COMPREHENSIVE ANNUAL FINANCIAL REPORT – 2010

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

PERS
of MISSISSIPPI

BRINGING LIFE INTO FOCUS.

Where do you see yourself in five, fifteen, twenty-five years? Do you have a clear view of what's ahead? Well, in a very real way, that's what PERS helps you to do: get a good, sharp picture of your retirement.

For more than half a century, PERS has given people the ability to see and realize the possibilities of a solid, secure retirement – whether the economy is up or down, and no matter if the outlook is bright and blue or occasionally partly cloudy.

In good times, or not so good, PERS is here to guide you toward your retirement, and ensure that you receive those benefits you've worked so hard for and deserve. With that kind of assurance about the future, you're much better able to focus on the present, in whatever part of your life you happen to be.

2010 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 21, 2010

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

Dear Board Members:

I am pleased to present the 2010 Comprehensive Annual Financial Report (CAFR) of the Public Employees' Retirement System of Mississippi (the System). 2010 was a year of significant achievement for the System as we accomplished milestones in benefits administration and enhanced technology, all toward our mission of providing secure retirement benefits and outstanding service to our members. Despite a fragile economy and financial markets that continue to struggle with challenges in certain sectors, I am pleased to report that we remain well prepared to guarantee 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 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, 2010, the System's defined benefit plans served a total of 295,003 members and 82,096 retirees and beneficiaries. There are 893 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 $1.6 billion. Employers contributed $762.0 million during the fiscal year while members of the System contributed a total of $441.8 million. As of June 30, 2010, net assets held in trust for pension benefits totaled $17.2 billion.

The Public Employees' Retirement System of Mississippi 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

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

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 are also included in the State of Mississippi 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. However, certain categories and transfer amounts are restricted. A more detailed discussion of the budgetary process is presented in the Financial Section of this CAFR on page 31.

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 2010 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 15.

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. 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.

As the economy recovers from a deep and persistent recession, our capacity to provide retirement benefits to our members and retirees continues to remain stable and secure. Since the inception of the System, the Board of Trustees has focused on a prudent investment philosophy 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 14.1 percent rate of return on investments as of June 30, 2010, outperforming the System's benchmark return of 13.5 percent. As of September 2010, the Public Employees' Retirement System remains well positioned, ranking as the 65th largest among corporate and public pension plans in the United States and the 155th largest plan in the world.

The System is prepared for fluctuating market conditions, in part, through emphasis on the long-term perspective. Over the 30-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. The average 30-year return, from 1980 through 2010, is 8.7 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. The System will continue to navigate through difficult economic conditions. The path forward may not always be smooth, but with a solid record of success and continued diligent effort, we will meet the tough challenges created by uncertainty in the global economy. A performance summary of rates of return compared to appropriate benchmark rates of return is located on page 60 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 64.2 percent funded, MHSPRS is 68.3 percent funded, MRS is 50.2 percent funded, and SLRP is 77.5 percent funded. Funding status and progress is presented in the Required Supplementary Information Schedules and accompanying notes beginning on page 44. 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.

Through passage of House Bill 1, the Mississippi Legislature increased the member contribution rate by 1.75 percent from 7.25 percent to 9.00 percent, effective July 1, 2010. The employer contribution rate remained unchanged during fiscal year 2010 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 30.30 to 35.21, and the SLRP employer contribution rate from 6.65 percent to 7.4 percent. 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. 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. PERS has received and evaluated responses to the Request for Proposals and selected the vendor deemed to provide a comprehensive solution that will address the needs of PERS for years to come. I am pleased to report that contracts have been awarded and the process has begun for full implementation of the new comprehensive technology system. The technology project three-year implementation phase began in late September 2010 with phase-one development of the PERS imaging system.

At its December 2009 meeting, the Board of Trustees established an ad hoc committee to review PERS' current benefit structure. The primary objective of the committee's efforts was to evaluate the sustainability of the current pension plan benefit structure and make recommendations for changes to the Mississippi Legislature in conjunction with the change from 25- to 30-year retirement eligibility. Final results of the committee's evaluation will be presented during the 2011 session.

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, 2009. 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 whose contents 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 one year only. The System has received a Certificate of Achievement for the last 23 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 Government Finance Officers Association of the United States and Canada resulted in an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2009. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents 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 one year only. The Public Employees' Retirement System of Mississippi has received a Popular Award for the last seven 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 2010 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 is also 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 assure the continued successful operation of the System and to preserve the vision of a secure retirement future of our members and retirees.

Respectfully submitted,

Pat Robertson
Executive Director

Pat Robertson
Executive Director

2010 Board of Trustees

Left to Right

Outside Professional Services

Fixed Income Managers

CIS, a Division of Dreyfus Corporation
One Mellon Bank Center
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, N.A.
40 East 52nd Street
New York, New York 10022
Telephone: (212) 810-3729

UBS Global Asset Management
209 South LaSalle Street, 12th Floor
Chicago, Illinois 60604-1295
Telephone: (312) 220-7100

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
Boston, Massachusetts 02111-2999
Telephone: (617) 664-4739

Loomis Sayles & Company, L.P.
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
Two Houston Center, Suite 2907
Houston, Texas 77010
Telephone: (713) 654-4484

The Boston Company Asset
Management, LLC
One Boston Place, Suite 024-0051
Boston, Massachusetts 02108
Telephone: (617) 722-7000

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

Artisan Partners Limited Partnership
1000 North Water Street
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
499 Park Avenue, 21st Floor
New York, New York 10022
Telephone: (212) 293-4040

INTECH
525 Okeechobee Boulevard, Suite 1800
West Palm Beach, Florida 33401
Telephone: (973) 276-9383

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

Capital Guardian Trust Company
333 South Hope Street, 55th Floor
Los Angeles, California 90071-1406
Telephone: (213) 486-9200

Jarislowsky Fraser Limited
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
Telephone: (212) 969-1168

New Star Institutional Managers Ltd.
201 Bishopsgate
London EC2M 3AE
Telephone: +00 44 (0) 207-818-4050

Acadian Asset Management
One Post Office Square, 20th Floor
Boston, Massachusetts 02109
Telephone: (617) 850-3500

Real Estate Managers

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

RREEF
3340 Peachtree Road NE, Suite 250
Atlanta, Georgia 30326
Telephone: (404) 467-6542

Principal Global Investors
810 Grand Avenue
Des Moines, Iowa 50392-0490
Telephone: (800) 533-1390

UBS Realty Investors, LLC
242 Trumbull Street
Hartford, Connecticut 06103-1212
Telephone: (860) 616-9000

AEW Partners
Two Seaport Lane
Boston, Massachusetts 02210
Telephone: (627) 261-9000

Heitman
191 North Wacker Drive, Suite 2500
Chicago, Illinois 60606
Telephone: (312) 425-0666

Angelo Gordon & Company
245 Park Avenue, 26th Floor
New York, New York 10167
Telephone: (212) 692-8267

Hancock Timber Resource Group
99 High Street, 26th Floor
Boston, Massachusetts 02110-2320
Telephone: (617) 747-1600

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 Managers

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

Custodian-Investment Funds

Bank of New York Mellon
One Wall Street
New York, New York 10286
Telephone: (212) 635-8224

Actuary

Cavanaugh Macdonald Consulting, LLC
3550 Busbee Parkway, Suite 250
Kennesaw, Georgia 30144
Telephone: (678) 388-1700

Auditor

KPMG LLP
One Jackson Place
188 East Capitol Street, Suite 1100
Jackson, Mississippi 39201
Telephone: (601) 354-3701

Funds Evaluation Services and Asset Allocation/ Investment Policy Study

Mercer Investment Consulting, Inc.
3475 Piedmont Road NE, Suite 800
Atlanta, Georgia 30305
Telephone: (404) 442-3100

Legal Counsel

Office of the Attorney General
Margo Bowers, Special Assistant
450 High Street
P. O. Box 220
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, 2009

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.

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2010

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.

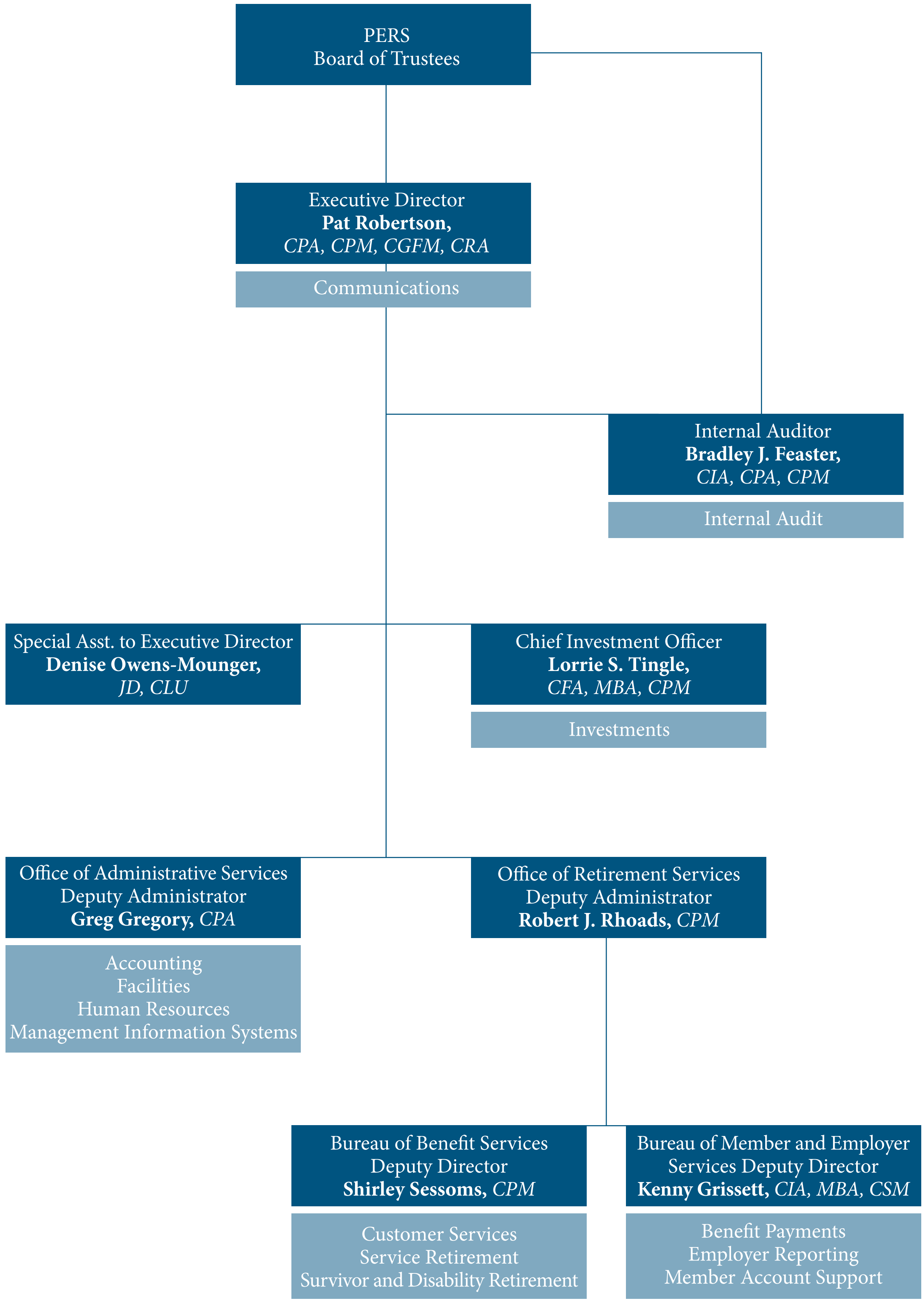
Presented by the Public Pension Coordinating Council, a confederation of

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



FINANCIAL

IN TIMES LIKE THESE,
IT'S IMPORTANT TO FEEL
SECURE, SO YOU CAN
FOCUS ON WHAT'S AHEAD.

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, 2010, 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, 2010, 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 29, 2010, 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 16 through 24 and the schedules of funding progress and employer contributions on pages 44 through 48 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 49 through 53 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.

KPMG LLP

November 29, 2010

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, 2010. 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 that are 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 (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 supplemental retirement savings plan, and the Optional Retirement Plan (ORP), which is an optional plan offered to certain members of 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 $1.7 billion, or 10.8 percent. This increase was primarily the result of an improvement in overall market performance compared to the 2009 market environment.

The 2010 rate of return on investments for the defined benefit plans was 14.1 percent compared with fiscal year 2009's rate of return of negative 19.4 percent. Domestic, international, and global equity portfolios returned 17.3 percent, 11.9 percent, and 7.6 percent for the year respectively, while the return on debt securities was 12.1 percent. The rate of return on real estate investments was 5.1 percent and the return on the private equity portfolio was negative 7.8 percent, while the Absolute Return Strategy had a return of 42.7 percent as of fiscal year end.

The defined benefit plans administered by the System were actuarially funded at an average of 65.1 percent as of June 30, 2010, a decrease from the comparative average of 69.8 percent as of June 30, 2009. The decrease in funding percentage was primarily due to unfavorable investment performance in 2009 and 2010 as a result of the economic recession. Funding status is further described in Note 6 of the basic financial statements.

The Mississippi Deferred Compensation Plan & Trust (MDC), formerly the Government Employees' Deferred Compensation Plan, net assets increased $123 million during fiscal year 2010, primarily due to an increase in the market value of securities.

The MDC rates of return for investment options ranged from a high of 26.2 percent to a low of 0.3 percent compared to prior year investment option returns with a high of 9.6 percent and a low of negative 39.6 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, 2010. 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, 2010, 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, 2010. 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, information regarding the implementation of applicable new accounting pronouncements, 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.

(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, 2010, the System's total investments, before securities lending activities, approximated $16.8 billion, an increase of $1.3 billion from fiscal year 2009. The combined investment portfolio experienced a return of 14.1 percent compared with a median large public plan return of 13.5 percent*. Investment results over time compared with the System's benchmarks are presented on page 58 in the Investment Section.

**Mercer Public Funds > $1 billion Universe Median*

Short-Term Securities

At June 30, 2010, the System held $2.6 million in short-term investments, which is $56.6 million below 2009 holdings. Short-term investments returned 0.1 percent for the 2010 fiscal year.

Debt Securities

At June 30, 2010, the System held $4.3 billion in debt securities, which is approximately $65.0 million less than fiscal year 2009 holdings. Debt securities returned 12.0 percent compared with the System's benchmark return of 9.5 percent.

Equity Securities

At June 30, 2010, the System held $11.6 billion in U.S., international, and global equity securities, an increase of $1.2 billion from fiscal year 2009. U.S., international, and global equity securities had returns of 17.3 percent, 11.9 percent, and 7.6 percent, respectively. The System's benchmark return for domestic equity securities was 15.7 percent, while the international securities benchmark returned 10.9 percent. The global securities benchmark used by the System posted a return of 10.2 percent.

Private Equity

The private equity asset class, totaling $92.3 million, posted a return of negative 7.8 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 19.4 percent.

Absolute Return Strategy

The Board of Trustees added an allocation to absolute return investments in June 2009 to further diversify the System's overall portfolio. These investments include a combination of equity holdings based on selected specific investment strategies. At June 30, 2010, absolute return strategy investments showed a return of 42.7 percent compared to the System's benchmark of 8.0 percent. Holdings at year end totaled $14.9 million.

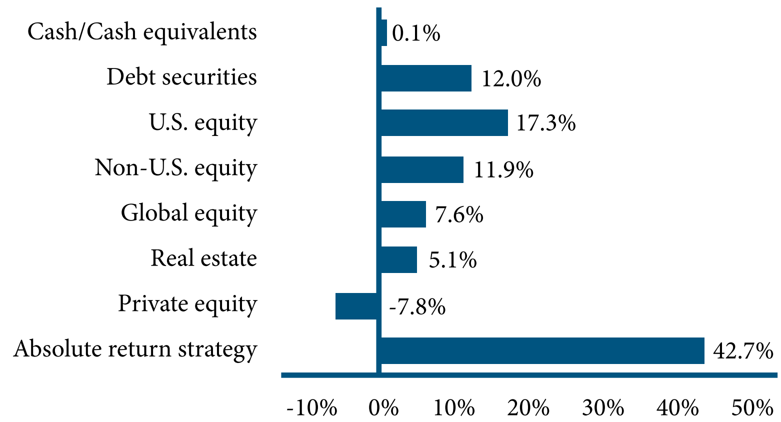
Real Estate

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, 2010, combined holdings totaled $767 million, an increase of $98.0 million from 2009. The System's real estate portfolio experienced a return of 5.1 percent on the total real estate portfolio for the year end. The NCREIF Fund Index-ODCE, the benchmark for the System's core commingled and value added fund investments, saw a return of negative 6.0 percent for the year ended June 30, 2010, while the Dow Jones U.S. Select REIT Index had a return of 55.7 percent for the same period.

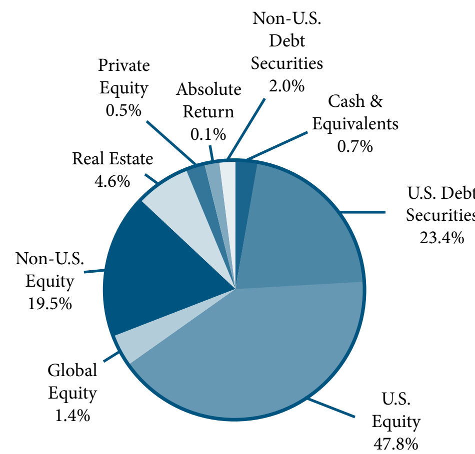
Securities Lending

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 2010 fiscal year, net securities lending income to the System amounted to $39.9 million, an increase of $7.4 million from fiscal year 2009.

Defined Benefit Plans
Investment Rates of Return by Investment Type
Fiscal Year 2010



Defined Benefit Plans
Asset Allocation at Fair Value
June 30, 2010



Analysis of Individual Systems – Defined Benefit Plans

Public Employees' Retirement System

PERS is a defined benefit plan that provides retirement benefits to all 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, 2010, amounted to $16.8 billion, an increase of $1.7 billion (11.3 percent) above $15.1 billion at June 30, 2009.

Additions to PERS net assets held in trust for benefits include employer and employee contributions and investment income. For the 2010 fiscal year, employer and employee contributions increased $20.0 million (1.7 percent) from $1.15 billion in fiscal year 2009 to $1.17 billion. This change is attributed to an increase in the employer contribution rate, effective July 1, 2009, from 11.85 percent to 12.00 percent. PERS recognized net investment income of $2.1 billion for the 2010 fiscal year, compared with net investment loss of $3.7 billion for the 2009 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 2010 fiscal year, benefits amounted to $1.6 billion, an increase of $115.3 million (7.9 percent) over the 2009 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 2010 fiscal year, the cost of administering the System amounted to $12.2 million, a decrease of $138.0 million (1.1 percent) from fiscal year 2009. The reduction in administrative expenses was due primarily to decreases 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, 2010, the funded status of the plan decreased to 64.2 percent from 67.3 percent at June 30, 2009. The amount by which PERS' actuarial assets were less than actuarial benefit liabilities was $11.3 billion at June 30, 2010, an increase in unfunded actuarial accrued liabilities of $1.3 billion over June 30, 2009. The decrease in funded status is due primarily to unfavorable investment performance brought on by the economic recession in 2009 and the slow economic recovery of 2010.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

	PERS 2010	PERS 2009	MHSPRS 2010	MHSPRS 2009
Assets:				
Cash, cash equivalents, and receivables	$ 632,004	$ 1,071,214	$ 8,700	$ 15,033
Investments at fair value	16,381,981	15,140,813	227,446	214,803
Invested securities lending collateral	3,983,717	2,342,474	55,513	33,318
Capital assets	15,387	15,814	-	-
Total assets	21,013,089	18,570,315	291,659	263,154
Liabilities:				
Investment accounts and other payables	236,289	1,058,922	3,205	14,972
Securities lending liability	3,988,586	2,376,906	55,581	33,808
Total liabilities	4,224,875	3,435,828	58,786	48,780
Total net assets	$ 16,788,214	$ 15,134,487	$ 232,873	$ 214,374

Changes in Net Assets – Defined Benefit Plans
Year Ended June 30

(In Thousands)

	PERS 2010	PERS 2009	MHSPRS 2010	MHSPRS 2009
Additions:				
Contributions	$ 1,170,941	$ 1,147,650	$ 10,656	$ 11,232
Investment income (loss)	2,148,749	(3,717,016)	29,942	(52,869)
Other additions	610	657	3,985	3,208
Total additions	3,320,300	(2,568,709)	44,583	(38,429)
Deductions:				
Pension benefits	1,580,808	1,465,500	25,847	23,098
Refunds	73,580	70,050	65	72
Administrative and other deductions	12,185	12,323	172	181
Total deductions	1,666,573	1,547,873	26,084	23,351
Increase (decrease) in net assets	$ 1,653,727	$ (4,116,582)	$ 18,499	$ (61,780)

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, 2010, amounted to $232.9 million, an increase of $18.5 million (8.6 percent) from $214.4 million at June 30, 2009.

Additions to MHSPRS net assets held in trust for benefits include employer and employee contributions and investment income. For the 2010 fiscal year, employer and employee contributions were $10.7 million, a decrease of $576 thousand (5.1 percent) from 2009. MHSPRS also received fees of $4 million to fund retirement benefits. Contributions decreased due to a decrease in the number of active members, from 570 in 2009 to 542 in 2010. MHSPRS recognized net investment income of $29.9 million for the 2010 fiscal year compared with a net investment loss of $52.9 million for the 2009 fiscal year.

