total inactive members	129,360	46	2	60	129,468
Retirees and beneficiaries	83,115	704	2,056	147	86,022
Total retired/inactive members	212,475	750	2,058	207	215,490
Total members	374,151	1,265	2,085	381	377,882
Active members by employer:					
State agencies	32,574	515	–	174	33,263
State universities	18,018	–	–	–	18,018
Public schools	63,538	–	–	–	63,538
Community/junior colleges	6,198	–	–	–	6,198
Counties	13,641	–	–	–	13,641
Municipalities	18,828	–	27	–	18,855
Other political subdivisions	8,879	–	–	–	8,879
Total active members	161,676	515	27	174	162,392

**Information furnished for MRS is as of September 30, 2010.*

MEMBERSHIP AND BENEFIT PROVISIONS

(1) Public Employees' Retirement System of Mississippi

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the state of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by 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.

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 2.0 percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members of PERS 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 Mississippi Legislature.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 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 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2011, the total annual COLA payments for PERS were $368,645,000.

(2) 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 of Mississippi. 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 3.0 percent for each year below age 55 or 3.0 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.

Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Ann. 1972 and may be amended only by the Mississippi Legislature.

A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 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 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2011, the total annual COLA payments for MHSPRS were $6,693,000.

(3) 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 50.0 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 refund of employee contributions. Benefit provisions are established by §21-29-1 et seq., Articles 1, 3, 5 and 7, Mississippi Code Ann. 1972, as amended, and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

The retirees and beneficiaries of MRS plans with provisions for additional payments, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to an additional payment. 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 an annual adjustment 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, 2011, the total additional annual payments for MRS plans were $5,146,000.

(4) 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.

The retirement allowance is 50.0 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. Benefit provisions for SLRP are established by §25-11-301 et seq., Mississippi Code Ann. 1972 and may be amended only by the Mississippi Legislature.

Retirees and beneficiaries of SLRP may receive additional amounts calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2011, the total additional annual payments for SLRP were $178,000.

(5) Government Employees' Mississippi Deferred Compensation Plan and Trust

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person—whether appointed, elected, or under contract—providing services for the State, state agencies, counties, municipalities, or other political subdivisions, for which compensation is paid. The Plan permits employees to defer a portion of their income until future years. The deferred compensation is available to employees at termination, retirement, death, unforeseeable emergency, or can be rolled over to the System for purchase of eligible service credit.

The PERS Board of Trustees amended the Plan to provide that all assets and income of the plan shall be held in trust for the exclusive benefit of participants and their beneficiaries in order to comply with amendments to §457 of the Internal Revenue Code.

The System has no liability for losses under the Plan but does have the duty of due care that would be required of a prudent investor. At June 30, 2011, total plan assets aggregated $1,293,364,000 with 40,125 participants.

(6) Flexible Benefits Cafeteria Plan

Section 25-17-3, Mississippi Code Ann. (1972), authorizes any state agency to adopt a benefit plan that meets the requirements of a cafeteria plan as defined in §1-25 et seq. of the Internal Revenue Code of 1954, and regulations there under, for the benefit of eligible employees and their dependents. The FBCP was established as an agency fund to account for transactions related to those employees of the System who participate in the cafeteria plan.

MEMBER AND EMPLOYER OBLIGATIONS TO CONTRIBUTE

Members covered by PERS and MHSPRS are required to contribute 9.0 and 7.25 percent of their earned compensation toward retirement, respectively. Members of SLRP are required to contribute 3.0 percent of their compensation in addition to the 9.0 percent required by PERS. If an employee covered by PERS, MHSPRS, or SLRP leaves employment, accumulated member contributions plus interest are refunded to the member upon request. The interest paid on member accounts was 3.5 percent in 2011. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Each employer contributes the remaining amounts necessary to finance the Plan. Contribution provisions are established by Mississippi Code Ann. (1972)§25-11-1 et seq. for PERS, §25-13-1 et seq. for MHSPRS, and §25-11-301 et seq. for SLRP. These statutes may be amended only by the Mississippi Legislature.

Members covered by MRS are required to contribute amounts varying from 7.0 percent to 10.0 percent of their salary, depending on the actuarial soundness of their respective plans. Any increase to the 7 percent base contribution rate is made in increments not to exceed 1 percent per year. If a member leaves covered employment, accumulated member contributions are refunded to the member upon request. Members covered by MRS do not receive interest on their accumulated contributions. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS. Contribution provisions are established by §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 Mississippi Legislature.

NOTE 2. Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

The reporting entity for the System and its component units consists of five pension trust funds and one agency fund. The pension trust funds are PERS, MHSPRS, MRS, SLRP, and MDC. These financial statements are included in the financial statements of the state of Mississippi. The agency fund is the FBCP. The component units of the System are included in the System's reporting entity due to their financial relationships. Although the component units are legally separate from the System, they are reported as if they were part of the System because the governing boards of each are identical. The System is considered a component unit of the state of Mississippi reporting entity in accordance with Governmental Accounting Standards Board (GASB) 14, *The Financial Reporting Entity.*

The membership of the Optional Retirement Plan (ORP) is composed of teachers and administrators of institutions of higher learning appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System will provide for administration of the ORP program. ORP participants direct the investment of their funds among three investment vendors. Benefits payable to plan participants are not obligations of the state of Mississippi. Such benefits and other rights of participants or their beneficiaries are the liability of the vendors and are governed solely by the terms of the annuity contracts issued by them. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

BASIS OF PRESENTATION – FUND ACCOUNTING

Fiduciary funds are used to account for assets held by the System in a trustee capacity or as an agent. Fiduciary funds include PERS, MHSPRS, MRS, SLRP, and MDC pension trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations. FBCP is accounted for as an agency fund.

BASIS OF ACCOUNTING

PERS, MHSPRS, MRS, SLRP, and MDC use the accrual basis of accounting and the economic resources measurement focus. Member and employer contributions are recognized as revenue when due pursuant to formal commitments, as well as statutory requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when incurred. Investments for PERS, MHSPRS, MRS, SLRP, and MDC 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 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 System, in consultation with its investment advisors and custodial bank, has determined the fair values.

BUDGETARY DATA

Annual budgets are legally adopted on a modified cash basis for the administrative expenditure portion of the pension trust funds. The System uses the following procedures in the budgetary process:

– Approximately one year in advance, the System prepares a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

– At the beginning of August, the proposed budget for the fiscal year commencing the following July is submitted to the Department of Finance and Administration and the Joint Legislative Budget Committee. Budget hearings are conducted by these bodies resulting in recommendations for changes.

– In January, the proposed budget and the recommendations proposed by the Department of Finance and Administration and the Joint Legislative Budget Committee are presented to the state Legislature. The state Legislature makes any revisions it deems appropriate and then legally enacts the System's budget in the form of an appropriation bill.

– The System is authorized to transfer budget amounts between major expenditure classifications on a limited basis subject to approval by the Department of Finance and Administration.

– Spending authority lapses for appropriated funds that remain undisbursed at August 31.

CAPITAL ASSETS

Capital assets used for administering the plans are carried at historical cost (see Note 4). Depreciation is provided using the straight-line method. The System's policy is to capitalize all acquisitions of furniture and equipment with a unit cost of $5,000 or more. The following schedule summarizes estimated useful lives by asset classification:

Asset Classification	Estimated Useful Life
Building	40 years
Improvements	20 years
Furniture and equipment	5-15 years
Computer equipment	3 years
Vehicles	3-10 years

ACCUMULATED PERSONAL LEAVE AND MAJOR MEDICAL LEAVE

Section 25-3-97, Mississippi Code Ann. (1972), authorizes a lump sum payment for a maximum of 30 days of accrued personal leave upon termination of employment. No payment is authorized for accrued major medical leave unless the member presents medical evidence that his or her physical condition is such that the member no longer has the capacity to work in state government. Accumulated personal leave (including fringe benefits) of employees directly related to the administration of the System is paid from the pension trust funds and is accrued in the financial statements when earned, up to a maximum of 30 days per member. The System does not accrue accumulated major medical leave since it is not probable that the compensation will be paid and since the leave vests only upon termination for medical disability.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2011, and the reported amounts of additions to and deductions from net assets during the year then ended. Actual results could differ from those estimates.

NOTE 3. Cash, Cash Equivalents, and Investments

LEGAL PROVISIONS

The System is authorized by §25-11-121, Mississippi Code Ann. (1972), 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 of Mississippi;
- Highway bonds of the State;
- Corporate bonds rated by Standard and Poor's Corporation (S&P) or 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. The Board of Trustees has established a policy which further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by S&P or Moody's, respectively;
- Bonds of the Tennessee Valley Authority;
- Bonds, notes, certificates, and other valid obligations of the United States of America, or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the US Securities and Exchange Commission;
- Bonds, notes, debentures, and other securities issued by any federal instrumentality and fully guaranteed by the United States of America;
- 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 United States of America 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 10 calendar years immediately preceding such investment;
- Shares of common and/or preferred stock of corporations created by or existing under the laws of the United States of America 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 US Securities and Exchange Commission registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940. 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 Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board of Trustees of the System; and
- Up to 10.0 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 Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board; or a limited partnership or commingled fund.

The System also is authorized by its Board of Trustees to operate a securities lending program and has contracted with its custodian to reinvest cash collateral received from the transfer of securities in any investment instrument authorized by §25-11-121, Mississippi Code Ann. (1972).

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, 2011, the System had no deposits in foreign demand deposit accounts.

CASH AND CASH EQUIVALENTS

For cash deposits and cash equivalents, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Mississippi Code of 1972, §25-11-121, provides that the deposits of the System in any US 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 100.0 percent of the amount of funds on deposit.

The amount of the System's total cash and cash equivalents at June 30, 2011, was $425,830,000. Cash deposits in bank accounts totaled $2,949,000, which were covered by federal deposit insurance. At June 30, 2011, the System held $420,826,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into a bank-sponsored short-term investment fund. This fund is a custodial bank-sponsored commingled fund that is invested in short-term US government securities and repurchase agreements. The average S&P short-term quality rating of the fund was A-1 at June 30, 2011.

INVESTMENTS

All of the investment assets of MHSPRS, MRS, and SLRP are combined with those of PERS and invested in short-term and long-term debt securities, public equity securities, private equity, absolute return investments, and real estate. These investments are accounted for as part of the PERS pension trust fund and are allocated to MHSPRS, MRS, and SLRP based on their equitable interest in the PERS fund. All investments are reported at fair value.

All investments are governed by the Board'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.

The Mississippi Code §25-11-121 allows the System to invest up to 10.0 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 (REIT). 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.

In fiscal year 2009, PERS began investing in private equity and absolute return investments. The Board's long-term policy asset allocation target includes 5.0 percent private equity and 5.0 percent absolute return strategies. Private equity was adopted to provide returns in excess of those provided through publicly traded stocks and bonds. Absolute return strategies provide returns that are not correlated with the public equity markets.

The following table presents the fair value of investments by type at June 30, 2011 (in thousands):

Investment type	Fair Value
Commercial paper	$1,023,328
Repurchase agreements	1,252,209
International currency	1,475
US government agency obligations	188,410
US treasury obligations	1,459,549
Collateralized mortgage obligations	538,769
Corporate bonds	1,746,343
Mortgage pass-throughs	517,503
State and local obligations	93,068
Asset backed securities	538,540
Yankee/global bonds	32,103
Sovereign agencies debt	1,857
Sovereign governments debt	294,434
Domestic equity securities	9,264,504
International equity securities	5,194,733
Real estate	1,308,391
Private equity	216,256
Money market fund	22,529
Fixed income funds	56,116
Asset allocation funds	57,901
Fixed and variable funds	529,433
Life insurance contracts	358
Equity funds	486,738
Total	$24,824,547

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The Mississippi Code of 1972, §25-11-121, 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 defined benefit pension funds' $23.5 billion in investments at June 30, 2011, $3.2 billion were 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. This is consistent with the System's securities lending agreement in place with the custodian.

The fair value of cash collateral securities as of June 30, 2011, are presented by type below:

Cash Collateral Securities	Fair Value (In Thousands)
Commercial paper	$1,023,328
Repurchase agreements	1,229,247
Corporate bonds	510,361
Asset backed securities	437,685
US government agencies	22,990
Total	$3,223,611

Interest Rate Risk

As of June 30, 2011, the System had the following debt security investments and maturities:

Investment Type	Fair Value (In Thousands)	Investment Maturities (In Years) Less than 1	1 - 5	6 - 10	More than 10
Asset-backed securities	$ 538,540	$ 455,065	$ 36,008	$ 13,472	$ 33,995
Collateralized mortgage obligations	538,769	40,670	5,504	14,973	477,622
Commercial paper	1,023,328	1,023,328	–	–	–
Corporate bonds	1,746,343	145,861	836,474	513,950	250,058
Mortgage pass-throughs	517,503	–	873	30,621	486,009
Repurchase agreements	1,252,209	1,252,209	–	–	–
State and local obligations	93,068	202	6,241	7,072	79,553
US government agency obligations	188,410	4,267	149,157	23,450	11,536
US treasury obligations	1,459,549	–	568,229	600,177	291,143
Yankee/global bonds	32,103	98	15,539	9,207	7,259
Sovereign agencies debt	1,857	–	1,572	285	–
Sovereign governments debt	294,434	4,734	69,602	110,079	110,019
Total	$7,686,113	$2,926,434	$1,689,199	$1,323,286	$1,747,194

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Derivative securities, variable rate investments with coupon multipliers greater than one, and securities with long terms to maturity are examples of investments whose fair values may be highly sensitive to interest rate changes. These securities are reported at fair value in the Statement of Fiduciary Net Assets. Inverse floaters and variable rate investments with coupon multipliers greater than one are prohibited under the System's derivatives policy.

Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System. The System adopted a formal derivatives policy in February 1996 with updates adopted in June 2005. During fiscal year 2011, the investments in derivative securities by the System were exclusively in asset/liability-based derivatives such as interest-only (IO) strips, collateralized mortgage obligations, and asset-backed securities. 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.

Interest-only and principal-only (PO) strips are transactions that 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 IOs valued at $5 thousand at fiscal year end. The System's derivatives policy limits IO and PO strips to 3.0 percent of the investment portfolio.

Collateralized mortgage obligations (CMO) 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 that 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 and, thus, an increase in the fair value of the security. The System held $538.8 million in CMOs at June 30, 2011. Of this amount, $158.8 million were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the System's derivatives policy.

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, asset-backed securities have been structured as pass-throughs and as structures with multiple bond classes. Of the $538.5 million in ABS that the System held at June 30, 2011, $51.8 million are highly sensitive to changes in interest rates. ABS, which are leveraged structures or residual interests, are prohibited by the System's derivatives policy.

At June 30, 2011, the System had invested $517.5 million in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. 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.

Credit Risk

The System's exposure to credit risk as of June 30, 2011, was as follows:

Investment Type	Quality Ratings Fair Value (In Thousands) AAA	AA	A	BAA	BA	BBB	BB
Asset-backed securities	$ 464,734	$ 48,865	$ 12,183	$ 14	$ 9,530	$ –	$ –
Collateralized mortgage obligations	356,184	20,205	65,181	2,499	224	46,629	1,369
Commercial paper	–	–	968,327	–	–	–	–
Corporate bonds	93,331	342,305	579,784	320,345	96,021	176,253	65,672
Mortgage pass-throughs	464,100	–	–	–	–	–	–
Repurchase agreements	1,252,209	–	–	–	–	–	–
Sovereign agencies debt	–	285	1,572	–	–	–	–
Sovereign governments debt	–	19,059	22,415	69,778	52,355	65,172	19,492
State and local obligations	1,999	36,344	47,786	4,100	–	–	–
US government agency obligations	187,184	–	1,226	–	–	–	–
Yankee/global bonds	18,758	307	7,965	3,642	–	–	1,277
Total	$2,838,499	$467,370	$1,706,439	$400,378	$158,130	$288,054	$87,810

State law requires a minimum quality rating of A-3 by S&P or P-3 by Moody's for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by S&P or Moody's. PERS' Board of Trustees has adopted a short-term investment policy that 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 of the System.

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 $30.0 million, no more than 25.0 percent be invested in any issue having a rating lower than AA or A1/P1.

Credit risk for derivative securities held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. The System's policy requires that the credit quality of the underlying asset must be rated A or better by Moody's or S&P. The System's lending agent is permitted to purchase asset-backed securities for the cash collateral fund that are only AAA rated.

Quality Ratings
Fair Value (In Thousands)

B	CA	CAA	CCC	CC	C	D	NR	P	WR
$ 19	$ –	$ 2,041	$ –	$ –	$ 15	$ –	$ –	$ 44	$1,095
8,548	1,356	12,271	4,118	4,218	14,355	1,282	–	–	330
–	–	–	–	–	–	–	25,001	30,000	–
70,805	–	1,505	–	–	–	–	318	–	4
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
42,548	–	–	–	–	–	–	3,615	–	–
–	–	–	–	–	–	–	2,839	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	154	–	–
$121,920	$1,356	$15,817	$4,118	$4,218	$14,370	$1,282	$31,927	$30,044	$1,429

Foreign Currency Risk

The System's exposure to foreign currency risk at June 30, 2011, was as follows (in thousands):

Currency	Cash & Equivalents	Equities & REITs	Debt Securities	Total Fair Value	Percent
Australian dollar	$ 1,909	$ 225,595	$ –	$ 227,504	4.58%
Brazilian real	(5,705)	235,762	5,989	236,046	4.76
British pound sterling	1,998	819,987	–	821,985	16.56
Canadian dollar	895	163,000	–	163,895	3.30
Chilean peso	1	2,911	–	2,912	0.06
Colombian peso	(4,628)	2,848	6,758	4,978	0.10
Danish krone	155	33,825	–	33,980	0.68
Egyptian pound	–	32,240	–	32,240	0.65
Euro	(2,386)	1,246,949	9,093	1,253,656	25.25
Hong Kong dollar	264	217,862	–	218,126	4.39
Hungarian forint	38	14,230	–	14,268	0.29
Indian rupee	118	80,644	–	80,762	1.63
Indonesian rupiah	257	62,357	–	62,614	1.26
Israeli shekel	33	11,269	–	11,302	0.23
Japanese yen	10,181	680,972	–	691,153	13.93
Malaysian ringgit	13	6,361	–	6,374	0.13
Mexican peso	(7,853)	51,309	11,962	55,418	1.12
New Taiwan dollar	43	103,200	–	103,243	2.08
New Turkish lira	31	68,747	–	68,778	1.39
New Zealand dollar	58	8,420	–	8,478	0.17
Norwegian krone	(1,154)	73,139	–	71,985	1.45
Pakistan rupee	–	12,287	–	12,287	0.25
Philippines peso	2	3,669	–	3,671	0.07
Polish zloty	1	6,195	–	6,196	0.12
Singapore dollar	781	93,771	–	94,552	1.90
South African rand	889	136,824	3,773	141,486	2.85
South Korean won	118	177,350	–	177,468	3.58
Swedish krona	624	77,741	–	78,365	1.58
Swiss franc	3,433	240,023	–	243,456	4.90
Thailand baht	44	35,026	–	35,070	0.71
UAE dirham	–	1,673	–	1,673	0.03
Total	$ 160	$4,926,186	$37,575	$4,963,921	100.00%

The System's current investment asset allocation policy was adopted by the Board in June 2010 and became effective in fiscal year 2011. The 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.

Investment Derivatives

The System has adopted Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments.

The following table presents the investment derivative instruments outstanding as of June 30, 2011 (in thousands), as reported in the System's Statement of Fiduciary Net Assets:

Investment derivative instruments

	Changes in Fair Value		Fair Value at June 30, 2011			
	Classification	Amount	Classification	Amount	Notional	
Foreign currency forwards	Investment income	$ (80)	Investment	$ (80)	6,785	AUD
Foreign currency forwards	Investment income	(241)	Investment	(241)	9,176	BRL
Foreign currency forwards	Investment income	(40)	Investment	(40)	8,211,993	COP
Foreign currency forwards	Investment income	(3)	Investment	(3)	6,126	EUR
Foreign currency forwards	Investment income	(70)	Investment	(70)	94,702	MXN
Foreign currency forwards	Investment income	(7)	Investment	(7)	1,173	PEN
Foreign currency forwards	Investment income	4	Investment	4	25,697	ZAR
TBA securities	Investment income	$ (67)	Debt securities	$31,122	$30,000	

The System's derivatives policy limits foreign currency forwards to no more than 100.0 percent of the aggregate value of the portfolio securities denominated in the hedged currency.

Investment Derivatives Credit Risk

At June 30, 2011, the counterparties of the foreign currency forwards had short-term credit ratings of A as rated by the nationally recognized statistical rating organizations. PERS' 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 (TBA) were rated A or better by the nationally recognized statistical rating organizations, except for one that was not rated.

Investment Derivatives Foreign Currency Risk

The foreign currency forwards are also presented in the foreign currency risk table on page 48.

Investment Derivatives Interest Rate Risk

The TBAs are disclosed in the interest risk table by years to maturity.

Commitments

As of June 30, 2011, the System had real estate and private equity investments legally structured as limited partnerships. The System was one of the limited partners within each fund, with the investment managers serving as the general partners. As part of the limited partnership agreements, PERS agrees to potentially invest up to the committed amounts during the stated fund investment period.

Within its Alternative Investment Program, the System has investments that due to their long-term nature do not provide immediate liquidity. The commingled real estate fund investments allow for quarterly liquidity. As of June 30, 2011, the total fair value of the commingled real estate portfolio was approximately $690.0 million. The closed-end real estate funds, timber fund, and private equity fund investments are all 10- to 12-year commitments. These funds have limited liquidity due to their long investment time horizon, but will make periodic distributions throughout the term of the investment as assets are sold. As of June 30, 2011, the fair value of these investments totaled $394.0 million.

As of June 30, 2011, PERS had the following outstanding investment commitments:

Commitments — Alternative Investments	Committed Capital	Capital Contributed	Outstanding
Real estate	$ 375,000,000	$274,650,088	$ 100,349,912
Private equity	1,500,000,000	200,148,657	1,299,851,343
Total	$1,875,000,000	$474,798,745	$1,400,201,255

SECURITIES LENDING TRANSACTIONS

The System accounts for securities lending transactions in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, which established standards of accounting and financial reporting for securities lending transactions.

The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. There have been no significant violations of the provisions of the agreement during the period of these financial statements. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2011, are long-term US government and agency obligations, corporate bonds, REITS, and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102.0 percent on US securities and international securities denominated in the same currency of the loaned security. For international securities that are denominated in

The following table details the net income from securities lending for the year ended June 30, 2011 (in thousands):

Securities Lending Net Income	PERS	MHSPRS	MRS	SLRP	Total
Interest income	$11,958	$164	$102	$ 8	$12,232
Net appreciation	8,134	111	69	6	8,320
Income from securities lending	20,092	275	171	14	20,552
Less:					
Program fees	2,391	32	20	2	2,445
Expenses from securities lending	2,391	32	20	2	2,445
Net income from securities lending	$17,701	$243	$151	$12	$18,107

a currency other than the currency of the loaned security, 105.0 percent collateral is required at the initiation of the loan. In the event the collateral fair value on US securities falls to less than 100.0 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 102.0 percent for international same-currency transactions or 105.0 percent for cross-currency transactions, the borrower is required to provide additional collateral. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was two days at June 30, 2011. Cash collateral was invested in repurchase agreements, commercial paper, corporate bonds, US government agencies, and asset-backed securities at June 30, 2011. The weighted average effective duration of all collateral investments at June 30, 2011, was 20 days with a weighted average maturity of 20 days.

Securities lent at year-end for cash collateral are presented by type in Note 3 Investments; securities lent for securities collateral are classified according to the custodial credit risk category for the collateral.

There were no securities lent for securities collateral as of June 30, 2011. The investments purchased with the cash collateral are also presented in Note 3 Investments 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.

The securities lending total assets of $3,224,430,000, which include the related accrued interest, and the related total liabilities of $3,224,044,000, which include the related expenses, on the Statement of Fiduciary Net Assets do not equal at June 30, 2011. The difference of $386,000 is due to the collateral investment fund's market depreciation and the earnings receivable until the final distribution takes place the following month.

The following table presents the fair values of the underlying securities and the value of the collateral pledged at June 30, 2011 (in thousands):

Securities Lent	Fair Value Including Accrued Income	Cash Collateral Received
Lent for cash collateral:		
Debt securities	$1,367,902	$1,401,539
Equities	1,657,909	1,708,648
REITs	111,221	113,678
Total securities lent	$3,137,032	$3,223,865

COMMISSION RECAPTURE PROGRAM

The Board of Trustees has authorized the System to enter into a commission recapture program. This program allows the System to recapture a portion of the commissions paid to broker-dealers with which the System has entered into an agreement. Earnings for the fiscal year ended June 30, 2011, were $446,000.

NOTE 4. Capital Assets

The following table shows amounts for capital assets as of June 30, 2011 (in thousands):

Description	2011
Land	$ 508
Building	18,459
Improvements 25	
Furniture and equipment	1,336
Construction in progress	4,267
Total capital assets	24,595
Less accumulated depreciation	
Building	3,995
Improvements	20
Furniture and equipment	1,086
Total accumulated depreciation	5,101
Net capital assets	$19,494

NOTE 5. Due to Other Funds

The following is a summary of due to/due from other funds as of June 30, 2011 (in thousands):

Receivable Fund	Payable Fund	Amount
State of Mississippi	PERS	$16

NOTE 6. Funding Status and Progress

ACTUARIAL ASSET VALUATION

Actuarial values of assets for PERS, MHSPRS, SLRP, and MRS are based on a smoothed fair value basis that recognizes 20.0 percent of the unrecognized and unanticipated gains and losses. The actuarial valuation of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are recognized in equal increments over a five-year period beginning with the current year.

The following table presents the actuarial change in asset valuation for the year ended June 30, 2011 (in thousands):

	PERS	MHSPRS	MRS	SLRP	Total
Valuation assets June 2010*	$20,143,426	$281,088	$191,179	$13,241	$20,628,934
Contributions and other revenue	1,257,205	13,442	21,567	663	1,292,877
Benefit payments	(1,822,818)	(25,680)	(35,765)	(828)	(1,885,091)
Administrative expenses	(12,637)	(162)	(428)	(9)	(13,236)
Investment expenses**	(41,809)	(573)	–	(28)	(42,410)
Net new money	(620,059)	(12,973)	(14,626)	(202)	(647,860)
Expected total investment return for 2011 (8%)	1,374,879	18,875	10,468	917	1,405,139
Adjustment toward market (20%)	(583,081)	(8,725)	(11,033)	(350)	(603,189)
Valuation assets June 2011*	$20,315,165	$278,265	$175,988	$13,606	$20,783,024

*Information for MRS is presented as of September 2009 and 2010, respectively.