Deductions from MHSPRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2010 fiscal year, benefits amounted to $25.8 million, an increase of $2.7 million (11.9 percent) from the 2009 fiscal year. The

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

MRS 2010	MRS 2009	SLRP 2010	SLRP 2009	Eliminations 2010	Eliminations 2009	Total Defined Benefit Pension Plans 2010	Total Defined Benefit Pension Plans 2009	Total Percent Change
$ 5,209	$ 10,003	$ 363	$ 645	$ (6)	$ (9)	$ 646,270	$ 1,096,886	(41.1)%
147,126	145,985	10,872	9,901	-	-	16,767,425	15,511,502	8.1%
35,908	22,643	2,654	1,535	-	-	4,077,792	2,399,970	69.9 %
-	-	-	-	-	-	15,387	15,814	(2.7)%
188,243	178,631	13,889	12,081	(6)	(9)	21,506,874	19,024,172	13.1%
2,088	10,188	153	691	(6)	(9)	241,729	1,084,764	(77.7)%
35,952	22,976	2,657	1,558	-	-	4,082,776	2,435,248	67.7%
38,040	33,164	2,810	2,249	(6)	(9)	4,324,505	3,520,012	22.9%
$ 150,203	$ 145,467	$ 11,079	$ 9,832	$ -	$ -	$ 17,182,369	$ 15,504,160	10.8%

Changes in Net Assets – Defined Benefit Plans
Year Ended June 30

(In Thousands)

MRS 2010	MRS 2009	SLRP 2010	SLRP 2009	Eliminations 2010	Eliminations 2009	Total Defined Benefit Pension Plans 2010	Total Defined Benefit Pension Plans 2009	Total Percent Change
$ 21,565	$ 17,569	$ 648	$ 665	$ -	$ -	$ 1,203,810	$ 1,177,116	2.3%
19,369	(35,930)	1,432	(2,437)	-	-	2,199,492	(3,808,252)	n/m
-	-	-	-	(610)	(657)	3,985	3,208	24.2%
40,934	(18,361)	2,080	(1,772)	(610)	(657)	3,407,287	(2,627,928)	n/m
35,766	35,848	804	790	-	-	1,643,225	1,525,236	7.7%
3	12	20	9	-	-	73,668	70,143	5.0%
429	467	9	9	(610)	(657)	12,185	12,323	(1.1)%
36,198	36,327	833	808	(610)	(657)	1,729,078	1,607,702	7.5%
$ 4,736	$ (54,688)	$ 1,247	$ (2,580)	$ -	$ -	$ 1,678,209	$ (4,235,630)	n/m

n/m – not meaningful

increase in benefit payments was due to an increase in the average monthly benefit. The average monthly benefit increase is generally reflective of new retirees with larger benefit payments than deceased retirees during the same period. For the 2010 fiscal year, MHSPRS transferred $172 thousand to PERS to offset the cost of administration, a decrease of $9 thousand (5.0 percent) from fiscal year 2009.

An actuarial valuation of MHSPRS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2010, the funded status of the plan decreased to 68.3 percent from 74.1 percent at June 30, 2009. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $130.2 million, compared with $102.3 million at June 30, 2009. The decrease in funded status is due primarily to unfavorable investment performance brought on by the economic recession in 2009 and the slow economic recovery of 2010.

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 employee contributions, and by earnings on investments. The aggregated plan's net assets held in trust for benefits at June 30, 2010, amounted to $150.2 million, an increase of $4.7 million (3.2 percent) from $145.5 million at June 30, 2009.

Additions to MRS net assets held in trust for benefits consist of employer and employee contributions and investment income. For the 2010 fiscal year, employer and employee contributions of $21.6 million were $4.0 million (22.7 percent) more than contributions of $17.6 million received in fiscal year 2009. Municipal plan employer contributions are funded through taxes levied on assessed properties. The increase in contributions is due to the resumption of payment of employer contributions by a participating municipality. Under a special agreement, this municipality previously paid via pension obligation bonds in lieu of employer contributions. MRS recognized net investment income of $19.4 million for the 2010 fiscal year compared with net investment loss of $35.9 million for the 2009 fiscal year.

Deductions from MRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2010 fiscal year, benefits amounted to $35.8 million, a decrease of $82 thousand from the 2009 fiscal year. The decrease in benefit payments resulted primarily from a reduction in the number of retirees. For the 2010 fiscal year, MRS transferred $429 thousand to PERS to offset the cost of administration, compared to $467 thousand transferred for fiscal year 2009. Administrative fees are calculated based on the amount of employer contributions. Administrative fees decreased due to a decrease in property tax collections for 18 of the 19 participating municipalities.

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, 2009, decreased to 50.2 percent from 56.6 percent at September 30, 2008. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $189.9 million at September 30, 2009, compared with $159.6 million at September 30, 2008.

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, 2010, amounted to $11.1 million, an increase of $1.3 million (13.3 percent) from $9.8 million at June 30, 2009.

Additions to SLRP net assets held in trust for benefits include employer and employee contributions and investment income. For the 2010 fiscal year, employer and employee contributions were $648 thousand, a decrease of $17 thousand (2.6 percent) from those of fiscal year 2009. The decrease in contributions is attributed to a decrease in total payroll. SLRP recognized net investment income of $1.4 million for the 2010 fiscal year, compared with a net investment loss of $2.4 million for the 2009 fiscal year.

Deductions from SLRP net assets held in trust for benefits primarily include retirement and beneficiary benefits, as well as administrative fees. For the 2010 fiscal year, benefits amounted to $804 thousand, an increase from $790 thousand (1.8 percent) in the 2009 fiscal year. The increase in retirement benefits is due to an increase in the number of retirees. For the 2010 fiscal year, SLRP transferred $9 thousand to PERS to offset the cost of administration. Transfers in 2009 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, 2010, the funded status of the plan decreased to 77.5 percent from 81.0 percent at June 30, 2009. The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $3.8 million, compared with $3.1 million at June 30, 2009. The decrease in funded status is due primarily to unfavorable investment performance brought on by the economic recession in 2009 and the slow economic recovery of 2010.

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 page 44. This table shows funding ratios for the last ten fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial benefit liabilities.

As of June 30, 2010, funding ratios ranged from a high of 77.5 percent to a low of 50.2 percent, as compared to 81.0 percent and 56.6 percent for June 30, 2009. The average funding ratio decreased from 69.7 percent to 65.1 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 unfavorable investment returns in 2008 and 2009, which are included in the smoothing period for actuarial gains and losses. At June 30, 2010, the System's total unfunded actuarial accrued liability had increased to $11.6 billion from $10.3 billion at June 30, 2009. This is a net increase of $1.3 billion for the year. The difference between the actuarial value of assets and market value of net assets was $3.5 billion, resulting in actuarially deferred loss that will be recognized in equal increments over the next four years.

The Board of Trustees adopted a 0.15 percent increase in the PERS employer contribution rate, from 11.85 percent to 12.0 percent, which became effective July 1, 2009. Through passage of House Bill 1, the Mississippi Legislature increased the PERS member contribution rate by 1.75 percent from 7.25 percent to 9.00 percent, effective on July 1, 2010. 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 comes on the heels of the Mississippi Legislature's April decision to increase PERS member contributions from 7.25 percent to 9.0 percent effective July 1, 2010. Of note, the actuary recommended in 2005 that the PERS employer contribution rate increase from 10.75 to 12.5 percent; however, due to the fiscal bearing on the State's budget, the PERS Board worked with the Legislature to phase in the increase over time. As a result of market gains in 2006 and 2007, that increase was never fully implemented. Also in its October 2010 meeting, the Board moved to increase the MHSPRS employer contribution rate from 30.30 percent to 35.21 percent and to increase the SLRP employer contribution rate from 6.65 percent to 7.40 percent. These increases will become effective July 1, 2011.

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 14.1 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 – Defined Contribution Plan
June 30

(In Thousands)

	IRC 457 Plan MDC 2010	2009	Percent Change
Assets:			
Cash and receivables	$ 5,669	$ 6,509	(12.9)%
Investments at fair value	1,086,230	962,563	12.8 %
Total	1,091,899	969,072	12.7 %
Liabilities:			
Investment accounts and other payables	156	149	4.7 %
Total	156	149	4.7 %
Total net assets	$ 1,091,743	$ 968,923	12.7 %

Changes in Net Assets – Defined Contribution Plan
Year Ended June 30

(In Thousands)

	IRC 457 Plan GEDCP 2010	2009	Percent Change
Additions:			
Contributions	$ 86,980	$ 83,131	4.6 %
Investment income (loss)	89,849	(115,004)	n/m
Total	176,829	(31,873)	n/m
Deductions:			
Pension benefits	54,009	55,195	(2.1)%
Total	54,009	55,195	(2.1)%
Increase/(decrease) in net assets	$ 122,820	$ (87,068)	n/m

n/m – not meaningful

Defined Contribution Plan

457 Defined Contribution Plan

The Mississippi Deferred Compensation Plan & Trust (MDC) is 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, 2010, amounted to $1.1 billion, which was an increase of $131.0 million (13.5 percent) from net assets of $969.0 million at June 30, 2009.

Additions to the MDC net assets held in trust for benefits include contributions and investment income. For the 2010 fiscal year, contributions were $87.0 million compared to $83.1 million in 2009, or a increase of $3.9 million (4.7 percent). The increase from last year is due primarily to an increase in direct rollovers to MDC, as well as an increase in the number of participants. Participation in the plan increased from 39,802 in 2009 to 40,036 in 2010. Investment income of $89.8 million was recognized for the 2010 fiscal year compared with a net investment loss of $115.0 million for the 2009 fiscal year.

Deductions from the MDC net assets include payments to participants and beneficiaries. For the 2010 fiscal year, payments amounted to $54.0 million, a decrease of $1.2 million (2.2 percent) from the 2009 fiscal year. The decrease in withdrawals is attributed to a suspension of the required minimum distribution brought on by a lagging economy. 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, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005.

Statement of Fiduciary Net Assets – June 30, 2010

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan MDC	Total Pension Trust Funds	Agency Funds	Total 2010
Assets										
Cash and cash equivalents (Note 3)	$ 304,660	$ 4,218	$ 2,729	$ 202	$ -	$ 311,809	$ 2,419	$ 314,228	$17	$ 314,245
Receivables:										
Employer	52,770	-	285	-	-	53,055	-	53,055	-	53,055
Employee	31,560	-	10	-	-	31,570	3,017	34,587	-	34,587
Investment proceeds	176,533	2,451	1,585	117	-	180,686	-	180,686	-	180,686
Interest and dividends	65,815	914	591	44	-	67,364	233	67,597	-	67,597
Other receivables	660	1,117	9	-	-	1,786	-	1,786	-	1,786
Total receivables	327,338	4,482	2,480	161	-	334,461	3,250	337,711	-	337,711
Investments, at fair value (Note 3):										
Short-term securities	2,562	35	24	2	-	2,623	22,193	24,816	-	24,816
Debt securities	4,204,814	58,379	37,763	2,791	-	4,303,747	50,268	4,354,015	-	4,354,015
Equity securities	11,320,363	157,171	101,667	7,513	-	11,586,714	459,368	12,046,082	-	12,046,082
Private equity	90,166	1,252	810	59	-	92,287	-	92,287	-	92,287
Absolute return strategy	14,528	202	130	10	-	14,870	-	14,870	-	14,870
Real estate investments	749,548	10,407	6,732	497	-	767,184	-	767,184	-	767,184
Asset allocation fund	-	-	-	-	-	-	44,884	44,884	-	44,884
Fixed rate and variable	-	-	-	-	-	-	509,152	509,152	-	509,152
Life insurance contracts	-	-	-	-	-	-	365	365	-	365
Total investments before lending activities	16,381,981	227,446	147,126	10,872	-	16,767,425	1,086,230	17,853,655	-	17,853,655
Securities lending:										
Short-term securities	2,347,754	32,716	21,162	1,564	-	2,403,196	-	2,403,196	-	2,403,196
Debt securities	1,635,963	22,797	14,746	1,090	-	1,674,596	-	1,674,596	-	1,674,596
Total securities lending	3,983,717	55,513	35,908	2,654	-	4,077,792	-	4,077,792	-	4,077,792
Total investments	20,365,698	282,959	183,034	13,526	-	20,845,217	1,086,230	21,931,447	-	21,931,447
Due from other funds	6	-	-	-	(6)	-	-	-	-	-
Capital assets, at cost, net of accumulated depreciation (Note 4)	15,387	-	-	-	-	15,387	-	15,387	-	15,387
Total assets	21,013,089	291,659	188,243	13,889	(6)	21,506,874	1,091,899	22,598,773	17	22,598,790
Liabilities										
Accounts payable and accrued expenses	235,127	3,205	2,082	153	-	240,567	156	240,723	15	240,738
Obligations under securities lending	3,988,586	55,581	35,952	2,657	-	4,082,776	-	4,082,776	-	4,082,776
Due to other funds (Note 5)	24	-	6	-	(6)	24	-	24	-	24
Funds held for others	1,138	-	-	-	-	1,138	-	1,138	2	1,140
Total liabilities	4,224,875	58,786	38,040	2,810	(6)	4,324,505	156	4,324,661	17	4,324,678
Net assets held in trust for pension benefits	$16,788,214	$232,873	$150,203	$11,079	$ -	$17,182,369	$1,091,743	$18,274,112	$ -	$18,274,112

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

Public Employees' Retirement System of Mississippi

Statement of Changes in Fiduciary Net Assets – For the Year Ended June 30, 2010

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan MDC	Total Pension Trust Funds 2010
Additions:								
Contributions:								
Employer	$ 731,544	$ 8,613	$ 21,420	$ 446	$ -	$ 762,023	$ 863	$ 762,886
Employee	439,397	2,043	145	202	-	441,787	86,117	527,904
Total contributions	1,170,941	10,656	21,565	648	-	1,203,810	86,980	1,290,790
Net investment income:								
Net appreciation in fair value	1,682,992	23,452	15,171	1,121	-	1,722,736	69,952	1,792,688
Interest and dividends	459,918	6,409	4,146	306	-	470,779	19,897	490,676
Total before lending activities	2,142,910	29,861	19,317	1,427	-	2,193,515	89,849	2,283,364
Securities lending:								
Net appreciation in fair value	34,068	475	306	23	-	34,872	-	34,872
Interest	6,204	86	57	4	-	6,351	-	6,351
Interest expense	364	5	3	1	-	373	-	373
Program fees	(1,676)	(23)	(15)	(1)	-	(1,715)	-	(1,715)
Net income from securities lending	38,960	543	351	27	-	39,881	-	39,881
Managers' fees and trading costs	(33,121)	(462)	(299)	(22)	-	(33,904)	-	(33,904)
Net investment income	2,148,749	29,942	19,369	1,432	-	2,199,492	89,849	2,289,341
Other additions:								
Administrative fees	610	-	-	-	(610)	-	-	-
Other	-	3,985	-	-	-	3,985	-	3,985
Total other additions	610	3,985	-	-	(610)	3,985	-	3,985
Total	3,320,300	44,583	40,934	2,080	(610)	3,407,287	176,829	3,584,116
Deductions:								
Retirement annuities	1,580,808	25,847	35,766	804	-	1,643,225	54,009	1,697,234
Refunds to terminated employees	73,580	65	3	20	-	73,668	-	73,668
Total	1,654,388	25,912	35,769	824	-	1,716,893	54,009	1,770,902
Administrative expenses:								
Personal services:								
Salaries, wages and fringe benefits	7,922	-	-	-	-	7,922	-	7,922
Travel and subsistence	79	-	-	-	-	79	-	79
Contractual services	3,446	-	-	-	-	3,446	-	3,446
Commodities	292	-	-	-	-	292	-	292
Total administrative expenses	11,739	-	-	-	-	11,739	-	11,739
Depreciation	446	-	-	-	-	446	-	446
Administrative fees	-	172	429	9	(610)	-	-	-
Total	1,666,573	26,084	36,198	833	(610)	1,729,078	54,009	1,783,087
Net increase	1,653,727	18,499	4,736	1,247	-	1,678,209	122,820	1,801,029
Net assets held in trust for pension benefits:								
Beginning of year	15,134,487	214,374	145,467	9,832	-	15,504,160	968,923	16,473,083
End of year	$16,788,214	$232,873	$150,203	$11,079	$ -	$17,182,369	$1,091,743	$18,274,112

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

1. Plan Description

(a) 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 is also 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 & 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 Mississippi Highway Safety 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	113	2	–	5	120
State universities	9	–	–	–	9
Public schools	150	–	–	–	150
Community/junior colleges	15	–	–	–	15
Counties	82	–	–	–	82
Municipalities	239	–	17	–	256
Other political subdivisions	261	–	–	–	261
Total employers	869	2	17	5	893
Members:					
Active vested	109,577	387	31	134	110,129
Active nonvested	55,319	155	–	41	55,515
Total active members	164,896	542	31	175	165,644
Inactive vested	18,503	15	2	51	18,571
Inactive nonvested	110,740	38	–	10	110,788
Total inactive members	129,243	53	2	61	129,359
Retirees and beneficiaries	79,168	696	2,090	142	82,096
Total retired/inactive members	208,411	749	2,092	203	211,455
Total members	373,307	1,291	2,123	378	377,099
Active members by employer:					
State agencies	33,704	542	–	175	34,421
State universities	17,575	–	–	–	17,575
Public schools	66,042	–	–	–	66,042
Community/junior colleges	6,343	–	–	–	6,343
Counties	14,740	–	–	–	14,740
Municipalities	18,650	–	31	–	18,681
Other political subdivisions	7,842	–	–	–	7,842
Total active members	164,896	542	31	175	165,644

**Information furnished for MRS is as of September 30, 2009.*

(b) Membership and Benefit Provisions

(1) Public Employees' Retirement System of Mississippi

Membership in PERS is a condition of employment for those who qualify. Eligibility is 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 is a condition of employment and eligibility is granted to those who qualify upon hiring. Members who terminate employment from all covered employers and who are not eligible to receive monthly retirement benefits may request a refund of their accumulated employee contributions plus interest.

Participating employees who are vested and retire at or after age 60 or those who retire regardless of age with at least 25 years of creditable service (30 years of creditable service for employees who become members of PERS on or after July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 25 years, plus 2.5 percent for each year of credited service over 25 years. 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. For members who enter the System on or after July 1, 2007, benefits vest upon completion of eight years of membership service. For members who entered the System before July 1, 2007, benefits vest upon completion of four years of membership service. PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. 1972 and may be amended only by the State of Mississippi Legislature.

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries. The cost-of-living adjustment 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 55, plus 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2010, the total additional annual payments were $338,628,000.

(2) Mississippi Highway Safety Patrol Retirement System

Membership in MHSPRS is a condition of employment. Eligibility is 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 employees 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 their 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. Members who terminate employment from all covered employers and who are not eligible to receive monthly retirement benefits may request a refund of their 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 State of Mississippi Legislature.

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries. The cost-of-living adjustment 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, plus 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2010, the total additional annual payments were $6,294,000.

(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. Employees hired after these periods automatically become members of PERS. 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 over 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 also provides 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 Sections 21-29, 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 State of 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 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 Consumer Price Index. These additional payments will be made only when funded by the employers. For the year ended June 30, 2010, the total additional annual payments were $5,048,000.

(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 on 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. Members who terminate employment from all covered employers and who are not eligible to receive monthly retirement benefits may request a refund of their accumulated employee contributions plus interest. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Ann. 1972 and may be amended only by the State of Mississippi Legislature.

Retirees and beneficiaries of SLRP may receive additional amounts calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2010, the total additional annual payments were $161,000.

(5) Government Employees' Mississippi Deferred Compensation Plan & 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 Section 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, 2010, total plan assets aggregated $1,091,899,000 with 40,036 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 Section 1-25 et seq. of the Internal Revenue Code of 1954, and regulations thereunder, 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.

(c) Employee and Employer Obligations to Contribute

Employees covered by PERS and MHSPRS are required to contribute 7.25 percent of their salary. Members of SLRP are required to contribute 3.00 percent of their compensation in addition to the 7.25 percent required by PERS. Effective July 1, 2010, employees covered by PERS are required to contribute 9.00 percent of their earned compensation toward retirement. If an employee covered by PERS, MHSPRS, or SLRP leaves employment, accumulated employee contributions plus interest are refunded to the employee upon request. The interest paid on employee accounts was 3.50 percent in 2010. 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) Section 25-11-1 et seq. for PERS, Section 25-13-1 et seq. for MHSPRS, and Section 25-11-301 et seq. for SLRP. These statutes may be amended only by the State of Mississippi Legislature.

Employees covered by MRS are required to contribute amounts varying from 7.00 percent to 10.00 percent of their salary, depending on the actuarial soundness of their respective plans. Any increase to the 7.00 percent base contribution rate is made in increments not to exceed 1.00 percent per year. If an employee leaves covered employment, accumulated employee contributions are refunded to the employee upon request. Employees 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 Sections 21-29, Articles 1, 3, 5, and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Statutes may be amended only by the State of Mississippi Legislature.

2. Summary of Significant Accounting Policies

(a) 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.

(b) 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.

(c) Basis of Accounting

PERS, MHSPRS, MRS, SLRP, and MDC use the accrual basis of accounting and the economic resources measurement focus. Employee 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.

(d) 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.

(e) Capital Assets

Capital assets used for administering the plans are carried at historical cost. Depreciation is provided using the straight-line method. The following schedule summarizes estimated useful lives by asset classification:

Asset Classification	Estimated Useful Life	Estimated Salvage Value
Building	40 years	20%
Improvements	20 years	20%
Furniture and equipment	5-15 years	1%
Computer equipment	3 years	1%
Vehicles	3-10 years	10%

(f) 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 employee presents medical evidence that his or her physical condition is such that the employee 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 employee. 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.

(g) New Accounting Pronouncement

The System implemented Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* for the fiscal year beginning July 1, 2009. The pronouncement has no impact on the System's net assets, but resulted in additional disclosures, which are presented in Note 3 to the basic financial statements.

(h) Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2010, and the reported amounts of additions to and deductions from net assets during the year then ended. Actual results could differ from those estimates.

3. Cash, Cash Equivalents, and Investments

(a) Legal Provisions
The System is authorized by Section 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 Investors Service. 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 Investors Service, 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 U.S. 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 which 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 U.S. 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.

- Up to 10 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 is also 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 Section 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, 2010, the System had no deposits in foreign demand deposit accounts.

(b) 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, Section 25-11-121, provides that the deposits of the System in any bank of the United States shall, where possible, be safeguarded and guaranteed by the posting of bonds, notes, and other securities as security by the depository. The System's Board of Trustees has formally adopted a short-term investment policy that requires that the market value of securities guaranteeing the deposits shall at all times be equal to 100 percent of the amount of funds on deposit.

The amount of the System's total cash and cash equivalents at June 30, 2010, was $314,245,000. Cash deposits in bank accounts totaled $2,192,000, which were covered by federal depository insurance. At June 30, 2010, the System held $312,053,000 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 U.S. government securities, including agency discount notes, repurchase agreements, and U.S. Treasury bills. The average S&P short-term quality rating of the fund was A-1 at June 30, 2010.

(c) 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.

In October 2002, the Board of Trustees adopted real estate as part of the System's long-term asset allocation. The Mississippi Code Section 25-11-121 allows the System to invest up to 10 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 System funded its first real estate investments in June 2003. 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 adopted the current long-term policy asset allocation target in 2006 that 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. In fiscal year 2010, PERS expanded its fixed income allocation into emerging market debt securities, which invest primarily in sovereign government and agency debt securities. The System also expanded its non-U.S. allocation in the area of REITs.

The following table presents the fair value of investments by type at June 30, 2010 (in thousands):

Investment type:	Fair Value
Commercial paper	$ 2,042,654
Repurchase agreements	361,342
U.S. Government agency obligations	254,575
U.S. Treasury obligations	1,464,818
Collateralized mortgage obligations	434,212
Corporate bonds	2,421,888
Mortgage pass-throughs	476,254
State and local obligations	60,576
Asset backed securities	522,044
Yankee/Global bonds	42,716
Sovereign agencies debt	16,164
Sovereign governments debt	286,919
Domestic equity securities	8,293,850
International equity securities	3,395,236
Real estate	767,184
Private equity	92,287
Absolute return	14,870
Money market fund	22,193
Fixed income funds	50,268
Asset allocation funds	44,884
Fixed and variable funds	509,152
Life insurance contracts	365
Equity funds	356,996
Total	$ 21,931,447

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, Section 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' $20.8 billion in investments at June 30, 2010, $4.1 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, 2010, are presented by type below (in thousands):

	Fair Value
Commercial paper	$ 2,042,654
Repurchase agreements	360,542
Corporate bonds	1,149,638
Asset backed securities	424,993
U.S. Government agencies	99,965
Total	$ 4,077,792

Interest Rate Risk

As of June 30, 2010, 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	$ 522,044	$ 439,268	$ 24,835	$ 17,473	$ 40,468
Collateralized mortgage obligations	434,212	17,840	-	19,620	396,752
Commercial paper	2,042,654	2,042,654	-	-	-
Corporate bonds	2,421,888	302,746	1,366,131	428,717	324,294
Mortgage pass-throughs	476,254	70	1,078	31,796	443,310
Repurchase agreements	361,342	361,342	-	-	-
State and local obligations	60,576	-	4,638	522	55,416
U. S. Government agency obligations	254,575	18,378	207,245	17,979	10,973
U. S. Treasury obligations	1,464,818	20,629	786,495	399,121	258,573
Yankee/Global bonds	42,716	1,052	20,940	12,677	8,047
Sovereign agencies debt	16,164	-	3,990	12,174	-
Sovereign governments debt	286,919	-	48,276	130,118	108,525
Total	$ 8,384,162	$ 3,203,979	$ 2,463,628	$ 1,070,197	$ 1,646,358

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 2010, 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 $6 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 $434.2 million in CMOs at June 30, 2010. Of this amount, $140.0 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 $522.0 million in ABS that the System held at June 30, 2010, $68.0 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, 2010, the System had invested $476.3 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, 2010, was as follows (fair value in thousands):

	Quality Ratings														
Investment Type:	AAA	AA	A	BAA	BA	BBB	BB	B	CAA	CCC	CC	C	NR	P	WR
Asset backed securities.	$ 447,416	$ 20,132	$ 6,542	$ 1,792	$ 16,823	$ -	$ -	$ -	$28,110	$ -	$ -	$ 16	$ -	$ -	$1,212
Collateralized mortgage obligations.	253,592	14,276	68,396	2,603	1,884	15,567	8,153	5,678	8,618	16,966	12,859	1,170	-	-	-
Commercial paper.	-	-	1,989,707	-	-	-	-	-	-	-	-	-	-	52,948	-
Corporate bonds.	303,650	765,081	678,819	278,193	101,973	169,419	43,556	72,026	1,475	2,288	-	-	5,403	-	4
Mortgage pass-throughs. .	425,041	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase agreements. . . .	360,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign agencies debt. . .	1,024	285	2,966	-	5,033	6,856	-	-	-	-	-	-	-	-	-
Sovereign governments debt.	12,296	6,379	19,865	74,303	69,813	58,453	6,811	34,338	-	-	-	-	4,662	-	-
State and local obligations.	1,978	23,201	26,935	4,370	-	-	-	-	-	-	-	-	4,093	-	-
U.S. Government agency obligations.	251,323	-	2,812	-	-	-	-	-	-	-	-	-	-	-	-
Yankee/Global bonds.	26,137	6,556	8,191	-	-	1,832	-	-	-	-	-	-	-	-	-
Total	$2,082,999	$835,910	$2,804,233	$361,261	$195,526	$252,127	$58,520	$112,042	$38,203	$19,254	$12,859	$1,186	$14,158	$52,948	$1,216

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.

Foreign Currency Risk

The System's exposure to foreign currency risk at June 30, 2010, was as follows (in thousands):

Currency	Cash & Equivalents	Equities & REITs	Debt Securities	Total Fair Value	Percent
Australian Dollar.	$ 30	$ 154,324	$ -	$ 154,354	4.86%
Brazilian Real.	(5,467)	132,369	4,762	131,664	4.14
British Pound Sterling.	4,679	529,089	-	533,768	16.80
Canadian Dollar.	74	83,857	9,125	93,056	2.93
Danish Krone.	788	26,962	-	27,750	0.87
Egyptian Pound.	2	27,850	-	27,852	0.88
Euro.	(9,984)	860,274	5,324	855,614	26.92
Hong Kong Dollar.	248	80,792	-	81,040	2.55
Hungarian Forint.	30	5,702	-	5,732	0.18
Indian Rupee.	8	27,940	-	27,948	0.88
Indonesian Rupiah.	20	28,076	-	28,096	0.88
Israeli Shekel.	30	15,353	-	15,383	0.48
Japanese Yen.	4,184	511,239	-	515,423	16.20
Malaysian Ringgit.	140	5,649	-	5,789	0.18
Mexican Peso.	-	13,904	24,661	38,565	1.21
New Taiwan Dollar.	310	44,409	-	44,719	1.41
New Turkish Lira.	100	56,714	-	56,814	1.79
New Zealand Dollar.	140	1,388	12,326	13,854	0.44
Norwegian Krone.	191	30,847	-	31,038	0.98
Pakistan Rupee.	-	8,249	-	8,249	0.26
Singapore Dollar.	80	43,298	-	43,378	1.37
South African Rand.	393	89,527	-	89,920	2.83
South Korean Won.	103	105,654	-	105,757	3.33
Swedish Krona.	183	43,210	-	43,393	1.36
Swiss Franc.	2,321	182,648	-	184,969	5.82
Thailand Baht.	20	14,152	-	14,172	0.45
Total.	$ (1,377)	$ 3,123,476	$ 56,198	$ 3,178,297	100.00%

The System's investment asset allocation policy limits international investments to 17.8 percent. At June 30, 2010, the current position was 21.5 percent. 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 Governmental Accounting Standards Board issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, with implementation effective for fiscal year 2010. 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, 2010 (in thousands), as reported in the System's Statement of Fiduciary Net Assets:

	Changes in Fair Value		Fair Value at June 30, 2010		Notional	
	Classification	Amount	Classification	Amount	Notional	
Investment derivative instruments:						
Foreign currency forwards.	Investment income	$ (63)	Investment	$ (63)	9,591	BRL
Foreign currency forwards.	Investment income	79	Investment	79	12,001,463	COP
Foreign currency forwards.	Investment income	(313)	Investment	(313)	11,814	EUR
TBA securities.	Investment income	91	Debt securities	18,950	$ 17,655	

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

The counterparties of the foreign currency forwards have short-term credit ratings of A or better 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) are rated A or better by the nationally recognized statistical rating organizations.

Investment Derivatives Foreign Currency Risk

The foreign currency forwards are also presented in the foreign currency risk table on page 37.

Investment Derivatives Interest Rate Risk

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

Commitments

As of June 30, 2010, the System had real estate, private equity, and absolute return 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.

At fiscal year end, PERS had the following outstanding investment commitments:

Commitments – Alternative Investments
June 30, 2010

	Committed Capital	Capital Contributed	Outstanding
Real estate	$ 300,000,000	$ 199,329,234	$ 100,670,766
Private equity	1,500,000,000	87,814,535	1,412,185,465
Absolute return	17,500,000	17,500,000	-
Total	$ 1,817,500,000	$ 304,643,769	$ 1,512,856,231

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, 2010, the total fair value of the commingled real estate portfolio was approximately $386.0 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, 2010, the fair value of these investments totaled $230.0 million. The absolute return portfolio also has limited liquidity, but has a shorter three- to four-year investment horizon. As of June 30, 2010, the System held $15.0 million in assets for the absolute return portfolio.

(d) 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 following table details the net income from securities lending for the period ended June 30, 2010 (in thousands):

	PERS	MHSPRS	MRS	SLRP	Total
Interest income	$ 6,204	$ 86	$ 57	$ 4	$ 6,351
Net appreciation	34,068	475	306	23	34,872
Income from securities lending	40,272	561	363	27	41,223
Less:					
Interest expense*	(364)	(5)	(3)	(1)	(373)
Program fees	1,676	23	15	1	1,715
Expenses from securities lending	1,312	18	12	-	1,342
Net income from securities lending	$ 38,960	$ 543	$ 351	$27	$ 39,881

**Interest expense resulted in a negative number for FY2010 due to the Fed Funds rate being at its lowest in years and more borrowers were willing to pay the lender to borrow high-demand securities as opposed to the lender paying the borrower a portion of the earnings from the re-invested cash collateral.*

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, 2010, are long-term U.S. 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 U.S. securities and international securities denominated in the same currency of the loaned security. For international securities that are denominated in a currency other than the currency of the loaned security, 105.0 percent collateral is required at the initiation of the loan. In the event the collateral fair value on U.S. 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, 2010. Cash collateral was invested in repurchase agreements, commercial paper, corporate bonds, U.S. government agencies, and asset-backed securities at June 30, 2010. The weighted average effective duration of all collateral investments at June 30, 2010, was 34 days with a weighted average maturity of 34 days.

Securities lent at year-end for cash collateral are presented by type in Note 3 (c); 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, 2010. The investments purchased with the cash collateral are also presented in Note 3 (c) 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 $4,078,938,000, which include the related accrued interest, and the related total liabilities of $4,082,776,000, which include the related expenses, on the Statement of Fiduciary Net Assets do not equal at June 30, 2010. The difference of negative $3,838,000 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, 2010 (in thousands):

Securities Lent	Fair Value Including Accrued Income	Cash Collateral Received
Lent for cash collateral:		
Debt securities	$ 1,441,680	$ 1,471,916
Domestic equities	2,058,747	2,134,489
International equities	312,778	355,305
REITs	116,989	121,066
Total securities lent	$ 3,930,194	$ 4,082,776

(e) 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, 2010, were $584,000.

4. Capital Assets

The following table shows amounts for capital assets as of June 30, 2010 (in thousands):

Description	2010
Land	$ 508
Building	18,459
Improvements	25
Furniture and equipment	1,197
Total capital assets	20,189
Less accumulated depreciation	
Building	3,626
Improvements	20
Furniture and equipment	1,156
Total accumulated depreciation	4,802
Net capital assets	$ 15,387

5. Due To Other Funds

The following is a summary of due to/due from other funds as of June 30, 2010 (in thousands):

Due To Other Funds: Receivable Fund	Payable Fund	Amount
State of Mississippi	PERS	$ 24

6. Funding Status and Progress

(a) 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, 2010 (in thousands):

	PERS	MHSPRS	MRS	SLRP	Total
Valuation assets June 2009*	$ 20,597,581	$ 292,322	$ 208,479	$ 13,386	$ 21,111,768
Contributions and other revenue	1,170,941	14,641	17,045	648	1,203,275
Benefit payments	(1,654,388)	(25,912)	(35,869)	(824)	(1,716,993)
Administrative expenses	(11,739)	(172)	(338)	(9)	(12,258)
Investment expenses**	(33,121)	(462)	-	(22)	(33,605)
Net new money	(528,307)	(11,905)	(19,162)	(207)	(559,581)
Expected total investment return for 2010 (8%)	1,224,073	17,154	14,689	801	1,256,717
Adjustment towards market (20%)	(1,149,921)	(16,483)	(12,827)	(739)	(1,179,970)
Valuation assets June 2010*	$ 20,143,426	$ 281,088	$ 191,179	$ 13,241	$ 20,628,934

**Information for MRS is presented as of September, 2008 and 2009, 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, 2010	June 30, 2010	September 30, 2009	June 30, 2010
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	25.0 years	29.7 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	4.5-15.0%	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%[1]	3.0%[2]	2.0-3.75%[3]	3.0%[1]

[1]Calculated 3% simple interest to age 55, compounded each year thereafter. [2]Calculated 3% simple interest to age 60, compounded each year thereafter.
[3]Varies depending on municipality.

(b) 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 the aggregate reasonably related to actual experience, the System requests the actuary to conduct an experience investigation every other year.

An experience review was last performed as of June 30, 2008. 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 and service retirement for active members. Also adopted was a change in post-retirement mortality tables. New assumptions for MHSPRS were adopted that changed retirement decrements and post-retirement mortality tables. A change in salary scale, as well as post-retirement mortality tables, were adopted for SLRP. The assumptions for wage inflation and price inflation were changed for PERS, MHSPRS, and SLRP. The benefit provision for maximum reportable earned compensation increased for PERS and SLRP, and the 20-percent corridor around the market value of assets used to develop the actuarial value of assets was eliminated for PERS, MHSPRS, SLRP, and MRS. Changes resulting from the experience for PERS, MHSPRS, and SLRP were used in the actuarial valuations as of June 30, 2010.

The June 30, 2008, experience review also recommended a change in post-retirement mortality tables for MRS. This change was adopted and used in the valuations as of September 30, 2009.

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. Contribution rates are established by the Board of Trustees for PERS, MHSPRS, and SLRP in accordance with actuarial contribution requirements determined through the most recent valuation.

The annual required contribution rate (ARC) is set two years in advance. Based on the June 30, 2008, valuation, the consulting actuary recommended an employer contribution rate for PERS of 12.00 percent, effective for fiscal year 2010. The Board of Trustees adopted the actuary's recommendation to assure a sufficient funding level to maintain the unfunded accrued liability amortization period within 30 years. For fiscal year 2011, the Board of Trustees approved an increase to 13.56 percent beginning July 1, 2010. However, due to the passage of House Bill 1, of the 2010 First Extraordinary Session, the Mississippi Legislature increased the employee contribution rate by 1.75 percent from 7.25 to 9.00 percent, effective July 1, 2010. Due to the increase in employee contribution rate, the employer contribution rate increase to 13.56 percent was delayed until the completion of the June 30, 2010, actuarial valuation. As a result of the increase in employee contribution rate and due to favorable investment experience in fiscal year 2010, the consulting actuary recommended the PERS' required employer contribution rate of 12.93 percent in the June 30, 2010, valuation report. This contribution rate is scheduled to begin July 1, 2011.

Based on the June 30, 2010, valuations, the consulting actuary recommended an increase in the employer contribution rate for MHSPRS from 30.30 percent to 35.21 percent and an increase in employer contribution rate for SLRP from 6.65 percent to 7.40 percent, in order to keep the anticipated accrued liability payment period within 30 years in accordance with GASB Statements 25 and 27. The Board of Trustees approved these increases effective beginning July 1, 2011.

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

Required Contributions
(Dollars in Thousands)

	Contribution Requirements						Contributions Made				
	Normal Cost		Unfunded Cost				Member		Employer		
System	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Total Required Contributions	Total Actual Contributions	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Covered Payroll
PERS	$ 680,253	11.38%	$ 490,688	7.87%	$ 699,824	$ 1,170,941	$ 439,397	7.25%	$ 731,544	12.00%	$ 5,763,556
MHSPRS	6,495	24.12	4,161	13.43	11,096*	14,641	2,043	7.25	12,598*	30.30	26,353
SLRP	467	6.89	181	2.76	452	648	202	3.00	446	6.65	6,605
Total	$ 687,215	-	$ 495,030	-	$ 711,372	$ 1,186,230	$ 441,642	-	$ 744,588	-	$ 5,796,514

**Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of $3,100,000 (11.7% of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2010 was $3,985,000.*

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 System 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 through the use of 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 by the municipality to retire the bond indebtedness. In October 2009, the municipality resumed submitting employer contributions.

An actuary is used to determine the implications of the statutory limited contribution levels. At September 30, 2009, aggregate contributions for MRS were equivalent to 114.4 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 0.51 to 9.01 mills, totaling $16,892,000 in actual contributions. The employee contribution rates ranged from 7.0 percent to 10.0 percent of covered payroll, totaling $152,428 in actual contributions.

(a) Legally Required Reserves

Provisions for reserves, in which all assets of the System are to be credited according to their purpose, are established by Section 25-11-123, Article 3, Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi 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, 2010 (in thousands):

	PERS	MHSPRS	MRS	SLRP
Annuity savings account	$ 4,266,621	$ 20,658	$ 2,522	$ 2,509
Annuity reserve	3,161,093	27,280	-	1,233
Employer's accumulation account	12,715,712	233,150	188,657	9,499
Unfunded actuarial accrued liability (UAAL)	11,256,562	130,189	189,857	3,840
Actuarial accrued liability	$ 31,399,988	$ 411,277	$ 381,036	$ 17,081
Percent funded	64.2%	68.3%	50.2%	77.5%
Annual covered payroll	$ 5,763,556	$ 26,353	$ 1,608	$ 6,605
UAAL as a percentage of annual covered payroll	195.3%	494.0%	11,807.0%	58.1%

**The annuity reserve for MRS is reflected as of the September 30, 2009, valuation date.*

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, 2010, was $6,058,000; the System's total payroll expense was $7,922,000. System contributions for the years ended June 30, 2010, 2009, and 2008, were $721,000, $704,000, and $656,000, respectively. The contributions for 2010, 2009, and 2008 were 100, 100, and 97 percent of required contributions, respectively. Refer to Note 7 to the basic financial statements for more information regarding contributions made for fiscal year 2010. System contributions represent less than one percent of total contributions required for all participating employers.

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 on pages 44 and 45. 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						
6/30/01	$ 16,191,631	$ 18,494,207	$ 2,302,576	87.5%	$ 4,112,238	56.0%
6/30/02	16,823,185	20,180,347	3,357,162	83.4	4,220,539	79.5
6/30/03	16,979,457	21,485,838	4,506,381	79.0	4,431,600	101.7
6/30/04	17,103,285	22,847,260	5,743,975	74.9	4,617,273	124.4
6/30/05	17,180,705	23,727,098	6,546,393	72.4	4,786,280	136.8
6/30/06	18,321,063	24,928,464	6,607,401	73.5	4,971,974	132.9
6/30/07	19,791,564	26,862,636	7,071,072	73.7	5,196,295	136.1
6/30/08	20,814,720	28,534,694	7,719,974	72.9	5,544,705	139.2
6/30/09	20,597,581	30,594,546	9,996,965	67.3	5,831,864	171.4
6/30/10	20,143,426	31,399,988	11,256,562	64.2	5,763,556	195.3
Mississippi Highway Safety Patrol Retirement System						
6/30/01	$ 259,713	$ 250,621	$ (9,092)	103.6%	$ 21,972	(41.4)%
6/30/02	263,255	285,548	22,293	92.2	20,339	109.6
6/30/03	259,746	302,134	42,388	86.0	21,052	201.3
6/30/04	256,481	316,570	60,089	81.0	22,683	264.9
6/30/05	253,477	335,117	81,640	75.6	22,343	365.4
6/30/06	265,637	350,638	85,001	75.8	24,499	347.0
6/30/07	284,626	371,233	86,607	76.7	27,037	320.3
6/30/08	298,630	381,578	82,948	78.3	29,597	280.3
6/30/09	292,322	394,630	102,308	74.1	26,390	387.7
6/30/10	281,088	411,277	130,189	68.3	26,353	494.0
Municipal Retirement Systems*						
9/30/00	$ 253,713	$ 375,059	$ 121,346	67.6%	$ 8,485	1,430.1%
9/30/01	262,260	381,782	119,522	68.7	7,350	1,626.1
9/30/02	259,586	393,011	133,425	66.1	5,980	2,231.2
9/30/03	250,640	399,622	148,982	62.7	4,584	3,250.0
9/30/04	235,198	393,061	157,863	59.8	3,675	4,295.6
9/30/05	217,140	387,386	170,246	56.1	2,909	5,852.4
9/30/06	213,553	383,355	169,802	55.7	2,223	7,638.4
9/30/07	213,432	379,584	166,152	56.2	1,953	8,507.5
9/30/08	208,479	368,131	159,652	56.6	1,713	9,320.0
9/30/09	191,179	381,036	189,857	50.2	1,608	11,807.0
Supplemental Legislative Retirement Plan						
6/30/01	$ 9,124	$ 10,302	$ 1,178	88.6%	$ 5,941	19.8%
6/30/02	9,730	11,328	1,598	85.9	5,988	26.7
6/30/03	10,196	12,220	2,024	83.4	6,289	32.2
6/30/04	10,323	12,934	2,611	79.8	5,794	45.1
6/30/05	10,634	13,402	2,768	79.3	6,530	42.4
6/30/06	11,620	14,064	2,444	82.6	6,354	38.5
6/30/07	12,722	15,054	2,332	84.5	6,554	35.6
6/30/08	13,412	15,615	2,203	85.9	6,753	32.6
6/30/09	13,386	16,535	3,149	81.0	6,803	46.3
6/30/10	13,241	17,081	3,840	77.5	6,605	58.1

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

See Notes to Required Supplementary Schedules.

Schedules of Employer Contributions – Last Ten Fiscal Years

(In Thousands) – (Unaudited)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
Public Employees' Retirement System of Mississippi		
2001	$ 398,833	100.0%
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
Mississippi Highway Safety Patrol Retirement System		
2001	$ 5,576	100.0%
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
Municipal Retirement Systems*		
2000	$ 12,364	114.5%
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
Supplemental Legislative Retirement Plan		
2001	$ 371	100.0%
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

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

See Notes to Required Supplementary Schedules.