**This amount is based on a proportionate share of the total investment expense of the commingled assets. The ratio of this number to the total investment expense is equal to the ratio of a fiscal year average market value of assets for this fund to a fiscal year average market value of the total commingled assets.

Significant actuarial assumptions used to compute contribution requirements for PERS, MHSPRS, SLRP, and MRS are the same as those used to compute the standardized measure of the actuarial accrued liability described in the Notes to Required Supplemental Schedules. The significant assumptions include:

	PERS	MHSPRS	MRS	SLRP
Valuation date	June 30, 2011	June 30, 2011	September 30, 2010	June 30, 2011
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	30.0 years	30.0 years	24.0 years	22.3 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	4.5-20.0%	5.0-10.52%	4.5-6.0%	4.50%
Wage inflation rates	4.25%	4.25%	4.25%	4.25%
Increase in benefits after retirement	3.0%*	3.0%**	2.0-3.75%***	3.0%*

**Calculated 3.0 percent simple interest to age 55, compounded each year thereafter.*
***Calculated 3.0 percent simple interest to age 60, compounded each year thereafter.*
****Varies depending on municipality.*

ACTUARIAL EXPERIENCE REVIEW

An actuarial survey of the mortality, service, withdrawals, compensation experience of members, and valuation of assets and liabilities is performed annually to determine the actuarial soundness of the System. To validate that the assumptions recommended by the actuary are, in aggregate, reasonably related to actual experience, the System requests the actuary to conduct an experience investigation every other year.

A review of demographic and economic experience was performed for the four-year period ending June 30, 2010. As a result of this study, the Board of Trustees adopted new assumptions for PERS that revised rates of salary increase, withdrawal, pre-retirement mortality, and disability retirement for active members. Also adopted was a change in post-retirement mortality table for disability retirements. New assumptions for MHSPRS were adopted that changed withdrawal rates and post-retirement disability mortality table. The post-retirement mortality table used for disability retirements was adopted for SLRP. The changes adopted by the Board for PERS, MHSPRS, and SLRP were used in the actuarial valuations as of June 30, 2011.

Due to MRS fiscal year ending on September 30, changes from the previous experience review were applied to the actuarial valuation as of September 30, 2010.

NOTE 7. Contributions Required and Contributions Made

Funding policies for PERS, MHSPRS, and SLRP provide for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. The Board of Trustees establishes contribution rates for PERS, MHSPRS, and SLRP in accordance with actuarial contribution requirements determined through the most recent valuation.

The annual required contribution (ARC) rate is set two years in advance. Based on the June 30, 2009, valuation, the consulting actuary recommended an employer contribution rate for PERS of 13.56 percent, effective July 1, 2010. The Board of Trustees approved the recommended increase to 13.56 percent to assure a sufficient funding level to maintain the unfunded accrued liability amortization period within 30 years. In the 2010 First Extraordinary Session, the Mississippi Legislature increased the member contribution rate by 1.75 percent from 7.25 to 9.0 percent, effective July 1, 2010. Due to the increase in member contribution rate, the employer contribution rate increase to 13.56 percent was delayed until the completion of the June 30, 2010 actuarial valuation.

Because the increase in member contribution rate produced a reduction in employer normal cost and due to favorable investment experience in fiscal year 2010, the consulting actuary recommended a decrease in PERS' required employer contribution rate from 13.56 percent to 12.93 percent in the June 30, 2010 valuation report. The employer contribution rates increased from 30.3 percent to 35.21 percent for MHSPRS and from 6.65 percent to 7.4 percent for SLRP. The Board of Trustees approved the recommended rate changes; however, in response to a request from the leaders in the Mississippi Legislature, the Board took action to delay contribution rate increases until January 1, 2012, due to the current state of the economy.

Costs to administer plans are financed from investment earnings. In addition, employers of MHSPRS, SLRP, and MRS contribute an administrative fee to the System.

Funding policies for MRS, established by Mississippi statutes, provide for a property tax to be levied within each municipality and deductions from salaries of members, at rates sufficient to make the plans actuarially sound. An actuarial valuation is performed on an annual basis to determine the rates necessary to make the Plan actuarially sound. However, Mississippi statutes limit any increase in the property tax levy for pension contributions to one-half mill per year. Given this constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the plans under MRS will be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected plan's cash flow position improved.

Mississippi Code Ann. (1972) provides that a municipality may fund or assist in funding MRS with revenue bonds in order to make the plans under MRS actuarially sound by July 1, 2000. During the fiscal year ended June 30, 1998, a participating municipality issued $50.0 million in Pension Obligation Bonds. The proceeds of the bond issuance were transferred to MRS in lieu of employer contributions. The millage levied by this municipality, for MRS employer contributions, was used to retire the bond indebtedness. In October 2009, the municipality resumed submitting employer contributions.

Required Contributions

(Dollars in Thousands)

	Contribution Requirements				
	Normal Cost		Unfunded Cost		
System	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Total Required Contributions
PERS	$ 659,015	11.18%	$598,190	9.82%	$1,257,205
MHSPRS	6,399	24.14	3,616	13.41	10,015*
SLRP	482	7.18	181	2.47	663
Total	$ 665,896	–	$601,987	–	$1,267,883

		Contributions Made				
		Member		Employer		
System	Total Actual Contributions	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Covered Payroll
PERS	$1,257,205	$533,369	9.00%	$723,836	12.00%	$5,684,624
MHSPRS	13,442	1,948	7.25	11,494*	30.30	24,872
SLRP	663	206	3.00	457	6.65	6,810
Total	$1,271,310	$535,523	–	$735,787	–	$5,716,306

**Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of $3,400,000 (12.9 percent of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2011 was $3,427,000.*

An actuary is used to determine the implications of the statutory limited contribution levels. At September 30, 2010, aggregate contributions for MRS were equivalent to 120.8 percent of the required annual contributions. Certain municipalities will have a contribution deficiency after the maximum one-half mill per year increase.

The employer contribution millage rates required for each municipality ranged from 0.99 to 9.51 mills, totaling $21,426,000 in actual contributions. The member contribution rates ranged from 7.0 percent to 10.0 percent of covered payroll, totaling $141,418 in actual contributions.

LEGALLY REQUIRED RESERVES

Provisions for reserves, in which all assets of the System are to be credited according to their purpose, are established by §25-11-123, Article 3, Mississippi Code Ann. (1972) and may be amended only by the state Legislature. The annuity savings account accumulates the contributions made by members and accumulated interest. The annuity reserve represents the actuarial value of all annuities in force. The reserve account that accumulates contributions made by the employers, and where all retirement allowances and other benefits are charged, is referred to as the employer's accumulation account.

The following table presents the reserve account balances and the unfunded actuarial accrued liability as of June 30, 2011 (in thousands):

	PERS	MHSPRS	MRS	SLRP
Annuity savings account	$ 4,356,556	$ 20,621	$ 2,295	$ 2,642
Annuity reserve	3,497,974	29,042	-	1,274
Employer's accumulation account	12,460,635	228,602	173,693	9,690
Unfunded actuarial accrued liability (UAAL)	12,339,300	136,167	196,909	4,999
Actuarial accrued liability	$32,654,465	$414,432	$372,897	$18,605
Percent funded	62.2%	67.1%	47.2%	73.1%
Annual covered payroll	$ 5,684,624	$ 24,872	$ 1,425	$ 6,810
UAAL as a percentage of annual covered payroll	217.1%	547.5%	13,818.2%	73.4%

**The annuity reserve for MRS is reflected as of the September 30, 2010, valuation date.*

NOTE 8. Retirement Plan of System Employees

System employees are members of PERS. The payroll for System employees covered by PERS for the year ended June 30, 2011, was $5,963,000; the System's total payroll expense was $7,812,000. System contributions for the years ended June 30, 2011, 2010, and 2009, were $715,000, $721,000, and $704,000, respectively. The contributions for 2011, 2010, and 2009 were each 100.0 percent of required contributions. Refer to Note 7 of the basic financial statements for more information regarding contributions made for fiscal year 2011. System contributions represent less than 1.0 percent of total contributions required for all participating employers.

NOTE 9. Ten-Year Historical Trend Information

Ten-year historical trends, as noted in required supplementary information, are designed to provide information about progress made by PERS, MHSPRS, MRS, and SLRP in accumulating sufficient assets to pay benefits when due. This information is presented on pages 57 through 59. Other supplementary information presented in succeeding sections of this report is for the benefit of statement users and is not a required part of the basic financial statements.

Required Supplementary Information
Schedules of Funding Progress – Last Ten Fiscal Years
*(In Thousands) * (Unaudited)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b–a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b–a)/c)
Public Employees' Retirement System of Mississippi						
06/30/02	$16,823,185	$20,180,347	$3,357,162	83.4%	$4,220,539	79.5%
06/30/03	16,979,457	21,485,838	4,506,381	79.0	4,431,600	101.7
06/30/04	17,103,285	22,847,260	5,743,975	74.9	4,617,273	124.4
06/30/05	17,180,705	23,727,098	6,546,393	72.4	4,786,280	136.8
06/30/06	18,321,063	24,928,464	6,607,401	73.5	4,971,974	132.9
06/30/07	19,791,564	26,862,636	7,071,072	73.7	5,196,295	136.1
06/30/08	20,814,720	28,534,694	7,719,974	72.9	5,544,705	139.2
06/30/09	20,597,581	30,594,546	9,996,965	67.3	5,831,864	171.4
06/30/10	20,143,426	31,399,988	11,256,562	64.2	5,763,556	195.3
06/30/11	20,315,165	32,654,465	12,339,300	62.2	5,684,624	217.1
Mississippi Highway Safety Patrol Retirement System						
06/30/02	$ 263,255	$ 285,548	$ 22,293	92.2%	$ 20,339	109.6%
06/30/03	259,746	302,134	42,388	86.0	21,052	201.3
06/30/04	256,481	316,570	60,089	81.0	22,683	264.9
06/30/05	253,477	335,117	81,640	75.6	22,343	365.4
06/30/06	265,637	350,638	85,001	75.8	24,499	347.0
06/30/07	284,626	371,233	86,607	76.7	27,037	320.3
06/30/08	298,630	381,578	82,948	78.3	29,597	280.3
06/30/09	292,322	394,630	102,308	74.1	26,390	387.7
06/30/10	281,088	411,277	130,189	68.3	26,353	494.0
06/30/11	278,265	414,432	136,167	67.1	24,872	547.5

(continued)

Required Supplementary Information *(continued)*
Schedules of Funding Progress – Last Ten Fiscal Years
*(In Thousands) * (Unaudited)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b–a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b–a)/c)
Municipal Retirement Systems*						
09/30/01	$262,260	$381,782	$119,522	68.7%	$7,350	1,626.1%
09/30/02	259,586	393,011	133,425	66.1	5,980	2,231.2
09/30/03	250,640	399,622	148,982	62.7	4,584	3,250.0
09/30/04	235,198	393,061	157,863	59.8	3,675	4,295.6
09/30/05	217,140	387,386	170,246	56.1	2,909	5,852.4
09/30/06	213,553	383,355	169,802	55.7	2,223	7,638.4
09/30/07	213,432	379,584	166,152	56.2	1,953	8,507.5
09/30/08	208,479	368,131	159,652	56.6	1,713	9,320.0
09/30/09	191,179	381,036	189,857	50.2	1,608	11,807.0
09/30/10	175,988	372,897	196,909	47.2	1,425	13,818.2
Supplemental Legislative Retirement Plan						
06/30/02	$ 9,730	$ 11,328	$ 1,598	85.9%	$5,988	26.7%
06/30/03	10,196	12,220	2,024	83.4	6,289	32.2
06/30/04	10,323	12,934	2,611	79.8	5,794	45.1
06/30/05	10,634	13,402	2,768	79.3	6,530	42.4
06/30/06	11,620	14,064	2,444	82.6	6,354	38.5
06/30/07	12,722	15,054	2,332	84.5	6,554	35.6
06/30/08	13,412	15,615	2,203	85.9	6,753	32.6
06/30/09	13,386	16,535	3,149	81.0	6,803	46.3
06/30/10	13,241	17,081	3,840	77.5	6,605	58.1
06/30/11	13,606	18,605	4,999	73.1	6,810	73.4

**Valuation information furnished for MRS is as of September 30.*
See Notes to Required Supplementary Schedules.

Required Supplementary Information
Schedules of Employer Contributions – Last Ten Fiscal Years
*(In Thousands) * (Unaudited)*

Public Employees' Retirement System of Mississippi

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	$400,943	100.0%
2003	411,503	100.0
2004	432,081	100.0
2005	482,967	100.0
2006	514,525	100.0
2007	621,497	90.0
2008	636,546	97.0
2009	657,048	100.0
2010	699,824	100.0
2011	781,538*	100.0

Calculated based on an employer contribution rate increase from 12.0 percent to 13.56 percent. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.0 percent which produced a decrease in employer normal cost. As a result, Annual Required Contributions were $687,016. Refer to Note 7 for additional information.

Municipal Retirement Systems**

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	$11,276	125.9%
2002	10,823	132.5
2003	11,989	116.6
2004	13,286	104.5
2005	14,091	100.6
2006	15,397	101.5
2007	15,426	97.1
2008	15,219	106.0
2009	14,765	114.4
2010	17,739	120.8

***Valuation information furnished for MRS is as of September 30.*

Mississippi Highway Safety Patrol Retirement System

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	$ 3,452	100.0%
2003	5,321	100.0
2004	5,928	100.0
2005	9,088	100.0
2006	8,692	100.0
2007	10,023	100.0
2008	10,492	100.0
2009	11,668	100.0
2010	11,096	100.0
2011	11,385	100.0

Supplemental Legislative Retirement Plan

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	$ 376	100.0%
2003	379	100.0
2004	398	100.0
2005	367	100.0
2006	413	100.0
2007	423	100.0
2008	436	100.0
2009	449	100.0
2010	452	100.0
2011	464	100.0

See Notes to Required Supplementary Schedules.

NOTE 1. Schedules of Funding Progress

The funding percentage of the actuarial accrued liability is a measure intended to help users assess each of the plan's funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The actuarial value of assets is determined on a market-related basis that recognizes 20.0 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20.0 percent of the prior years' unrecognized and unanticipated gains and losses (both realized and unrealized).

Allocation of the actuarial present value of projected benefits between accrued and future service liabilities is based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, are the same as used to determine the plan's annual required contribution. For additional information regarding this schedule, refer to Note 6, Funding Status and Progress.

NOTE 2. Schedules of Employer Contributions

The required employer contributions and percent of those contributions actually made are presented in this schedule.

The PERS Board of Trustees, as per state statute, sets employer contribution rates for PERS and SLRP. The Administrative Board of the MHSPRS establishes the employer contribution rate for MHSPRS. The adequacy of these rates is assessed annually by individual actuarial valuations. Unfunded actuarial accrued liabilities are amortized as a level percent of the active member payroll, over a fixed period of future years, which produces the actuarial required employer contribution rate. 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, the unfunded employer liability is being amortized on a closed basis as a level percent over a period of 30 years, beginning September 30, 1990. The current financing arrangement provides for a contribution determined as a percentage of each city's assessed property valuation. Actual MRS employer contributions were $21,426,000, which was 120.8 percent of total required contributions for the valuation period ending September 30, 2010.

The Governmental Accounting Standards Board (GASB) Statement No. 25 requires a maximum acceptable amortization period for the total unfunded actuarial liability of not more than 30 years. In order to comply with the GASB Statement, the consulting actuary recommended, in the June 30, 2009, actuarial valuation report, a PERS employer contribution rate of 13.56 percent effective July 1, 2010. In the 2010 First Extraordinary Session, the Mississippi Legislature passed a 1.75 percent increase in the member contribution rate, effective July 1, 2010. As a result, the Board of Trustees delayed increasing the employer contribution rate to 13.56 percent until July 1, 2011. The increase in the member contribution rate served to reduce employer normal cost from 4.13 percent to 2.49 percent. This coupled with favorable investment performance for 2010, led the consulting actuary to recommend an employer contribution rate of 12.93 percent in the June 30, 2010 actuarial valuation report. Based on this recommendation, the Board of Trustees approved an increase from 12.0 percent to 12.93 percent. Due to a request by the leadership of the Mississippi Legislature, the increase is postponed until January 1, 2012. The Board also approved employer contribution rate increases for MHSPRS, from 30.3 percent to 35.21 percent, and SLRP, from 6.65 percent to 7.4 percent. These increases also are delayed until January 1, 2012.

At June 30, 2011, the actual employer contribution amount for PERS was $723,836,000, which was 100.0 percent of required total contributions. Actual employer contributions for MHSPRS and SLRP also remain at 100.0 percent of annual required contribution.

2010/2011 Fiscal Year PERS Annual Required Contribution (ARC) – Based on the Valuation as of June 30, 2009

Annual Required Contribution (ARC)	Rate
Normal*	4.13%
Accrued liability	9.43
Total	13.56%

**Calculated based on an employer contribution rate increase from 12.0 percent to 13.56 percent. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.0 percent which results in a reduction of the employer normal cost from 4.13 percent to 2.49 percent.*

NOTE 3. Actuarial Assumptions

PLAN OVERVIEW

Based on the June 30, 2011 valuations, the consulting actuary recommended increases in the employer contribution rates for PERS, from 12.93 to 14.26 percent, and MHSPRS, from 35.21 percent to 37.0 percent. It was also recommended that the employer contribution rate for SLRP remain at the current rate of 7.4 percent, in order to keep the anticipated accrued liability payment period within 30 years in accordance with GASB Statements 25 and 27.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	PERS	MHSPRS	MRS	SLRP
Valuation date	June 30, 2011	June 30, 2011	September 30, 2010	June 30, 2011
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	30.0 years	30.0 years	24.0 years	22.3 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	4.5-20.0%	5.0-10.52%	4.5-6.0%	4.50%
Wage inflation rates	4.25%	4.25%	4.25%	4.25%
Increase in benefits after retirement	3.0%*	3.0%**	2.0-3.75%***	3.0%*

**Calculated 3.0 percent simple interest to age 55, compounded each year thereafter.*
***Calculated 3.0 percent simple interest to age 60, compounded each year thereafter.*
****Varies depending on municipality.*

EFFECTS OF CURRENT YEAR CHANGES IN PLAN REQUIREMENTS

Plan requirements may be affected by changes in actuarial assumptions, benefit provisions, plan provisions, actuarial funding methods, or other significant factors.

The following amendments were incorporated into the actuarial valuations:

PERS

- The withdrawal rates, pre-retirement mortality rates and disability rates have been revised to more closely reflect the actual experience of the System.
- The post-retirement mortality table used for disability retirements has been changed.
- The rates of salary increase for service periods under five years were revised to more closely reflect the actual experience of the System.
- Section 25-11-115 was amended to add Option 4, the 75.0 percent joint and survivor annuity, effective January 1, 2011.
- Section 25-11-115 (3) and (4) were amended to add Option 4, the 75.0 percent joint and survivor annuity, to the Pop-Up and Pop-Down provisions, respectively, effective July 1, 2011.
- Section 25-11-115 was amended to provide that, for members who retire effective on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent recalculation of benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.
- Section 25-11-111 was amended to establish 30 years as the number of years creditable service required for retirement regardless of age for persons who become members of the System on or after July 1, 2011.
- Section 25-11-115 was amended to establish 33 years as the number of years of creditable service required to select a partial lump sum option for persons who become members of the System on or after July 1, 2011.
- Section 25-11-111 was amended to establish the retirement formula for persons who become members of the System on or after July 1, 2011, as 2.0 percent of average compensation for each of the first 30 years of creditable service and 2.5 percent of average compensation for each year beyond 30 years, with no minimum monthly benefit.
- Section 25-11-111 was amended to provide for 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 age 65, whichever is less, for persons who become members of the System on or after July 1, 2011.
- Section 25-11-112 was amended to establish the COLA for persons who become members of the System on or after July 1, 2011, as 3.0 percent of the annual retirement allowance for each full fiscal year in retirement up to the fiscal year in which the retired member reaches age 60, plus 3.0 percent compounded for each full fiscal year thereafter.
- Section 25-11-114 was amended to replace the 3.0 percent reduction in spouse survivor retirement benefits with an actuarially determined percentage or factor to allow for modification as the percentage or factor might need to change from time to time as determined by the actuary.

MHSPRS

- The withdrawal rates have been revised to more closely reflect the actual experience of the System.
- The post-retirement mortality table used for disability retirements has been changed.
- Section 25-13-16 was amended to add Option 4, the 75.0 percent joint and survivor annuity, effective July 1, 2011.
- Section 25-13-16 (3) and (4) were amended to add Option 4, the 75.0 percent joint and survivor annuity, to the Pop-Up and Pop-Down provisions, respectively, effective July 1, 2011.

– Section 25-13-11 was amended to increase the mandatory retirement age for members of MHSPRS from age 60 to age 63 effective July 1, 2011.
– Due to Senate Bill No. 2659 enacted in 2004, additional contributions are being made to the System. The estimate used for last year's valuation was $3,400,000 annually. The actual additional contribution for 2011 is $3,427,000. However, since the last three years of additional contributions have not been consistent, we have averaged the last three year's contributions, and the 2011 valuation results reflect an anticipated amount of $3,500,000 annually in the future.

SLRP

– The post-retirement mortality table used for disability retirements has been changed.
– Section 25-11-115 was amended to add Option 4, the 75.0 percent joint and survivor annuity, effective January 1, 2011.
– Section 25-11-115 (3) and (4) were amended to add Option 4, the 75.0 percent joint and survivor annuity, to the Pop-Up and Pop-Down provisions, respectively, effective July 1, 2011.
– Section 25-11-115 was amended to provide that, for members who retire effective on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent recalculation of benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.
– Section 25-11-111 was amended to establish 30 years as the number of years of creditable service required for retirement regardless of age for persons who become members of the System on or after July 1, 2011.
– Section 25-11-115 was amended to establish 33 years as the number of years of creditable service required to select a partial lump sum option for persons who become members of the System on or after July 1, 2011.

MRS

– A 2.0 percent ad hoc COLA was granted to the retirees of the City of Tupelo effective October 1, 2010.

Changes in assumptions and actuarial experience had the following effect on the employer contribution rate. The MRS are funded through taxes levied on assessed properties located in the municipalities.

	PERS	MHSPRS	SLRP
Previously reported employer rate	12.93%	35.21%	7.40%
Change due to:			
Actuarial experience	1.44	1.86	(0.03)
Assumption changes	(0.11)	(0.07)	0.03
Plan amendments	–	–	–
Method change	–	–	–
Computed employer rate	14.26%	37.00%	7.40%

SCHEDULE 1. Schedule of Administrative – Expenses and Depreciation

For the Year Ended June 30, 2011

(In Thousands)

Administrative Expense	Amount
Personal services:	
Salaries and wages	$ 5,997
Employee benefits	1,815
Travel and subsistence	71
Total personal services	7,883
Contractual services:	
Professional services (See Schedule 3)	1,901
Communications	794
New information system development	635
Utilities	204
Rent of building space and office equipment	195
Bank charges	164
Data processing installation, training, and licensing	170
Repair and maintenance of building and equipment	117
Janitorial	81
Security	62
Other contractual services	62
Insurance	39
Total contractual services	4,424
Commodities:	
Printing, binding, and padding	138
Office supplies and expendable repair parts	86
Office equipment (not capitalized)	70
Business meeting supplies	14
Fuel	13
New information system equipment	9
Total commodities	330
Total administrative expenses	12,637
Depreciation:	
Building	369
Furniture and equipment	40
Total depreciation	409
Total administrative expenses and depreciation	$13,046

SCHEDULE 2. Schedule of Administrative Expenditures/Expenses – Budget and Actual (Non-GAAP Budgetary Basis) – For the Year Ended June 30, 2011

(In Thousands)

Budget Comparisons	2011 Budget	2011 Actual	Variance Favorable (Unfavorable)
Administration expenditures:			
Personal services:			
Salaries, wages, and fringes benefits	$ 8,282	$ 7,807	$ 475
Travel and subsistence	75	66	9
Contractual services*	10,490	7,899	2,591
Commodities	321	245	76
Capital outlays**	1,323	657	666
Total	$20,491	$16,674	$3,817

**Contractual services budget includes $6,777,700 for early phases of the pension administration computer system replacement.*

***Capital outlays budget includes $1,222,300 for early phases of the pension administration computer system replacement.*

The budget and actual (non-GAAP budget basis) schedule presents a comparison of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis sometimes differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. Therefore, a reconciliation of the resulting differences is presented below for the year ended June 30, 2011.

Reconciliation of Budgetary Basis Administrative Expenditures to GAAP Basis Administrative Expenses

	Amount
Administrative expenditures (budgetary basis)	$16,674
Adjustments:	
Compensated leave accrual	3
Bank service charges	164
Capital asset purchases recorded as expenditures for budgetary purposes	(4,323)
Fiscal year 2011 budget expenditures paid during lapse period; expenses recorded in fiscal year 2012	(1,293)
Fiscal year 2010 budget expenditures paid during lapse period; expenses recorded in fiscal year 2011	544
Fiscal year 2011 accruals to GAAP basis	868
Administrative expenses (GAAP basis)	$12,637

SCHEDULE 3. Schedule of Managers' Fees, Investment Global Out-of-Pocket and Custodial Fees, and Professional Service Fees

For the Year Ended June 30, 2011

(In Thousands)

	Amount
Investment managers' fees:	
Private Equity Managers	$6,045
Artisan Partners LP – mid cap equity	3,195
UBS Realty Investors – core real estate	3,040
The Boston Company – mid cap equity	2,867
Eagle Capital Management	2,839
Lazard Asset Management	2,762
INTECH	2,348
Wellington Asset Management – mid cap equity	2,329
Wellington Asset Management – small cap equity	2,221
The Boston Company – small cap equity	2,088
Dimensional Fund Advisors – EAFE	1,996
New Star Institutional Managers Ltd.	1,897
Wellington Asset Management – emerging markets debt investments	1,797
Principal Global Investors	1,740
Dimensional Fund Advisors – small cap equity	1,667
Acadian Asset Management	1,451
Fayez Sarofim & Company	1,444
Loomis Sayles & Company	1,301
Artisan Partners LP – emerging markets equity	1,299
Pacific Investment Management Company – debt investments	1,273
AllianceBernstein	1,137
Hancock Timber Resource Group	1,129
Jarislowsky Fraser Ltd.	1,079
Aberdeen Asset Management	927
RREEF	852
Capital Guardian Trust Company	776
AEW Partners Fund VI	625
Cohen & Steers Capital Management	598
European Investors, Inc.	456
Angelo Gordon & Company	442
AEW Partners Fund V	338
Northern Trust Global Investment	279
Blackrock Institutional Trust Company – debt investments	271
Pyramis Global Advisors	$ 261
Mondrian Investment Partners	227
CIS, a Division of Dreyfus	194
Blackrock Institutional Trust Company – EAFE	192
Wellington Asset Management – REITs	142
State Street Global Advisors – equity	121
State Street Global Advisors – debt investments	104
Heitman	95
UBS Realty Investors – value added real estate	73
Absolute Return Manager	33
Total*	55,950
Custodial and global out-of-pocket fees:	
Bank of New York Mellon	377
Total managers' fees, out-of pockets, and custodial fees	$56,327
Securities lending fees:	
Bank of New York Mellon	$ 2,445
Professional service fees:	
Fund evaluation – Mercer Investment Consulting, Inc., Callan Associates, Inc.	$ 557
Actuary – Cavanaugh Macdonald Consulting, Gabriel Roeder Smith & Co.	348
Medical fees – clinics, labs	319
Legal – State of Mississippi Attorney General	211
Audit – Mississippi Office of the State Auditor, KPMG LLP	157
Voting services – VR Election Services	135
System development consultant – L.R. Wechsler LTD, CedarCrestone, Inc.	76
Legal-outside – Chapman & Cutler LLP, Ice Miller LLP	41
Graphic design – Maris, West & Baker, Inc.	31
Mailing services-Postage Savers, Inc., Sourcelink	26
Total professional service fees	$ 1,901

**Includes fees of $13,562,430, which are reflected in net appreciation on the Statement of Changes in Fiduciary Net Assets.*

SCHEDULE 4. Summary Schedule of Cash Receipts and Disbursements Pension Trust Funds – For the Year Ended June 30, 2011

(In Thousands)

	Amount
Cash balance at beginning of year	$ 314,228
Receipts:	
Contributions:	
Employee	598,491
Employer	763,154
Total contributions	1,361,645
Investments:	
Securities lending and reverse repurchase agreements	125,459,898
Investments matured and sold	14,144,691
Investment income	1,720,983
Total investments	141,325,572
Administrative receipts	641
Other receipts	11,590
Total cash receipts	142,699,448
Disbursements:	
Annuities and refunds:	
Retirement annuities	1,861,682
Refunds to terminated employees	88,359
Total annuities and refunds	1,950,041
Investments:	
Securities lending and reverse repurchase agreements	125,460,670
Investments purchased	15,118,388
Investment expenses	41,622
Total investments	140,620,680
Administrative expenses	16,971
Other disbursements	173
Total cash disbursements	142,587,865
Cash balance at end of year	$ 425,811

SCHEDULE 5. Schedule of Investments Due to MRS from PERS

June 30, 2011

(In Thousands)

Due to MRS	Amount
Biloxi Municipal	$ 2,875
Biloxi Fire and Police	7,793
Clarksdale Fire and Police	1,401
Clinton Fire and Police	7,878
Columbus Fire and Police	1,642
Greenville Fire and Police	4,012
Greenwood Fire and Police	3,262
Gulfport Fire and Police	10,509
Hattiesburg Fire and Police	22,201
Jackson Fire and Police	68,080
Laurel Fire and Police	3,556
McComb Fire and Police	1,196
Meridian Municipal	1,537
Meridian Fire and Police	7,430
Natchez Fire and Police	2,289
Pascagoula Fire and Police	7,736
Tupelo Fire and Police	5,935
Vicksburg Fire and Police	11,588
Yazoo City Fire and Police	623
Total Investments Due to MRS	$171,543

SCHEDULE 6. Public Employees' Retirement System of Mississippi Statement of Changes in Assets and Liabilities — Agency Fund

For the Year Ended June 30, 2011

(In Thousands)

Flexible Benefits Cafeteria Plan	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets:				
Cash	$17	$78	$76	$19
Total assets	$17	$78	$76	$19
Liabilities:				
Accounts payable	$15	$ –	$ –	$15
Funds held for others	2	78	76	4
Total liabilities	$17	$78	$76	$19

14 percent of the state's total workforce are PERS active members, all of whom provide essential public services in communities throughout Mississippi.

fact two

Source: Based on data from PERS and 2009 reports from the US Department of Commerce Bureau of Economic Analysis

investment

Defined Benefit Plans – Report on Investment Activity

Prepared by Lorrie Tingle, CFA
Chief Investment Officer

The Board of Trustees serves as the ultimate decision-making body for the Public Employees' Retirement System of Mississippi. As fiduciaries, the Trustees rely on the following principles to guide them in making investment-related decisions:

– ensure adequate liquidity is available when needed;
– preserve the long-term corpus of the fund;
– maximize total return within prudent levels of risk; and
– always to act in the exclusive interest of the members of the System.

Facing each year's unique investment challenges and opportunities, the PERS Board and investment staff remain clearly focused on the fundamental truth that investing for the future of our membership is a long-term commitment requiring constant attention and specialized expertise. The PERS Board is committed to employing every available avenue to create and maintain a well-diversified portfolio designed to attempt to minimize risks and maximize returns over the long term. The goal of the investment program is to ensure adequate funding is available for all current and future pension obligations.

Fiscal Year 2011 Plan Overview

As of June 30, 2011, the market value of the defined benefits portfolio was $20.8 billion. This represented a $3.7 billion increase over the fiscal year 2010 valuation. As is common in mature pension plans, the System's annual distributions surpassed the annual contributions made by members and employers. This year, benefits paid exceeded incoming contributions by $594 million.

The investment portfolio allocation at year end, excluding investments purchased with securities lending cash collateral, was 43.7 percent domestic, 24.7 percent international, and 1.5 percent global equities; 21.7 percent debt securities; 6.4 percent public and private real estate investments; 1.1 percent private equity and absolute return strategies; and 0.9 percent cash equivalents. As in the past, the System continued to maintain a high-quality debt portfolio as evidenced by the fact that 68.0 percent of the bond investments carried a triple-A rating. This included 60.0 percent of the total fixed income portfolio, which was invested in U.S. Treasury notes, bonds, TIPS, and U.S. government agency bonds and collateralized mortgage obligations.

During the fourth quarter of fiscal year 2011, the Board of Trustees employed Callan Associates as the System's investment consultant. Their services include calculating time-weighted investment returns for the total fund and for each of the investment managers retained to invest the System's assets. Callan also provides investment research and advice; assists the Board in the manager selection process; and conducts periodic asset/liability studies.

The System's securities lending program is managed by its custodial bank, BNY Mellon. This program generates ancillary income by lending securities in the System's portfolio to securities dealers in return for a premium payment on non-cash loans and earnings generated by the investment of cash collateral. All loans are secured by the receipt of collateral valued at 102.0 or 105.0 percent of the value of the loaned security. In fiscal year 2011, the program generated $13.9 million* in additional revenue for the PERS investment program.

In addition to the short-term assets managed in house, 33 firms were managing 43 different investment portfolios for the System at year end. The chart on page 84 identifies each firm and the percentage of the total portfolio represented by each. Portfolio performance is monitored quarterly by the Board of Trustees with the assistance of Callan Associates.

**$13.9 million were the earnings distributed for the fiscal year; $18.1 million was the reported net income as required by GASB 28.*

Fiscal Year 2011 Market Recap

Continuing the pattern seen in recent fiscal years, fiscal year 2011 was another volatile ride for investors. Though corporate balance sheets appeared strong and global inflation remained in check, investor confidence ebbed and flowed throughout the year. Overriding any positive economic news was the fact that unemployment numbers remained high with little signs of improvement on the horizon. Throughout fiscal year 2011, investors' concerns ranged from the potential impact of the demise of the European Union, as sovereign debt problems moved from one country to another; to the effects of the tsunami, earthquake and nuclear disasters in Japan, which temporarily shut down production lines in many industries worldwide. Climbing oil prices—the result of the "Arab Spring" of civil unrest in the Middle East and North Africa—re-ignited inflation fears mid-year. While buoying investor confidence earlier in the year, the positive effect of the Federal Reserve's second round of quantitative easing (QE2) came to an end late in the fiscal year. Fiscal year 2011 also saw investors watch and worry as the highly partisan US Congress failed to agree on a plan to address the ballooning budget deficit. This political gridlock resulted in Standard & Poor's threatening to lower the United States' triple-A bond rating. All these events served to add further uncertainty to an already fragile economic recovery.

In spite of many challenges and the worries over lack of job growth, investors poured monies into equities, high yield bonds and other higher risk investments throughout the first half of fiscal year 2011. The extension of the Bush-era tax cuts and the positive impact of QE2 both helped strengthen investors' confidence. These factors, coupled with strong demand from China and other emerging markets, resulted in better returns for equity markets throughout most of the year. The overall strength of world equity markets was evidenced by the 30.3 percent return for the benchmark Morgan Stanley Capital International (MSCI) All Country World Index for the year ended June 30.

Early in fiscal year 2011, US fixed income markets appeared to be headed toward a potential bubble in the Treasury markets as the yield declines that had begun in fiscal year 2010 continued. The federal funds rate remained near zero and talk of another round of quantitative easing worked to push yields down even further during the first quarter of the year. As QE2 was implemented and improving economic numbers appeared, investors turned their attention to higher risk and higher yielding investment opportunities. As such, high yield and emerging markets debt saw strong returns throughout the latter part of the year. As the fiscal year came to an end, markets saw double-dip recession fears return and concerns mount over the continuing sovereign debt crises in Europe. In the fourth quarter of fiscal year 2011, investors took risk off the table and again sought safety in US Treasuries. All this resulted in the benchmark Barclay's Capital Aggregate Index returning a meager 3.9 percent for the fiscal year.

Strong returns from both public and private real estate in fiscal year 2010 carried over into fiscal year 2011. Investors' desire for yield led many to shift funds into the REIT and core real estate segments of the market. Representing the universe of US public real estate investments, the Dow Jones US Select REIT Index returned 35.0 percent for the one-year period ended June 30, 2011. Strong returns in public real estate investments extended globally as reflected by the returns of the FTSE EPRA/NAREIT Developed Markets REIT Index, which gained 33.4 percent for the year.

Private real estate investments also posted double-digit gains as investors lined up to commit money to core property funds. Fiscal year 2011 was a good year for private real estate investors as evidenced by the NCREIF Property Index's 16.7 percent return, which primarily resulted from upward revisions in property valuations and a growing demand for income generating properties. The one-year 16.7 percent index return was comprised of 9.8 percent asset value appreciation and 6.4 percent income.

As risk appetites returned in fiscal year 2011, investors looked for opportunities not only in public and private real estate, but they also turned again to private equity investments. After a slow start early in the year, private equity markets saw the pace of new fund commitments increase throughout fiscal year 2011. In the last half of the fiscal year, 202 private equity funds totaling almost $65 billion closed. Buyout and venture capital funds captured the most investor interest during the period.

Performance Overview

In fiscal year 2011, the System had its best investment year since 1985. The 25.4 percent total return exceeded the System's total plan benchmark return of 22.1 percent and ranked in the top 10 percent of large public plans in the Callan Associates peer universe. The fiscal year 2011 return also exceeded the System's 8.0 percent actuarial annual assumed rate of return. The effect of the 2008 financial crisis continued to be reflected in the three-year total return of 4.9 percent, with the longer term 5- and 10-year returns coming in at 4.7 and 5.4 percent, respectively. Worth noting is the fact that the System's portfolio structure is designed to achieve success over the long term. Although the effect of many challenging events in the global financial markets during the past 10 years has hurt returns, over longer periods the System has been successful in achieving its 8.0 percent assumed rate of return as evidenced by the 20- and 25-year returns of 8.1 and 8.4 percent, respectively.

SHORT-TERM PORTFOLIO

Cash flows generated by the contributions to the System and from other incremental income activities are managed and invested by the System's investment staff. These assets are used to fund benefit payments, refunds, and the annual COLA. With interest rates at the short end of the yield curve remaining near zero throughout the fiscal year, the return on the internally managed short-term investment program was 0.14 percent. The cash portion of the accounts managed by external investment managers is invested in interest earning cash equivalents. All short-term investments are made in accordance with state law and policies set by the Board of Trustees.

PUBLIC EQUITY PORTFOLIO

Fiscal year 2011 saw extremely strong returns for equity markets worldwide. Broad market benchmarks like the Russell 3000, MSCI EAFE, and MSCI Emerging Markets Indices posted gains of 32.4, 30.9, and 28.2 percent, respectively. For the fiscal year, the System's domestic equity portfolios returned 34.4 percent, outperforming the Russell 3000 Index by more than 2.0 percent. The System's developed markets international equity portfolio gained 32.1 percent for the year, exceeding its MSCI EAFE Index benchmark by 1.2 percent. Though underperforming its benchmark, the System's emerging markets portfolio returned a healthy 25.4 percent for the year.

The total public equity portfolio return of 33.2 percent for the fiscal year compared well to the MSCI All Country World Index, total equity benchmark's return of 30.8 percent. Still affected by the negative markets of previous years, the longer term returns, while improved relative to years past, reflected low single digit gains. The total public equity portfolio returns for the three-year period ending June 30, were 3.9 percent, with five-year returns also at 3.9 percent. Although disappointing, these returns exceeded those of the benchmark MSCI ACWI Index, which returned 1.5 percent for the three-year, and 3.7 percent for the five-year periods ended June 30. For the 10 years ended June 30, the public equity portfolio slightly underperformed its benchmark, returning 4.7 percent with the benchmark returning 5.3 percent.

As of June 30, the System had allocated 43.7 percent of the total portfolio to domestic equities, 18.2 percent to international developed markets, 6.6 percent to emerging markets, and 1.5 percent to global equities. Within the domestic equity portfolio, 71.0 percent of the investments were in large, 18.0 percent mid, and 11.0 percent small capitalization securities.

FIXED INCOME PORTFOLIO

In fiscal year 2011, the System's fixed income portfolio was comprised of a variety of investment strategies including both active and passively managed funds. The largest part of the total fixed income portfolio was made up of funds managed against the Barclays Capital Aggregate Index, which contains primarily US fixed income securities. Additionally, the portfolio included a Treasury Inflation Protected portfolio and a core plus strategy. The core plus portfolio was invested in Barclay's Aggregate type bonds as well as high yield and non-U.S. issues. The newest addition to the fixed income portfolio was an emerging market debt portfolio funded in late fiscal year 2010. The total diversified mix of fixed income strategies worked well during fiscal year 2011. The System's fixed income portfolio returned 6.5 percent, outperforming the Barclays Capital Aggregate Index by 2.6 percent. For the three- and five-year periods ended June 30, the fixed income portfolio returns were 7.6 and 6.9 percent, respectively, beating the index's 6.5 percent returns for both the three- and five-year periods. The 10-year performance for the portfolio was 6.1 percent, while the index returned 5.7 percent. The System ended the year with a fixed income portfolio comprised of 94.0 percent investment grade bonds and 8.7 percent emerging market debt.

REAL ESTATE PORTFOLIO

The System began funding its real estate investment program in late fiscal year 2003. The portfolio consists of investments in core and value-added real estate funds, timber, and managed portfolios of publicly traded U.S. and non-U.S. real estate investment trusts (REITs).

Overall real estate markets experienced a strong year during fiscal year 2011. The System saw returns of 21.1 percent on the total real estate portfolio. Although the core real estate portfolio returned 18.0 percent for the year, it underperformed the NFI-ODCE Index, which gained 20.5 percent for same period. The System's value-added real estate portfolio returned 10.7 percent, while its benchmark, the NCREIF Property Index, saw returns of 16.7 percent for the year. The System's timber portfolio, comprised of both US and non-US timber investments, reported returns of 12.7 percent. This compared favorably to the NCREIF Timberland Index, which had returns of 0.5 percent for the same period. The System's REIT portfolio saw strong returns for a second year. For the one-year period, this portfolio, comprised of both U.S. and global REIT investments, returned 31.5 percent. Although strong in absolute terms, the REIT portfolio lagged its benchmark, the FTSE EPRA/NAREIT Developed Markets REIT Index, by 1.9 percent. At the end of the fiscal year, real estate investments comprised 6.4 percent of the total portfolio.

PRIVATE EQUITY PORTFOLIO

General partners saw an improving investment landscape in fiscal year 2011 as investors returned to the private equity markets. The System's private equity program, consisting of two separate-account fund of funds, was launched in late December 2008. As of June 30, 2011, capital commitments totaled approximately $1.4 billion, with $205.1 million of capital called for investment. Longer term investments such as private equity, generally experience negative returns during the first six to seven years of the investment lifespan as funds are being invested and expenses are being paid. Positive returns begin once investments begin to mature and gains are realized. As the result of some early realizations, the System's relatively new private equity investments returned a strong 8.4 percent for fiscal year 2011. These investments totaled 1.1 percent of the total fund at year end.

ABSOLUTE RETURN PORTFOLIO

The System's sole investment in absolute return opportunities was completely realized near the conclusion of fiscal year 2011. The PIMCO Private Funds II, LP, focused on investments in asset-backed securities offered through participation in the US government backed Term Asset–Backed Securities Loan Facility (TALF). The TALF Fund prepared for its final distribution to investors as the fiscal year came to an end. While a relatively small part of the total portfolio at $17.5 million, the fund returned a total of $24.6 million to the System over its three-year life. This resulted in an internal rate of return of 34.3 percent.

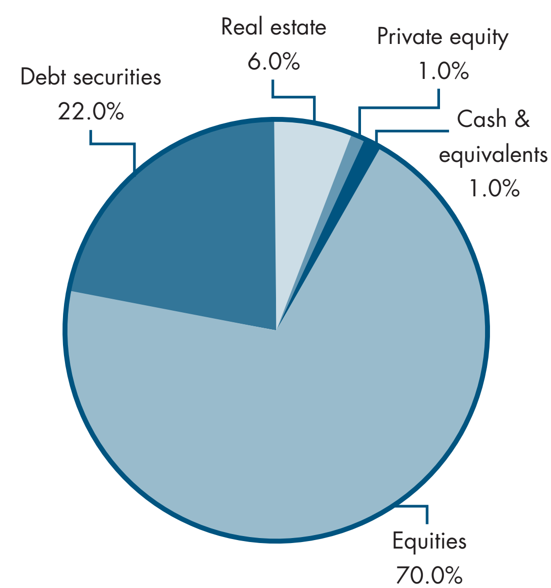
ASSET ALLOCATION

Determining the long-term asset allocation policy for the investment portfolio is one of the Board of Trustees' most important decisions. The System's investment consultant conducts periodic asset/liability allocation studies that include consideration of projected future liabilities of the System, projected risk, return and correlations for various asset classes, and the System's statutory investment restrictions. In late fiscal year 2010, the Board conducted an asset/liability study that resulted in the adoption of strategic asset allocation targets of 52.5 percent public equities, 27.5 percent fixed income, 10.0 percent real estate, 5.0 percent private equity, and 5.0 percent absolute return. Implementation of this allocation policy continued throughout fiscal year 2011.

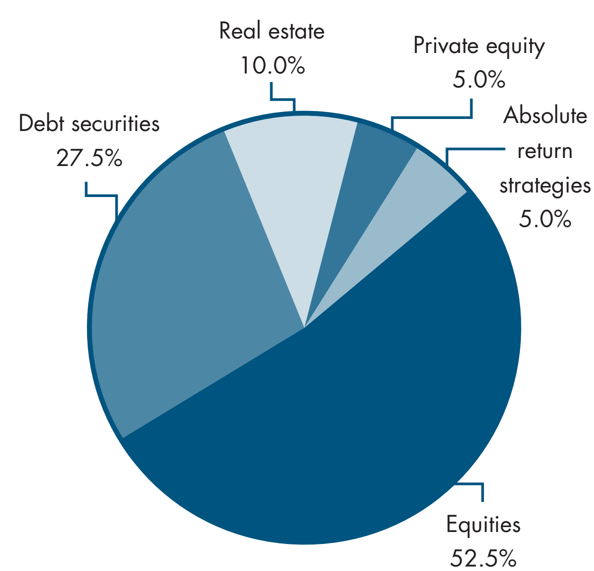
Important to note is the fact that asset allocation target decisions for public pensions are unique to the individual plan and are based on the plan's specific liability requirements, as well as any statutory investment restrictions under which the investment program must operate. As a result, the System's allocation could be somewhat different than that of other public pension plans. From time to time this variance can result in significant differences in investment returns.

Defined Benefit Plans

ASSET ALLOCATION AT FAIR VALUE
June 30, 2011



LONG-TERM TARGET ASSET ALLOCATION



Investment Policies

All investment policies adopted by the Board of Trustees of the Public Employees' Retirement System of Mississippi are within the guidelines established by the Mississippi Code of 1972, Section 25-11-121.

• TYPES OF INVESTMENTS

The specific types of investments in which the System is authorized to invest are enumerated in Section 25-11-121, Mississippi Code (1972).

• ASSET ALLOCATION

The current long-term asset allocation was adopted by the Board of Trustees in June 2010. Asset allocation studies are conducted by the System every four to five years, or more frequently should significant liability changes occur.

• PERFORMANCE

The performance of each investment manager is measured against an appropriate, industry recognized index, which is used as the minimum investment return benchmark. The target return is expected to be achieved at a risk level no greater than that of the designated benchmark index.

Each investment manager is expected to perform above the mean of their peer universe over a rolling three-year period. The peer universe is maintained by the System's investment consultant.

The investment consultant produces quarterly performance evaluation reports for each investment manager. These reports also include performance over 1-, 3-, 5- and 10-year periods, if applicable. The quarterly review includes performance comparisons against the established benchmarks and peer universes. In addition to individual manager performance, each quarterly report also includes composite and total portfolio performance data. The quarterly performance review is presented to the Board by the investment consultant.

Each investment manager makes a formal presentation to the Board of Trustees or the investment staff in Jackson at least annually. If deemed necessary, representatives of the System also may elect to visit the investment managers at their place of business.

Summary

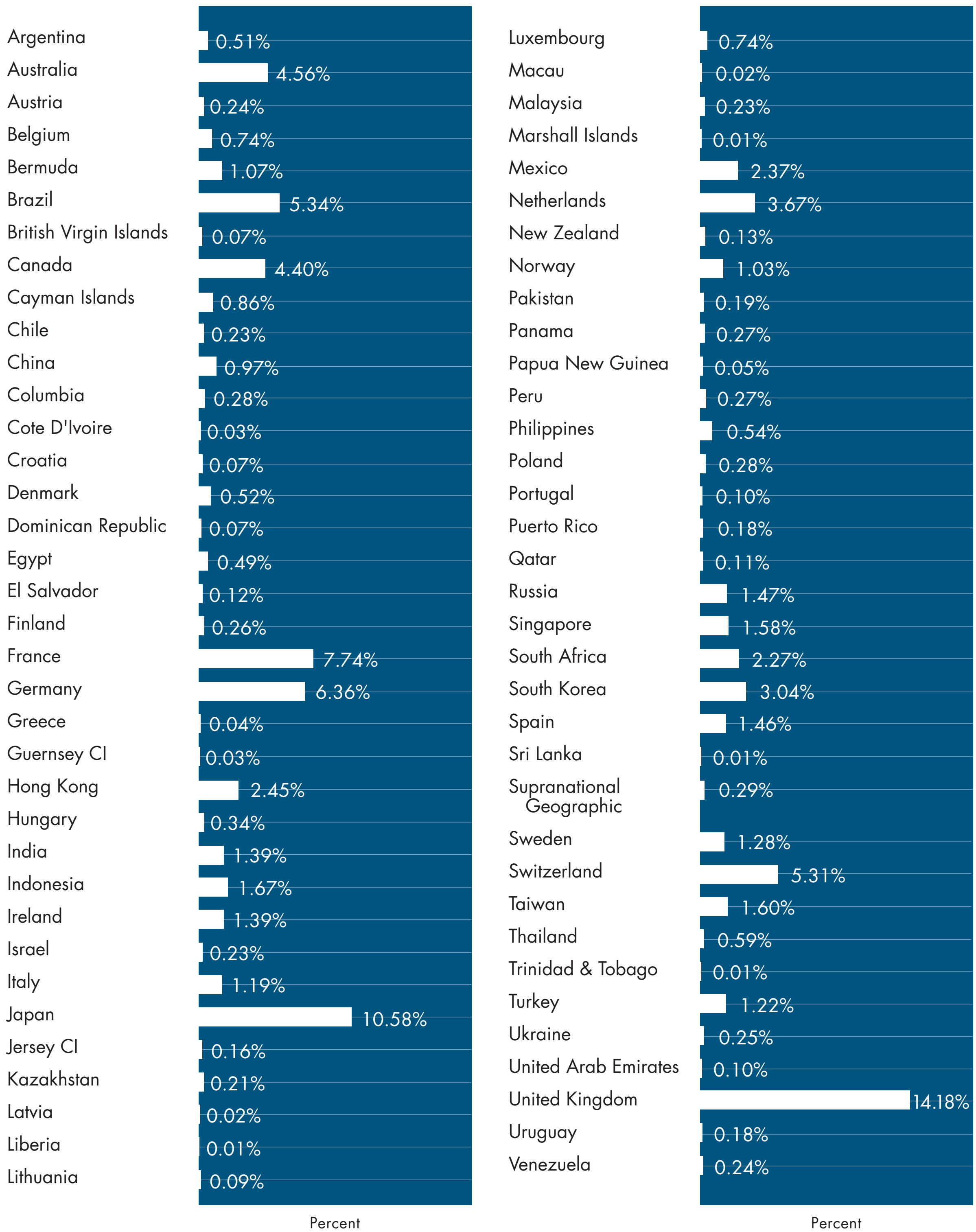
Fiscal year 2011 saw strong equity returns worldwide and much improved commercial real estate valuations as investor preferences for higher risk investments returned periodically throughout the year. While concerns over the growing US deficit and sustained high unemployment loomed in the background, fiscal year 2011 will be remembered as the year the System experienced its strongest investment returns in more than 25 years.

Acknowledging the uncertainty of future economic scenarios and the potential affect on investment returns, one might ask "What is being done to ensure the financial soundness of the System?" First, by design, a pension plan investment program must focus on a long-term investment horizon. The System is essentially a "perpetual" investor, and as such, its portfolio should be–and is–structured to provide the best returns possible over the long term within the Board of Trustees' accepted risk parameters. While, admittedly, investors will always face challenging times, the System takes prudent steps to attempt to ensure that its portfolio is well positioned to meet all future financial obligations. It is important to remember that this System seeks to invest for the long term and has successfully weathered many financial storms for nearly six decades.

Financial markets almost certainly guarantee obstacles to face, but as a "perpetual" investor, the System will continue to utilize sound investment principles and steadfastly work to overcome all challenges the future might present, as we strive to provide secure benefits for our membership.