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 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20 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.

2. Schedules of Employer Contributions

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

   Employer contribution rates for PERS, MHSPRS, and SLRP are set by state statute. 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 statutory 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 $16,892,000, which was 114.4 percent of required contributions for the valuation period ending September 30, 2009.

   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, 2008, actuarial valuation report, a PERS employer contribution rate of 12.00 percent effective July 1, 2009. In the June 30, 2009, valuation report, the consulting actuary recommended an employer contribution rate of 13.56 percent. In the 2010 First Extraordinary Session, the Mississippi legislature passed a 1.75 percent increase in employee contribution rate, effective July 1, 2010. As a result, the Board of Trustees delayed increasing the employer contribution rate to 13.56 until July 1, 2012. Due to the increase in employee contribution rate and favorable investment performance in fiscal year 2010, the consulting actuary recommended an employer contribution rate of 12.93 percent, in the June 30, 2010, valuation report. The Board of Trustees approved the 0.93 percent increase to 12.93 percent effective July 1, 2011. At June 30, 2010, the actual employer contribution amount for PERS was $731,544,000, which was 100 percent of required total contributions. Actual employer contributions for MHSPRS and SLRP also remain at 100 percent of annual required contribution.

2009/2010 Fiscal Year

PERS Annual Required Contribution (ARC) – Based on the Valuation as of June 30, 2008

Annual Required Contribution (ARC)	Rate
Normal	4.02%
Accrued liability	7.98
Total	12.00%

3. Actuarial Assumptions

(a) Plan Overview

Based on the most recent actuarial valuation report dated June 30, 2010, the Board of Trustees adopted an employer contribution rate of 12.93 percent for PERS, 35.21 percent for MHSPRS, and 7.40 percent for SLRP effective July 1, 2011. 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, 2010	June 30, 2010	September 30, 2009	June 30, 2010
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	25.0 years	29.7 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	4.5-15.0%	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%[1]	3.0%[2]	2.0-3.75%[3]	3.0%[1]

[1]Calculated 3% simple interest to age 55, compounded each year thereafter. [2]Calculated 3% simple interest to age 60, compounded each year thereafter.
[3]Varies depending on municipality.

(b) 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 employee contribution rate was increased from 7.25 percent to 9.00 percent effective July 1, 2010. For valuation purposes, it was assumed this change is permanent. As a result, the employer contribution rate for fiscal year 2010/2011 was set at 12.00 percent, the same level as the previous year.

– The post-retirement mortality table used for service retirements and dependents of deceased pensioners has been changed from the 1983 Group Annuity Mortality Table, set forward one year for women, to the 1994 Group Annuity Mortality Table.

MHSPRS

– 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 $3,100,000 annually. The actual additional contribution for 2010 is $3,985,000. However, since previous years' additional contributions have not been consistent, the last three years have been averaged to provide 2010 valuation results, which total an anticipated amount of $3,400,000 annually in the future.

– The valuation results are developed based upon the employer contribution rate of 35.21 percent of payroll.

SLRP

– The valuation results are developed based upon the employer contribution rate of 7.40 percent of payroll.

MRS

– The COLA for retirees of the City of Biloxi has been extended for an additional ten-year period with the COLA being compounded beginning with the state fiscal year in which the retired member turns age 55.

– The maximum COLA percentage for retirees of the City of Hattiesburg has been increased from 25.00 percent to 30.00 percent.

– The post-retirement mortality table used for service retirements and dependents of deceased pensioners has been changed from the 1983 Group Annuity Mortality Table, set forward 3 years for females, to the 1994 Group Annuity Mortality Table.

– The assumption for wage inflation has been changed from 4.00 percent to 4.25 percent, and the assumption for price inflation has been changed from 3.75 percent to 3.50 percent.

– The 20-percent corridor around the market value of assets used to develop the actuarial value of assets was eliminated.

Changes due to normal amortization and actuarial experience had the following effect on the unfunded accrued liability amortization period. The unfunded actuarial accrued liability for MRS is amortized on a closed basis as a level dollar amount over a period of 30 years.

	PERS	MHSPRS	SLRP
Previously reported period of years	30.0	29.3	26.2
Change due to:			
Normal amortization	(1.0)	(1.0)	(1.0)
Actuarial experience	0.7	1.1	3.9
Assumption changes	-	-	-
Plan amendments	-	-	-
Method change	-	-	-
UAL contribution experience	0.3	0.6	0.6
Computed period of years	30.0	30.0	29.7

Schedule of Administrative Expenses and Depreciation

For the Year Ended June 30, 2010

(In Thousands)

	Amount
Administrative expenses:	
Personal services:	
Salaries and wages	$ 6,080
Employee benefits	1,842
Travel and subsistence	79
Total personal services	8,001
Contractual services:	
Professional services (See Schedule 3)	1,689
Communications	571
Data processing installation, training, and licensing	260
Rent of building space and office equipment	222
Utilities	186
Repair and maintenance of building and equipment	179
Bank charges	130
Janitorial	86
Security	63
Insurance	37
Other contractual services	23
Total contractual services	3,446
Commodities:	
Printing, binding, and padding	125
Office supplies and expendable repair parts	79
Office equipment (not capitalized)	66
Business meeting supplies	11
Fuel	11
Total commodities	292
Total administrative expenses	11,739
Depreciation:	
Building	369
Furniture and equipment	77
Total depreciation	446
Total administrative expenses and depreciation	$ 12,185

Schedule 2

Schedule of Administrative Expenditures/Expenses – Budget and Actual

(Non-GAAP Budgetary Basis) – For the Year Ended June 30, 2010

(In Thousands)

Budget Comparisons

	2010		Variance
	Budget	Actual	Favorable (Unfavorable)
Administrative expenditures:			
Personal services:			
Salaries, wages, and fringe benefits	$ 8,527	$ 7,889	$ 638
Travel and subsistence	80	73	7
Contractual services*	3,864	3,429	435
Commodities**	335	240	95
Capital outlays – other than equipment	20	17	3
Capital outlays	96	84	12
Subsidies, loans, and grants	-	-	-
Total	$ 12,922	$ 11,732	$ 1,190

**Contractual Services budget includes $145,000 for initial phases of the pension administration computer system replacement.*
***Commodities budget includes $5,000 for initial 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, 2010.

Reconciliation of Budgetary Basis Administrative Expenditures to GAAP Basis Administrative Expenses

	Amount
Administrative expenditures (budgetary basis)	$ 11,732
Adjustments:	
Compensated leave accrual	33
Bank service charges	130
Capital asset purchases recorded as expenditures for budgetary purposes	(19)
Fiscal year 2010 budget expenditures paid during lapse period; expenses recorded in fiscal year 2011	(830)
Fiscal year 2009 budget expenditures paid during lapse period; expenses recorded in fiscal year 2010	394
Fiscal year 2010 accruals to GAAP basis	299
Administrative expenses (GAAP basis)	$ 11,739

Schedule of Managers' Fees, Investment Global Out-Of-Pocket and Custodial Fees, and Professional Services Fees – For the Year Ended June 30, 2010

(In Thousands)

Investment managers' fees:	Amount
Private Equity Managers	$ 5,445
Artisan Partners Limited Partnership	2,798
Lazard Asset Management	2,469
The Boston Company – mid cap equity	2,336
Eagle Capital Management	2,207
INTECH	2,190
Wellington Asset Management – small cap equity	1,946
Wellington Asset Management – mid cap equity	1,887
Dimensional Fund Advisors – EAFE	1,823
New Star Institutional Managers Limited	1,721
The Boston Company – small cap equity	1,674
UBS Realty Investors	1,660
Pacific Investment Management Company – debt investments	1,419
Principal Global Investors	1,414
Dimensional Fund Advisors – small cap equity	1,394
Fayez Sarofim & Company	1,334
Acadian Asset Management	1,299
Hancock Timber Resource Group	1,130
AllianceBernstein	1,052
Loomis Sayles & Company	1,027
Jarislowsky Fraser Limited	1,007
Aberdeen Asset Management	921
Capital Guardian Trust Company	674
RREEF – REITs	646
AEW Partners Fund V	557
Wellington Asset Management – REITs	504
Angelo Gordon & Company	334
BlackRock Institutional Trust Company – debt investments	289
AEW Partners Fund VI	271
Northern Trust Global Investment	270
Wellington Asset Management – emerging markets debt investments	223
BlackRock Institutional Trust Company – EAFE	222
CIS, a Division of Dreyfus	206
State Street Global Advisors – equity	118
Heitman	97
State Street Global Advisors – debt investments	80
Absolute Return Managers	62
Total*	44,706
Custodial and global out-of-pocket fees – Bank of New York Mellon	168
Total managers' fees, out-of-pockets, and custodial fees	$44,874
Securities lending fees – Bank of New York Mellon	$ 1,715
Professional service fees:	
Fund evaluation – Mercer Investment Consulting, Inc.	$ 510
Actuary – Cavanaugh Macdonald	268
Medical fees – clinics, labs	268
Legal – State of Mississippi – Office of the Attorney General, Other	254
Audit – Department of Audit, KPMG LLP	124
Voting services – VR Election Services	104
Legal – Chapman and Cutler, Whiteford, Taylor and Preston	87
Graphic design – Maris, West & Baker	33
Mailing services – Postage Savers, Sourcelink	21
System development consultant – L.R. Wechsler LTD.	20
Total professional service fees	$ 1,689

**Includes fees of $10,969,965, 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, 2010

(In Thousands)

	Amount
Cash balance at beginning of year	$ 343,370
Receipts:	
Contributions:	
Employee	527,909
Employer	759,978
Total contributions	1,287,887
Investments:	
Securities lending and reverse repurchase agreements	94,128,872
Investments matured and sold	13,180,881
Investment income	938,381
Total investments	108,248,134
Administrative receipts	616
Other receipts	12,053
Total cash receipts	109,548,690
Disbursements:	
Annuities and refunds:	
Retirement annuities	1,693,064
Refunds to terminated employees	73,309
Total annuities and refunds	1,766,373
Investments:	
Securities lending and reverse repurchase agreements	94,130,384
Investments purchased	13,634,106
Investment expenses	34,616
Total investments	107,799,106
Administrative expenses	12,197
Other disbursements	156
Total cash disbursements	109,577,832
Cash balance at end of year	$ 314,228

Schedule 5

Schedule of Investments Due to MRS from PERS – June 30, 2010

(In Thousands)

Due to MRS:	Amount
Biloxi Municipal	$ 2,176
Biloxi Fire and Police	7,156
Clarksdale Fire and Police	1,076
Clinton Fire and Police	6,699
Columbus Fire and Police	1,329
Greenville Fire and Police	3,491
Greenwood Fire and Police	2,657
Gulfport Fire and Police	8,730
Hattiesburg Fire and Police	19,159
Jackson Fire and Police	60,725
Laurel Fire and Police	2,975
McComb Fire and Police	1,030
Meridian Municipal	982
Meridian Fire and Police	6,562
Natchez Fire and Police	1,840
Pascagoula Fire and Police	6,596
Tupelo Fire and Police	5,891
Vicksburg Fire and Police	10,247
Yazoo City Fire and Police	598
Total investments due to MRS	$ 149,919

Schedule 6

Public Employees' Retirement System of Mississippi

Statement of Changes in Assets and Liabilities – Agency Funds
For the Year Ended June 30, 2010

(In Thousands)

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Flexible Benefits Cafeteria Plan				
Assets:				
Cash	$ 19	$ 87	$ 89	$ 17
Accounts receivable	-	-	-	-
Total assets	$ 19	$ 87	$ 89	$ 17
Liabilities:				
Accounts payable	$ 15	$ -	$ -	$ 15
Funds held for others	4	87	89	2
Total liabilities	$ 19	$ 87	$ 89	$ 17

INVESTMENTS

WHILE YOU'RE LOOKING
AT THE BIG PICTURE,
IT'S GOOD TO KNOW
SOMEONE'S TAKING CARE
OF THE DETAILS.

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 principals 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
- always act in the exclusive interest of the members of the System

Even in successful investment years like fiscal year 2010, 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, and the prudent investment of the System's assets demands constant attention and specialized expertise. The System 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. It is the goal of the investment program to ensure adequate funding is available for all current and future pension obligations.

Fiscal Year 2010 Plan Overview

As of June 30, 2010, the market value of the defined benefits portfolio was $17.1 billion; a $1.7 billion increase over the previous year's valuation. As is common in a mature pension plan, the System's annual distributions surpassed the annual contributions made by employees and employers. This year, the amount paid out to participants exceeded incoming contributions by $513 million.

The investment portfolio, excluding investments purchased with securities lending cash collateral, was composed of 47.8 percent domestic, 19.5 percent international and 1.4 percent global equities; 25.4 percent debt securities; 4.6 percent real estate investments; 0.6 percent private equity and absolute return investments; and 0.7 percent cash and cash equivalents at fiscal year end. The System continued to maintain a high quality debt portfolio as evidenced by the fact that 67 percent of the bond investments carried a AAA rating. This includes 57 percent of the total fixed income portfolio which was invested in U.S. Treasury Notes, Bonds, TIPS, and U.S. government agency bonds.

Mercer Investment Consulting is employed by the Board of Trustees 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. Mercer 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 2010, the program generated $9.7 million* in additional revenue for the PERS investment program.

In addition to the short-term assets managed in-house, at year end 29 firms were managing 38 different investment portfolios for the System. The chart on page 69 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 Mercer Investment Consulting.

**Earnings distributed, for the fiscal year, were $9.7 million. Net income reported, as required by GASB 28, was $39.9 million.*

Fiscal Year 2010 Market Recap

The cautious investor optimism first seen in the summer of 2009 continued to gain momentum throughout most of fiscal year 2010. The "First Time Home Buyers Incentives" and "Cash for Clunkers" government stimulus programs buoyed auto and home sales during the first two quarters of the fiscal year. Globally, equities rallied as both monetary and fiscal stimulus initiatives helped bolster consumer confidence worldwide. Though uninspiring economic data poured in throughout the year, investors continued to shift away from the safety of the treasury issues. As a result, undervalued equity markets reaped the benefits. With the exception of the final quarter of the fiscal year, when world equity markets retreated a bit on the resurgence of recession fears, global equity markets, as measured by the MSCI All Country World Index, returned a healthy 12.3 percent.

The U.S. bond market experienced near double-digit returns as measured by the Barclay's Capital Aggregate Index, which returned 9.5 percent for the year. Treasury yields stayed volatile throughout the year as investors shifted in and out of the markets on rising and falling economic fears. The fiscal year ended with double-dip recession jitters growing and concerns mounting over a potential sovereign debt crisis in Europe. In the fourth quarter of fiscal year 2010, investors globally sought safety in U.S. Treasury issues, pushing interest rates down across the yield curve.

Both public and private real estate investors saw returns improve compared to the previous fiscal year. Representing the universe of public real estate investments, the NAREIT Index returned 53.9 percent for the one-year period ended June 30, 2010. While private real estate returns measured by the NCREIF Property Index came in at negative 1.48 percent for the fiscal year, returns for the final quarter of the year advanced to positive territory. The 3.3 percent return for the quarter ended June 30 was comprised of 1.7 percent income and 1.6 percent asset value appreciation. This was significant because it broke a two-year streak of property value write-downs, signaling the possible bottom to real estate market returns.

Private equity markets, in general, experienced a challenging year as general partners struggled to invest funds committed in 2009. Additionally, there were fewer commitments to new funds as many investors remained cautious about locking up assets in illiquid investments. Fund raising showed slight signs of improvement in the final quarter of the fiscal year as investors' risk appetites began to return and liquidity concerns subsided.

Performance Overview

Like the financial markets, the System's portfolio performance for fiscal year 2010 was greatly improved compared to fiscal year 2009. The total return of 14.1 percent exceeded the total Plan benchmark return of 13.2 percent, the Mercer public plan universe median return of 13.5 percent, and the 8.0 percent actuarial assumed rate of return. The impact of the 2008 financial crisis continued to be reflected in the three-year total return of negative 5.5 percent; however, the longer term 5- and 10-year returns were slightly positive at 2.1 and 2.3 percent, respectively. It is worth noting that the System's portfolio structure is designed to achieve success over the long term. While the impact of a number of 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.

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 funds are used to fund all benefit payments each month. Primarily as the result of 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 0.1 percent for fiscal year 2010. 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.

Equity Portfolio

Fiscal year 2010 concluded what has been termed the "Lost Decade" for U.S. equity markets as reflected by the negative 0.9 percent 10-year return posted by the broad market, Russell 3000 Index. Despite past market difficulties, signs of near-term improvements were reflected in the System's domestic equity portfolio's strong 17.3 percent return for fiscal year 2010. The portfolio outperformed the Russell 3000 Index by 1.6 percent over the period.

Still impacted by the challenging markets of the previous two years, the domestic equity returns for the three-year period ending June 30 came in at a negative 8.8 percent, while the five-year period saw returns of positive 0.1 percent. Although disappointing, these returns still exceeded those of the benchmark Russell 3000 Index, which returned negative 9.5 percent for the three-year and negative 0.5 percent for the five-year period. Unfortunately, the term "Lost Decade" could also be applied to the System's domestic equity portfolio returns, which topped the negative 0.9 percent benchmark index for the 10-year period with a flat 0.0 percent.

International and global equities also experienced much-improved returns during the fiscal year. The System's global equity portfolio returned 7.6 percent, though underperforming its benchmark, the MSCI World Index. The developed markets portfolio returned 7.7 percent, while the emerging markets assets posted a strong 28.4 percent for the year. These components combined for a total international equity portfolio return of 11.9 percent for fiscal year 2010. The MSCI All Country World ex-U.S. Index, which serves as the benchmark for the international equity investments, returned 10.9 percent for the same period. For the three- and five-year periods ended June 30, the System's international equities experienced negative 11.1 and positive 2.7 percent returns, while the benchmark index returned negative 10.3 and positive 3.8 percent, respectively. The international equity portfolio returned 0.5 percent for the longer term 10-year period.

As of June 30, the System had allocated 47.8 percent of the total portfolio to domestic and 20.9 percent to international and global equities. Within the domestic equity portfolio, 72.0 percent of the investments were in large, 18.0 percent mid, and 10.0 percent small capitalization securities.

Fixed Income Portfolio

Fiscal year 2010 saw fixed-income markets steadily gain momentum from the record lows of the previous year. Early on, investors began moving back into credit and mortgage-backed issues as risk appetites improved. For fiscal year 2010, the System's fixed-income portfolio benefited from the strengthening markets;

by returning 12.1 percent for the year, it outperformed 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 7.3 and 5.5 percent, essentially matching the returns of the benchmark index. The 10-year performance for the portfolio was 6.6 percent, while the Index returned 6.5 percent. With the addition of a core plus fixed-income fund early in the fiscal year, the System ended the period with exposures of 94.0 percent investment grade domestic and 1.0 percent non-U.S. investment grade bonds.

Real Estate

The System began funding its real estate investment program in late June 2003. The portfolio is divided between investments in open-end core and closed-end value-added real estate funds; timber investments; and in managed portfolios of publicly traded real estate investment trusts (REITS).

Though the REIT markets had a phenomenal year, the impact of severely constrained credit conditions continued to take its toll on private real estate investments throughout fiscal year 2010. For the one-year period the System saw returns of 5.1 percent on the total real estate portfolio. The core fund portfolio returned negative 4.5 percent for the year, outperforming the NCREIF NFI ODCE Index, which returned a negative 6.0 percent. The relatively immature value-added real estate portfolio returned negative 8.5 percent, while its benchmark, the NCREIF Property Index, had a negative 1.5 percent return for the one-year period. For the fiscal year, the timber portfolio reported a return of negative 8.8 percent, as the decline in new home starts dampened the demand for timber, resulting in pricing declines for the year. The brightest spot in the real estate portfolio for fiscal year 2010 was clearly the REIT portfolio, which returned 47.6 percent for the one-year period. Though strong in absolute terms, the REIT portfolio lagged its benchmark, the Dow Jones U.S. Select REIT Index, by 8.1 percent. Real estate investments comprised 4.6 percent of the total portfolio for the fiscal year.

Private Equity

Although a difficult year for private equity general partners as they sought to invest already committed capital while attempting to raise new capital, the System was able to participate in a number of top-tier private equity opportunities. The private equity investment program, consisting of two separate-account fund of funds was launched in late December 2008. As of June 30, 2010, capital commitments totaled approximately $598 million with $98.4 million actually invested. 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 out. Positive returns begin once investments begin to mature and gains are realized. Not surprisingly, the System's new private equity investments returned a negative 7.8 percent for fiscal year 2010. These investments totaled 0.5 percent of the total fund of the System.

Absolute Return

The System had only one investment in its absolute return portfolio at the conclusion of fiscal year 2010. This was the PIMCO Private Funds I, L.P., which focuses on investments in asset-backed securities offered through participation in the U.S. government-backed Term Asset Backed Loan Facility (TALF). The TALF was an initiative to jump start investments in the asset-backed securities markets, which essentially became frozen during the credit crisis. While representing only 0.1 percent of the total fund, the portfolio returned 42.7 percent for the fiscal year.

Asset Allocation

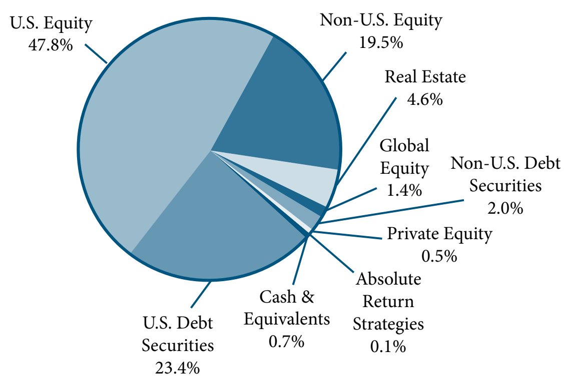
Probably one of the most critical decisions made by the Board of Trustees is that of determining the long-term asset allocation policy for the investment portfolio. The System's investment consultant conducts periodic asset/liability allocation studies that include consideration of projected future liabilities of the System, projected risk, return and correlations for various asset classes, and the System's statutory investment restrictions. A study, concluded in fiscal year 2006, resulted in the adoption of a long-term policy asset allocation target consisting of 43.0 percent domestic equities, 16.0 percent international equities, 24.0 percent domestic debt investments, 7.0 percent real estate, 5.0 percent private equity, and 5.0 percent in absolute return strategies.