Defined Benefit Plans — Non-US Investments by Country

Fair Value at June 30, 2011

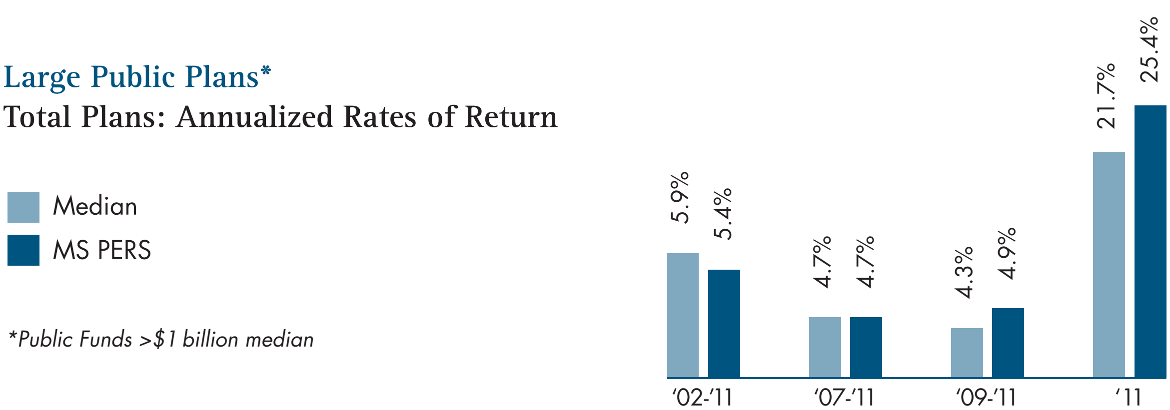


Defined Benefit Plans — Performance Summary for Fiscal Years Ended June 30, 2011

	Current Year	Annualized 3-year	Annualized 5-year
Total Plans:			
MS PERS Combined Return*	25.4%	4.9%	4.7%
MS PERS Policy Target Return	22.1	4.2	4.9
Public Funds >$1 Billion Median	21.7	4.3	4.7
Debt Securities:			
Debt Securities Managers Composite*	6.5	7.6	6.9
Barclays Capital Aggregate Bond Index	3.9	6.5	6.5
Domestic Equity:			
Domestic Equity Managers Composite*	34.4	5.6	4.2
Russell 3000 Index	32.4	4.0	3.4
International Equity:			
International Equity Managers Composite*	30.7**	0.6	3.4
MSCI All Country World Ex-US Index	30.3	0.1	4.1
Global Equity:			
Global Equity Managers Composite*	34.4	(3.7)	0.6
MSCI World Index	30.5	0.5	2.3
Real Estate:			
Commingled Funds and REITS Composite*	21.1	(4.6)	(0.6)
NFI-ODCE Value Weighted G	20.5	(7.7)	0.0
US Select REIT Index	35.0	4.7	1.7
FTSE EPRA/NAREIT Developed Markets Index	33.4	2.3	1.5
Private Equity:			
Private Equity Composite*	8.4	–	–
S & P 500 + 5 %	35.7	8.3	7.9
Absolute Return Strategy:			
Absolute Return - PIMCO Private Funds*	26.8	–	–
PERS Absolute Return Program Benchmark	8.0	–	–

**Calculations for the System are prepared using a time-weighted rate of return methodology based upon market values.*
***Includes both developed and emerging market investments.*

Large Public Plans*
Total Plans: Annualized Rates of Return



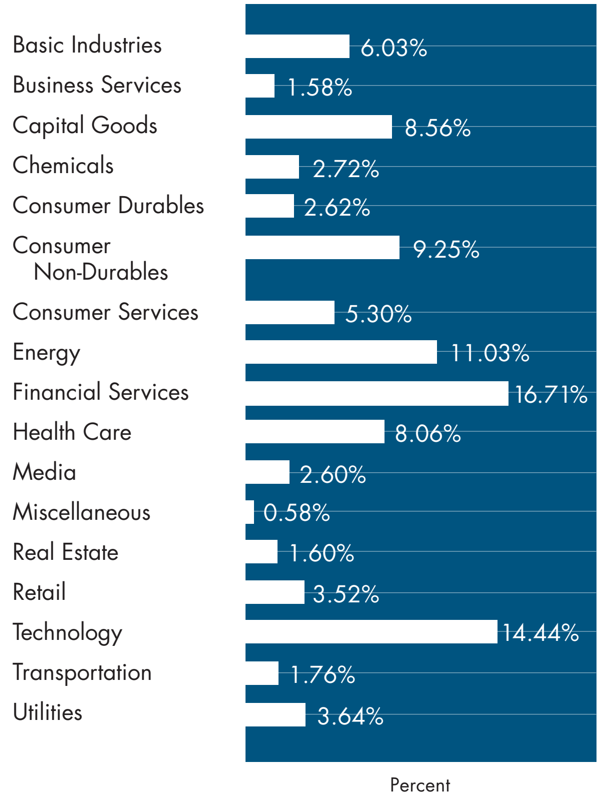
**Public Funds >$1 billion median*

Defined Benefit Plans — Equity Portfolio Summary

	Fair Value
Total Equity Securities	$14,325,597,813
Total Number of Shares of Equity Securities Held	1,048,385,211
Total Number of Issues of Equity Securities Held	5,558

Equity Investments by Industry Type

Fair Value at June 30, 2011



Ten Largest Equity Holdings

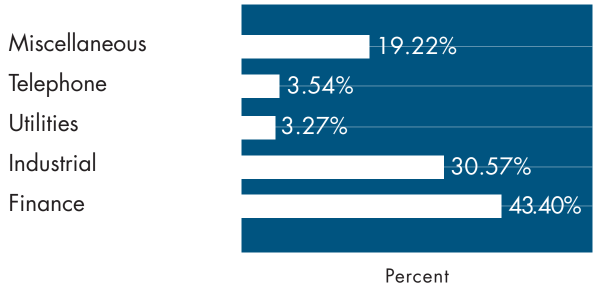
	Shares	Fair Value
Exxon Mobil Corporation	2,343,135	$ 190,684,326
Apple, Inc.	436,152	146,403,142
Chevron Corporation	1,277,133	131,340,358
Coca-Cola Company	1,777,921	119,636,304
Proctor & Gamble Company	1,634,558	103,908,852
General Electric Company	5,325,270	100,434,592
Johnson & Johnson	1,455,542	96,822,654
International Business Machines Corporation	563,704	96,703,421
Philip Morris International Inc.	1,413,315	94,367,043
JP Morgan Chase & Company	2,299,753	94,151,888
Totals	18,526,483	$1,174,452,580

A complete list of portfolio holdings is available upon written request.

Defined Benefit Plans — Bond Portfolio Summary*

	Fair Value
Total Bond Investments	$ 5,410,575,426
Total Par of Bond Investments Held	$14,428,784,672
Total Number of Bond Issues Held	2,926

Corporate Bond Investments by Industry Type*
Fair Value at June 30, 2011



Ten Largest Long Term Corporate Bond Holdings*

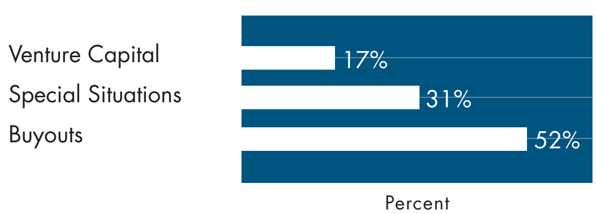
	Par	Fair Value
Pepsico, Inc.	$ 62,000,000	$ 62,003,410
Caterpillar, Inc.	37,800,000	37,842,903
General Electric Capital Corporation	37,700,000	37,716,286
Johnson & Johnson	37,200,000	37,207,589
BNP Paribas	36,520,000	36,659,251
Westpac Banking Corporation	36,500,000	36,475,216
JP Morgan Chase & Company	35,000,000	35,247,625
Total Capital Canada LTD	34,600,000	34,619,895
HSBC Bank PLC	34,000,000	33,981,844
American Honda Finance Corp.	32,000,000	31,995,264
Total	$383,320,000	$383,749,283

A complete list of portfolio holdings is available upon written request.
**Includes investments purchased with cash collateral received in the securities lending program.*

Defined Benefit Plans — Private Equity Investment Portfolio Summary

	Fair Value
Total Private Equity Investments	$216,256,448

Private Equity Investments by Fund Type — June 30, 2011



Defined Benefit Plans — Real Estate Investment Portfolio Summary

	Fair Value
Total Real Estate Investments	$1,308,391,755
Total Number of Shares* of Real Estate Investments Held	262,770,590
Total Number of Issues of REITs Held	129

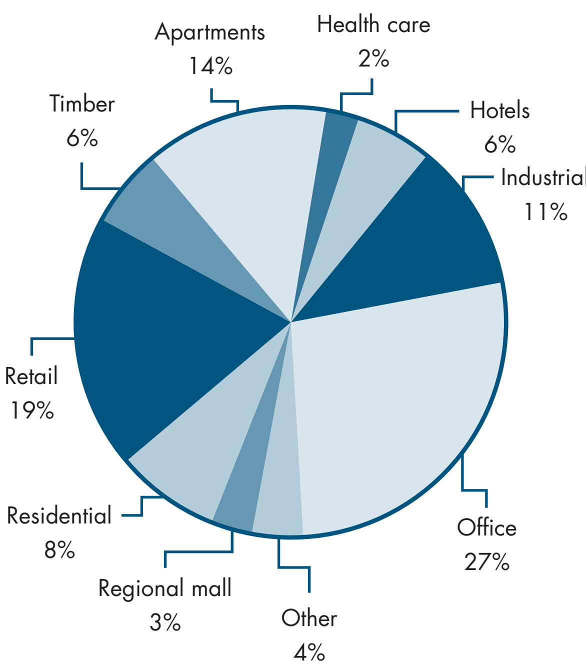
**Includes units of commingled funds and shares of REITS.*

Ten Largest REIT Holdings

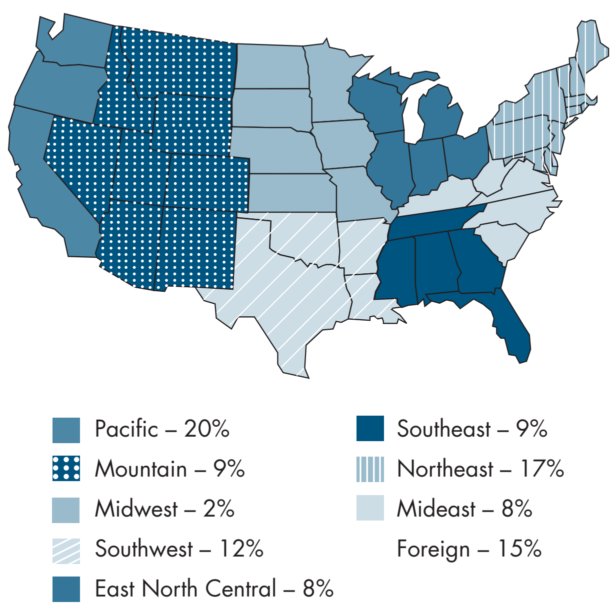
	Shares	Fair Value
Simon Property Group, Inc.	302,935	$ 35,210,135
Prologis, Inc.	654,837	23,469,358
Boston Properties, Inc.	220,568	23,415,499
AvalonBay Communities, Inc.	100,849	12,949,012
Host Hotels & Resorts, Inc.	700,321	11,870,441
Public Storage Company	98,756	11,259,172
HCP, Inc.	303,850	11,148,256
SL Green Realty Corporation	122,706	10,168,646
Federal Realty Investment Trust	106,293	9,054,038
Taubman Centers, Inc.	143,700	8,507,040
Totals	2,754,815	$157,051,597

A complete list of portfolio holdings is available upon written request.

Portfolio Distribution by Property Type
June 30, 2011



Portfolio Distribution by Geographic Location – June 30, 2011



Defined Benefit Plans – Net Investment Income by Source

Last Ten Fiscal Years

(In Thousands)

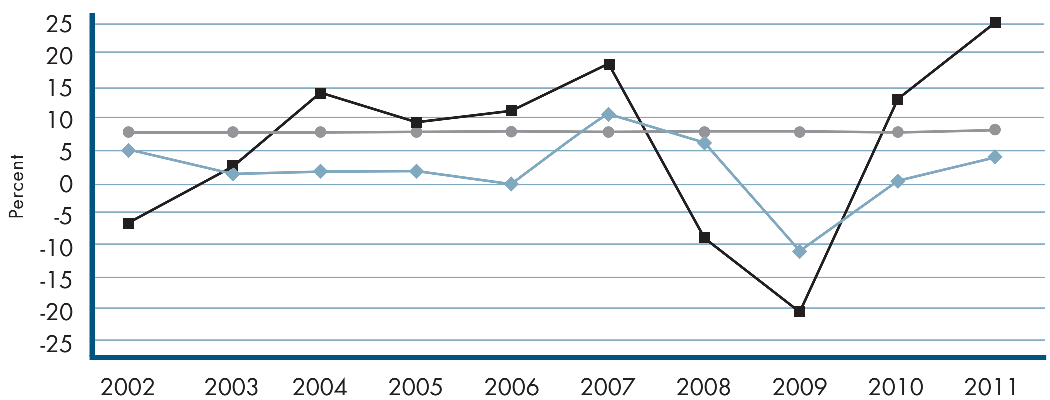
Fiscal Year	Bond Interest Income	Dividend Income	Short Term Income	Realized Gain (Loss) On Investments
2002	$311,341	$137,498	$17,760	$(306,488)
2003	289,976	150,103	20,159	(378,619)
2004	256,939	185,756	15,792	717,570
2005	213,809	259,360	16,848	848,980
2006	217,912	270,713	23,597	1,382,874
2007	229,244	331,397	36,578	1,014,839
2008	246,360	363,343	26,374	824,992
2009	224,605	296,492	14,528	(1,710,303)
2010	184,923	273,687	12,169	542,100
2011	185,818	326,174	14,001	1,200,877

Ten-Year Total Pension Investment Rates of Return *(Fair Value in Millions)*

	Total Investment Portfolio Fair Value	◆ Smoothed Rate of Return	■ Fair Value Rate of Return	● Actuarial Assumed Rate of Return
2002	$14,159	5.0%	(6.6)%	8.0%
2003	14,604	2.4	3.5	8.0
2004	16,085	2.5	14.6	8.0
2005	17,250	2.5	9.8	8.0
2006	18,742	–	10.7	8.0
2007	21,766	10.2	18.9	8.0
2008	19,439	7.2	(8.2)	8.0
2009	15,512	(11.0)	(19.4)	8.0
2010	16,767	0.2	14.1	8.0
2011	20,314	4.0	25.4	8.0

Appreciation (Depreciation) in Fair Value of Investments	Net Income/ (Loss) From Securities Lending	Total Income/ (Loss)	Manager Fees and Custodian Fees	Net Income/ (Loss) From Investments
$(1,151,762)	$8,137	$(983,514)	$(21,827)	$(1,005,341)
399,890	5,075	486,584	(20,343)	466,241
909,442	4,341	2,089,840	(26,382)	2,063,458
230,871	6,160	1,576,028	(26,783)	1,549,245
(46,746)	10,446	1,858,796	(32,309)	1,826,487
1,904,107	12,647	3,528,812	(36,668)	3,492,144
(3,192,348)	(1,576)	(1,732,855)	(36,631)	(1,769,486)
(2,639,433)	32,433	(3,781,678)	(26,574)	(3,808,252)
1,180,636	39,881	2,233,396	(33,904)	2,199,492
2,560,115	18,107	4,305,092	(42,765)	4,262,327

Ten-Year Total Pension Investment Rates of Return



◆ *Smoothed Rate of Return consists of investment income in surplus or deficit of the assumed 8.0 percent on fair value smoothed over a five-year period with 20.0 percent of a year's surplus or deficit being recognized each year beginning with the current year. PERS, MHSPRS, and SLRP smoothed rates have been averaged. In fiscal year 2006, PERS, MHSPRS, and SLRP actuarial assets were set equal to market value of assets. Therefore, there was no smoothed difference between actuarial and investment asset amounts. In fiscal year 2007 smoothing resumes with the additional constraint that actuarial value of assets cannot be less than 80.0 percent nor more than 120.0 percent of market value. In fiscal year 2009, the 80/120 percent corridor was eliminated for the purpose of determining actuarial value of assets. MRS is excluded as an agent multi-employer closed plan.*

■ *Fair Value Rate of Return consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees).*

● *Actuarial Assumed Rate is the assumed rate of return on the fair value of assets and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.*

Defined Benefit Plans — Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
Equities:			
Northern Trust Global Investment	Passive (index)	July 1985	16.93%
State Street Global Advisors	Passive - large cap value	September 2004	5.59
Lazard Asset Management, LLC	Emerging markets	April 1998	4.71
Blackrock Institutional Trust Company, NA	EAFE index	March 2004	4.06
Jarislowsky Fraser Limited	EAFE	June 2004	3.30
Intech, LLC	Active - large cap growth	January 2005	3.19
Dimensional Fund Advisors	EAFE	August 2007	3.10
Fayez Sarofim & Company	Active - large cap growth	August 1980	3.03
New Star Institutional	EAFE	July 2004	3.02
Artisan Partners Limited Partnership	Active - mid cap growth	September 2002	2.87
The Boston Company Asset Management, LLC	Active - mid cap value	October 2001	2.66
Wellington Management Company, LLP	Active - mid cap value	October 2001	2.61
Eagle Capital	Active - all cap	January 2005	2.41
AllianceBernstein	Europe	December 2003	2.16
Artisan Partners Limited Partnership	Emerging markets	February 2011	1.91
Wellington Management Company, LLP	Active - small cap core	July 2002	1.74
Dimensional Fund Advisors	Active - small cap value	July 2002	1.61
Acadian Asset Management	Global equity	July 2005	1.56
The Boston Company Asset Management, LLC	Active - small cap growth	July 2008	1.56
Mondrian Investment Partners	Small cap	May 2011	0.97
Pyramis Global Advisors	Small cap	April 2011	0.93
Capital Guardian	Pacific basin	June 2004	0.79
Sub Total			70.71%
Debt Securities:			
Pacific Investment Management Company	Active - core	August 1983	4.12%
Blackrock Institutional Trust Company, NA	Passive (index)	September 1986	3.58
CIS, a Division of Dreyfus	Passive (index)	November 1989	3.49
Loomis Sayles & Company	Core plus	August 2009	3.30
Aberdeen Asset Management	Active - core	August 1991	3.00
State Street Global Advisors	Active - core	February 2009	2.33
Wellington Management Company, LLP	Emerging market debt	May 2010	1.87
Sub Total			21.69%

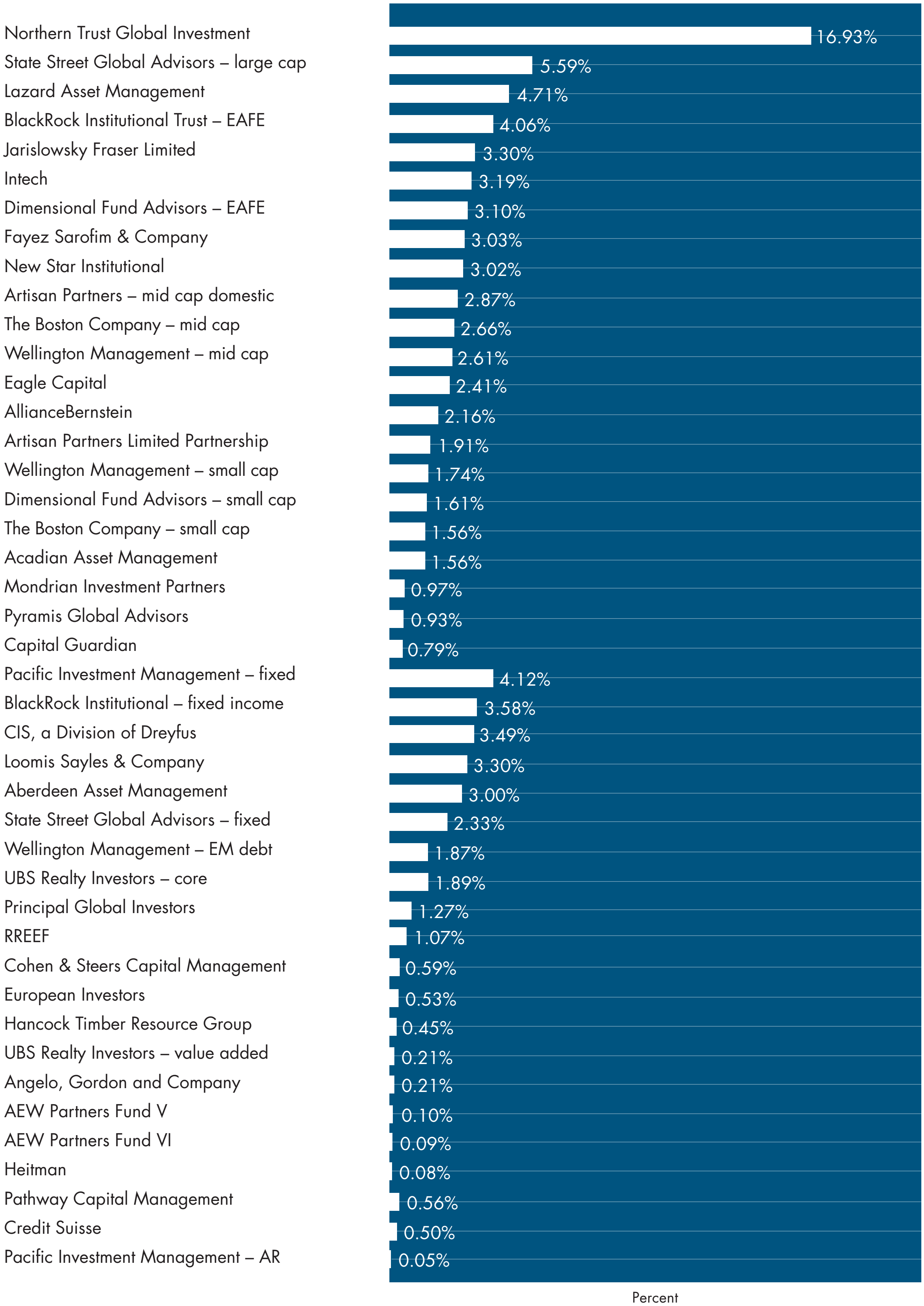
(continued)

Defined Benefit Plans — Portfolio Detail Illustrated by Advisor *(continued)*

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
Real Estate:			
UBS Realty Investors, LLC	Commingled Fund-Core	June 2003	1.89%
Principal Global Investors	Commingled Fund-Core	June 2003	1.27
RREEF	REITs	June 2003	1.07
Cohen & Steers Capital Management	Global REITs	October 2010	0.59
European Investors	Global REITs	October 2010	0.53
Hancock Timber Resource Group	Timber	March 2008	0.45
UBS Realty Investors, LLC	Value Added	January 2011	0.21
Angelo, Gordon and Company	Value Added	August 2007	0.21
AEW Capital Management	Fund V - Value Added	October 2005	0.10
AEW Capital Management	Fund VI - Value Added	April 2010	0.09
Heitman	Value Added	November 2007	0.08
Sub Total			6.49%
Private Equity:			
Pathway Capital Management, LLC	Diversified	December 2008	0.56%
Credit Suisse	Diversified	June 2009	0.50
Sub Total			1.06%
Absolute Return Strategies:			
Pacific Investment Management Company	Opportunistic - fixed income	June 2009	0.05%
Sub Total			0.05%
Total			100.00%

**Includes cash and cash equivalents.*

Percent of Portfolio – Fair Value at June 30, 2011



Defined Benefit Plans – Investment and Commissions

For the Year Ended June 30, 2011

	Assets Under Management	Fees*
Investment Managers:		
Equities	$14,509,417,865	$34,474,088
Debt securities	4,448,395,151	5,866,174
Real estate	1,327,924,725	9,532,715
Private equity	218,272,909	6,045,176
Absolute return	9,567,587	32,756
Total	$20,513,578,237	$55,950,909

**Includes fees of $13,562,430, which are reflected in net appreciation on the Statement of Changes in Fiduciary Net Assets.*

	Fees
Other Investment Services:	
Securities lending agent/ cash management fees	$2,445,608
Custodian fees for ancillary services	74,800
Investment consultant fees	557,000
Global out-of-pocket expenses	301,740
Total investment service fees	$3,379,148

Brokerage Commissions Paid**

Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
Credit Suisse	84,174,752	$838,696	$0.010
Merrill Lynch Pierce Fenner	68,239,479	780,033	0.011
Deutsche Bank	85,290,278	654,810	0.008
Morgan Stanley and Company	58,284,332	611,189	0.010
UBS AG	92,086,932	587,406	0.006
JP Morgan Securities	37,124,614	492,678	0.013
Goldman Sachs & Company	32,195,366	415,885	0.013
Bank of New York Mellon	24,172,528	415,569	0.017
Weeden & Co. LP	21,212,453	394,291	0.019
Citigroup, Inc.	41,179,975	362,592	0.009
Knight Securities	9,966,549	310,012	0.031
Macquarie Securities	61,443,136	282,124	0.005
Instinet	26,189,284	266,486	0.010
Barclays Capital	12,250,231	253,817	0.021
Liquidnet, Inc.	23,297,319	246,740	0.011
Jefferies & Company, Inc.	9,932,922	229,909	0.023
Sanford C. Bernstein Co., LLC	7,821,498	216,014	0.028
Stifel Nicholaus & Company	4,865,216	188,198	0.039
Investment Technology Group	25,512,681	174,495	0.007
RBC Capital Markets	11,478,613	166,035	0.014
Robert W. Baird & Company	4,046,329	159,063	0.039
Cantor Fitzgerald	4,595,628	143,270	0.031
Nomura Securities Company	29,282,127	138,282	0.005

(continued)

Brokerage Commissions Paid** *(continued)*

Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
Cowen & Company	3,048,310	$ 109,377	$0.036
BTIG, LLC (Baypoint Trading)	2,782,304	98,748	0.035
Credit Lyonnais SA	5,015,658	95,701	0.019
Raymond James Financial, Inc.	2,476,288	93,046	0.038
HSBC Securities, Inc.	16,019,303	89,397	0.006
Wells Fargo Securities	2,266,674	87,127	0.038
Credit Agricole Group	15,662,836	85,588	0.005
Capital Institutional Services, Inc.	4,091,255	82,873	0.020
Others (less than $80,000)	90,800,364	1,827,519	0.020
Commission recapture income	–	(446,000)	–
Total	916,805,234	$10,450,970	$0.011

***Approximate figures provided by Bank of New York Mellon.*

Defined Benefit Plans – Investment Summary

For the Year Ended June 30, 2011

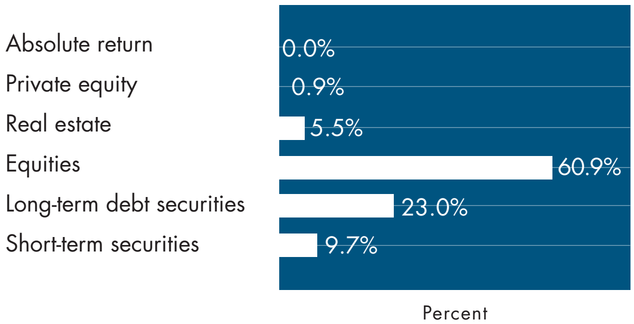
(In Thousands)

	July 1, 2010 Beginning Fair Value***	Purchases	Sales and Maturities	Increase/ (Decrease) in Fair Value	June 30, 2011 Ending Fair Value****	% of Total Fair Value
Short-term securities	$ 2,405,819	$119,305,115	$119,433,602	$ (320)	$ 2,277,012	9.7%
Long-term debt securities	5,978,343	6,770,456	7,354,376	16,153	5,410,576	23.0
Equities	11,586,714	5,461,162	5,105,907	2,383,629	14,325,598	60.9
Real estate	767,184	929,571	549,642	161,278	1,308,391	5.5
Private equity	92,287	117,729	2,961	9,201	216,256	0.9
Absolute return	14,870	–	8,785	(6,085)	–	–
Total	$20,845,217	$132,584,033	$132,455,273	$2,563,856	$23,537,833	100.0%

****Includes investment securities on loan to broker-dealers with a fair value of $3,930,194. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $4,077,792. 19.0 percent of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $20.8 billion, the fair value total must be adjusted by ($3.6 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

*****Includes investment securities on loan to broker-dealers with a fair value of $3,133,322. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $3,223,611. 13.0 percent of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $20.7 billion, the fair value total must be adjusted by ($2.8 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

Defined Benefit Plans – Investments by Type
Fair Value at June 30, 2011



Defined Contribution Plan – Investment Summary
For the Year Ended June 30, 2011

Fund Name of Assets	Fair Value of Assets	Annual Rate of Return
AllianceBernstein International Style Blend Collective Tr Unit	$ 2,874,993	25.09%
American Funds New Perspective Fund	26,241,412	30.08
BlackRock Equity Index Fund	68,206,483	30.80
BlackRock Intermediate Government Corporate Bond Index Fund	23,727,552	3.79
Boston Company Midcap Opportunistic Value Pooled Fund	190,454,782	42.52
Conseco Life Insurance Company	358,178	N/A
Fayez Sarofim	133,638,651	32.48
Fidelity Diversified International Fund	29,802,201	30.65
Fidelity Small Cap Fund	30,311,612	35.08
GE US Equity Fund	6,698,945	27.35
ING Growth and Income Portfolio	66,992,741	27.15
MDC Stable Value Fund	529,433,349	2.81
Money Market Fund for EBT	22,529,406	0.28
PIMCO Total Return Fund II	27,076,608	4.72
SSgA US Inflation Protected Bond Index Fund	5,312,133	7.59
T Rowe Price International Stock Fund	38,489,073	33.02
Vanguard Target Retirement 2010	30,131,454	17.41
Vanguard Target Retirement 2015	7,839,755	19.98
Vanguard Target Retirement 2020	5,487,860	22.13
Vanguard Target Retirement 2025	4,021,563	24.28
Vanguard Target Retirement 2030	3,193,349	26.53
Vanguard Target Retirement 2035	2,254,990	28.74
Vanguard Target Retirement 2040	926,420	28.93
Vanguard Target Retirement 2045	586,485	28.95
Vanguard Target Retirement 2050	559,140	28.90
Vanguard Target Retirement Income	2,899,596	12.31
Vanguard Windsor Fund	26,665,672	30.31
Total	$1,286,714,403	

fact three

The average annual PERS benefit, around $19,000, provides income to meet basic needs in retirement, helping many Mississippians avoid poverty and public assistance.

Source: PERS

actuarial

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October 25, 2011

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Public Employees' Retirement System of Mississippi (PERS) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of PERS.

In order to measure progress toward this fundamental objective, PERS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2011. This valuation indicates that the current contribution rates of 14.26% of payroll for employers and 9.00% of payroll for active members, for benefits then in effect, meet the basic financial objective. There are 161,676 active members as of June 30, 2011.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among PERS members and their beneficiaries. The data are reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of PERS during the years 2006 to 2010. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. The following changes to the benefit structure were made since the last valuation:

- Section 25-11-115 was amended to add Option 4, the 75 percent joint and survivor annuity, effective January 1, 2011.
- Section 25-11-115 (3) and (4) were amended to add Option 4, the 75 percent joint and survivor annuity, to the "pop-up" and "pop-down" provisions, respectively, effective July 1, 2011.
- Section 25-11-115 was amended to provide that, for members who retire effective on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent recalculation of benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.
- Section 25-11-111 was amended to establish 30 years as the number of years of creditable service required for retirement regardless of age for persons who become members of the System on or after July 1, 2011.
- Section 25-11-115 was amended to establish 33 years as the number of years of creditable service required to select a partial lump sum option for persons who become members of the System on or after July 1, 2011.
- Section 25-11-111 was amended to establish the retirement formula for persons who become members of the System on or after July 1, 2011, as two percent (2.0%) of average compensation for each of the first thirty (30) years of creditable service and two and one-half percent (2.5%) of average compensation for each year beyond thirty (30) years, with no minimum monthly benefit.
- Section 25-11-111 was amended to provide for an actuarial reduction in the benefit for each year of creditable service below thirty (30) years or the number of years in age that the member is below age 65, whichever is less, for persons who become members of the System on or after July 1, 2011.
- Section 25-11-112 was amended to establish the COLA for persons who become members of the System on or after July 1, 2011, as three percent (3.0%) of the annual retirement allowance for each full fiscal year in retirement up to the fiscal year in which the retired member reaches age 60, plus three percent (3.0%) compounded for each full fiscal year thereafter.
- Section 25-11-114 was amended to replace the three percent (3.0%) reduction in spouse survivor retirement benefits with an actuarially determined percentage or factor to allow for modification as the percentage or factor might need to change from time to time as determined by the actuary.

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Board of Trustees
October 25, 2011
Page 2

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Public Employees' Retirement System of Mississippi continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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October 25, 2011

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Mississippi Highway Safety Patrol Retirement System (HSPRS) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of HSPRS.

In order to measure progress toward this fundamental objective, HSPRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2011. This valuation indicates that contribution rates of 37.00% of payroll for employers and 7.25% of payroll for active members, along with anticipated contributions as provided by Senate Bill No. 2659 (effective July 1, 2004), for benefits then in effect, meet the basic financial objective. There are 515 active members as of June 30, 2011.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among HSPRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of HSPRS during the years 2006 to 2010. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. The following changes were made to the benefit structure since the last valuation:

- Section 25-13-16 was amended to add Option 4, the 75 percent joint and survivor annuity, effective July 1, 2011
- Section 25-13-16 (3) and (4) were amended to add Option 4, the 75 percent joint and survivor annuity, to the "pop-up" and "pop-down" provisions, respectively, effective July 1, 2011.
- Section 25-13-11 was amended to increase the mandatory retirement age for members of MHSPRS from age sixty (60) to age sixty-three (63) effective July 1, 2011.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedule of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Mississippi Highway Safety Patrol Retirement System continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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October 25, 2011

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Municipal Retirement System of Mississippi (MRS) is to establish and receive contributions (expressed as a tax on assessed property valuations) which:

(1) Will be in amounts sufficient, but not more than necessary, to maintain the actuarially soundness of the Funds for all future years (the tax may be increased but not by more than one-half mill per year), and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of MRS.

In order to measure progress toward this fundamental objective, MRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the amortization of unfunded total actuarial liabilities over a closed period. The latest completed actuarial valuation was based upon data and assumptions as of September 30, 2010. These valuations indicate that the current contribution rates, for benefits then in effect, meet the basic financial objective. The employee contribution rates vary by participating City and are 7% - 10% of payroll for active members. There were 27 active members as of September 30, 2010.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among PERS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of PERS during the years 2004 to 2008. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25. The funding method is not one of the acceptable methods under Statement No. 25, but, in our opinion, is appropriate for MRS since all the Funds have been closed to new members.

The current benefit structure is outlined in the Actuarial Section. There was one change to the benefit structure since the last valuation.

- A 2.0% ad hoc COLA was granted to the retirees of the City of Tupelo effective October 1, 2010.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results it is our opinion that the Municipal Retirement Systems of Mississippi continue in sound condition in accordance with the actuarial principles and requirements of State law. However, given the constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the Funds under MRS will be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected Fund's cash flow position improved.

Respectfully submitted,

Thomas J. Cavanaugh

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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October 25, 2011

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Mississippi Supplemental Legislative Retirement Plan (SLRP) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of SLRP.

In order to measure progress toward this fundamental objective, SLRP has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2011. This valuation indicates that contribution rates of 7.40% of payroll for employers and 3.00% of payroll for active members, for benefits then in effect, meet the basic financial objective. There are 174 active members as of June 30, 2011.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among SLRP members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of SLRP during the years 2006 to 2010. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. The following changes were made to the benefit structure since the previous valuation:

- Section 25-11-115 was amended to add Option 4, the 75 percent joint and survivor annuity, effective January 1, 2011.
- Section 25-11-115 (3) and (4) were amended to add Option 4, the 75 percent joint and survivor annuity, to the "pop-up" and "pop-down" provisions, respectively, effective July 1, 2011.
- Section 25-11-115 was amended to provide that, for members who retire effective on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent recalculation of benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.
- Section 25-11-111 was amended to establish 30 years as the number of years of creditable service required for retirement regardless of age for persons who become members of the System on or after July 1, 2011.
- Section 25-11-115 was amended to establish 33 years as the number of years of creditable service required to select a partial lump sum option for persons who become members of the System on or after July 1, 2011.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Mississippi Supplemental Legislative Retirement Plan continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

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Public Employees' Retirement System of Mississippi
Statement of Actuarial Assumptions and Methods

All assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted. Changes in demographic assumptions were presented and accepted by the PERS Board April 27, 2011. The economic experience findings were presented at the August 23, 2011, board meeting. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.0 percent per annum, compounded annually (net of all expenses).

Separations From Active Service: Representative values of the assumed rates of separation from active service are as follows:

	Annual Rates of					
	Withdrawal and Vesting*		Death**		Disability**	
Age	Male	Female	Male	Female	Male	Female
20	22.0%	22.0%	.01%	.00%	.01%	.01%
25	15.0	15.0	.01	.01	.02	.01
30	10.0	10.5	.02	.01	.02	.02
35	8.0	8.0	.03	.01	.05	.02
40	6.0	6.0	.04	.02	.12	.08
45	5.5	5.0	.07	.02	.23	.14
50	5.5	5.0	.14	.04	.29	.21
55	5.5	5.0	.19	.06	.52	.37
60	5.5	5.0	.22	.09	.40	.32
65	5.5	5.0	.40	.16	–	–
70	5.5	5.0	.40	.27	–	–
74	5.5	5.0	.40	.47	–	–

	Annual Rates of Salary Increases		
Service	Merit & Seniority	Base (Economy)	Increase Next Year
0	15.75%	4.25%	20.0%
1	10.75	4.25	10.0
2	10.75	4.25	7.5
3	2.25	4.25	6.5
4	1.75	4.25	6.0
5	1.25	4.25	5.5
10	0.75	4.25	5.0
15	0.75	4.25	5.0
20	0.75	4.25	5.0
25	0.75	4.25	5.0
30	0.25	4.25	4.5
35	0.25	4.25	4.5

	Annual Rates of Service Retirements			
	Male		Female	
Age	Under 25 Years of Service	25 Years of Service and Over	Under 25 Years of Service	25 Years of Service and Over
45	–%	13.0%	–%	11.0%
50	–	13.0	–	11.0
55	–	15.0	–	18.0
60	11.0	15.0	13.0	20.0
62	19.0	30.0	18.0	30.0
65	20.0	28.0	25.0	38.0
70	17.0	20.0	19.0	25.0
75	100.0	100.0	100.0	100.0

**For all ages, rates of 34.0 percent for first year of employment and 22.0 percent for second year.*

***94.0 percent are presumed to be non-duty related, and 6.0 percent are assumed to be duty related.*

Payroll Growth: 4.25 percent per annum, compounded annually.

Price Inflation: 3.50 percent per annum, compounded annually.

Timing of Decrements and Pay Increases: Middle of year.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table. The RP-2000 Disabled Mortality Table (set back two years for males and set forward three years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 11.0 percent greater than expected under the selected table.

Marriage Assumption: 85.0 percent married with the husband three years older than his wife.

Unused Sick Leave: 0.5 years at retirement.

Military Service: 0.25 years at retirement.

Valuation Method: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of PERS are determined following a level funding approach. These contributions consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from PERS. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

Asset Valuation Method: Market value–five-year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

Mississippi Highway Safety Patrol Retirement System
Statement of Actuarial Assumptions and Methods

All assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted. Changes in demographic assumptions were presented and accepted by the PERS Board April 27, 2011. The economic experience findings were presented at the August 23, 2011, board meeting. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.0 percent per annum, compounded annually (net after all expenses).

Separations From Active Service: Representative values of the assumed annual rates of separation from active service are as follows:

	Annual Rates of					
	Withdrawal		Disability			Service
Age	and Vesting	Death	Non-Duty	Duty	Service	Retirement*
25	4.0%	0.03%	0.09%	0.01%	5	5.0%
30	3.5	0.04	0.12	0.02	10	5.0
35	2.5	0.05	0.16	0.04	15	5.0
40	1.0	0.07	0.20	0.07	20	10.0
45	1.0	0.11	0.30	0.06	25	15.0
50	0.5	0.16	0.50	0.05	30	25.0
55	0.0	0.21	0.91	0.02	35	25.0

**The annual rate of service retirement is 100.0 percent at age 60. It is assumed that a member will be granted one and three-quarter years of service credit for unused leave at termination of employment. In addition, it is assumed that, on average, one-quarter year of service credit for peace-time military service will be granted to each member.*

	Annual Rates of Salary Increases		
Age	Merit & Seniority	Base (Economy)	Increase Next Year
25	2.57%	4.25%	6.82%
30	1.75	4.25	6.00
35	1.75	4.25	6.00
40	1.75	4.25	6.00
45	1.25	4.25	5.50
50	0.75	4.25	5.00
55	0.75	4.25	5.00

Payroll Growth: 4.25 percent per annum, compounded annually.

Price Inflation: 3.5 percent per annum, compounded annually.

Timing of Decrement and Pay Increases: Middle of year.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1994 Group Annuity Mortality Table. The RP-2000 Disabled Mortality Table (set back two years for males and set forward three years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 15.0 percent greater than expected under the selected table.

Marriage Assumption: 100.0 percent married with the husband three years older than his wife.

Valuation Method: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of MHSPRS are determined following a level funding approach. These contributions consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from MHSPRS. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

Asset Valuation Method: Market value–five-year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

Municipal Retirement Systems
Statement of Actuarial Assumptions and Methods

All the assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted August 25, 2009. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.0 percent per annum, compounded annually (net after investment expenses).

Separations From Active Service: Representative values of the assumed annual rates of separation from active service are as follows:

	Annual Rates of				
		Death		Disability	
Age	Withdrawal	Non-Duty	Duty	Non-Duty	Duty
20	10.65%	0.04%	0.02%	0.08%	0.06%
25	8.64	0.05	0.03	0.12	0.12
30	6.87	0.08	0.04	0.18	0.26
35	4.86	0.11	0.05	0.24	0.52
40	2.97	0.15	0.07	0.36	0.60
45	1.44	0.22	0.09	0.64	0.54
50	0.24	0.34	0.14	1.10	0.88
55	–	0.44	0.20	1.58	1.18
60	–	0.51	0.32	2.20	1.30
64	–	0.57	0.42	2.86	1.38

Service Retirement	
Years of Service	Percent
20	45.0%
21-28	17.5
29-33	35.0
34 and over	20.0
Age 65	100.0

Salary Increases: 4.25 percent for wage inflation, plus the following chart.

Ages	Merit & Seniority Salary Increase
Under 43	1.75%
43-47	1.25
48-52	0.75
53 and Over	0.25

Price Inflation: 3.0 percent per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table. Special tables were used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 85.0 percent married with the husband three years older than his wife.

Valuation Method: Unfunded employer liabilities are amortized over a closed 30-year period from September 30, 1990, as a level percent of each municipality's assessed property valuation.

Assessed Property Value Rate of Increase: 2.0 percent per annum, compounded annually.

Expense Load: 2.0 percent of employer contributions.

Asset Valuation Method: Market value–five-year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value September 30, 2006, and smoothing commenced in 2007 with an additional constraint that actuarial value of assets cannot be less than 80.0 percent nor more than 120.0 percent of market value. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

Supplemental Legislative Retirement Plan
Statement of Actuarial Assumptions and Methods

All assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted. Changes in demographic assumptions were presented and accepted by the PERS Board April 27, 2011. The economic experience findings were presented at the August 23, 2011, board meeting. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.0 percent per annum, compounded annually (net after all expenses).

Separations from Active Service: Representative values of the assumed rates of separation from active service are as follows:

	Annual Rates of		
	Death		
Age	Male	Female	Disability*
20	.02%	.01%	.04%
25	.03	.02	.05
30	.04	.02	.07
35	.05	.03	.11
40	.08	.04	.17
45	.13	.06	.23
50	.24	.10	.30
55	.39	.15	.35
60	.60	.25	.40
65	.96	.43	–
70	1.61	.72	–

**94.0 percent are presumed to be non-duty related, and 6.0 percent are assumed to be duty related*

Withdrawal and Vesting: 15.0 percent in an election year, none in a non-election year.

Service Retirement: 25.0 percent in an election year, none in a non-election year. All members are assumed to retire no later than age 75. It is assumed that a member will be granted two and a half years of service credit for unused leave at termination of employment.

Price Inflation: 3.5 percent per annum, compounded annually.

Payroll Growth: 4.25 percent per annum, compounded annually.

Timing of Decrements and Pay Increases: Middle of year.

Salary Increases: 4.5 percent per annum, for all ages. The merit and seniority component is 0.25 percent and the wage inflation component is 4.25 percent.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid, was the 1994 Group Annuity Mortality Table. The RP-2000 Disabled Mortality Table (set back two years for males and set forward three years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 15.0 percent greater than expected under the selected table.

Marriage Assumption: 85.0 percent married with the husband three years older than his wife.

Valuation Method: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of SLRP are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the SLRP. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

Asset Valuation Method: Market value–five-year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS – PERS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2011, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing July 1 and ending June 30. "Credited service" means service while a contributing member plus additional service as described below. "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to February 1, 1953, active duty military service, out-of-state service, professional leave, non-covered service, and retroactive service. The maximum covered earnings for employers and employees over the years are as follows:

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	Date To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
2/1/53	6/30/58	2.50%	$ 6,000	4.00%	$ 4,800*
7/1/58	6/30/60	2.50	9,000	4.00	7,800*
7/1/60	6/30/66	2.50	15,000	4.00	13,800*
7/1/66	6/30/68	3.00	15,000	4.50	13,800*
7/1/68	3/31/71	4.50	15,000	4.50	15,000
4/1/71	6/30/73	4.50	35,000	4.50	35,000
7/1/73	6/30/76	5.85	35,000	5.00	35,000
7/1/76	6/30/77	7.00	35,000	5.00	35,000
7/1/77	6/30/78	7.50	35,000	5.50	35,000
7/1/78	6/30/80	8.00	35,000	5.50	35,000
7/1/80	6/30/81	8.00	53,000	5.50	53,000
7/1/81	12/31/83	8.75	53,000	6.00	53,000
1/1/84	6/30/88	8.75	63,000	6.00	63,000
7/1/88	6/30/89	8.75	75,600	6.00	75,600
7/1/89	12/31/89	8.75	75,600	6.50	75,600
1/1/90	6/30/91	9.75	75,600	6.50	75,600
7/1/91	6/30/92	9.75	75,600	7.25	75,600
7/1/92	6/30/02	9.75	125,000	7.25	125,000
7/1/02	6/30/05	9.75	150,000	7.25	150,000
7/1/05	6/30/06	10.75	150,000	7.25	150,000
7/1/06	6/30/07	11.30	150,000	7.25	150,000

(continued)

Employer and Employee Rates of Contribution and Maximum Covered Earnings *(continued)*

Date From	To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
7/1/07	6/30/08	11.85%	$150,000	7.25%	$150,000
7/1/08	6/30/09	11.85	230,000	7.25	230,000
7/1/09	6/30/10	12.00	245,000	7.25	245,000
7/1/10	6/30/11	12.00	245,000	9.00	245,000
7/1/11	12/31/11	12.00	245,000	9.00	245,000
1/1/12	6/30/12	12.93	245,000	9.00	245,000

**From February 1, 1953, through June 30, 1968, the first $100 in monthly earnings or $1,200 in annual earnings were not covered earnings for the employee.*

BENEFITS

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of creditable service. A retirement allowance may also be paid upon the completion of 25 years of creditable service for members hired prior to July 1, 2011 or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

(b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of membership service is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 60.

**Four years for those who entered the System before July 1, 2007.*

Amount of Allowance

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity that is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus
2. For a member hired prior to July 1, 2011, an employer's annuity that, together with the member's annuity, is equal to 2.0 percent of his or her average compensation for each of the first 25 years of creditable service plus 2.5 percent for each year of creditable service over 25 years.
3. For a member hired on or after July 1, 2011, an employer's annuity that, together with the member's annuity, is equal to 2.0 percent of his or her average compensation for each of the first 30 years of creditable service plus 2.5 percent for each year of creditable service over 30 years. There will be an actuarial reduction for each year of creditable service below 30 or for each year of age below age 65, whichever is less.

For members hired prior to July 1, 2011, the minimum allowance is $120 for each year of creditable service.

Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of membership service.

**Four years for those who entered the System before July 1, 2007.*

Amount of Allowance

For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60; otherwise, it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus
2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 40.0 percent of average compensation plus 10.0 percent for each dependent child up to a maximum of two, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	To age 65
61	To age 66
62	To age 66
63	To age 67
64	To age 67
65	To age 68
66	To age 68
67	To age 69
68	To age 70
69 and later	One year

For members hired prior to July 1, 2011, the minimum allowance is $120 per year of creditable service.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 40.0 percent of average compensation, or (b) the member's accrued allowance.

For members hired prior to July 1, 2011, the minimum allowance is $120 per year of creditable service.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 50.0 percent of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.

Amount of Allowance

The annual retirement allowance is equal to 50.0 percent of average compensation payable to the spouse and 25.0 percent of average compensation payable to one dependent child or 50.0 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

Ordinary Death Benefit

Condition for Benefit

Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his or her spouse, if said spouse has been married to the member for not less than one year.

**Four years for those who entered the System before July 1, 2007.*

Amount of Allowance

The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of (a) the allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced retirement benefits, or (b) a lifetime benefit equal to 20.0 percent of the deceased member's average compensation, but not less than $50 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 10.0 percent of average compensation or $50 per month for each dependent child up to three.

Return of Contributions

Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his or her contributions, together with the full accumulated regular interest thereon, are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Interest is currently credited to the member's account at 3.5 percent per annum.

Normal Form of Benefit

The normal form of benefit (modified cash refund) is an allowance payable during the life of the member with the provision that upon his or her death the excess of his or her total contributions at the time of retirement over the total retirement annuity paid to him will be paid to his or her designated beneficiary.

Optional Benefits

A member upon retirement may elect to receive his or her allowance in one of the following forms, which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he or she receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both PERS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement.

A member hired prior to July 1, 2011, and who has at least 28 years of creditable service* or a member hired on or after July 1, 2011, who has at least 33 years of creditable service can select a partial lump sum option at retirement. Under this option, the retiree may choose to take a partial lump sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

**Or at least age 63 with four years of membership service for those who entered the System before July 1, 2007.*

Post-Retirement Adjustments In Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3.0 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55**, plus (b) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55**.

***Age 60 for members hired on or after July 1, 2011.*

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Contributions

Members contribute 9.0 percent of compensation. The Board of Trustees sets employer contribution rates for PERS, as per Mississippi statute. The adequacy of these rates is checked annually by actuarial valuation. Refer to Note 7 of the basic financial statements for additional information.

Mississippi Highway Safety Patrol Retirement System
Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS – MHSPRS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2011, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest consecutive years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. "Credited service" means service earned while a contributing member plus additional service as described below. "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to July 1, 1958, active duty military service, and retroactive service. The maximum covered earnings for employers and employees over the years are as follows:

Employer and Member Rates of Contribution and Maximum Covered Earnings

Date From	Date To	Employer Rate	Maximum Covered Earnings*	Member Rate	Maximum Covered Earnings*
7/1/1958	6/30/1968	13.33%	–	5.00%	–
7/1/1968	6/30/1971	15.33	–	5.00	–
7/1/1971	6/30/1973	18.59	–	5.00	–
7/1/1973	6/30/1975	20.77	–	5.00	–
7/1/1975	6/30/1978	24.65	–	5.00	–
7/1/1978	6/30/1980	26.16	–	6.00	–
7/1/1980	6/30/1989	26.16	–	6.50	–
7/1/1989	6/30/1990	27.97	–	6.50	–
7/1/1990	6/30/2003	26.16	–	6.50	–
7/1/2003	6/30/2006	28.16	–	6.50	–
7/1/2006	6/30/2008	30.30	–	6.50	–
7/1/2008	12/31/2011	30.30	–	7.25	–
1/1/2012	6/30/2012	35.21	–	7.25	–

**Maximum covered earnings equal wages paid, not to exceed wages paid to the Commissioner of the Department of Public Safety (currently $129,905).*

Effective July 1, 2004, additional contributions will be made to the System as a result of the enactment of Senate Bill No. 2659. The additional contributions are estimated to be $3,500,000 annually based on current experience.

BENEFITS

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is payable to any member who retires and has attained age 55 and completed at least five years of membership service, or has attained age 45 and completed at least 20 years of creditable service, or has completed 25 years of creditable service regardless of age.

Any member who has attained age 63 shall be retired forthwith. Effective July 1, 2011, the Commissioner of Public Safety is authorized to allow a member who has attained age 63 to continue in active service. Such continued service may be authorized annually until the member attains age 65.

(b) Any member who withdraws from service prior to his or her attainment of age 55 but after having completed five or more years of creditable service is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 55.

Amount of Allowance

The annual retirement allowance payable to a retired member is equal to:

1. A member's annuity, which is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus
2. An employer's annuity, which, together with the member's annuity, is equal to 2.5 percent of his or her average compensation for each year of membership service, plus
3. A prior service annuity equal to 2.5 percent of average compensation for each year of prior service.