In the last quarter of fiscal year 2010, the Board conducted a new asset/liability study that called for slight changes to the previous asset class weightings. Implementation of the new allocations of 53 percent public equities, 27 percent fixed income, 10 percent real estate, 5 percent private equity, and 5 percent absolute return will begin in fiscal year 2011.

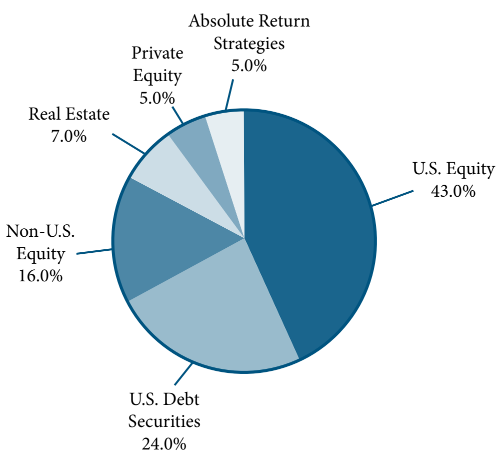
Asset allocation related decisions for public pensions are unique to the individual plan and are based on the plan's specific liability requirements, as well as any statutory investment restrictions under which the investment program must operate. As a result, the System's allocation is somewhat different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

Defined Benefit Plans

Asset Allocation at Fair Value
June 30, 2010



Long-Term Target Asset Allocation



Investment Policies

All investment policies adopted by the Board of Trustees are within the guidelines established by Mississippi Code (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, with implementation to begin in fiscal year 2011. 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

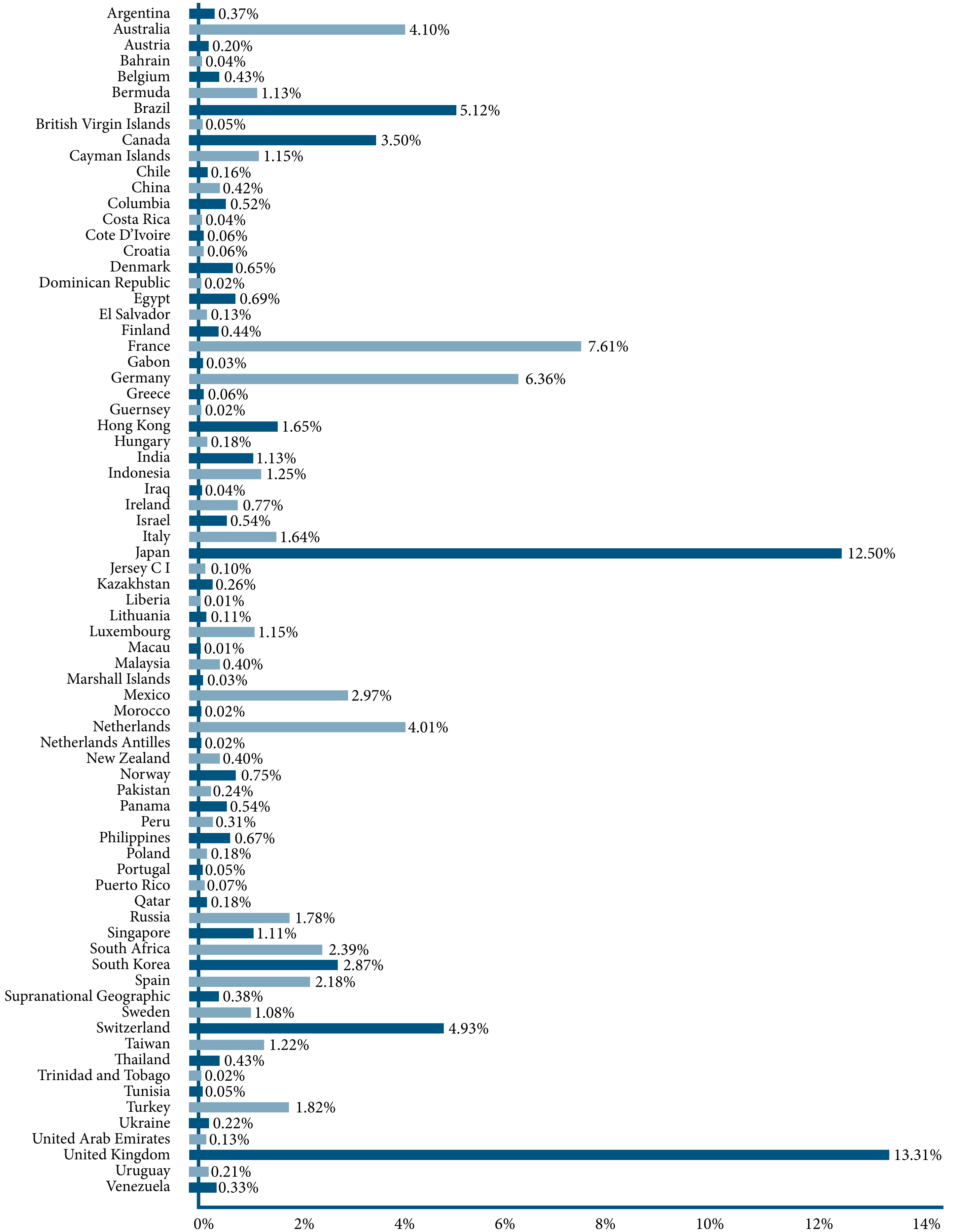
Even with continued concerns of deflation, inflation, or stagflation looming on the horizon, and unemployment reaching double-digit levels, the System experienced strong investment returns for fiscal year 2010. Preventive actions by governments worldwide kept financial markets functioning smoothly throughout the year. While the effects of those actions have begun to wane, investors remain cautiously optimistic about the future.

Acknowledging the uncertainty of future economic scenarios and the potential impact on investment returns one might ask, "What is being done to insure the financial soundness of the System?" 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 risk parameters adopted by the Board of Trustees. While admittedly there will always be challenging times for investors, the System has taken prudent steps to attempt to ensure that its portfolio is well positioned to meet future financial obligations. While there will always be difficult and even frightening times in the markets, it is important to remember that this System invests for the long term. It has weathered financial storms in the past and made it through successfully.

Though there will always be challenges for investors to overcome, the System will continue to utilize sound investment principles and steadfastly work to overcome all investment challenges the future might present as we strive to provide secure benefits for our membership.

Defined Benefit Plans – Non-U.S. Investments by Country

Fair Value at June 30, 2010



Defined Benefit Plans – Performance Summary for Fiscal Years

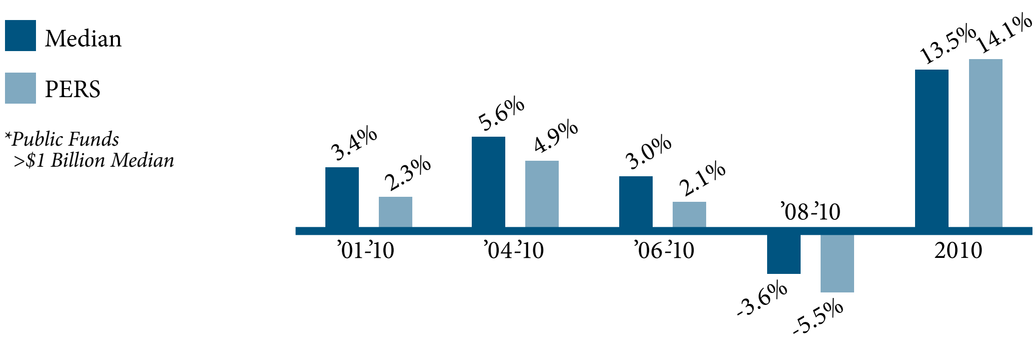
Ended June 30, 2010

	Current Year	Annualized 3-year	Annualized 5-year
Total Plans:			
PERS Combined Return*	14.1 %	(5.5) %	2.1 %
PERS Policy Target Return	13.2	(5.1)	2.0
Public Funds >$1 Billion Median	13.5	(3.6)	3.0
Debt Securities:			
Debt Securities Managers Composite*	12.1	7.3	5.5
Barclays Capital Aggregate Bond Index	9.5	7.5	5.5
Domestic Equity:			
Domestic Equity Managers Composite*	17.3	(8.8)	0.1
Russell 3000 Index	15.7	(9.5)	(0.5)
International Equity:			
International Equity Managers Composite*	11.9**	(11.1)	2.7
MSCI All Country World Ex U.S. Index	10.9	(10.3)	3.8
Global Equity:			
Global Equity Managers Composite*	7.6	(16.1)	-
MSCI World Index	10.2	(11.5)	0.1
Real Estate:			
Commingled Funds and REITS Composite*	5.1	(11.6)	(1.0)
NCREIF Fund Index-ODCE	(6.0)	(11.0)	(0.2)
Dow Jones U.S. Select REIT Index	55.7	(10.3)	(0.4)
Private Equity:			
Private Equity Composite*	(7.8)	-	-
S & P 500 + 5 %	19.4	(4.7)	4.3
Absolute Return Strategy:			
Absolute Return – PIMCO Private Funds*	42.7	-	-
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



	Fair Value
Total Equity Securities	$ 8,191,478,325
Total Number of Shares of Equity Securities Held	325,293,983
Total Number of Issues of Equity Securities Held	2,291

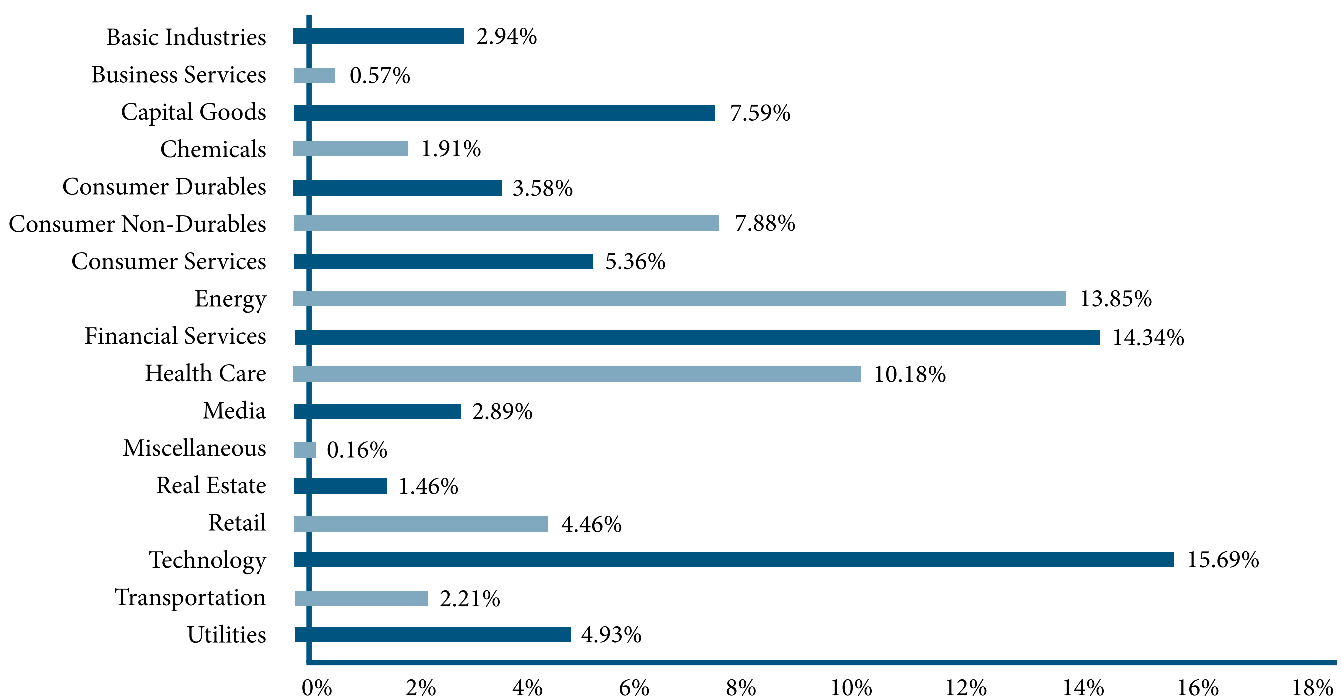
Ten Largest Domestic Common Stock Holdings

	Shares	Fair Value
Exxon Mobil Corporation	2,901,380	$ 165,581,778
Apple, Inc.	565,325	142,196,197
Microsoft Corporation	5,648,321	129,967,866
Proctor & Gamble Company	2,094,922	125,653,422
Johnson & Johnson	2,110,051	124,619,612
Chevron Corporation	1,582,446	107,384,786
Coca-Cola Company	2,061,735	103,334,158
International Business Machines Corporation	812,422	100,317,869
J. P. Morgan Chase & Company	2,737,856	100,232,908
General Electric Company	6,328,953	91,263,502
Total	26,843,411	$ 1,190,552,098

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

Domestic Equity Investments by Industry Type

Fair Value at June 30, 2010



Defined Benefit Plans – International Equity Investment Portfolio Summary

	Fair Value
Total Equity Securities	$ 3,281,878,950
Total Number of Shares of Equity Securities Held	467,515,276
Total Number of Issues of Equity Securities Held	1,303

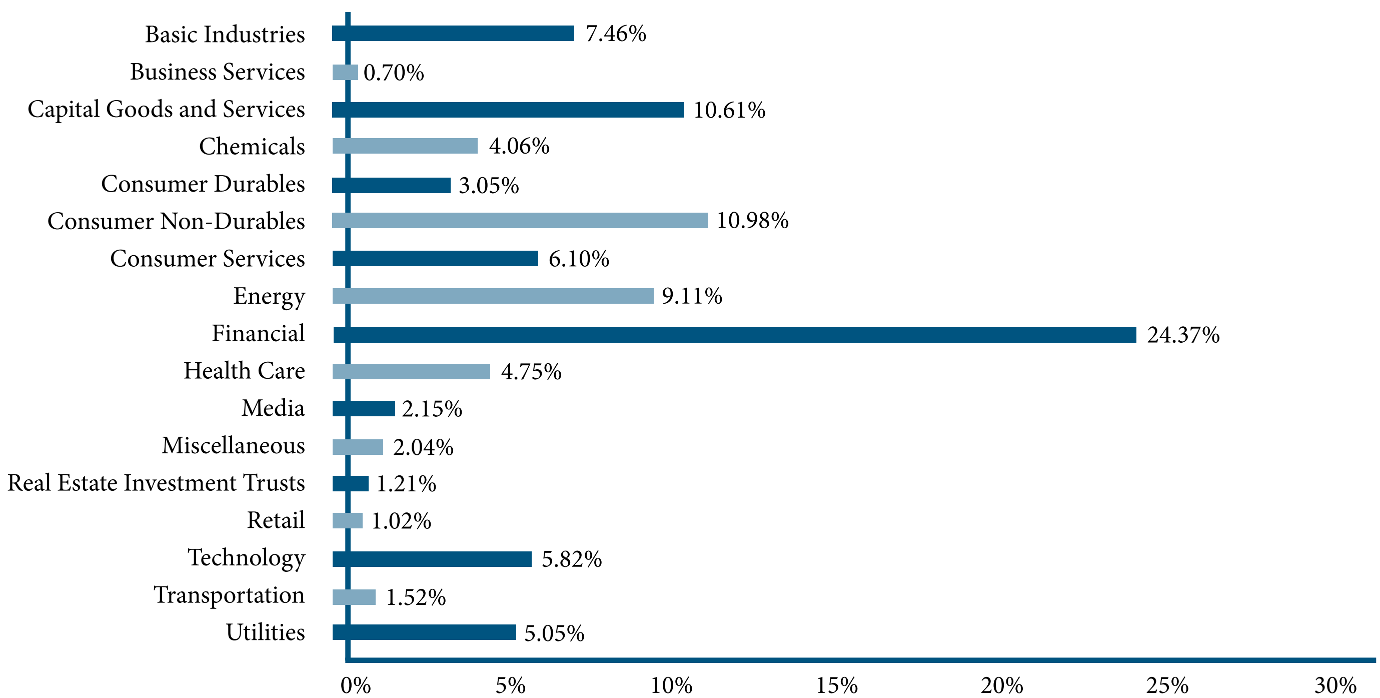
Ten Largest International Stock Holdings

	Shares	Fair Value
Vodafone	25,661,897	$ 53,423,531
Nestle Sa	942,919	45,644,153
Banco Santander Sa	3,777,025	40,435,417
BP Plc	5,698,289	27,186,895
Redecard Sa	1,814,571	25,670,769
Roche Holdings	183,433	25,362,693
Bayer Ag	448,380	25,209,228
Novartis Ag	492,217	24,009,472
Turkiye Is Bankasi	7,626,958	23,845,534
BNP Paribas	431,387	23,656,734
Total	47,077,076	$ 314,444,426

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

International Equity Investments by Industry Type

Fair Value at June 30, 2010



	Fair Value
Total Equity Securities	$ 238,502,719
Total Number of Shares of Equity Securities Held	21,882,412
Total Number of Issues of Equity Securities Held	259

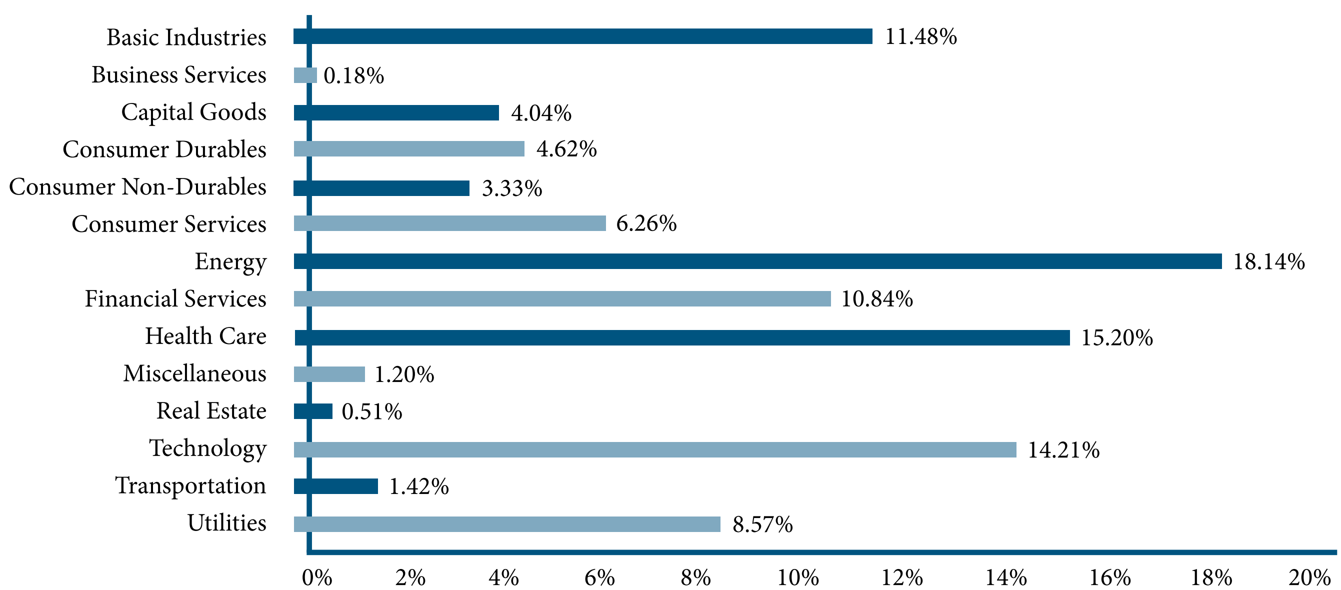
Ten Largest Global Stock Holdings

	Shares	Fair Value
International Business Machines	49,907	$ 6,162,516
Royal Dutch Shell	238,096	6,051,609
Johnson & Johnson	98,157	5,797,152
AT&T, Inc.	235,462	5,695,826
Microsoft Corporation	236,998	5,453,324
Chevron Corporation	70,093	4,756,511
J.P. Morgan Chase and Company	127,570	4,670,338
Bristol-Myers Squibb Company	186,257	4,645,250
Duetsche Telekom Ag Npv	387,049	4,609,164
Nippon Telegraph and Telephone Corporation	106,600	4,384,947
Total	1,736,189	$ 52,226,637

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

Global Equity Investments by Industry Type

Fair Value at June 30, 2010



Defined Benefit Plans – Bond Portfolio Summary*

	Fair Value
Total Bond Investments	$ 5,978,343,437
Total Par of Bond Investments Held	14,688,164,994
Total Number of Bond Issues Held	2,577

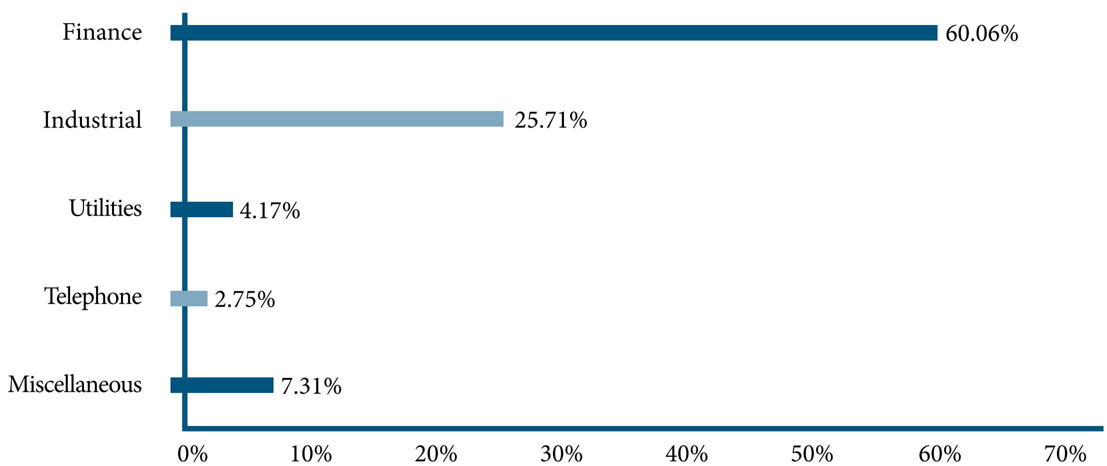
Ten Largest Long-Term Corporate Bond Holdings*