The aggregate amounts of (2) and (3) above shall not exceed 100.0 percent of average compensation, regardless of service, for retirements on or after January 1, 2000; 85.0 percent for retirements prior to January 1, 2000.

The minimum allowance for both service and disability retirement is based on the following table for each year of creditable service, reduced if necessary as indicated below.

Service	Monthly Benefit
Less than 10 years	$250
10-15 years	$300
15 or more years	$500

The annual retirement allowance payable to a member who retires under condition (a) above prior to age 55 is computed in accordance with the above formula except that the employer's annuity and prior service annuity are reduced 3.0 percent for each year of age below age 55, or 3.0 percent for each year of service below 25 years of creditable service, whichever is less.

Disability Retirement

Condition for Retirement

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least five years of membership service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to the greater of 50.0 percent of his or her average salary for the two years immediately preceding retirement, or a retirement allowance as calculated under the provisions for superannuation retirement.

Death Prior to Retirement

Upon the death of a highway patrolman who is eligible for service retirement, family benefits are payable equal to those that would have been payable had he or she been retired on his or her date of death.

Upon the death of a highway patrolman either in the line of duty or as a result of an accident occurring in the line of duty, the following benefits are payable:

(a) benefit to the spouse equal to one-half of the member's average compensation.

(b) a benefit to a dependent child payable to age 19 (23 if a full-time student) equal to one-fourth of the member's average compensation for one child or one-half for two or more children.

Death After Retirement

Upon the death of a highway patrolman who has retired for service or disability and who has not elected any other optional form of benefit, his widow or her widower is eligible for a benefit equal to 50.0 percent of his or her retirement allowance and each child (but not more than two) who has not attained age 19 (23 if a full-time student) is eligible for a benefit equal to 25.0 percent of his or her retirement allowance. The benefit to the widow or widower is payable for life and to children until they attain age 19 (23 if a full-time student) or for life if they are totally and permanently disabled.

Refund of Contributions

Upon a member's termination of employment for any reason before retirement, his or her accumulated contributions, together with regular interest thereon, are refunded. Upon the death of a member who is not eligible for any other death benefit, his or her accumulated contributions, together with regular interest thereon, are paid to his or her beneficiary.

Interest is currently credited to the member's account at 3.5 percent per annum.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member. Upon death, the benefits described above are payable.

Optional Benefits

Upon retirement, a member may elect to receive his or her allowance in one of the following forms, which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that, if the pensioner dies before he or she receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both MHSPRS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects either Option 2, Option 4 or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement

A member who qualifies for an unreduced retirement allowance may select a partial lump sum option at retirement. Under this option, the retiree may choose to take a partial lump sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting this option may also select any of the regular options except Option 1, the pro-rated single life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

Post-Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3.0 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60*, plus (b) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 60*.

**This age will be reduced in five phases to age 55 if the actuary certifies that reducing the age will not result in the amortization period of the unfunded accrued liability exceeding 20 years.*

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Those members who retired on or before July 1, 1999, received an ad hoc benefit increase in the amount of $3.50 per month for each full fiscal year of retirement through June 30, 1999, plus $1.00 per month for each year of credited service. The benefits were increased on July 1, 1999.

Contributions

Members contribute 7.25 percent of compensation and the employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Municipal Retirement Systems
Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF BENEFIT PROVISIONS EVALUATED – MRS

The following summary presents the main provisions of the Systems in effect September 30, 2010, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average compensation of a member during the six-month period prior to receipt of an allowance.

BENEFITS

Service Retirement

Condition for Retirement

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age.

Any general employee member who has attained age 70 and any fireman or policeman who has attained age 65 shall be retired forthwith.

Amount of Allowance

The annual retirement allowance payable to a retired member is equal to:

1. 50.0 percent of average compensation, plus
2. 1.7 percent of average compensation for each year of credited service over 20.

The aggregate amount of (1) and (2) above shall not exceed 66.67percent (87.0 percent for Clinton) of average compensation, regardless of service.

Disability Retirement

Condition for Retirement

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least five years of creditable service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to 50.0 percent of his or her salary at the time of retirement, if the disability is due to causes in the performance of duty.

If the disability is not in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20, times his or her salary at the time of retirement for firemen and policemen, and average compensation for general employees.

Death Benefit

Condition for Benefits

A benefit is payable upon the death of a member under the following conditions:

(a) the member has retired,
(b) the member is eligible to retire,
(c) the death is in the line of duty, or
(d) the death is not in the line of duty, but occurs after the member has five years of credited service.

The benefit is payable to the surviving spouse until remarriage and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. For Clarksdale, Columbus, Gulfport, Hattiesburg, Jackson, McComb, Meridian, Vicksburg and Yazoo City, benefits payable to spouses do not cease upon remarriage.

Amount of Benefits

The annual benefit payable, under all conditions in the case of firemen and policemen and under other than condition (c) in the case of general employees is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over

20, with a maximum benefit of 66.67 percent (87.0 percent for Clinton) of average compensation.

For general employee members under condition (c), the annual benefit payable is equal to 50.0 percent of salary at the time of death.

Refund of Contributions

Upon a member's termination of employment for any reason before retirement, his or her accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, his or her accumulated contributions are paid to his or her beneficiary.

Minimum Allowances

The minimum monthly allowances paid to members from the following municipalities for all retirement and death benefits are:

Biloxi:	$600	Columbus:	$ 500
Gulfport:	$500	Hattiesburg:	$ 750
Jackson:	$500	Meridian:	$ 600
Tupelo:	$300	Vicksburg:	$1,415

Post-Retirement Adjustments in Allowances

The allowances of certain retired members are adjusted annually by a cost-of-living adjustment (COLA) on the basis of the annual percentage change in each fiscal year of the Consumer Price Index.

Those adjustments are limited as follows:

Biloxi:	3.0 percent per year (not to exceed 64.4 percent) for each full fiscal year of retirement after June 30, 2000, for all retirees and beneficiaries with the COLA being compounded beginning with the state fiscal year in which the retired member turns age 55. This is in addition to the previously granted maximum of 3.0 percent per year (not to exceed 9.0 percent) for all members who retired on or before December 31, 1995.
Clarksdale:	Maximum of 2.5 percent per year for all retirees and beneficiaries.
Clinton:	Maximum of 2.5 percent per year (not to exceed 10.0 percent) for service retirements only.
Columbus:	Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.
Greenville:	Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.
Gulfport:	Maximum of 3.0 percent per year (not to exceed 27.0 percent) for each fiscal year of retirement after June 30, 2002, for all retirees and beneficiaries. This is in addition to the previously granted COLA of 2.0 percent per year (not to exceed 6.0 percent) for those retiring before July 1, 2001.
Hattiesburg:	2.5 percent per year for all retirees and beneficiaries (not to exceed 30.0 percent).
Jackson:	Maximum aggregate increase of 19.5 percent for service and disability retirements only.
Laurel:	2.0 percent per year, compounded annually (maximum of three years) for each fiscal year of retirement after June 30, 2002, for all retirees and beneficiaries. COLA increases begin at the later of age 60 or after one full fiscal year of retirement.
McComb:	Maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 10.0 percent).
Pascagoula:	Maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 15.0 percent).
Vicksburg:	3.0 percent per year for all retirees and beneficiaries.
Yazoo City:	Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

Post-retirement adjustments are included in System liabilities for future increases for Biloxi, Clinton, Columbus, Greenville, Gulfport, Hattiesburg, Jackson, Laurel, McComb, Pascagoula, Vicksburg, and Yazoo City.

All Meridian retirees and beneficiaries who were receiving a retirement allowance as of June 30, 1999, were granted a 3.9 percent ad hoc benefit increase.

All Tupelo retirees and beneficiaries received an increase of 5.0 percent in allowances effective December 1, 1991. Additional 3.0 percent ad hoc benefit increases were granted to members retired at least one full fiscal year as of September 30, 1995, as of September 30, 1997, as of September 30, 1998, and as of September 30, 2000. Furthermore, a 2.0 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 1999, and a 2.34 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 2001. Furthermore, a 2.0 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 2010.

All Gulfport retirees and beneficiaries who were receiving a retirement allowance as of June 30, 2002, were granted a monthly ad hoc benefit increase of $2.00 per month for each year of service plus $2.00 per month for each full fiscal year retired.

Contributions

Funding policies established by Mississippi statutes provide the rates of employer contributions for MRS. The adequacy of these rates are checked annually by actuarial valuation. The following table provides a comparison of employer required contributions to actual contributions received for MRS:

Fiscal Year 10/1-9/30	Valuation Date 9-30	Annual Required Contribution (a)	Actual Contribution (b)	Difference (a-b)	Percentage Contributed
1996-97	1996	$20,674	$71,350	$50,676	345.1%
1997-98	1997	14,727	14,200	(527)	96.4
1998-99	1998	13,803	13,770	(33)	99.8
1999-00	1999	12,364	14,162	1,798	114.5
2000-01	2000	11,276	14,201	2,925	125.9
2001-02	2001	10,823	14,338	3,515	132.5
2002-03	2002	11,989	13,979	1,990	116.6
2003-04	2003	13,286	13,890	604	104.5
2004-05	2004	14,091	14,173	82	100.6
2005-06	2005	15,397	15,635	238	101.5
2006-07	2006	15,426	14,976	(450)	97.1
2007-08	2007	15,219	16,132	913	106.0
2008-09	2008	14,765	16,892	2,127	114.4
2009-10	2009	17,739	21,426	3,687	120.8

Supplemental Legislative Retirement Plan of Mississippi
Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS – SLRP

The following summary presents the main benefit and contribution provisions of SLRP (the Plan) in effect June 30, 2011, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. "Eligibility service" means service while a contributing member of PERS plus additional service as described below. (OLD: "Eligibility service" is all service in PERS, including that credited for SLRP service.) "Credited service" means service while a contributing member of SLRP plus additional service as described below. (OLD: "Creditable service" includes only SLRP service.) "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to July 1, 1989, including active duty military service.

The maximum covered earnings for employers and employees over the years are as follows:

Employer and Member Rates of Contribution and Maximum Covered Earnings

Date From	Date To	Employer Rate	Maximum Covered Earnings	Member Rate	Maximum Covered Earnings
7/1/1989	6/30/1992	6.33%	$ 75,600	3.0%	$ 75,600
7/1/1992	6/30/2002	6.33	125,000	3.0	125,000
7/1/2002	6/30/2006	6.33	150,000	3.0	150,000
7/1/2006	6/30/2008	6.65	150,000	3.0	150,000
7/1/2008	6/30/2009	6.65	230,000	3.0	230,000
7/1/2009	12/31/2011	6.65	245,000	3.0	245,000
1/1/2012	–	7.40	245,000	3.0	245,000

BENEFITS

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service under PERS. A retirement allowance may also be paid upon the completion of at least 25 years of creditable service under PERS for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

(b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of membership service under PERS is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 60.

**Four years for those who entered PERS before July 1, 2007.*

Amount of Allowance

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity, which is the actuarial equivalent of the member's accumulated

contributions at the time of his retirement, plus
2. An employer's annuity, which, together with the member's annuity, is equal to 1.0 percent of his or her average compensation for each of the first 25 years of creditable service plus 1.25 percent for each year of creditable service over 25 years.

The minimum allowance is $60 per year of creditable service.

Disability Retirement

<u>Condition for Retirement</u>

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of membership service under PERS.

**Four years for those who entered PERS before July 1, 2007.*

<u>Amount of Allowance</u>

For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance, if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus
2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 20.0 percent of average compensation plus 5.0 percent for each dependent child up to a maximum of two, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	To age 65
61	To age 66
62	To age 66
63	To age 67
64	To age 67
65	To age 68
66	To age 68
67	To age 69
68	To age 70
69 and later	One year

The minimum allowance is $60 per year of service credit.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 20.0 percent of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $60 per year of service credit.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting an eligibility determination for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

<u>Condition for Retirement</u>

A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.

Amount of Allowance
The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 25.0 percent of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit
A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.

Amount of Allowance
The annual retirement allowance is equal to 25.0 percent of average compensation payable to the spouse and 12.5 percent of average compensation payable to one dependent child or 25.0 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

Ordinary Death Benefit

Condition for Benefit
Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his or her spouse, if said spouse has been married to the member for not less than one year.

**Four years for those who entered the System before July 1, 2007.*

Amount of Allowance
The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of (a) the allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced benefits, or (b) a lifetime benefit equal to 20.0 percent of the deceased member's average compensation, but not less than $25 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 5.0 percent of average compensation or $25 per month for each dependent child up to three.

Return of Contributions

Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his or her contributions, together with the full accumulated regular interest thereon, are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Interest is currently credited to the member's account at 3.5 percent per annum.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his or her death the excess of his or her total contributions at the time of retirement over the total retirement annuity paid to him or her will be paid to his or her designated beneficiary.

Optional Benefit

Upon retirement, a member may elect to receive his or her allowance in one of the following forms, which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he or she receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the member divorces the designated beneficiary.

A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married at retirement.

A member who has at least 28 years of creditable service** under PERS can select a partial lump sum option at retirement. Under this option, the retiree has the option of taking a partial lump sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump sum option may also select any of the regular options except Option 1, the prorated single life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

***Or at least age 63 with four years of membership service for those who entered PERS before July 1, 2007.*

Post-Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3.0 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Contributions

Members currently contribute 3.0 percent of covered earnings. The employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Changes in Plan Provisions

The Mississippi Legislature ended its 2011 legislative session with various changes to the Mississippi Code of 1972 plan provisions of the Public Employees' Retirement System of Mississippi. Legislation is effective July 1, 2011, except where otherwise provided.

HOUSE BILL 957 – REGULAR SESSION

Public Employees' Retirement System (PERS)

- **Required Separation Period** – Amends §25-11-127 to provide that a retiree must be retired for not less than 90 consecutive days from the effective date of retirement, or such later date as established by the PERS Board of Trustees, before being eligible for reemployment on a limited basis. This replaces the 45-day separation period with a 90-day separation period for those who retire effective on or after July 1, 2011.
- **Required Employer Contributions** – Amends §25-11-127 to provide that the employer of any retired member who is working after retirement will pay the full amount of the employer's contributions on the amount of compensation received by the retiree for post-retirement employment.

HOUSE BILL 859 – REGULAR SESSION

PERS and Supplemental Legislative Retirement Plan (SLRP)

- **Pop-Up and Pop-Down Provisions** – Amends §25-11-115 (3) and (4) to add Option 4.
- **Calculation of Optional Benefits** – Amends §25-11-115 to provide that, for members who retire effective on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent recalculation of benefit shall be the factor for the age of the retiree and beneficiary at the time of retirement or at the time of election for recalculation of benefits.

Mississippi Highway Safety Patrol Retirement System (MHSPRS)

- **New Optional Benefit** – Amends §25-13-16 to add Option 4, the 75.0 percent joint and survivor annuity, and makes it available to members who retire on or after July 1, 2011.
- **Pop-Up and Pop-Down Provisions** – Amends §25-13-16 (3) and (4) to add Option 4.

HOUSE BILL 861 – REGULAR SESSION

PERS

- **Alternative Investment Managers Must Act as Fiduciaries** – Amends §25-11-121 to provide that, with respect to certain investments made by PERS that are in the form of a separate managed account or a limited partnership or commingled fund, any person or entity who exercises any discretionary authority or discretionary control respecting management of the separate account, limited partnership or commingled fund, or who exercises any authority or control respecting management or disposition of the assets of the separate account, limited partnership or commingled fund, shall exercise such authority or control as a fiduciary.

HOUSE BILL 1209 – REGULAR SESSION

MHSPRS

- **Mandatory Retirement Age** – Amends §25-13-11 to increase the mandatory retirement age for members of MHSPRS from age 60 to age 63.

SENATE BILL 2437 – REGULAR SESSION

PERS

- **Collection of Contributions from Chancery and Circuit Clerks** – Codifies §25-11-106.1 to provide that the county is responsible for the employer contributions to PERS on net income attributable to direct treasury or county payroll income to the chancery or circuit clerk from the county and the chancery or circuit clerk is responsible for the employee contributions to PERS on net income attributable to direct treasury or county payroll income and both the employer and employee share of contributions on the proportionate share of net income attributable to fees;

  To authorize the county board of supervisors to elect to be responsible for the employer share of contributions to PERS on the proportionate share of net income of chancery and circuit clerks attributable to fees for contributions required for calendar years beginning on or after January 1, 2011;

To provide that if the county board of supervisors elects to be responsible for the employer share of contributions to PERS on the proportionate share of net income of chancery and circuit clerks attributable to fees, the election shall be irrevocable until the board of supervisors takes office for the next succeeding term of office at which time the board may elect whether to continue such election;

To provide that notice of such election by the board of supervisors shall be filed with the executive director of PERS within five days after the election is made;

To provide that if the chancery or circuit clerk fails to make full payment of contributions as required in calendar year 2010 or any calendar year thereafter, PERS shall certify the delinquency to the county and the county shall withhold any and all payments and fees due to the chancery or circuit clerk until such time as the amount of delinquent contributions, including accrued interest, are withheld and pay the amount so withheld to PERS; and

To provide that any current or former chancery or circuit clerk for whom appropriate member and employer contributions and interest on all fees and county income from covered service before January 1, 2010, have not been made, shall (a) pay to PERS the required contributions and interest not later than December 31, 2011, or irrevocably forfeit service credit for any period for which contributions are delinquent; or (b) elect, before December 31, 2011, not to pay delinquent employee and employer contributions and applicable interest for service as a chancery or circuit clerk before January 1, 2010, and irrevocably forfeit service credit for any period for which contributions are delinquent.

- **Allowable Expenses of Chancery and Circuit Clerks** – Amends §9-1-43 to provide that employer contributions made to PERS under §25-11-106.1 may be deducted in determining the maximum amount of fees as compensation the chancery or circuit clerk may receive for their services.

SENATE BILL 3078 – REGULAR SESSION

PERS and SLRP

- **Retirement Eligibility** – Establishes 30 years as the number of years of creditable service required for retirement regardless of age for persons who become members of the System on or after July 1, 2011.
- **Partial Lump-Sum Option Eligibility** – Establishes 33 years as the number of years of creditable service required to select a partial lump sum option for persons who become members of the System on or after July 1, 2011.

SENATE BILL 2439 – REGULAR SESSION

PERS

- **Retirement Formula** – Establishes the retirement formula for persons who become members of the System on or after July 1, 2011, as 2.0 percent of average compensation for each of the first 30 years of creditable service and 2.5 percent of average compensation for each year beyond 30 years, with no minimum monthly benefit. Provides for 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 age 65, whichever is less, for persons who become members of the System on or after July 1, 2011.
- **Cost-of-Living Adjustment (COLA)** – Establishes the COLA for persons who become members of the System on or after July 1, 2011, as 3.0 percent of the annual retirement allowance for each full fiscal year in retirement up to the fiscal year in which the retired member reaches age 60, plus 3.0 percent compounded for each full fiscal year thereafter.
- **Spouse Survivor Retirement Benefits** – Amends §25-11-114 to replace the 3.0 percent reduction in spouse survivor retirement benefits with an actuarially determined percentage or factor to allow for modification as the percentage or factor might need to change from time to time as determined by the actuary.
- **Transfer of Assets from Health Care Trust Fund to PERS** – Amends §43-13-405 to authorize the transfer of ownership of certain assets in the Health Care Trust Fund to PERS. Amends §25-11-123 to authorize PERS to accept the transfer of certain assets from the Health Care Trust Fund.

Solvency Tests

(In Thousands)

Valuation Date	(1) Accumulated Member Contributions Including Allocated Investment Earnings	(2) Retirees and Beneficiaries Currently Receiving Benefits	(3) Active and Inactive Members Employer-Financed Portion
	Actuarial Accrued Liabilities for		
Public Employees' Retirement System			
6/30/02	$3,221,756	$ 8,913,895	$ 8,044,696
6/30/03	3,400,765	9,758,473	8,326,600
6/30/04	3,571,428	10,657,920	8,617,912
6/30/05	3,819,498	11,260,642	8,646,958
6/30/06	3,955,066	12,228,330	8,745,068
6/30/07	3,788,781	13,342,531	9,731,324
6/30/08	3,991,804	14,306,528	10,236,362
6/30/09	4,235,466	15,665,712	10,693,368
6/30/10	4,266,621	16,763,455	10,369,912
6/30/11	4,356,556	18,001,718	10,296,191
Mississippi Highway Safety Patrol Retirement System			
6/30/02	$ 16,226	$ 186,501	$ 82,821
6/30/03	17,604	192,662	91,868
6/30/04	18,352	201,573	96,645
6/30/05	18,972	214,844	101,301
6/30/06	19,906	222,281	108,451
6/30/07	20,870	231,771	118,592
6/30/08	21,371	242,265	117,942
6/30/09	20,136	273,774	100,720
6/30/10	20,658	284,106	106,513
6/30/11	20,621	292,234	101,577

(continued)

Net Assets Available for Benefits	Portions of Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)
$16,823,185	100%	100.0%	58.3%
16,979,457	100	100.0	45.9
17,103,285	100	100.0	33.3
17,180,705	100	100.0	24.3
18,321,063	100	100.0	24.4
19,791,564	100	100.0	27.3
20,814,720	100	100.0	24.6
20,597,581	100	100.0	6.5
20,143,426	100	94.7	–
20,315,165	100	88.7	–
$ 263,255	100%	100.0%	73.1%
259,746	100	100.0	53.9
256,481	100	100.0	37.8
253,477	100	100.0	19.4
265,637	100	100.0	21.6
284,626	100	100.0	27.0
298,630	100	100.0	29.7
292,322	100	99.4	–
281,088	100	91.7	–
278,265	100	88.2	–

Solvency Tests *(continued)*

(In Thousands)

Valuation Date	Actuarial Accrued Liabilities for (1) Accumulated Member Contributions Including Allocated Investment Earnings	(2) Retirees and Beneficiaries Currently Receiving Benefits	(3) Active and Inactive Members Employer-Financed Portion
Municipal Retirement Systems*			
9/30/01	$ 9,271	$ 329,000	$ 43,511
9/30/02	7,806	349,140	36,064
9/30/03	6,266	365,063	28,293
9/30/04	5,190	365,243	22,628
9/30/05	4,138	367,345	15,903
9/30/06	3,353	368,128	11,874
9/30/07	3,015	366,139	10,430
9/30/08	2,688	356,413	9,030
9/30/09	2,522	369,470	9,044
9/30/10	2,295	362,444	8,158
Supplemental Legislative Retirement Plan			
6/30/02	$ 1,876	$ 4,576	$ 4,876
6/30/03	2,121	4,567	5,532
6/30/04	2,030	6,395	4,509
6/30/05	2,076	6,813	4,513
6/30/06	2,061	7,230	4,773
6/30/07	2,301	7,378	5,375
6/30/08	2,102	8,295	5,218
6/30/09	2,327	8,756	5,452
6/30/10	2,509	8,777	5,795
6/30/11	2,642	8,734	7,229

**Valuation information furnished in this section for the Municipal Retirement System is as of September 30.*

Net Assets Available for Benefits	Portions of Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)
$ 262,260	100%	76.9%	–%
259,587	100	72.1	–
250,640	100	66.9	–
235,198	100	63.0	–
217,140	100	58.0	–
213,553	100	57.1	–
213,432	100	57.5	–
208,479	100	57.7	–
191,179	100	51.1	–
175,988	100	47.9	–
$ 9,730	100%	100%	67.2%
10,196	100	100	63.4
10,323	100	100	42.1
10,634	100	100	38.7
11,620	100	100	48.8
12,722	100	100	56.6
13,412	100	100	57.8
13,386	100	100	42.2
13,241	100	100	33.7
13,606	100	100	30.8

Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Active Members: Number of Members	Active Members: Annual Payroll	Active Members: Annual Average Pay	Active Members: % Increase in Average Pay
Public Employees' Retirement System					
6/30/02	866	152,148	$4,220,538,845	$27,740	1.9%
6/30/03	871	154,872	4,431,599,526	28,615	3.2
6/30/04	880	156,353	4,617,272,973	29,531	3.2
6/30/05	861	157,101	4,786,280,398	30,466	3.2
6/30/06	861	158,091	4,971,973,661	31,450	3.2
6/30/07	861	162,804	5,196,294,899	31,917	1.5
6/30/08	863	165,733	5,544,704,937	33,456	4.8
6/30/09	866	167,122	5,831,863,534	34,896	4.3
6/30/10	868	164,896	5,763,556,195	34,953	0.2
6/30/11	872	161,676	5,684,624,214	35,161	0.6
Mississippi Highway Safety Patrol Retirement System					
6/30/02	1	559	$ 20,339,053	$36,385	(0.8)%
6/30/03	1	543	21,051,942	38,770	6.6
6/30/04	1	559	22,683,404	40,579	4.7
6/30/05	1	540	22,342,918	41,376	2.0
6/30/06	1	564	24,499,296	43,438	5.0
6/30/07	1	591	27,037,063	45,748	5.3
6/30/08	1	626	29,597,374	47,280	3.3
6/30/09	1	570	26,389,909	46,298	(2.1)
6/30/10	1	542	26,353,400	48,623	5.0
6/30/11	1	515	24,872,085	48,295	(0.7)
Municipal Retirement Systems					
9/30/01	17	182	$ 7,349,562	$40,382	1.9%
9/30/02	17	145	5,980,337	41,244	2.1
9/30/03	17	110	4,584,061	41,673	1.0
9/30/04	17	84	3,674,877	43,749	5.0
9/30/05	17	65	2,909,190	44,757	2.3
9/30/06	17	49	2,223,090	45,369	1.4
9/30/07	17	42	1,952,642	46,491	2.5
9/30/08	17	35	1,712,743	48,936	5.3
9/30/09	17	31	1,608,396	51,884	6.0
9/30/10	17	27	1,424,636	52,764	1.7

(continued)

Schedule of Active Member Valuation Data *(continued)*

Valuation Date	Number of Employers	Active Members: Number of Members	Active Members: Annual Payroll	Active Members: Annual Average Pay	Active Members: % Increase in Average Pay
Supplemental Legislative Retirement Plan					
6/30/02	5	175	$5,988,135	$34,218	0.8%
6/30/03	5	175	6,288,514	35,934	5.0
6/30/04	5	175	5,794,099	33,109	(7.9)
6/30/05	5	175	6,530,045	37,315	12.7
6/30/06	5	173	6,353,542	36,726	(1.6)
6/30/07	5	175	6,554,229	37,453	2.0
6/30/08	5	175	6,752,960	38,588	3.0
6/30/09	5	174	6,803,339	39,100	1.3
6/30/10	5	175	6,605,037	37,743	(3.6)
6/30/11	5	174	6,809,770	39,137	3.7

Schedule of Retirants Added to and Removed from Rolls
Last Six Fiscal Years

		Added		Removed	
Fiscal Year Ended*	Plan	Number	Annual Allowances	Number	Annual Allowances
June 30, 2006	PERS	5,360	$93,495,367	(2,542)	$(26,749,850)
	MHSPRS	32	849,210	(28)	(650,466)
	MRS **	67	1,131,297	(84)	(834,404)
	SLRP	12	57,341	(4)	(26,559)
June 30, 2007	PERS	6,218	97,985,045	(2,219)	(31,700,099)
	MHSPRS	29	826,877	(16)	(390,154)
	MRS	46	806,363	(71)	(684,252)
	SLRP	6	17,973	(2)	(6,908)
June 30, 2008	PERS	5,335	93,694,780	(2,551)	(35,621,113)
	MHSPRS	42	1,341,416	(29)	(739,677)
	MRS	42	744,852	(75)	(998,616)
	SLRP	20	107,569	(8)	(29,585)
June 30, 2009	PERS	4,965	87,403,913	(2,362)	(33,633,667)
	MHSPRS	62	2,263,514	(21)	(556,046)
	MRS	39	538,293	(83)	(894,867)
	SLRP	7	33,316	(4)	(26,188)
June 30, 2010	PERS	5,747	103,950,841	(2,722)	(40,358,965)
	MHSPRS	22	806,092	(18)	(450,658)
	MRS	37	549,390	(70)	(873,282)
	SLRP	6	36,400	(5)	(46,742)
June 30, 2011	PERS	6,566	127,035,815	(2,619)	(39,518,227)
	MHSPRS	32	1,089,231	(24)	(609,133)
	MRS	44	676,051	(78)	(1,000,144)
	SLRP	7	30,133	(2)	(22,703)

**Information for MRS is as of September 30.*

***Beginning at the end of year in 2005, the benefit payments include COLAs. However, all amounts prior to 2005 were reported by the prior actuarial firm and did not include COLA amounts. Therefore, the amount for benefit increases due to COLA in 2005 incorporates all prior year's COLAs since they cannot be broken out by prior years.*

Increase Due to Annual COLA	Increase Due to Plan Amendments	Rolls at End of Year Number	Rolls at End of Year Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowances
$28,442,523	$ –	66,757	$1,117,210,600	9.31%	$16,735
433,239	–	625	17,821,809	3.68	28,515
2,053,694	74,913	2,225	34,607,895	7.54	15,554
15,870	–	122	629,217	8.01	5,158
30,889,317	–	70,756	1,214,384,863	8.70	17,163
464,023	–	638	18,722,555	5.05	29,346
458,053	–	2,200	35,188,059	1.68	15,995
17,537	–	126	657,819	4.55	5,221
33,449,790	–	73,540	1,305,908,320	7.54	17,758
474,361	–	651	19,798,655	5.75	30,413
429,844	191,067	2,167	35,555,206	1.04	16,408
19,012	–	138	754,815	14.75	5,470
36,261,313	–	76,143	1,395,939,879	6.89	18,333
487,986	–	692	21,994,109	11.09	31,783
257,171	–	2,123	35,455,803	(0.28)	16,701
19,288	–	141	781,231	3.50	5,541
39,131,221	–	79,168	1,498,662,976	7.36	18,930
550,146	–	696	22,899,689	4.12	32,902
324,773	–	2,090	35,456,684	0.00	16,965
21,781	–	142	792,670	1.46	5,582
41,632,866	–	83,115	1,627,813,430	8.62	19,585
595,921	–	704	23,975,708	4.70	34,056
285,981	–	2,056	35,418,572	(0.11)	17,227
23,836	–	147	823,936	3.94	5,605

Analysis of Financial Experience
Gains & Losses in Accrued Liabilities
Resulting from Differences Between Assumed Experience and Actual Experience
For the Year Ended June 30, 2011

(In Thousands)

	$ Gain (or Loss) for Year			
	PERS	**MHSPRS**	**MRS***	**SLRP**
TYPE OF ACTIVITY:				
Age and Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	$(238,600.0)	$ 661.1	$117.4	$ 21.4
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	(28,800.0)	(180.7)	–	10.8
Death-in-Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	500.0	18.3	14.0	(9.2)
Withdrawal from Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	9,200.0	1,194.0	–	59.7
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	459,200.0	4,389.2	397.6	21.1
New Members. Additional unfunded accrued liability will produce a loss.	(53,000.0)	–	–	(19.8)

(continued)

Analysis of Financial Experience *(continued)*
Gains & Losses in Accrued Liabilities
Resulting from Differences Between Assumed Experience and Actual Experience
For the Year Ended June 30, 2011
(In Thousands)

	$ Gain (or Loss) for Year			
	PERS	MHSPRS	MRS*	SLRP
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	$(851,500.0)	$(12,582.5)	$(15,274.1)	$ (523.0)
Death after Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	(49,200.0)	(861.5)	1,451.3	(106.4)
Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	(322,400.0)	4,188.1	145.0	(490.2)
Gain (or Loss) During Year from Financial Experience.	(1,074,600.0)	(3,174.0)	(13,148.8)	(1,035.6)
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	255,600.0	252.6	(278.7)	(4.2)
Composite Gain (or Loss) During Year	$(819,000.0)	$ (2,921.4)	$(13,427.5)	$(1,039.8)

**Valuation information furnished for MRS is as of September 30, 2010.*

fact four

Each dollar "invested" in these plans by Mississippians has supported more than $5 in total economic activity in the state.

Source: National Institute on Retirement Security, 2009 Pensionomics: Measuring the Economic Impact of State and Local Pension Plans statistical

Statistical Report

The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using the information in the financial statements, notes to financial statements, and required supplementary information in order to understand and assess the System's economic condition.

FINANCIAL TRENDS

The schedule of Changes in Net Assets presented on pages 132 through135 contain historical information related to the System's revenues, expenses, changes in net assets, and net assets available for benefits, as well as a history of employer and member contribution rates over a 10-year period. To address the funding position and to ensure the actuarial soundness of the System, the Board of Trustees adopted an employer contribution rate increase from 12.0 percent to 12.93 percent for PERS, from 30.3 percent to 35.21 percent for MHSPRS and from 6.65 percent to 7.4 percent for SLRP. Increases were to be implemented on July 1, 2011. However, increases were postponed until January 1, 2012, in response to the Legislative leadership requesting a delay due to the current state of the economy. Of note, the PERS member contribution rate was increased by the Mississippi Legislature from 7.25 percent to 9.0 percent effective July 1, 2010. A detailed discussion of changes in employer contribution rates and funding can be found on page 26 of Management's Discussion and Analysis and on pages 60 and 61, Notes 1 and 2 to the Required Supplementary Information.

Changes were enacted in the PERS retirement benefit structure, applicable to those hired on or after July 1, 2011, to better position the System for long-term sustainability. Modifications include retirement eligibility from 25 years of service at any age to 30 years of service at any age, as well as partial lump-sum option eligibility from 28 years of service at any age to 33 years of service at any age. Additional changes were adopted for new hires affecting the retirement formula, cost-of-living adjustment (COLA) calculation and spouse survivor retirement benefits. A more detailed description of plan changes can be found in Changes in Plan Provisions on pages 118 and 119.

DEMOGRAPHIC AND ECONOMIC INFORMATION

The schedule of Total Active Members by Attained Age and Years of Service, shown on pages 147 through 150, provides relevant details about the composition of the System's membership, including concentration of members within various age groups and selected group averages for each pension plan. Pages 152 and 153 contain comparative information regarding the 10 largest participating employers of the multiple-employer plans, which are the Public Employees' Retirement System and Municipal Retirement Systems. The schedule of Benefit Payments by County on pages 151 and 152 offer information on the amount of economic contribution attributed to benefit payments by county within the state of Mississippi.

OPERATING INFORMATION

Pages 136 through 138 illustrate the number of participants and total benefit payments by type for each retirement plan administered by the System. Additional details regarding monthly benefit distribution by option can be found on pages 142 through 145. The schedule of Average Benefit Payments presents average monthly benefits, average final salary, and the number of active retirees by years of credited service by plan on pages 139 through 141. Comparative supplemental information on employer and member groups covered by the Public Employees' Retirement System plan is offered on page 146, with details of participating employers covered by separate agreements on pages 154 through 158.

Statistical data is provided from the System's internal resources. The System had no outstanding debt as of June 30, 2011.

Change in Net Assets

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Beginning Net Assets	Member Contributions Amount	Member Contributions Percent*	Employer Contributions Amount	Employer Contributions Percent*	Net Investment Income (Loss)	Other Revenues & Transfers
Public Employees' Retirement System of Mississippi							
2002	$14,946,198	$317,563	7.25%	$428,122	9.75%	$ (973,690)	$ 598
2003	13,800,716	333,297	7.25	448,263	9.75	452,183	607
2004	14,012,183	358,241	7.25	459,567	9.75	2,003,253	596
2005	15,723,660	365,355	7.25	492,434	9.75	1,507,079	530
2006	16,890,535	375,612	7.25	557,831	10.75	1,777,853	580
2007	18,321,063	392,268	7.25	610,888	11.30	3,402,562	604
2008	21,353,016	417,119	7.25	683,189	11.85	(1,725,434)	637
2009	19,251,069	434,081	7.25	713,569	11.85	(3,717,016)	657
2010	15,134,487	439,397	7.25	731,544	12.00	2,148,749	610
2011	16,788,214	533,369	9.00	723,836	12.00	4,167,042	639
Mississippi Highway Safety Patrol Retirement System							
2002	$ 240,026	$ 1,418	6.50%	$ 5,710	26.16%	$ (15,340)	$ –
2003	215,076	1,398	6.50	5,627	26.16	6,934	–
2004	212,657	1,508	6.50	6,528	28.16	30,464	–
2005	234,345	1,462	6.50	6,335	28.16	21,897	2,388
2006	248,209	1,589	6.50	6,884	28.16	25,934	2,628
2007	265,637	1,778	6.50	8,275	30.30	49,104	2,341
2008	307,152	1,985	6.50	9,253	30.30	(24,886)	3,156
2009	276,154	2,166	7.25	9,066	30.30	(52,869)	3,208
2010	214,374	2,043	7.25	8,613	30.30	29,942	3,985
2011	232,873	1,948	7.25	8,067	30.30	57,090	3,427
Municipal Retirement Systems**							
2002	$ 253,376	$ 678	**	$ 14,174	**	$ (15,741)	$ –
2003	221,116	563	**	14,310	**	6,847	7
2004	210,436	437	**	14,013	**	28,495	–
2005	219,650	378	**	14,371	**	19,337	–
2006	219,034	263	**	15,613	**	21,563	–
2007	220,877	203	**	15,050	**	38,269	–
2008	238,434	176	**	15,900	**	(18,046)	–
2009	200,155	154	**	17,415	**	(35,930)	–
2010	145,467	145	**	21,420	**	19,369	–
2011	150,203	126	**	22,860	**	35,363	–

(continued)

Total Additions (Deletions)	Retirement Annuities	Refunds	Expenses and Depreciation	Transfers	Total Deductions	Net Change in Assets	Ending Net Assets
$ (227,407)	$ 847,655	$62,126	$ 8,294	$ –	$ 918,075	$(1,145,482)	$13,800,716
1,234,350	951,158	61,923	9,802	–	1,022,883	211,467	14,012,183
2,821,657	1,033,205	67,245	9,730	–	1,110,180	1,711,477	15,723,660
2,365,398	1,116,405	71,064	11,054	–	1,198,523	1,166,875	16,890,535
2,711,876	1,198,230	73,344	9,774	–	1,281,348	1,430,528	18,321,063
4,406,322	1,291,456	72,572	10,341	–	1,374,369	3,031,953	21,353,016
(624,489)	1,393,175	72,750	11,533	–	1,477,458	(2,101,947)	19,251,069
(2,568,709)	1,465,500	70,050	12,323	–	1,547,873	(4,116,582)	15,134,487
3,320,300	1,580,808	73,580	12,185	–	1,666,573	1,653,727	16,788,214
5,424,886	1,734,475	88,343	13,046	–	1,835,864	3,589,022	20,377,236
$ (8,212)	$ 16,558	$ 66	$ –	$114	$ 16,738	$ (24,950)	$ 215,076
13,959	16,164	101	–	113	16,378	(2,419)	212,657
38,500	16,605	76	–	131	16,812	21,688	234,345
32,082	18,005	86	–	127	18,218	13,864	248,209
37,035	19,359	110	–	138	19,607	17,428	265,637
61,498	19,774	44	–	165	19,983	41,515	307,152
(10,492)	20,295	26	–	185	20,506	(30,998)	276,154
(38,429)	23,098	72	–	181	23,351	(61,780)	214,374
44,583	25,847	65	–	172	26,084	18,499	232,873
70,532	25,620	60	–	162	25,842	44,690	277,563
$ (889)	$ 30,964	$ –	$ –	$407	$ 31,371	$ (32,260)	$ 221,116
21,727	31,979	39	–	389	32,407	(10,680)	210,436
42,945	33,342	–	–	389	33,731	9,214	219,650
34,086	34,296	11	–	395	34,702	(616)	219,034
37,439	35,165	1	–	430	35,596	1,843	220,877
53,522	35,544	1	–	420	35,965	17,557	238,434
(1,970)	35,870	–	–	439	36,309	(38,279)	200,155
(18,361)	35,848	12	–	467	36,327	(54,688)	145,467
40,934	35,766	3	–	429	36,198	4,736	150,203
58,349	35,609	35	–	457	36,101	22,248	172,451

Change in Net Assets *(continued)*

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Beginning Net Assets	Member Contributions Amount	Member Contributions Percent*	Employer Contributions Amount	Employer Contributions Percent*	Net Investment Income (Loss)	Other Revenues & Transfers
Supplemental Legislative Retirement Plan							
2002	$ 8,407	$180	3.00%	$380	6.33%	$ (570)	–
2003	8,002	198	3.00	417	6.33	277	–
2004	8,498	176	3.00	372	6.33	1,246	–
2005	9,581	197	3.00	417	6.33	932	–
2006	10,518	195	3.00	411	6.33	1,137	–
2007	11,620	195	3.00	432	6.65	2,209	–
2008	13,748	203	3.00	449	6.65	(1,120)	–
2009	12,412	207	3.00	458	6.65	(2,437)	–
2010	9,832	202	3.00	446	6.65	1,432	–
2011	11,079	206	3.00	457	6.65	2,832	–

**Percentage of annual covered payroll.*

***Employee and employer rates vary among the 19 systems that comprise the Municipal Retirement Systems.*

Total Additions (Deletions)	Retirement Annuities	Refunds	Expenses and Depreciation	Transfers	Total Deductions	Net Change in Assets	Ending Net Assets
$ (10)	$386	$ 1	$ –	$8	$395	$ (405)	$ 8,002
892	388	–	–	8	396	496	8,498
1,794	696	8	–	7	711	1,083	9,581
1,546	599	2	–	8	609	937	10,518
1,743	632	1	–	8	641	1,102	11,620
2,836	699	–	–	9	708	2,128	13,748
(468)	845	14	–	9	868	(1,336)	12,412
(1,772)	790	9	–	9	808	(2,580)	9,832
2,080	804	20	–	9	833	1,247	11,079
3,495	828	–	–	9	837	2,658	13,737

Benefit and Refund Payments by Type
Last Ten Fiscal Years

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
Public Employees' Retirement System of Mississippi					
2002	45,585	3,737	7,383	56,705	16,753
2003	47,798	3,966	7,683	59,447	24,882
2004	50,196	4,232	7,979	62,407	16,133
2005	52,370	4,468	7,101	63,939	22,102
2006	54,736	4,659	7,362	66,757	19,202
2007	57,019	4,903	8,834	70,756	18,207
2008	59,406	5,075	9,059	73,540	16,105
2009	61,466	5,257	9,420	76,143	15,654
2010	64,049	5,399	9,720	79,168	14,433
2011	67,486	5,676	9,953	83,115	16,595
Mississippi Highway Safety Patrol Retirement System					
2002	414	19	162	595	9
2003	410	19	170	599	9
2004	414	21	170	605	6
2005	421	21	179	621	11
2006	425	20	180	625	11
2007	435	19	184	638	5
2008	443	18	190	651	4
2009	480	16	196	692	14
2010	489	18	189	696	5
2011	500	18	186	704	14
Municipal Retirement Systems*					
2001	1,573	135	550	2,258	–
2002	1,572	130	544	2,246	3
2003	1,569	128	549	2,246	–
2004	1,569	121	552	2,242	4
2005	1,548	112	565	2,225	1
2006	1,532	109	559	2,200	1
2007	1,507	104	556	2,167	1
2008	1,470	96	557	2,123	12
2009	1,431	93	566	2,090	3
2010	1,388	84	584	2,056	9

**Information furnished for MRS is as of September 30.*

(continued)

Total Payments by Type of Benefit**

(In Thousands)

Year	Service	Disability	Survivor	Total	Refunds
2002	$ 774,213	$ 51,355	$22,087	$ 847,655	$62,126
2003	869,204	58,055	23,899	951,158	61,923
2004	944,037	63,701	25,467	1,033,205	67,245
2005	1,019,133	70,076	27,196	1,116,405	71,064
2006	1,093,235	76,167	28,828	1,198,230	73,344
2007	1,178,654	82,168	30,634	1,291,456	72,572
2008	1,272,211	88,937	32,027	1,393,175	72,750
2009	1,339,209	92,925	33,366	1,465,500	70,050
2010	1,444,987	99,920	35,901	1,580,808	73,580
2011	1,588,369	107,657	38,449	1,734,475	88,343
2002	$14,677	$ 362	$1,519	$16,558	$ 66
2003	14,356	362	1,446	16,164	101
2004	14,770	401	1,434	16,605	76
2005	16,064	455	1,486	18,005	86
2006	17,380	477	1,502	19,359	110
2007	17,870	471	1,433	19,774	44
2008	18,453	448	1,394	20,295	26
2009	21,194	478	1,426	23,098	72
2010	24,029	472	1,346	25,847	65
2011	23,953	507	1,160	25,620	60
2001	$23,707	$1,058	$4,554	$29,319	$ –
2002	24,564	1,043	4,767	30,374	39
2003	25,293	1,067	5,061	31,421	–
2004	25,873	1,045	5,264	32,182	11
2005	25,971	985	5,598	32,554	1
2006	26,353	969	5,757	33,079	1
2007	27,872	1,072	6,611	35,555	1
2008	27,720	1,011	6,725	35,456	12
2009	27,409	1,003	7,045	35,457	3
2010	27,062	927	7,430	35,419	35

***Individual municipal retirement system's COLA increases are paid if funding is available.*

Benefit and Refund Payments by Type *(continued)*
Last Ten Fiscal Years

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
Supplemental Legislative Retirement Plan					
2002	68	1	17	86	1
2003	69	1	15	85	–
2004	87	2	17	106	3
2005	94	2	18	114	2
2006	99	2	21	122	1
2007	97	2	27	126	–
2008	110	2	26	138	3
2009	113	2	26	141	1
2010	117	2	23	142	3
2011	118	2	27	147	–

Total Payments by Type of Benefit

(In Thousands)

Year	Service	Disability	Survivor	Total	Refunds
2002	$349	$ 5	$32	$386	$ 1
2003	352	5	31	388	–
2004	640	8	48	696	8
2005	550	12	37	599	2
2006	585	12	35	632	1
2007	639	12	48	699	–
2008	773	14	58	845	14
2009	739	12	39	790	9
2010	758	12	34	804	20
2011	781	12	35	828	–

Average Benefit Payments

Retirement Effective Dates: July 1, 2006, to June 30, 2011	Years Credited Service 0–4	5–9	10–14	15–19	20–24	25	26–29	30	31+
Public Employees' Retirement System of Mississippi									
2011									
Average Monthly Benefit	$ 490	445	637	975	1,347	1,792	1,996	2,176	2,911
Average Final Salary	$26,297	29,798	31,063	36,095	39,613	45,296	48,620	49,084	55,608
Number of Active Retirants	247	837	808	741	743	456	1,050	245	1,439
2010									
Average Monthly Benefit	$ 320	386	620	905	1,240	1,718	1,898	2,175	2,833
Average Final Salary	$23,675	27,192	30,890	33,781	37,426	43,924	46,537	49,426	54,049
Number of Active Retirants	220	765	773	641	627	428	867	237	1,189
2009									
Average Monthly Benefit	$ 396	374	582	875	1,314	1,673	1,865	2,116	2,822
Average Final Salary	$26,414	26,280	29,481	32,707	37,865	42,352	45,058	47,003	53,867
Number of Active Retirants	192	703	669	572	535	378	732	223	961
2008									
Average Monthly Benefit	$ 400	383	587	900	1,221	1,738	1,845	2,071	2,726
Average Final Salary	$25,527	25,618	28,649	33,139	36,537	44,534	45,142	48,053	53,245
Number of Active Retirants	201	690	703	614	586	386	855	226	1,074
2007									
Average Monthly Benefit	$ 412	370	536	818	1,114	1,671	1,761	2,127	2,616
Average Final Salary	$22,554	24,146	27,269	30,518	34,644	42,366	43,541	47,398	51,466
Number of Active Retirants	340	986	827	747	684	381	917	251	1,085

Average Benefit Payments *(continued)*

Retirement Effective Dates: July 1, 2006, to June 30, 2011	Years Credited Service								
	0–4	5–9	10–14	15–19	20–24	25	26–29	30	31+
Mississippi Highway Safety Patrol Retirement System									
2011									
Average Monthly Benefit	$ –	–	716	1,021	2,434	1,897	2,409	3,792	3,297
Average Final Salary	$ –	–	28,058	26,202	60,343	43,144	50,020	52,042	51,856
Number of Active Retirants	–	–	1	2	3	2	11	4	9
2010									
Average Monthly Benefit	$ –	–	–	1,405	–	3,155	3,025	3,461	2,974
Average Final Salary	$ –	–	–	37,963	–	59,219	47,431	30,160	41,004
Number of Active Retirants	–	–	–	4	–	2	5	2	9
2009									
Average Monthly Benefit	$ –	466	–	439	1,580	3,178	3,144	4,604	3,056
Average Final Salary	$ –	33,560	–	16,845	38,404	61,298	59,584	75,126	52,752
Number of Active Retirants	–	3	–	1	7	13	21	7	10
2008									
Average Monthly Benefit	$ –	347	1,158	408	1,778	3,442	2,411	4,365	3,035
Average Final Salary	$ –	13,031	46,554	12,949	48,156	64,165	45,198	73,562	54,588
Number of Active Retirants	–	1	1	3	9	2	9	5	12
2007									
Average Monthly Benefit	$ –	–	213	–	2,108	2,247	2,536	1,044	2,257
Average Final Salary	$ –	–	4,971	–	42,894	48,746	47,313	29,283	40,153
Number of Active Retirants	–	–	1	–	7	3	13	1	4

Average Benefit Payments *(continued)*

Retirement Effective Dates: July 1, 2006, to June 30, 2011	Years Credited Service								
	0–4	5–9	10–15	16–20	21–24	25	26–29	30	31+
Supplemental Legislative Retirement System									
2011									
Average Monthly Benefit	$ 104	261	109	–	305	–	–	–	369
Average Final Salary	$33,200	34,762	19,188	–	36,782	–	–	–	27,287
Number of Active Retirants	1	1	1	–	2	–	–	–	2
2010									
Average Monthly Benefit	$ –	130	517	–	759	–	–	–	1,295
Average Final Salary	$ –	29,883	48,827	–	45,504	–	–	–	36,181
Number of Active Retirants	–	3	1	–	1	–	–	–	1
2009									
Average Monthly Benefit	$ –	195	–	–	547	–	833	411	339
Average Final Salary	$ –	29,237	–	–	37,853	–	39,683	41,404	34,997
Number of Active Retirants	–	3	–	–	1	–	1	1	1
2008									
Average Monthly Benefit	$ 117	226	354	447	513	–	655	–	923
Average Final Salary	$32,859	34,939	36,172	40,512	32,189	–	32,548	–	44,456
Number of Active Retirants	2	2	4	7	1	–	3	–	1
2007									
Average Monthly Benefit	$ –	189	256	265	–	–	–	–	–
Average Final Salary	$ –	27,519	34,759	22,042	–	–	–	–	–
Number of Active Retirants	–	3	2	1	–	–	–	–	–

Retired Members by Type of Benefits
June 30, 2011

Amount of Monthly Benefit*	Option Selected**				
	Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4
Public Employees' Retirement System of Mississippi					
$ 1 - 100	1,731	84	332	11	–
101 - 200	4,048	241	686	26	1
201 - 300	4,105	217	591	14	4
301 - 400	3,595	225	579	21	1
401 - 500	3,243	188	551	14	1
501 - 600	2,698	149	506	14	–
601 - 700	2,443	152	439	14	1
701 - 800	2,330	180	418	11	3
801 - 900	2,137	163	450	9	4
901 - 1,000	2,043	130	451	18	4
over 1,000	25,913	1,629	7,369	207	61
Totals	54,286	3,358	12,372	359	80
Mississippi Highway Safety Patrol Retirement System					
$ 1 - 100	1	–	–	–	–
101 - 200	4	–	–	–	–
201 - 300	8	–	–	–	–
301 - 400	27	–	1	–	–
401 - 500	13	–	–	–	–
501 - 600	15	–	–	–	–
601 - 700	15	–	–	–	–
701 - 800	16	–	1	–	–
801 - 900	21	–	–	–	–
901 - 1,000	20	–	–	–	–
over 1,000	53	1	48	2	–
Totals	193	1	50	2	–

(continued)

Option Selected**				PLSO	PLSO	PLSO
Opt. 4A	Opt. 4B	Opt. 4C***	Opt. 5	1 yr***	2 yr***	3 yr***
33	227	6	10	55	40	395
94	467	24	52	95	76	437
104	433	39	53	96	63	339
116	423	58	37	82	80	303
153	345	73	39	85	69	250
120	355	94	37	99	64	246
136	258	137	38	76	61	186
167	225	177	59	73	64	195
182	246	189	37	88	52	239
162	232	215	62	82	41	245
3,955	3,442	1,999	361	1,793	1,561	7,251
5,222	6,653	3,011	785	2,624	2,171	10,086
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
3	–	–	–	–	–	–
2	–	–	–	–	–	–
2	–	–	–	–	–	–
6	–	1	–	–	–	–
2	–	–	–	–	–	–
3	–	–	–	–	–	–
426	14	10	–	29	15	86
444	14	11	–	29	15	86