	Par	Fair Value
General Electric Capital Corporation	$ 84,895,000	$ 84,474,515
Barclays Bank, PLC	80,000,000	79,959,120
Wells Fargo & Company	75,000,000	75,299,400
European Investment Bank	75,000,000	75,000,000
Metropolitan Life Global Funding	75,000,000	74,956,875
National Australia Bank	75,000,000	74,947,125
Commonwealth Bank Australia	65,000,000	64,956,645
Pepsico, Inc.	62,000,000	62,021,018
Shell International Finance	53,595,000	53,547,622
International Business Machines Corporation	52,175,000	52,522,329
Total	$ 697,665,000	$ 697,684,649

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

Corporate Bond Investments by Industry Type*

Fair Value at June 30, 2010



**Includes investments purchased with cash collateral received in the securities lending program.*

Defined Benefit Plans – Real Estate Investment Portfolio Summary

	Fair Value
Total Real Estate Investments	$ 767,183,981
Total Number of Shares* of Real Estate Investments Held	207,575,882
Total Number of Issues of REITs Held	58

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

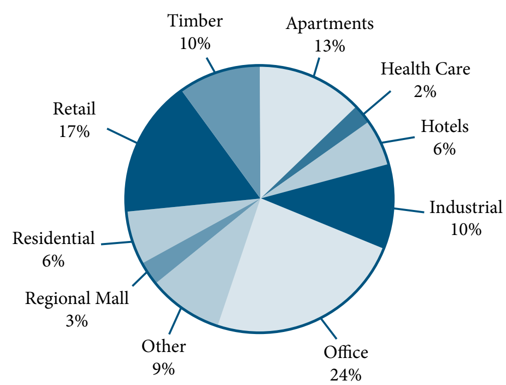
Ten Largest REIT Holdings

	Shares	Fair Value
Simon Property Group, Inc.	297,246	$ 24,002,615
Public Storage Company	184,306	16,202,340
Host Hotels & Resorts, Inc.	923,646	12,450,748
AvalonBay Communities, Inc.	122,825	11,468,170
Kimco Realty Corporation	799,200	10,741,248
Equity Residential	257,700	10,730,628
Vornado Realty Trust	144,286	10,525,664
Boston Properties, Inc.	135,488	9,665,714
Regency Centers Corporation	273,029	9,392,198
Digital Realty Trust, Inc.	147,900	8,530,872
Total	3,285,626	$ 123,710,197

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

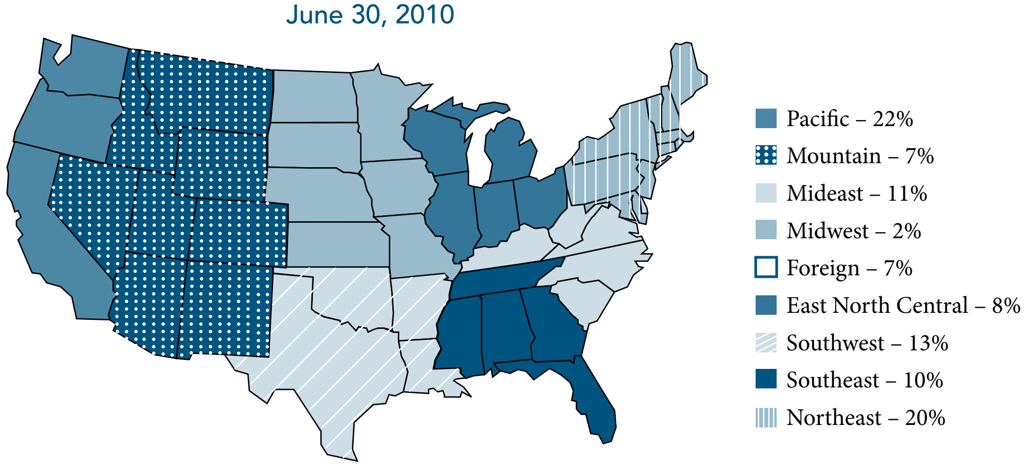
Portfolio Distribution by Property Type

June 30, 2010



Portfolio Distribution by Geographic Location

June 30, 2010

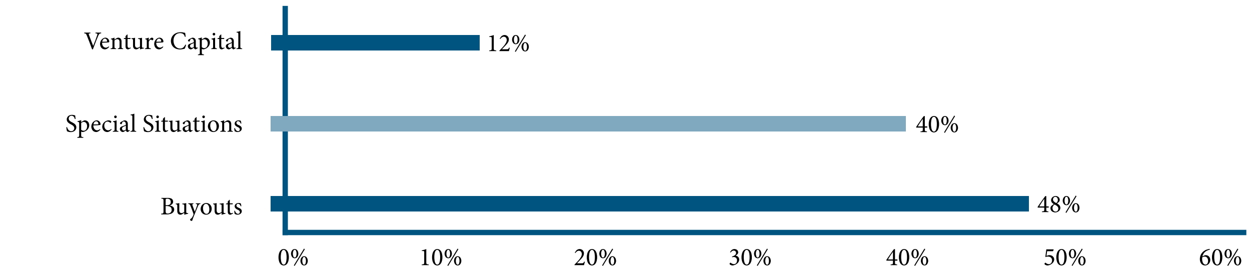


Defined Benefit Plans – Private Equity Investment Portfolio Summary

	Fair Value
Total Private Equity Investments	$ 92,286,355

Private Equity Investments by Fund Type

June 30, 2010

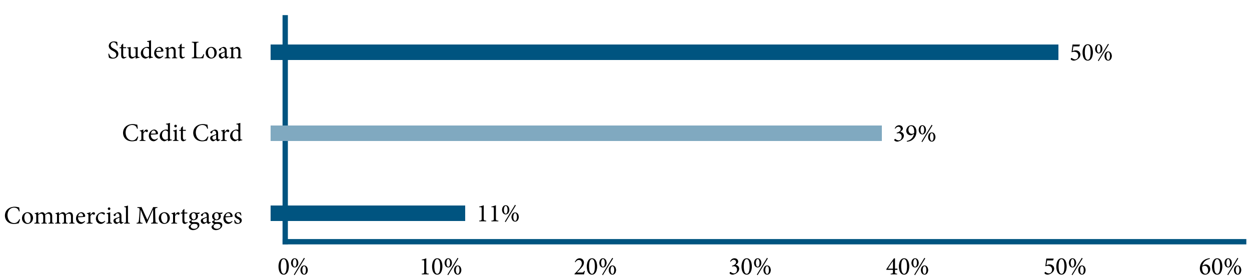


Defined Benefit Plans – Absolute Return Investment Portfolio Summary

	Fair Value
Total Absolute Return Investments	$ 14,869,561

Absolute Return Investments by Sector Type

June 30, 2010



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	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
2001	$ 318,181	$ 136,656	$ 21,575	$ (44,437)	$ (1,617,919)	$ 9,326	$ (1,176,618)	$ (22,306)	$ (1,198,924)
2002	311,341	137,498	17,760	(306,488)	(1,151,762)	8,137	(983,514)	(21,827)	(1,005,341)
2003	289,976	150,103	20,159	(378,619)	399,890	5,075	486,584	(20,343)	466,241
2004	256,939	185,756	15,792	717,570	909,442	4,341	2,089,840	(26,382)	2,063,458
2005	213,809	259,360	16,848	848,980	230,871	6,160	1,576,028	(26,783)	1,549,245
2006	217,912	270,713	23,597	1,382,874	(46,746)	10,446	1,858,796	(32,309)	1,826,487
2007	229,244	331,397	36,578	1,014,839	1,904,107	12,647	3,528,812	(36,668)	3,492,144
2008	246,360	363,343	26,374	824,992	(3,192,348)	(1,576)	(1,732,855)	(36,631)	(1,769,486)
2009	224,605	296,492	14,528	(1,710,303)	(2,639,433)	32,433	(3,781,678)	(26,574)	(3,808,252)
2010	184,923	273,687	12,169	542,100	1,180,636	39,881	2,233,396	(33,904)	2,199,492

Ten-Year Total Pension Investment Rates of Return

(In Millions)

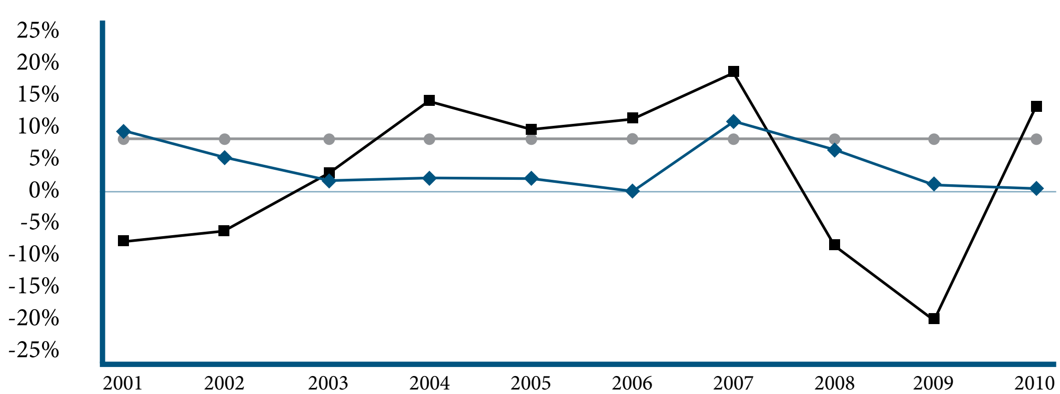
	Total Investment Portfolio Fair Value	◆ Smoothed Rate of Return	■ Fair Value Rate of Return	● Actuarial Assumed Rate of Return
2001	$ 15,510	9.4%	(7.1)%	8.0%
2002	14,159	5.0	(6.6)	8.0
2003	14,604	2.4	3.5	8.0
2004	16,085	2.5	14.6	8.0
2005	17,250	2.5	9.8	8.0
2006	18,742	-	10.7	8.0
2007	21,766	10.2	18.9	8.0
2008	19,439	7.2	(8.2)	8.0
2009	15,512	0.9	(19.4)	8.0
2010	16,767	0.2	14.1	8.0

◆ *Smoothed Rate of Return consists of investment income in surplus or deficit of the assumed 8% on fair value smoothed over a five-year period with 20% 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% nor more than 120% 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.*

Ten-Year Total Pension Investment Rates of Return



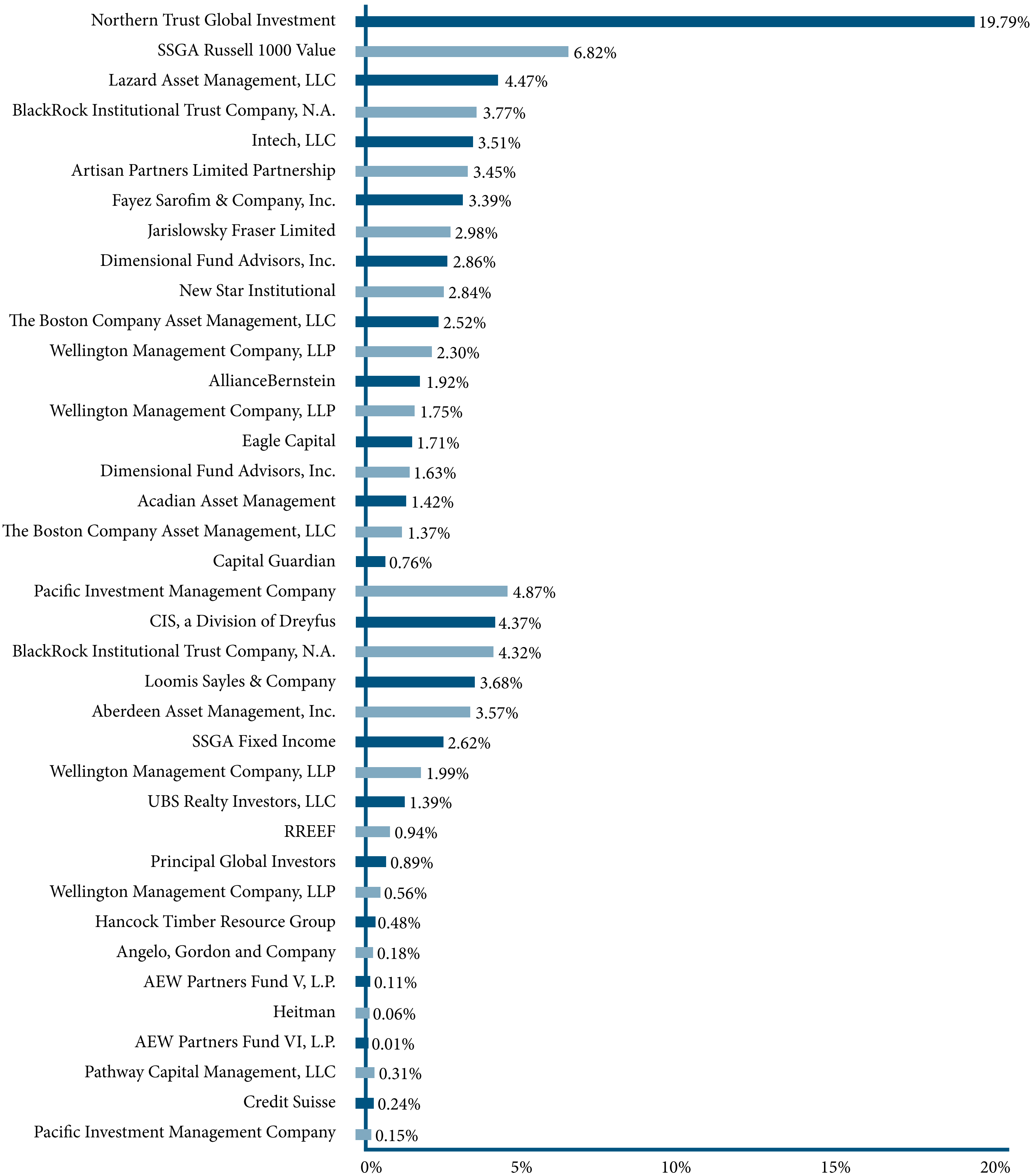
Defined Benefit Plans – Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
Equities			
Northern Trust Global Investment	Passive (Index)	July 1985	19.79%
SSGA Russell 1000 Value	Passive – Large Cap Value	September 2004	6.82
Lazard Asset Management, LLC	International – Emerging Mkts.	April 1998	4.47
BlackRock Institutional Trust Company, N.A.	International – EAFE Index	March 2004	3.77
Intech, LLC	Active – Large Cap Growth	January 2005	3.51
Artisan Partners Limited Partnership	Active – Mid Cap Growth	September 2002	3.45
Fayez Sarofim & Company, Inc.	Active – Large Cap Growth	August 1980	3.39
Jarislowsky Fraser Limited	International – EAFE	June 2004	2.98
Dimensional Fund Advisors, Inc.	International – EAFE	August 2007	2.86
New Star Institutional	International – EAFE	July 2004	2.84
The Boston Company Asset Management, LLC	Active – Mid Cap Value	October 2001	2.52
Wellington Management Company, LLP	Active – Mid Cap Value	October 2001	2.30
AllianceBernstein	International – Europe	December 2003	1.92
Wellington Management Company, LLP	Active – Small Cap Core	July 2002	1.75
Eagle Capital	Active – All Cap	January 2005	1.71
Dimensional Fund Advisors, Inc.	Active – Small Cap Value	July 2002	1.63
Acadian Asset Management	Global Equity	July 2005	1.42
The Boston Company Asset Management, LLC	Active – Small Cap Growth	July 2008	1.37
Capital Guardian	International – Pacific Basin	June 2004	0.76
Sub Total			69.26
Debt Securities			
Pacific Investment Management Company	Active – Core	August 1983	4.87
CIS, a Division of Dreyfus	Passive (Index)	November 1989	4.37
BlackRock Institutional Trust Company, N.A.	Passive (Index)	September 1986	4.32
Loomis Sayles & Company	Core Plus	August 2009	3.68
Aberdeen Asset Management, Inc.	Active – Core	August 1991	3.57
SSGA Fixed Income	Active – Core	February 2009	2.62
Wellington Management Company, LLP	Emerging Market Debt	May 2010	1.99
Sub Total			25.42
Real Estate			
UBS Realty Investors, LLC	Commingled Fund – Core	June 2003	1.39
RREEF	REITs	June 2003	0.94
Principal Global Investors	Commingled Fund – Core	June 2003	0.89
Wellington Management Company, LLP	REITs	June 2003	0.56
Hancock Timber Resource Group	Timber	March 2008	0.48
Angelo, Gordon and Company	Value Added	August 2007	0.18
AEW Partners Fund V, L.P.	Value Added	October 2005	0.11
Heitman	Value Added	November 2007	0.06
AEW Partners Fund VI, L.P.	Value Added	April 2010	0.01
Sub Total			4.62
Private Equity			
Pathway Capital Management, LLC	Diversified	December 2008	0.31
Credit Suisse	Diversified	June 2009	0.24
Sub Total			0.55
Absolute Return Strategies			
Pacific Investment Management Company	Opportunistic – Fixed Income	June 2009	0.15
Sub Total			0.15
Total			100.00%

**Includes cash and cash equivalents.*

Percent of Portfolio

Fair Value at June 30, 2010



Defined Benefit Plans – Investment Fees and Commissions

For the Year Ended June 30, 2010

Investment Managers:	Assets Under Management	Fees*
Domestic equities	$ 8,159,315,331	$ 18,154,866
International equities	3,315,097,725	8,967,858
Global equities	239,940,514	1,298,496
Debt securities	4,300,027,125	4,164,357
Real estate	783,409,758	6,612,226
Private equity	92,289,951	5,445,176
Absolute return	23,567,610	62,514
Total	$ 16,913,648,014	$ 44,705,493

**Includes fees of $10,969,965, which are reflected in net appreciation on the Statement of Changes in Fiduciary Net Assets.*

Other Investment Service Fees:

Securities lending agent/cash management fees	$1,715,227
Custodian fees	58,600
Investment consultant fees	510,000
Global out-of-pocket expenses	109,258
Total investment service fees	$2,393,085

Brokerage Commissions Paid**

Brokerage Firm, Including Subsidiaries	**Number of Shares Traded**	**Commissions**	**Commissions Per Share**
Credit Suisse	70,447,663	$ 720,869	$ 0.010
Merrill Lynch Pierce Fenner	48,032,202	579,058	0.012
UBS AG	56,138,726	559,052	0.010
Weeden & Co., LP	19,577,311	512,743	0.026
Deutsche Bank	40,642,436	503,086	0.012
Goldman Sachs & Company	32,793,382	481,555	0.015
Knight Securities	14,724,805	475,430	0.032
J.P. Morgan Securities	46,024,573	449,206	0.010
Morgan Stanley and Company	33,286,840	446,304	0.013
Citigroup, Inc.	33,522,445	390,865	0.012
Instinet	32,661,514	354,747	0.011
Liquidnet, Inc.	14,697,570	279,485	0.019
Barclays Capital	8,267,589	225,921	0.027
Bank of New York Mellon	9,650,118	213,330	0.022
National Financial Services	7,465,500	208,648	0.028
Macquarie Securities	17,058,130	202,125	0.012
Investment Technology Group	22,631,933	198,495	0.009
Cantor Fitzgerald	6,157,586	193,523	0.031
Robert W. Baird & Company	4,137,890	185,002	0.045
Stifel Nicholaus & Company	3,850,635	155,517	0.040
Sanford C. Bernstein Co., LLC	8,207,515	127,019	0.015
Credit Lyonnais SA	20,838,541	125,456	0.006
RBC Capital Markets	2,814,579	117,467	0.042
Cowen & Company	3,326,027	111,499	0.034
Frank Russell Securities	2,718,100	102,983	0.038
Wells Fargo Securities	2,513,060	97,078	0.039
Thomas Weisel Partners	3,854,826	96,278	0.025
Credit Agricole Group	17,281,307	88,377	0.005
Nomura Securities Company	7,876,100	85,727	0.011
Baypoint Trading	2,454,352	79,266	0.032
Piper Jaffray Companies	1,930,188	78,854	0.041
Others (less than $75,000)	116,078,227	2,036,413	0.018
Commission recapture income	-	(584,000)	-
Total	711,661,670	$ 9,897,378	$ 0.014

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

Defined Benefit Plans – Investment Summary

For the Year Ended June 30, 2010

(In Thousands)

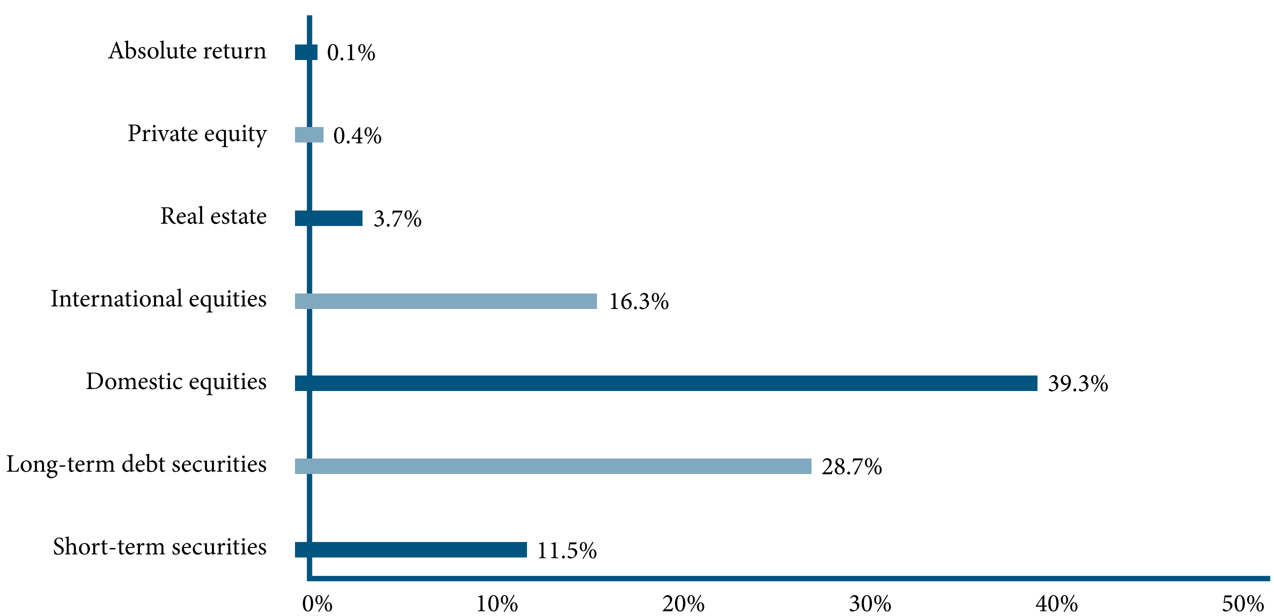
	July 1, 2009 Beginning Fair Value*	Purchases	Sales and Maturities	Increase/ (Decrease) in Fair Value	June 30, 2010 Ending Fair Value**	% of Total Fair Value
Short-term securities	$ 1,008,290	$ 87,255,941	$85,854,213	$ (4,199)	$ 2,405,819	11.5%
Long-term debt securities	5,820,035	8,589,868	8,677,851	246,291	5,978,343	28.7
Domestic equities	7,114,810	3,734,694	3,380,515	722,489	8,191,478	39.3
International equities	3,275,811	1,441,060	1,548,973	227,338	3,395,236	16.3
Real estate	668,847	224,067	135,764	10,034	767,184	3.7
Private equity	12,816	80,694	-	(1,223)	92,287	0.4
Absolute return	10,863	7,500	8,715	5,222	14,870	0.1
Total	$17,911,472	$101,333,824	$99,606,031	$1,205,952	$20,845,217	100.0%