Retired Members by Type of Benefits *(continued)*

June 30, 2011

Amount of Monthly Benefit*	Option Selected**				
	Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4
Supplemental Legislative Retirement Plan of Mississippi					
$ 1 - 100	5	–	2	–	–
101 - 200	9	1	10	–	–
201 - 300	18	1	10	2	–
301 - 400	16	1	10	–	–
401 - 500	7	–	3	–	–
501 - 600	1	–	2	–	–
601 - 700	3	–	4	–	–
701 - 800	2	–	1	–	–
801 - 900	2	–	1	–	–
901 - 1,000	1	–	–	–	–
over 1,000	1	–	1	–	–
Totals	65	3	44	2	–

**Excluding COLA*

***Option Selected: Life – return of contributions; Opt.1 – return of member's annuity; Opt. 2 – 100.0 percent survivorship; Opt. 3 – 50.0/50.0 percent dual survivorship; Opt 4 – 75.0 percent survivorship; Opt. 4A – 50.0 percent survivorship; Opt. 4B – years certain & life; Opt. 4C – Social Security leveling; Opt. 5 – Pop-Up; PLSO – Partial Lump Sum Option*

****Included in other options*

Option Selected**				PLSO	PLSO	PLSO
Opt. 4A	Opt. 4B	Opt. 4C***	Opt. 5	1 yr***	2 yr***	3 yr***
–	3	1	–	–	–	1
–	–	–	1	–	–	2
1	3	–	1	–	–	1
2	9	–	1	1	–	6
1	1	–	–	–	2	2
–	2	–	1	1	–	–
–	2	–	–	–	–	1
–	–	–	1	–	–	1
1	2	–	–	–	–	1
–	–	–	–	–	–	1
–	1	–	–	–	–	1
5	23	1	5	2	2	17

Analysis of Employer and Member Contributions

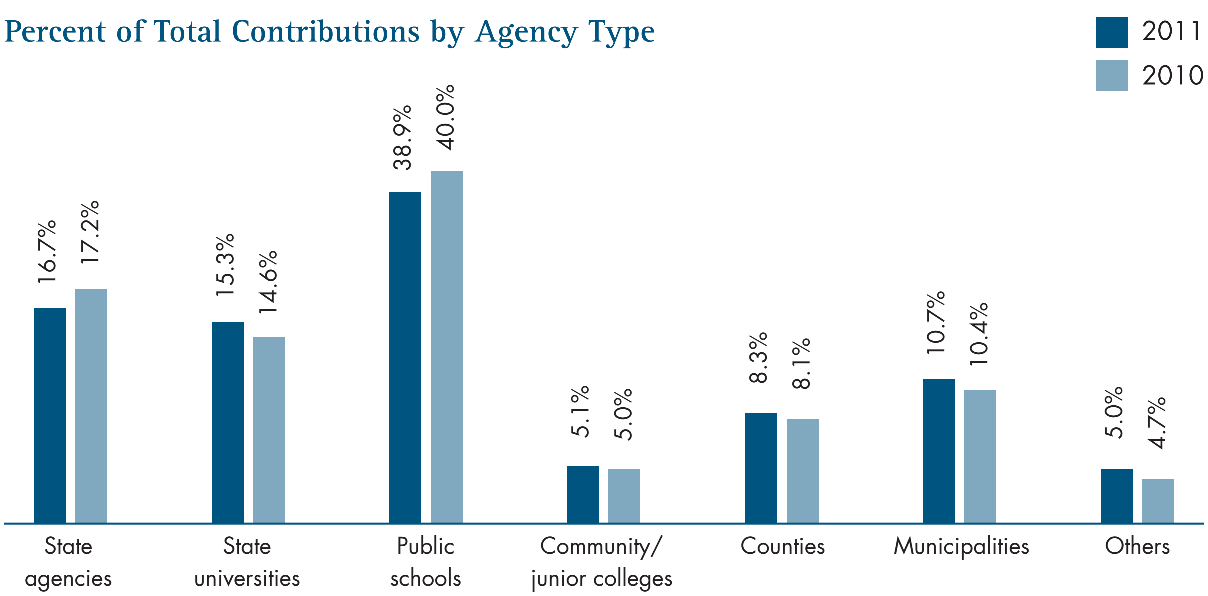
For Fiscal Years Ended June 30, 2011 and 2010

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Member			Total
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
2011						
State agencies	114	$121,094	32,574	$ 89,183	$ 210,277	16.7%
State universities	9	110,609	18,018	81,498	192,107	15.3
Public schools	150	281,501	63,538	207,460	488,961	38.9
Community/junior colleges	15	36,746	6,198	27,081	63,827	5.1
Counties	82	60,347	13,641	44,472	104,819	8.3
Municipalities	240	77,345	18,828	57,001	134,346	10.7
Others	262	36,194	8,879	26,674	62,868	5.0
Total	872	$723,836	161,676	$533,369	$1,257,205	100.0%
2010						
State agencies	113	$125,862	33,704	$ 75,599	$ 201,461	17.2%
State universities	9	106,452	17,575	63,940	170,392	14.6
Public schools	150	292,257	66,042	175,542	467,799	40.0
Community/junior colleges	15	36,581	6,343	21,972	58,553	5.0
Counties	82	59,652	14,740	35,829	95,481	8.1
Municipalities	239	76,358	18,650	45,864	122,222	10.4
Others	261	34,382	7,842	20,651	55,033	4.7
Total	869	$731,544	164,896	$439,397	$1,170,941	100.0%

Percent of Total Contributions by Agency Type



Note: Above tables exclude MHSPRS, MRS, and SLRP contributions.

Public Employees' Retirement System of Mississippi
Total Active Members by Attained Age and Years of Service
June 30, 2011

Attained Age	Active Member Years of Service 0–4	5–9	10–14	15–19	20–24	25–29	30+	Totals Number	Totals Valuation Payroll
Under 20	286	9	–	–	–	–	–	295	$ 3,285,531
20-24	6,055	103	1	–	–	–	–	6,159	136,733,740
25-29	12,436	3,526	82	1	–	–	–	16,045	470,220,574
30-34	8,566	7,662	2,385	39	–	–	–	18,652	620,515,311
35-39	7,044	5,381	5,358	1,791	47	–	–	19,621	697,172,643
40-44	6,290	4,870	4,277	4,240	1,722	57	–	21,456	771,635,330
45-49	5,422	4,544	3,921	3,350	3,539	1,508	43	22,327	807,846,115
50-54	4,665	3,953	3,803	3,209	3,253	2,414	1,001	22,298	828,332,246
55-59	3,439	3,435	3,077	2,838	2,838	1,812	1,792	19,231	745,263,351
60	551	563	513	440	436	282	300	3,085	121,178,715
61	440	517	406	381	369	243	275	2,631	102,063,446
62	339	352	347	287	283	193	191	1,992	79,914,154
63	304	333	305	275	221	155	190	1,783	71,984,765
64	245	324	267	227	195	142	165	1,565	63,803,056
65	148	186	155	116	100	69	89	863	33,532,038
66	131	143	132	89	76	42	76	689	26,283,101
67	114	124	94	74	58	35	59	558	23,661,169
68	73	103	99	62	50	29	44	460	17,448,104
69	71	84	88	47	41	26	33	390	13,262,660
70 & over	269	331	296	218	176	113	173	1,576	50,488,165
Totals	56,888	36,543	25,606	17,684	13,404	7,120	4,431	161,676	$5,684,624,214

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 44.5 years
Service: 10.2 years
Annual Pay: $35,161

Mississippi Highway Safety Patrol Retirement System
Total Active Members by Attained Age and Years of Service
June 30, 2011

Attained Age	Active Member Years of Service							Totals	
	0–4	5–9	10–14	15–19	20–24	25–29	30+	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	3	–	–	–	–	–	–	3	113,442
25-29	32	13	–	–	–	–	–	45	1,734,615
30-34	36	32	11	–	–	–	–	79	3,132,791
35-39	29	20	52	6	–	–	–	107	4,626,579
40-44	10	12	35	47	7	–	–	111	5,347,973
45-49	2	2	8	27	35	1	–	75	4,122,482
50-54	–	–	5	5	28	24	5	67	3,988,140
55-59	1	–	2	–	10	9	6	28	1,806,063
60 & Over	–	–	–	–	–	–	–	–	–
Totals	113	79	113	85	80	34	11	515	$24,872,085

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 41.4 years

Service: 13.5 years

Annual Pay: $48,295

Municipal Retirement Systems
Total Active Members by Attained Age and Years of Service
September 30, 2010

Attained Age	Years of Service to Valuation Date							Totals	
	0–4	5–9	10–14	15–19	20–24	25–29	30+	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	–	–	–	–	–	–	–	–	–
25-29	–	–	–	–	–	–	–	–	–
30-34	–	–	–	–	–	–	–	–	–
35-39	–	–	–	–	–	–	–	–	–
40-44	–	–	–	–	–	–	–	–	–
45-49	–	–	–	–	–	6	–	6	290,148
50-54	–	–	–	–	1	–	1	2	120,116
55-59	–	–	–	–	–	–	6	6	386,553
60 & Over	–	–	–	–	–	–	13	13	627,819
Totals	–	–	–	–	1	6	20	27	$1,424,636

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	58.5 years
Service:	34.9 years
Annual Pay:	$52,764

Supplemental Legislative Retirement Plan
Total Active Members by Attained Age and Years of Service
June 30, 2011

Attained Age	Active Member Years of Service							Totals	
	0–4	5–9	10–14	15–19	20–24	25–29	30+	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	–	–	–	–	–	–	–	–	–
25-29	1	–	–	–	–	–	–	1	37,839
30-34	5	4	–	–	–	–	–	9	306,176
35-39	5	3	2	1	–	–	–	11	432,415
40-44	6	1	–	1	–	–	–	8	305,246
45-49	7	6	2	4	–	–	–	19	731,943
50-54	3	3	3	6		1		16	615,929
55-59	2	7	2	9	1	3	2	26	1,088,870
60	4	1	1	1	–	–	2	9	347,254
61	1	1	2	1	–	–	1	6	234,375
62	1	1	–	1	–	–	–	3	111,950
63	2	1	1	1	1	2		8	314,986
64	2	2	1	3	–	–	1	9	355,169
65	–	–	2	3	–	–	–	5	202,110
66	–	1	–	3	–	–	1	5	198,746
67	2	–	1	–	1	–	1	5	185,873
68	–	–	–	–	–	–	1	1	100,249
69	–	3	–	3	–	–	–	6	220,682
70 & over	2	3	4	7	6	2	3	27	1,019,958
Totals	43	37	21	44	9	8	12	174	$ 6,809,770

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 57.7 years
Benefit Service: 13.1 years
Eligibility Service: 18.1 years
Annual Pay: $39,137

Total Defined Benefit Plans
Benefit Payments by County
June 30, 2011

County	Number of Payments*	Amount Paid**	County	Number of Payments*	Amount Paid**
Adams	1,064	$20,540,576	Lafayette	1,703	$44,313,987
Alcorn	956	18,279,311	Lamar	1,813	45,707,404
Amite	296	4,908,973	Lauderdale	2,276	47,083,332
Attala	721	13,495,892	Lawrence	482	8,296,812
Benton	247	4,261,970	Leake	586	10,705,101
Bolivar	1,219	27,107,065	Lee	1,926	43,715,477
Calhoun	391	7,523,951	Leflore	990	21,910,345
Carroll	393	7,619,321	Lincoln	801	16,548,726
Chickasaw	480	8,831,336	Lowndes	1,494	30,277,304
Choctaw	324	5,803,959	Madison	2,575	67,066,526
Claiborne	305	6,499,068	Marion	707	14,174,140
Clarke	518	9,020,947	Marshall	554	10,063,010
Clay	549	11,788,104	Monroe	833	17,189,136
Coahoma	898	19,838,554	Montgomery	500	9,739,896
Copiah	839	16,683,039	Neshoba	563	10,578,514
Covington	630	12,391,881	Newton	908	17,688,781
DeSoto	1,089	20,253,472	Noxubee	254	4,536,230
Forrest	1,683	34,206,648	Oktibbeha	2,295	65,608,458
Franklin	281	5,104,195	Panola	975	18,197,143
George	552	9,739,084	Pearl River	1,154	19,601,991
Greene	264	4,381,830	Perry	363	6,083,055
Grenada	629	12,328,655	Pike	1,086	23,398,688
Hancock	690	12,403,871	Pontotoc	610	12,775,561
Harrison	3,670	79,684,406	Prentiss	900	17,872,633
Hinds	8,329	194,191,287	Quitman	263	4,618,317
Holmes	589	11,503,386	Rankin	4,612	107,329,987
Humphreys	257	5,477,980	Scott	740	13,715,908
Issaquena	19	265,143	Sharkey	190	3,704,096
Itawamba	544	10,355,623	Simpson	947	17,710,294
Jackson	2,902	58,602,937	Smith	413	6,504,653
Jasper	448	7,450,006	Stone	567	11,921,778
Jefferson	335	7,517,788	Sunflower	798	16,744,029
Jefferson Davis	376	6,880,137	Tallahatchie	380	7,315,193
Jones	2,161	41,478,215	Tate	697	14,924,414
Kemper	295	5,823,746	Tippah	666	12,074,324

Total Defined Benefit Plans *(continued)*
Benefit Payments by County
June 30, 2011

County	Number of Payments*	Amount Paid**
Tishomingo	482	$ 7,993,492
Tunica	149	2,829,570
Union	722	13,632,012
Walthall	334	6,361,325
Warren	1,194	27,613,045
Washington	1,407	29,114,177
Wayne	432	7,945,769
Webster	384	7,495,525
Wilkinson	243	4,546,040
Winston	611	$ 13,277,796
Yalobusha	531	9,849,189
Yazoo	698	13,790,166
Mississippi	78,751	1,666,385,705
Out-of-State	7,076	129,729,543
Out-of-Country	22	416,442
Total	85,849	$1,796,531,690

*The number of payments made during a payroll sample test month.

**These figures were computed by using the percent paid out to each county during a sample test month and applying that percent to the total benefits paid during the year.

Ten Largest Participating Employers

	2011			2002		
Participating Employer	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
Public Employees' Retirement System						
University Medical Center	7,488	1	4.63 %	6,190	1	4.07%
Jackson Municipal Separate Schools	4,780	2	2.96	4,498	2	2.96
Mississippi State University	3,655	3	2.26	3,746	3	2.46
DeSoto County Board of Education	3,522	4	2.18	2,117	11	1.39
Mississippi Department of Transportation	3,363	5	2.08	3,227	6	2.12
Department of Human Services	3,274	6	2.03	3,427	5	2.25
Corrections Department	2,883	7	1.78	3,702	4	2.43
State Department of Health	2,403	8	1.49	2,288	8	1.50
Rankin County Board of Education	2,312	9	1.43	1,755	13	1.15
City of Jackson	2,035	10	1.26	2,215	10	1.46
All Other*	125,961	–	77.90	118,983	–	78.21
Total (872 Employers)	161,676	–	100.00 %	152,148	–	100.00%

(continued)

Ten Largest Participating Employers *(continued)*

Participating Employer	2011 Covered Employees	2011 Rank	2011 Percentage of Total System	2002 Covered Employees	2002 Rank	2002 Percentage of Total System
Municipal Retirement Systems						
City of Clinton	6	1	24.00 %	18	3	9.89%
City of Hattiesburg	4	2	16.00	43	1	23.63
City of Biloxi - Fire & Police	2	3	8.00	7	5	3.85
City of Greenwood	2	3	8.00	6	8	3.30
City of Gulfport	2	3	8.00	14	4	7.69
City of Jackson	2	3	8.00	32	2	17.58
City of Meridian	2	3	8.00	6	8	3.30
All Other *	5	–	20.00	56	–	30.76
Total (17 Employers)	25	–	100.00%	182	–	100.00%

**In 2011, "All Other" consisted of:*

Type	Number	Employees
Public Employees' Retirement System		
State agencies	110	20,651
State universities	7	6,875
Public schools	147	52,924
Community/junior colleges	15	6,198
Counties	82	13,641
Municipalities	239	16,793
Other political subdivisions	262	8,879
Total	862	125,961

Type	Number	Employees
Municipal Retirement Systems		
State agencies	–	–
State universities	–	–
Public schools	–	–
Community/junior colleges	–	–
Counties	–	–
Municipalities	10	5
Other political subdivisions	–	–
Total	10	5

Public Agencies Covered by State Retirement Annuity

Participating Employers Covered by Law

State agencies
State universities
Community/junior colleges
Public school districts

Participating Employers Covered by Separate Agreement

Counties

Local Governmental Entities Covered by Separate Agreement

Municipalities

Aberdeen
Ackerman
Algoma
Amory
Anguilla
Arcola
Artesia
Ashland
Baldwyn
Bassfield
Batesville
Bay Springs
Bay St. Louis
Beaumont
Belmont
Belzoni
Benoit
Bentonia
Biloxi
Blue Mountain
Booneville
Boyle
Brandon
Brookhaven
Brooksville
Bruce
Bude
Burnsville
Byhalia
Caledonia
Calhoun City
Canton
Carthage
Cary
Centreville
Charleston
Chunky
Clarksdale
Cleveland
Clinton
Coffeeville
Coldwater
Collins
Columbia
Columbus
Como
Corinth
Crawford
Crenshaw
Crosby
Crystal Springs
Decatur
De Kalb
D'Lo
Derma
D'Iberville
Drew
Duck Hill
Durant
Ecru
Edwards
Ellisville
Enterprise
Ethel
Eupora
Falkner
Farmington
Flora
Florence
Flowood
Forest
French Camp
Fulton
Gautier
Gloster
Golden
Goodman
Greenville
Greenwood
Grenada
Gulfport
Guntown
Hatley
Hattiesburg
Hazlehurst
Heidelberg
Hernando
Hickory
Hickory Flat
Hollandale
Holly Springs
Horn Lake
Houlka
Houston
Indianola
Inverness
Itta Bena
Iuka
Jackson
Jonestown
Jumpertown
Kilmichael
Kosciusko
Lake
Lambert
Laurel
Leakesville
Leland

Public Agencies Covered by State Retirement Annuity *(continued)*

Municipalities *(continued)*

Lena
Lexington
Liberty
Long Beach
Louin
Louise
Louisville
Lucedale
Lula
Lumberton
Lyon
Maben
Macon
Madison
Magee
Magnolia
Mantachie
Marietta
Marion
Marks
Mathiston
Mayersville
McComb
McLain
Meadville
Mendenhall
Meridian
Merigold
Mize
Monticello
Moorhead
Morton
Moss Point
Mount Olive
Myrtle
Natchez
Nettleton
New Albany
New Augusta
New Hebron
Newton
North Carrollton
Noxapater
Ocean Springs
Okolona
Olive Branch
Osyka
Oxford
Pascagoula
Pass Christian
Pearl
Pelahatchie
Petal
Philadelphia
Picayune
Plantersville
Polkville
Pontotoc
Poplarville
Port Gibson
Potts Camp
Prentiss
Puckett
Purvis
Quitman
Raleigh
Raymond
Renova
Richland
Richton
Ridgeland
Rienzi
Ripley
Rolling Fork
Rosedale
Roxie
Ruleville
Saltillo
Sallis
Sandersville
Sardis
Sebastopol
Seminary
Senatobia
Shannon
Shaw
Shelby
Sherman
Shubuta
Shuqualak
Silver City
Sledge
Smithville
Soso
Southaven
Starkville
State Line
Stonewall
Sturgis
Summit
Sumner
Sumrall
Sunflower
Taylorsville
Tchula
Tishomingo
Tremont
Tunica
Tupelo
Tutwiler
Tylertown
Union
Vaiden
Vardaman
Verona
Vicksburg
Walnut
Walnut Grove
Walthall
Water Valley
Waveland
Waynesboro
Weir
Wesson
West
West Point
Wiggins
Winona
Woodland
Woodville
Yazoo City

Juristic Entities

Adams County Soil and Water Conservation District
Adams County Airport Commission
Bogue Phalia Drainage District
Bolivar County Soil and Water Conservation District
Caledonia Natural Gas District
Calhoun County Soil and Water Conservation District
Canton Convention & Visitors Bureau
Canton Redevelopment Authority
Chickasawhay Natural Gas District
Claiborne County Human Resource Agency
Cleary Water, Sewer & Fire District
Coahoma County Soil & Water Conservation District
Columbus Lowndes County Recreation Commission
Copiah County Human Resource Agency
Corinth-Alcorn Airport Board
Corinth-Alcorn Convention & Agriculture Exposition Center
Covington County Soil & Water Conservation District
Culkin Water District
Delta Blues Museum
Desoto County Convention & Visitors Bureau
Desoto County Soil & Water Conservation District
Diamondhead Fire Protection District
East Leflore County Water and Sewer District
Emergency Management District
Forrest County Soil & Water Conservation District
Glendale Utility District
Golden Triangle Cooperative Service District
Golden Triangle Regional Airport
Golden Triangle Regional Solid Waste Management Authority
Greenville Port Commission
Greenwood Tourism Commission
Grenada County Civil Defense
Gulf Regional Planning Commission
Gulfport-Biloxi Regional Airport Authority
Hancock County Human Resource Agency
Hancock County Planning Commission
Hancock County Port & Harbor Commission
Hancock County Soil Conservation District
Hancock County Utility Authority
Hancock County Water & Sewer District
Harrison County Development Commission
Harrison County Soil & Water Conservation District
Harrison County Wastewater Management District
Hattiesburg Tourism Commission
Hinds County Soil & Water Conservation District
Holmes County Soil & Water Conservation District
Itawamba County Soil & Water Conservation District
Jackson County Emergency/Communications District
Jackson County Port Authority
Jackson County Utility Authority
Jackson Municipal Airport Authority
Jones County Economic Development Authority
Kiln Water & Fire Protection District-Hancock County
Lafayette County Soil & Water Conservation District
Lamar County Economic Development District
Lamar County Soil & Water Conservation District
Lauderdale County Emergency Medical Service District
Lauderdale County Soil & Water Conservation District
Laurel Airport Authority
Lee County Soil & Water Conservation District
Madison County Economic Development Authority
Madison County Soil & Water Conservation District
Mantachie Natural Gas District
Marion County Soil & Water Conservation District
Mental Health & Retardation, Region III (NE MS MHR)
Mental Health & Retardation, Region IV (Corinth)
Mental Health & Retardation, Region V (Delta Commission MHR)
Mental Health & Retardation, Region VI (Greenwood)
Mental Health & Retardation, Region VIII (Brandon)
Mental Health & Retardation, Region X (Weems MH)
Mental Health & Retardation, Region XI (SW MS MH/MR)
Mental Health & Retardation, Region XIV (Singing River)
Meridian Airport Authority
Meridian Transportation Commission

Juristic Entities *(continued)*

Mid-Mississippi Development District
Mississippi Coast Coliseum & Convention Center
Mississippi Levee Commissioners
Municipal Energy Agency of Mississippi
Natchez-Adams County Port Commission
Neshoba County Soil Conservation District
Newton County Soil Conservation District
Northeast Mississippi Regional Water Supply District
Noxubee County Soil & Water Conservation District
NRoute Transit Commission
Otter Bayou Drainage District
Oxford Tourism Council
Panola County Soil & Water Conservation District
Philadelphia-Neshoba County Park Commission
Pike County Soil Conservation District
Pine Belt Region Solid Waste Management Authority
Pontotoc County Soil & Water Conservation District
Prentiss County Soil & Water Conservation District
Rankin County Human Resource Agency
Rankin-Hinds Pearl River Flood
Reservoir Fire Protection District
Ridgeland Tourism Commission
Rosedale-Bolivar County Port Commission
Runnelstown Utility District
Simpson County Human Resource Agency
Simpson County Parks & Recreation
South Mississippi Fair Commission
Starkville Park Commission
Stone County Soil & Water Conservation District
Sunflower County Soil & Water Conservation District
Tallahatchie County Soil & Water Conservation District
Tennessee-Tombigbee Waterway Development Authority
Tunica County Airport Commission
Tunica County Tourism Commission
Tupelo Airport Authority
Union County Soil & Water Conservation District
Vicksburg Convention & Visitors Bureau
Warren County Park Commission
Warren County Soil & Water Conservation District
Walthall County Soil & Water Conservation District
Wayne County Economic Development District
Wayne County Soil & Water Conservation District
West Jackson County Utility District
Wilkinson County Soil & Water Conservation District
Winston County Economic Development
Winston County Soil & Water Conservation District
Yazoo County Convention & Visitors Bureau
Yazoo County Soil & Water Conservation District
Yazoo-Mississippi Delta Joint Water Management District
Yazoo-Mississippi Delta Levee Commission
Yazoo Recreation Commission

Housing Authorities

Attala
Baldwyn
Bay Waveland
Biloxi
Booneville
Canton
Clarksdale
Columbus
Corinth
Forest
Greenwood
Hattiesburg
Hazlehurst
Holly Springs
Itta Bena
Iuka
Jackson
Laurel
Long Beach
Louisville
McComb
Meridian
MS Reg. IV-Columbus
MS Reg. V-Newton
MS Reg.VI-Jackson
MS Reg. VIII-Gulfport
Mound Bayou
Natchez
Oxford
Picayune
Pontotoc
Richton
Sardis
Senatobia
Shelby
South Delta Region
Starkville
Summit
Tupelo
Vicksburg
Water Valley
Waynesboro
West Point
Winona
Yazoo City

Local Hospitals

Field Memorial Community
Franklin County Memorial
Grenada Lake Medical Center
Hancock Medical Center
Jefferson County
Madison County Nursing Home
Magnolia Regional Health Center
Montfort Jones Memorial
Natchez Regional Medical Center
North Sunflower Medical Center
South Sunflower County
Tippah County

Local Libraries

Amory Municipal
Benton County
Bolivar County
Carnegie Public
Carroll County
Central Mississippi Regional
Columbus-Lowndes Public
Copiah-Jefferson Regional
Dixie Regional
East Mississippi Regional
Elizabeth Jones
Evans Memorial
First Regional
Greenwood-Leflore Public
Hancock County
Harriette Person Memorial
Harrison County
Hattiesburg-Petal-Forrest County
Humphreys County
Jackson-George Regional
Jackson-Hinds
Jennie Stephens Smith
Kemper-Newton County Regional
Lamar County
Laurel-Jones County
Lee-Itawamba County
Lincoln-Lawrence-Franklin
Madison County-Canton Public
Marks-Quitman County
Marshall County
Meridian-Lauderdale County
Mid-Mississippi Regional
Natchez Adams Wilkinson
Neshoba County Public
Northeast Regional
Noxubee County
Oktibbeha County
Pearl River County
Pike-Amite-Walthall County
Pine Forest Regional
Sharkey-Issaquena County
South Mississippi Regional
Sunflower County
Tallahatchie County
Tombigbee Regional
Washington County
Waynesboro-Wayne County
Yalobusha County
Yazoo Library Association

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