**Includes investment securities on loan to broker-dealers with a fair value of $2,360,643. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $2,399,970. 14.0% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $15.4 billion, the fair value total must be adjusted by ($2.4 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 $3,930,194. 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% 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.*

Defined Benefit Plans – Investments by Type

Fair Value at June 30, 2010



Defined Contribution Plan – Investment Summary

For the Year Ended June 30, 2010

Fund Name of Assets	Fair Value of Assets	Annual Rate of Return
AllianceBernstein International Style Blend Collective Tr Unit	$ 2,539,038	2.44%
BlackRock Equity Index Fund	51,813,136	14.59%
BlackRock Intermediate Government Corporate Bond Index Fund	23,448,536	8.24%
Boston Company Midcap Opportunistic Value Pooled Fund	132,383,485	26.18%
Conseco Life Insurance Company	365,250	N/A
Fayez Sarofim	102,372,475	13.51%
Fidelity Diversified International Fund	23,061,734	5.83%
Fidelity Small Cap Fund	20,866,986	26.29%
GE U.S. Equity Fund	4,911,909	8.26%
ING Growth and Income Portfolio	54,726,263	12.94%
MDC Stable Value Fund	509,151,985	*
Money Market Fund for EBT	22,192,672	0.25%
New Perspective Fund	19,206,960	6.20%
PIMCO Total Return Fund II	23,421,157	11.97%
SSgA Inflation Protected Bond Index Fund	3,398,531	9.40%
T. Rowe Price International Stock Fund	28,265,557	13.20%
Vanguard Target Retirement 2010	26,574,274	12.83%
Vanguard Target Retirement 2015	4,924,899	13.26%
Vanguard Target Retirement 2020	3,722,478	13.58%
Vanguard Target Retirement 2025	2,526,977	13.95%
Vanguard Target Retirement 2030	2,330,228	14.11%
Vanguard Target Retirement 2035	1,148,346	14.13%
Vanguard Target Retirement 2040	565,350	14.15%
Vanguard Target Retirement 2045	316,419	14.14%
Vanguard Target Retirement 2050	307,413	14.11%
Vanguard Target Retirement Income	2,467,199	10.98%
Vanguard Windsor Fund	19,221,001	15.61%
Total	$ 1,086,230,258	

**Return is not shown since fund has been included in defined contribution plan investment options less than one year.*

AS THE YEARS PASS, YOU COME TO REALLY SEE THE IMPORTANCE OF A SAFE, SOUND RETIREMENT PLAN AND OF GOOD FRIENDS AND FAMILY.

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

October 26, 2010

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, 2010. This valuation indicates that the current contribution rates of 12.93% of payroll for employers and 9.00% of payroll for active members, for benefits then in effect, meet the basic financial objective. There are 164,896 active members as of June 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 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 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 current benefit structure is outlined in the Actuarial Section. There was one change to the benefit structure since the last valuation.

- The member contribution rate was increased from 7.25% of payroll to 9.00% of payroll effective July 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 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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3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Omaha, NE • Hilton Head Island, SC

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October 26, 2010

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, 2010. This valuation indicates that contribution rates of 35.21% 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 542 active members as of June 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 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 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 current benefit structure is outlined in the Actuarial Section. There were no changes to the benefit structure since the last valuation.

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 26, 2010

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, 2009. 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 31 active members as of September 30, 2009.

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.

- The COLA for retirees of the City of Biloxi has been extended for an additional ten year period with the COLA being compounded beginning with the state fiscal year in which the retired member turns age 55.
- The maximum COLA percentage for retirees of the City of Hattiesburg has been increased from 25% to 30%.

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 26, 2010

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, 2010. 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 175 active members as of June 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 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 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 current benefit structure is outlined in the Actuarial Section. There were no changes made since the previous valuation.

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

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

TJC:kc

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

Interest Rate: 8.00% per annum, compounded annually (net after investment expenses).

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

Annual Rates of

Age	Withdrawal and Vesting*		Death**		Disability**	
	Male	Female	Male	Female	Male	Female
20	20.0%	20.0%	.01%	.00%	.01%	.01%
25	15.5	15.0	.02	.01	.02	.01
30	11.0	11.0	.02	.01	.02	.02
35	9.5	9.0	.03	.01	.05	.03
40	7.0	6.5	.04	.02	.12	.08
45	6.0	5.5	.06	.02	.23	.13
50	6.0	5.5	.08	.04	.29	.21
55	6.0	5.5	.11	.06	.52	.32
60	6.0	5.5	.22	.09	.40	.30
65	6.0	5.5	.36	.16	-	-
70	6.0	5.5	.61	.27	-	-
74	6.0	5.5	.90	.47	-	-

Service Retirements

Age	Male		Female	
	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 35% for 1st year of employment and 21% for 2nd year.*
***94% are presumed to be non-duty related, and 6% are assumed to be duty related.*

Salary Increases: Representative values of the assumed annual rates of salary increase are as follows:

Annual Rates of

Service	Merit & Seniority	Base (Economy)	Increase Next Year
0	10.75%	4.25%	15.00%
1	10.75	4.25	15.00
2	10.75	4.25	15.00
3	1.25	4.25	5.50
4	1.25	4.25	5.50
5	1.25	4.25	5.50
10	0.75	4.25	5.00
15	0.75	4.25	5.00
20	0.75	4.25	5.00
25	0.75	4.25	5.00
30	0.25	4.25	4.50
35	0.25	4.25	4.50

Payroll Growth: 4.25% per annum, compounded annually.

Price Inflation: 3.50% 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 are 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% married with the husband three years older than his wife.

Unused Sick Leave: 0.50 years at retirement.

Military Service: 0.25 years at retirement.

Valuation Method: Entry age normal cost method. Entry age is established on an individual basis.

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% of the difference between market value and expected market value.

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

Interest Rate: 8.00% 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

Age	Withdrawal and Vesting	Death	Disability		Service	Service Retirement*
			Non-Duty	Duty		
25	5.5%	0.03%	0.09%	0.01%	5	5.0%
30	4.0	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	0.5	0.11	0.30	0.06	25	15.0
50	0.1	0.16	0.50	0.05	30	25.0
55	–	0.21	0.91	0.02	35	25.0

**The annual rate of service retirement is 100% at age 60.*
It is assumed that a member will be granted 1¾ years of service credit for unused leave at termination of employment. In addition, it is assumed that, on average, 1/4 year of service credit for peace-time military service will be granted to each member.

Salary Increases: Representative values of the assumed annual rates of salary increase are as follows:

Annual Rates of

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% per annum, compounded annually.

Price Inflation: 3.50% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was 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: 100% married with the husband three years older than his wife.

Valuation Method: Entry age normal cost method. Entry age is established on an individual basis.

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% 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 on August 25, 2009. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.00 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% for wage inflation, plus the following chart.

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

Price Inflation: 3.50% 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% 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: 2.00% per annum, compounded annually.

Expense Load: 2.0% 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% of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value on September 30, 2006, and smoothing commenced in 2007. 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 the assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted on August 25, 2009. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.00% per annum, compounded annually (net after investment 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% are presumed to be non-duty related, and 6% are assumed to be duty related.*

Withdrawal and Vesting: 15% in an election year, none in a non-election year.

Service Retirement: 25% 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 2.5 years of service credit for unused leave at termination of employment.

Price Inflation: 3.50% per annum, compounded annually.

Payroll Growth: 4.25% per annum, compounded annually.

Salary Increases: 4.50% per annum, for all ages. The merit and seniority component is 0.25% and the wage inflation component is 4.25%.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was 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% married with the husband three years older than his wife.

Valuation Method: Entry age normal cost method. Entry age is established on an individual basis.

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% 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, 2010, 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. 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	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
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

**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, or has completed at least 25 years of creditable service.

(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 creditable service is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 60.

(c) Upon the death of a member who has completed at least eight years** of creditable 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.

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 or her retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 2% of his average compensation for each of the first 25 years of creditable service plus 2 1/2% for each year of creditable service over 25 years.

The minimum allowance is $120 for each year of creditable service.

The annual retirement allowance payable to the spouse of a member who dies under condition (c) above is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by 3% per year for each year the member lacked in qualifying for unreduced retirement benefits, or (ii) a benefit equal to the greater of 20% of average compensation or $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% of average compensation or $50 per month for each dependent child up to 3.

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 creditable service.

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% of average compensation plus 10% for each dependent child up to a maximum of 2, 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 $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% of average compensation, or (b) the member's accrued allowance.

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% 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% of average compensation payable to the spouse and 25% of average compensation payable to one dependent child or 50% to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

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.

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 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 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% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his or her reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his or her death, 50% 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 to 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.

If a member elects either Option 2 or Option 4A, there is an added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

A member who has at least 28 years of creditable service or is at least age 63 with four years of membership service for those who entered the System before July 1, 2007, 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 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.

Post-Retirement Adjustments In Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% 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% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55; provided, however, that the annual adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998.

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

Employer contribution rates are set by Mississippi statute for PERS. The adequacy of these rates is checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for PERS since 1991, except for years 2007 and 2008. Refer to Note 7 of the basic financial statements for discussion.

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

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, 2010, 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 consecutive years of service producing the highest such average. "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. 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	To	Employer Rate	Maximum Covered Earnings*	Employee 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	-	30.30	-	7.25	-

**Maximum covered earnings equal wages paid, not to exceed wages paid to the Commissioner of the Department of Public Safety.*

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 $3,400,000 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 creditable 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 60 shall be retired forthwith. Effective January 1, 2000, the Commissioner of Public Safety is authorized to allow a member who has attained age 60 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 $2^1/_2$% of his or her average compensation for each year of membership service, plus
3. A prior service annuity equal to $2^1/_2$% of average compensation for each year of prior service.

The aggregate amounts of (2) and (3) above shall not exceed 100% of average compensation, regardless of service, for retirements on or after January 1, 2000; 85% 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 in the following table.

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% for each year of age below age 55, or 3% 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 5 years of creditable service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to the greater of 50% of his or her average salary for the 2 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 which 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 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, the widow or widower is eligible for a benefit equal to 50% of his or her retirement allowance and each child (but not more than 2) who has not attained age 19 (23 if a full-time student) is eligible for a benefit equal to 25% 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.

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 50% of his or her benefit is payable to the spouse for the spouse's lifetime, and 25% of his or her benefit is payable to each dependent child (maximum of 2 children) under age 19 (23 if a full-time student).

Optional Benefits

A member upon retirement may elect to receive his 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% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his or her reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his or her death, 50% 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 or Option 4A has the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

A member 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 this 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.

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% 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% compounded for each year thereafter beginning with the fiscal year in which the member turns age 60.

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 per 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 1/4 percent of compensation and the employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Employer contribution rates are set by Mississippi statute for MHSPRS. The adequacy of these rates is checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for MHSPRS since 1991.

Summary of Benefit and Contribution Provisions – MRS

The following summary presents the main benefit provisions of the Systems in effect September 30, 2009, 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 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 $66^2/_3$ percent (87 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 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 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 5 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 $66^2/_3$ percent (87 percent for Clinton) of average compensation.

For general employee members under condition (c), the annual benefit payable is equal to 50 percent of salary at the time of death.

Refund of Contributions

Upon a member's termination of employment for any reason before retirement, his 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 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 percent per year (not to exceed 9 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 percent) for service retirements only.
Columbus:	maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.
Greenville:	maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.
Gulfport:	maximum of 3 percent per year (not to exceed 27 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 percent per year (not to exceed 6 percent) for those retired before July 1, 2001.
Hattiesburg:	2.5 percent per year for all retirees and beneficiaries (not to exceed 30 percent).
Jackson:	maximum aggregate increase of 19.5 percent for service and disability retirements only.
Laurel:	2 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 percent).
Pascagoula:	maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 15 percent).
Vicksburg:	3 percent per year for all retirees and beneficiaries.
Yazoo City:	maximum of 2.5 percent per year (not to exceed 25 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 percent in allowances effective December 1, 1991. Additional 3 percent ad hoc benefit increases were granted to members retired at least 1 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 percent ad hoc benefit increase was granted to members retired at least 1 full fiscal year as of September 30, 1999, and a 2.34 percent ad hoc benefit increase was granted to members retired at least 1 full fiscal year as of September 30, 2001.

All Gulfport retirees and beneficiaries who were receiving a retirement allowance as of June 30, 2002, were granted a monthly ad hoc increase of $2 per month for each year of service plus $2 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

Summary of Main Benefit and Contribution Provisions – SLRP

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2010, 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" is all service in PERS, including that credited for SLRP service. "Creditable service" includes only SLRP service.

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
7/1/1989	6/30/1992	6.33%	$ 75,600	3.00%	$ 75,600
7/1/1992	6/30/2002	6.33	125,000	3.00	125,000
7/1/2002	6/30/2006	6.33	150,000	3.00	150,000
7/1/2006	6/30/2008	6.65	150,000	3.00	150,000
7/1/2008	6/30/2009	6.65	230,000	3.00	230,000
7/1/2009	-	6.65	245,000	3.00	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, or has completed at least 25 years of creditable service under PERS.

(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.

(c) Upon the death of a member who has completed at least eight years* of membership service under PERS, 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.

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 or her retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 1% of his or her average compensation for each of the first 25 years of creditable service plus 1.25% for each year of creditable service over 25 years.

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

The annual retirement allowance payable to the spouse of a member who dies under condition (c) above is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by 3% per year for each year the member lacked in qualifying for unreduced retirement benefits, or (ii) a benefit equal to the greater of 10% of average compensation or $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% of average compensation or $25 per month for each dependent child up to 3.

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 under PERS.

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) 20% of average compensation plus 5% for each dependent child up to a maximum of 2, 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% 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 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 25% 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% of average compensation payable to the spouse and 12¹/₂% of average compensation payable to one dependent child or 25% to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

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.

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

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 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% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his or her reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his or her death, 50% 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 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.

If a member elects either Option 2 or Option 4A, there is an added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

A member who has at least 28 years of creditable service or is at least age 63 with four years of membership service for those who entered PERS before July 1, 2007, 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.

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% 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% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55; provided, however, that the annual adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998.

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 3.00% of covered earnings. The employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Employer contribution rates are set by Mississippi statute for SLRP. The adequacy of these rates is checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for SLRP since 1991.

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

Changes in Plan Provisions

The Mississippi Legislature ended its 2010 legislative sessions with various changes to the Mississippi Code of 1972 plan provisions of the Public Employees' Retirement System of Mississippi. Legislation is effective July 1, 2010, except where otherwise provided.

House Bill 1 – First Extraordinary Session
<u>Public Employees' Retirement System</u>

Employee Contributions – Modifies Section 25-11-123 to increase the employee contribution rate from 7.25 percent to 9 percent of earned compensation.

Unused Leave Days – Modifies Section 25-11-109 to provide that members who retire on or after July 1, 2010, shall receive credit toward retirement for one-half day of leave for each full year of membership service accrued after June 30, 2010.

Options – Section 25-11-115 creates retirement Option 4, a 75 percent joint and survivor annuity, and makes it available to members who retire on or after January 1, 2011.

House Bill 957 – Regular Session
<u>Public Employees' Retirement System</u>

Local Elected Officials Required Separation Period – Modifies the provision in Section 25-11-127(5) to allow a member in municipal or county elected office to continue in office at retirement without a break in service provided that he or she has reached age 62, or as otherwise provided by the IRS Code Section 401(a).

Local Elected Officials Required Employer Contributions – Modifies Section 25-11-127(5) to require employers to pay employer contributions for a reemployed local elected official on the full salary in effect for the position.

Required Separation Period – Modifies Section 25-11-127 to provide that a retiree must be retired for not less than ninety (90) consecutive days from his or her effective date of retirement, or such later date as established by the PERS Board of Trustees, before he or she may be reemployed on a limited basis or engaged as an independent contractor. This modification is effective July 1, 2011.

Required Employer Contributions – Modifies 25-11-127 to provide that the employer of any retired member, other than local elected officials, 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 his or her post-retirement employment effective July 1, 2011.

Senate Bill 3078 – Regular Session
<u>Public Employees' Retirement System</u>

Service Retirement – Amends Section 25-11-111 to increase to thirty (30) years the number of years of creditable service required for retirement, regardless of age, for persons who become members of PERS on or after July 1, 2011.

Options – Amends Section 25-11-115 to increase to thirty-three (33) years the number of years of creditable service required to select a partial lump-sum distribution for persons who become members of PERS on or after July 1, 2011.

Senate Bill 3083 – Regular Session
<u>Public Employees' Retirement System</u>

Average Compensation – Section 25-11-103(f) limits the amount of paid leave that is used in the calculation of average compensation at the death of a member to thirty (30) days as used for service or disability retirement.

Surviving Spouse Benefits – Section 25-11-114(2)(d) revises the surviving spouse benefit to reflect that the benefit payable to a qualifying surviving spouse will be the greater of Option 2 or 20 percent of average compensation.

Waiver of Monthly Benefits Following Death – Modifies Section 25-11-114(10) to allow a surviving spouse, who is also the named beneficiary for a refund of contributions, to file a waiver of monthly benefits after the death of the member.

Interest on Benefit Payments – Amends 25-11-120 to provide that PERS does not pay interest on any benefits, including, but not limited to, benefits that are delayed as a result of an administrative determination or an appeal from an administrative determination.

Investment Provisions – Modifies Section 25-11-121(1)(d) to allow investment in corporate bonds and taxable municipal bonds rated by any SEC designated Nationally Recognized Statistical Rating Organization (NRSRO) and to invest in corporate short-term obligations rated by S & P, Moody's, Fitch Ratings, Ltd., or another SEC-designated NRSRO.

Calculation of Credited Interest – Modifies the Section 25-11-121(7) provision granting the Board of Trustees authority to credit interest on member accounts in PERS by removing the words "on the basis of the interest earnings of the System for the preceding year."

Supplemental Legislative Retirement Plan

Waiver of Benefits – Modifies Section 25-11-309 to allow a retiree/beneficiary to waive part or all of the benefit for purposes of qualifying for other benefits.

Mississippi Highway Safety Patrol Retirement System

IRS Compliance – Deletes language in Section 25-13-3 that allows for refund of excess employee contributions should a non-vested member of MHSPRS transfer to PERS so as to avoid violation of in-service distribution rules.

Waiver of Benefits – Modifies provisions of 25-13-11 to allow a retiree/beneficiary to waive part or all of the benefit for purposes of qualifying for other benefits.

Calculation of Credited Interest – Modifies Section 25-13-28 granting the Board of Trustees authority to credit interest on member accounts in MHSPRS by removing the words "on the basis of the interest earnings of the system for the preceding year."

Optional Retirement Plan

Administrative Fee – Clarifies Section 25-11-415 that an administrative fee of not more than 2 percent may be assessed by PERS.

Municipal Retirement Systems

Beneficiary Designation – Adds Section 21-29-331 in the miscellaneous section of the municipal law to provide for the persons to whom benefits will be payable in the event the designated beneficiary is deceased.

Waiver of Benefits – Section 21-29-333 modifies municipal law to allow a retiree/beneficiary to waive part or all of the benefit for purposes of qualifying for other benefits.

Solvency Tests

(In Thousands)

Date	Actuarial Accrued Liabilities for (1) Accumulated Employee Contributions Including Allocated Investment Earnings	(2) Retirees and Beneficiaries Currently Receiving Benefits	(3) Active and Inactive Members Employer-Financed Portion	Net Assets Available for Benefits	Portions of Accrued Liabilities Covered by Assets (1)	(2)	(3)
Public Employees' Retirement System							
6/30/01	$ 3,061,697	$ 7,856,268	$ 7,576,242	$ 16,191,631	100%	100.0%	69.6%
6/30/02	3,221,756	8,913,895	8,044,696	16,823,185	100	100.0	58.3
6/30/03	3,400,765	9,758,473	8,326,600	16,979,457	100	100.0	45.9
6/30/04	3,571,428	10,657,920	8,617,912	17,103,285	100	100.0	33.3
6/30/05	3,819,498	11,260,642	8,646,958	17,180,705	100	100.0	24.3
6/30/06	3,955,066	12,228,330	8,745,068	18,321,063	100	100.0	24.4
6/30/07	3,788,781	13,342,531	9,731,324	19,791,564	100	100.0	27.3
6/30/08	3,991,804	14,306,528	10,236,362	20,814,720	100	100.0	24.6
6/30/09	4,235,466	15,665,712	10,693,368	20,597,581	100	100.0	6.5
6/30/10	4,266,621	16,763,455	10,369,912	20,143,426	100	94.7	0.0
Mississippi Highway Safety Patrol Retirement System							
6/30/01	$ 16,080	$ 152,528	$ 82,013	$ 259,713	100%	100.0%	111.1%
6/30/02	16,226	186,501	82,821	263,255	100	100.0	73.1
6/30/03	17,604	192,662	91,868	259,746	100	100.0	53.9
6/30/04	18,352	201,573	96,645	256,481	100	100.0	37.8
6/30/05	18,972	214,844	101,301	253,477	100	100.0	19.4
6/30/06	19,906	222,281	108,451	265,637	100	100.0	21.6
6/30/07	20,870	231,771	118,592	284,626	100	100.0	27.0
6/30/08	21,371	242,265	117,942	298,630	100	100.0	29.7
6/30/09	20,136	273,774	100,720	292,322	100	99.4	0.0
6/30/10	20,658	284,106	106,513	281,088	100	91.7	0.0
Municipal Retirement Systems*							
9/30/00	$ 10,209	$ 319,149	$ 45,701	$ 253,713	100%	76.3%	0.0%
9/30/01	9,271	329,000	43,511	262,260	100	76.9	0.0
9/30/02	7,806	349,140	36,064	259,587	100	72.1	0.0
9/30/03	6,266	365,063	28,293	250,640	100	66.9	0.0
9/30/04	5,190	365,243	22,628	235,198	100	63.0	0.0
9/30/05	4,138	367,345	15,903	217,140	100	58.0	0.0
9/30/06	3,353	368,128	11,874	213,553	100	57.1	0.0
9/30/07	3,015	366,139	10,430	213,432	100	57.5	0.0
9/30/08	2,688	356,413	9,030	208,479	100	57.7	0.0
9/30/09	2,522	369,470	9,044	191,179	100	51.1	0.0
Supplemental Legislative Retirement Plan							
6/30/01	$ 1,666	$ 4,328	$ 4,308	$ 9,124	100%	100%	72.6%
6/30/02	1,876	4,576	4,876	9,730	100	100	67.2
6/30/03	2,121	4,567	5,532	10,196	100	100	63.4
6/30/04	2,030	6,395	4,509	10,323	100	100	42.1
6/30/05	2,076	6,813	4,513	10,634	100	100	38.7
6/30/06	2,061	7,230	4,773	11,620	100	100	48.8
6/30/07	2,301	7,378	5,375	12,722	100	100	56.6
6/30/08	2,102	8,295	5,218	13,412	100	100	57.8
6/30/09	2,327	8,756	5,452	13,386	100	100	42.2
6/30/10	2,509	8,777	5,795	13,241	100	100	33.7

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

Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Active Members: Number of Employees	Annual Payroll	Annual Average Pay	% Increase in Average Pay
Public Employees' Retirement System					
6/30/01	863	151,080	$ 4,112,237,738	$ 27,219	1.0%
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
Mississippi Highway Safety Patrol Retirement System					
6/30/01	1	599	$ 21,971,870	$ 36,681	(2.8)%
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
Municipal Retirement Systems					
9/30/00	17	214	$ 8,484,726	$ 39,648	6.3%
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
Supplemental Legislative Retirement Plan					
6/30/01	5	175	$ 5,941,332	$ 33,950	1.5%
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)

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, 2005	PERS	4,610	$ 74,999,488	(3,078)	$ (25,851,732)
	MHSPRS	33	578,336	(17)	(106,467)
	MRS	54	972,938	(58)	(545,424)
	SLRP	8	30,412	-	-
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)

**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 previous actuarial firm and did not include COLA amounts. Therefore, the amount for benefit increases due to COLA in 2005 incorporates all prior years' COLAs since they cannot be broken out by prior years.*

****Information not available for MRS.*

Schedule of Retirants Added to and Removed from Rolls

Last Six Fiscal 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
$ 194,238,608	$ -	63,939	$ 1,022,022,560	31.26%	$ 15,984
4,606,095	-	621	17,189,826	41.93	27,681
***	334,359	2,242	32,182,395	2.42	14,354
71,839	-	114	582,565	21.29	5,110
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

Analysis of Financial Experience

Gains and Losses in Accrued Liabilities for the Year Ended June 30, 2010

Resulting from Differences Between Assumed Experience and Actual Experience

(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.	$ 125,700.0	$ 422.4	$ 538.3	$ 11.0
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	(21,400.0)	(50.9)	-	10.9
Death-in-Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	100.0	21.5	15.0	7.7
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	(65,000.0)	396.7	-	41.3
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	541,600.0	(1,607.7)	129.3	344.1
New Members. Additional unfunded accrued liability will produce a loss.	(67,100.0)	-	-	(2.3)
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	(1,552,500.0)	(23,181.1)	(14,024.9)	(1,023.0)
Death after Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	(36,400.0)	(1,541.8)	216.3	117.4
Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	111,300.0	(2,620.2)	(1,639.3)	(135.1)
Gain (or Loss) During Year from Financial Experience.	(963,700.0)	(28,161.1)	(14,765.3)	(628.0)
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	(6,000.0)	-	(19,789.2)	-
Composite Gain (or Loss) During Year	$ (969,700.0)	$ (28,161.1)	$ (34,554.5)	$ (628.0)

**Valuation information furnished for MRS is as of September 30, 2009.*

STATISTICAL

AFTER A CAREER OF
CONTRIBUTING TO PERS,
YOU'RE BETTER ABLE TO
TURN RETIREMENT INTO
WHATEVER YOU ENVISION
YOURS TO BE.

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 102 and 103 contains 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 employee contribution rates over a 10-year period. To address the funding position and to ensure the actuarial soundness of the System, the employer rate for PERS was increased by 0.15 percent to 12.00 percent effective July 1, 2009. Beginning July 1, 2010, the employee contribution rate increased by 1.75 percent to 9.00 percent. For the fiscal year beginning July 1, 2011, the Board of Trustees has adopted an employer contribution rate of 12.93 percent. A detailed discussion of changes in employer contribution rates and funding can be found on page 22 and 23 of Management's Discussion and Analysis and on page 46, notes 1 and 2 to the Required Supplementary Information.

Demographic and Economic Information

The schedule of Total Active Members by Attained Age and Years of Service, shown on pages 110 through 111, 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. Page 113 contains 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 page 112 offers information on the amount of economic contribution attributed to benefit payments by county within the State of Mississippi.

Operating Information

Pages 104 and 105 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 page 108. 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 106 and 107. Comparative supplemental information on employer and employee groups covered by the Public Employees' Retirement System plan is offered on page 109, with details of participating employers covered by separate agreements on pages 114 through 117.

Statistical data is provided from the System's internal resources. The System had no outstanding debt as of June 30, 2010.

Change in Net Assets

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Beginning Net Assets	Employee Contributions Amount	Employee Contributions Percent*	Employer Contributions Amount	Employer Contributions Percent*	Net Investment Income (Loss)	Other Revenues and Transfers	Total Additions (Deletions)
Public Employees' Retirement System of Mississippi								
2001	$ 16,210,018	$ 310,257	7.25%	$ 418,281	9.75%	$ (1,159,509)	$ 646	$ (430,325)
2002	14,946,198	317,563	7.25	428,122	9.75	(973,690)	598	(227,407)
2003	13,800,716	333,297	7.25	448,263	9.75	452,183	607	1,234,350
2004	14,012,183	358,241	7.25	459,567	9.75	2,003,253	596	2,821,657
2005	15,723,660	365,355	7.25	492,434	9.75	1,507,079	530	2,365,398
2006	16,890,535	375,612	7.25	557,831	10.75	1,777,853	580	2,711,876
2007	18,321,063	392,268	7.25	610,888	11.30	3,402,562	604	4,406,322
2008	21,353,016	417,119	7.25	683,189	11.85	(1,725,434)	637	(624,489)
2009	19,251,069	434,081	7.25	713,569	11.85	(3,717,016)	657	(2,568,709)
2010	15,134,487	439,397	7.25	731,544	12.00	2,148,749	610	3,320,300
Mississippi Highway Safety Patrol Retirement System								
2001	$ 266,918	$ 1,458	6.50%	$ 5,835	26.16%	$ (18,868)	$ 28	$ (11,547)
2002	240,026	1,418	6.50	5,710	26.16	(15,340)	-	(8,212)
2003	215,076	1,398	6.50	5,627	26.16	6,934	-	13,959
2004	212,657	1,508	6.50	6,528	28.16	30,464	-	38,500
2005	234,345	1,462	6.50	6,335	28.16	21,897	2,388	32,082
2006	248,209	1,589	6.50	6,884	28.16	25,934	2,628	37,035
2007	265,637	1,778	6.50	8,275	30.30	49,104	2,341	61,498
2008	307,152	1,985	6.50	9,253	30.30	(24,886)	3,156	(10,492)
2009	276,154	2,166	7.25	9,066	30.30	(52,869)	3,208	(38,429)
2010	214,374	2,043	7.25	8,613	30.30	29,942	3,985	44,583
Municipal Retirement Systems**								
2001	$ 287,858	$ 777	**	$ 15,177	**	$ (19,886)	$ -	$ (3,932)
2002	253,376	678	**	14,174	**	(15,741)	-	(889)
2003	221,116	563	**	14,310	**	6,847	7	21,727
2004	210,436	437	**	14,013	**	28,495	-	42,945
2005	219,650	378	**	14,371	**	19,337	-	34,086
2006	219,034	263	**	15,613	**	21,563	-	37,439
2007	220,877	203	**	15,050	**	38,269	-	53,522
2008	238,434	176	**	15,900	**	(18,046)	-	(1,970)
2009	200,155	154	**	17,415	**	(35,930)	-	(18,361)
2010	145,467	145	**	21,420	**	19,369	-	40,934
Supplemental Legislative Retirement Plan								
2001	$ 8,889	$ 181	3.00%	$ 382	6.33%	$ (661)	$ -	$ (98)
2002	8,407	180	3.00	380	6.33	(570)	-	(10)
2003	8,002	198	3.00	417	6.33	277	-	892
2004	8,498	176	3.00	372	6.33	1,246	-	1,794
2005	9,581	197	3.00	417	6.33	932	-	1,546
2006	10,518	195	3.00	411	6.33	1,137	-	1,743
2007	11,620	195	3.00	432	6.65	2,209	-	2,836
2008	13,748	203	3.00	449	6.65	(1,120)	-	(468)
2009	12,412	207	3.00	458	6.65	(2,437)	-	(1,772)
2010	9,832	202	3.00	446	6.65	1,432	-	2,080

**Percentage of annual covered payroll.*
***Employee and employer rates vary among the 19 systems that comprise the Municipal Retirement Systems.*

Change in Net Assets

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Retirement Annuities	Refunds	Expenses and Depreciation	Transfers	Total Deductions	Net Change In Assets	Ending Net Assets
Public Employees' Retirement System of Mississippi							
2001	$ 759,282	$ 65,370	$ 8,843	$ -	$ 833,495	$ (1,263,820)	$ 14,946,198
2002	847,655	62,126	8,294	-	918,075	(1,145,482)	13,800,716
2003	951,158	61,923	9,802	-	1,022,883	211,467	14,012,183
2004	1,033,205	67,245	9,730	-	1,110,180	1,711,477	15,723,660
2005	1,116,405	71,064	11,054	-	1,198,523	1,166,875	16,890,535
2006	1,198,230	73,344	9,774	-	1,281,348	1,430,528	18,321,063
2007	1,291,456	72,572	10,341	-	1,374,369	3,031,953	21,353,016
2008	1,393,175	72,750	11,533	-	1,477,458	(2,101,947)	19,251,069
2009	1,465,500	70,050	12,323	-	1,547,873	(4,116,582)	15,134,487
2010	1,580,808	73,580	12,185	-	1,666,573	1,653,727	16,788,214
Mississippi Highway Safety Patrol Retirement System							
2001	$ 15,166	$ 62	$ -	$ 117	$ 15,345	$ (26,892)	$ 240,026
2002	16,558	66	-	114	16,738	(24,950)	215,076
2003	16,164	101	-	113	16,378	(2,419)	212,657
2004	16,605	76	-	131	16,812	21,688	234,345
2005	18,005	86	-	127	18,218	13,864	248,209
2006	19,359	110	-	138	19,607	17,428	265,637
2007	19,774	44	-	165	19,983	41,515	307,152
2008	20,295	26	-	185	20,506	(30,998)	276,154
2009	23,098	72	-	181	23,351	(61,780)	214,374
2010	25,847	65	-	172	26,084	18,499	232,873
Municipal Retirement Systems							
2001	$ 29,986	$ 135	$ -	$ 429	$ 30,550	$ (34,482)	$ 253,376
2002	30,964	-	-	407	31,371	(32,260)	221,116
2003	31,979	39	-	389	32,407	(10,680)	210,436
2004	33,342	-	-	389	33,731	9,214	219,650
2005	34,296	11	-	395	34,702	(616)	219,034
2006	35,165	1	-	430	35,596	1,843	220,877
2007	35,544	1	-	420	35,965	17,557	238,434
2008	35,870	-	-	439	36,309	(38,279)	200,155
2009	35,848	12	-	467	36,327	(54,688)	145,467
2010	35,766	3	-	429	36,198	4,736	150,203
Supplemental Legislative Retirement Plan							
2001	$ 361	$ 16	$ -	$ 7	$ 384	$ (482)	$ 8,407
2002	386	1	-	8	395	(405)	8,002
2003	388	-	-	8	396	496	8,498
2004	696	8	-	7	711	1,083	9,581
2005	599	2	-	8	609	937	10,518
2006	632	1	-	8	641	1,102	11,620
2007	699	-	-	9	708	2,128	13,748
2008	845	14	-	9	868	(1,336)	12,412
2009	790	9	-	9	808	(2,580)	9,832
2010	804	20	-	9	833	1,247	11,079

Benefit and Refund Payments by Type

Last Ten Fiscal Years

Public Employees' Retirement System of Mississippi

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
2001	43,117	3,531	7,017	53,665	22,879
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

Total Payments by Type of Benefit

(In Thousands)

2001	$ 692,488	$ 46,382	$ 20,412	$ 759,282	$ 65,370
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

Mississippi Highway Safety Patrol Retirement System

Number of Participants by Type of Benefit

2001	392	20	161	573	7
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

Total Payments by Type of Benefit

(In Thousands)

2001	$ 13,330	$ 348	$ 1,488	$ 15,166	$ 62
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

Municipal Retirement Systems*

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
2000	1,588	142	540	2,270	6
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

Total Payments by Type of Benefit**

(In Thousands)

2000	$ 23,201	$ 1,103	$ 4,371	$ 28,675	$ 135
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

Supplemental Legislative Retirement Plan

Number of Participants by Type of Benefit

2001	67	1	16	84	3
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

Total Payments by Type of Benefit

(In Thousands)

2001	$ 327	$ 5	$ 29	$ 361	$ 16
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

**Information furnished for MRS is as of September 30.*
***Individual municipal retirement system's COLA increases are paid if funding is available.*

Average Benefit Payments

Retirement Effective Dates: July 1, 2005 to June 30, 2010	Years of Credited Service 0-4	5-9	10-14	15-19	20-24	25	26-29	30	31+
Public Employees' Retirement System of Mississippi									
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
2006									
Average Monthly Benefit. . . . . . $	490	331	492	766	1,137	1,575	1,729	1,942	2,380
Average Final Salary. . . . . $	21,672	22,459	25,293	29,138	33,142	38,998	41,558	43,360	46,793
Number of Active Retirants. . . .	121	671	692	632	627	358	973	217	1,069
Mississippi Highway Safety Patrol Retirement System									
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
2006									
Average Monthly Benefit. . . . . . $	130	-	194	831	2,364	1,548	2,080	1,803	2,447
Average Final Salary. . . . . $	5,261	-	5,120	21,651	53,949	35,031	42,379	39,574	45,797
Number of Active Retirants. . . .	1	-	1	2	6	4	10	2	6

Retirement Effective Dates:	Years of Credited Service								
July 1, 2005 to June 30, 2010	0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Supplemental Legislative Retirement System									
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	-	-	-	-	-
2006									
Average Monthly Benefit. . . . . . $	-	147	310	435	-	-	-	-	963
Average Final Salary. . . . . $	-	25,555	30,927	35,060	-	-	-	-	36,594
Number of Active Retirants. . . .	-	4	3	3	-	-	-	-	2

Retired Members by Type of Benefits

June 30, 2010

Amount of Monthly Benefit*	Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4A	Opt. 4B	Opt. 4C**	Opt. 5	PLSO 1 yr**	PLSO 2 yr**	PLSO 3 yr**
	Option Selected Number										
Public Employees' Retirement System of Mississippi											
$ 1 - 100	1,730	83	334	8	30	233	6	11	54	39	380
101 - 200	4,089	248	658	20	89	478	24	59	94	65	396
201 - 300	4,118	222	580	14	107	445	39	59	85	54	302
301 - 400	3,513	222	558	20	113	415	59	43	71	72	262
401 - 500	3,163	192	534	8	149	328	72	45	74	67	225
501 - 600	2,612	150	489	14	114	328	91	45	87	57	209
601 - 700	2,337	151	433	12	133	261	138	42	68	57	162
701 - 800	2,207	171	400	10	161	215	174	69	59	54	170
801 - 900	2,024	158	436	10	173	234	188	39	75	48	208
901 - 1,000	1,945	129	429	16	158	233	205	65	75	35	216
over 1,000	24,019	1,560	6,824	172	3,685	3,192	2,054	395	1,524	1,354	6,455
Totals	51,757	3,286	11,675	304	4,912	6,362	3,050	872	2,266	1,902	8,985
Mississippi Highway Safety Patrol Retirement System											
$ 1 - 100	1	-	-	-	-	-	-	-	-	-	-
101 - 200	4	-	-	-	-	-	-	-	-	-	-
201 - 300	9	-	-	-	-	-	-	-	-	-	-
301 - 400	31	-	1	-	-	-	-	-	-	-	-
401 - 500	13	-	-	-	3	-	-	-	-	-	-
501 - 600	16	-	-	-	2	-	-	-	-	-	-
601 - 700	14	-	-	-	3	-	-	-	-	-	-
701 - 800	17	-	1	-	5	-	1	-	-	-	-
801 - 900	22	-	-	-	2	-	-	-	-	-	-
901 - 1,000	18	-	-	-	3	-	-	-	-	-	-
over 1,000	54	1	47	2	415	12	10	-	25	13	77
Totals	199	1	49	2	433	12	11	-	25	13	77
Supplemental Legislative Retirement Plan											
$ 1 - 100	5	-	2	-	-	3	1	-	-	-	1
101 - 200	10	1	8	-	-	-	-	1	-	-	1
201 - 300	17	1	9	2	1	3	-	1	-	-	1
301 - 400	16	1	10	-	2	5	-	1	1	-	6
401 - 500	7	-	3	-	1	1	-	-	-	2	2
501 - 600	1	-	2	-	-	2	-	1	1	-	-
601 - 700	3	-	4	-	-	3	-	-	-	-	1
701 - 800	2	-	1	-	-	1	-	1	-	-	1
801 - 900	2	-	1	-	1	2	-	-	-	-	1
901 - 1,000	1	-	-	-	-		-	-	-	-	1
over 1,000	1	-	1	-	-	1	-	-	-	-	1
Totals	65	3	41	2	5	21	1	5	2	2	16

**Excluding cost-of-living adjustment check*

#Option Selected: Life – return of contributions; Opt. 1 – return of member's annuity; Opt. 2 – 100% survivorship; Opt. 3 – 50%/50% dual survivorship; Opt. 4A – 50% survivorship; Opt. 4B – years certain and life; Opt. 4C – Social Security leveling; Opt. 5 – pop-up; PLSO – partial lump sum option

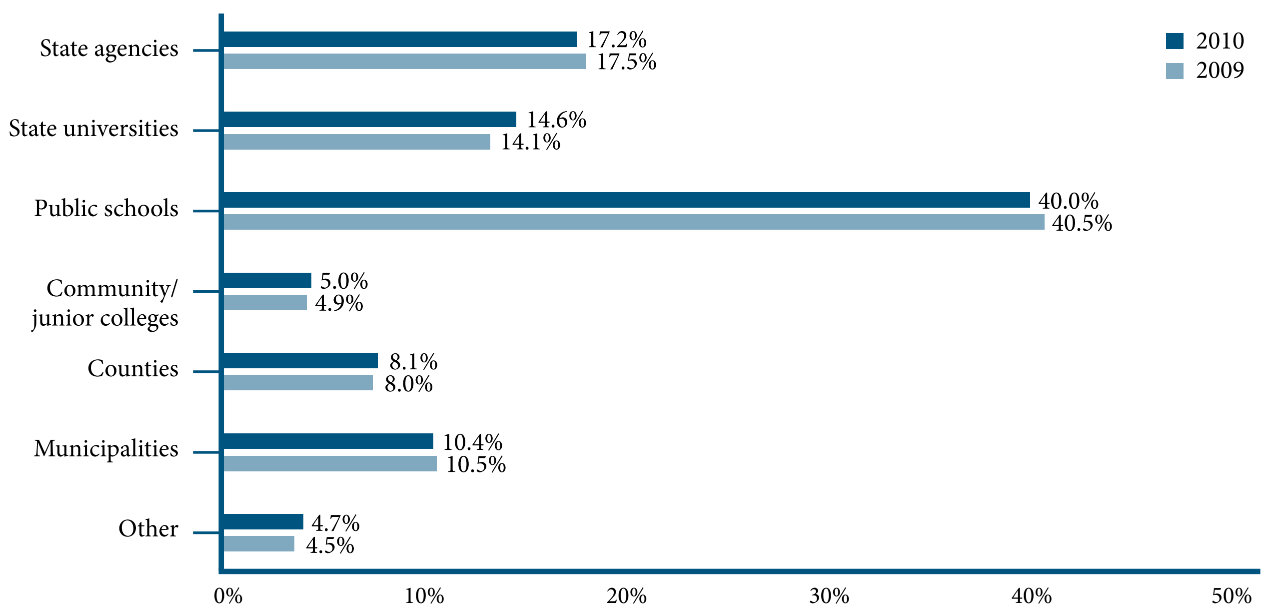
***Included in other options*

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Employee		Total	
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
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%
2009						
State agencies	113	$ 124,872	34,465	$ 75,934	$ 200,806	17.5%
State universities	9	100,957	18,081	61,391	162,348	14.1
Public schools	150	289,034	67,174	175,760	464,794	40.5
Community/junior colleges	15	35,169	6,195	21,386	56,555	4.9
Counties	82	57,143	14,884	34,749	91,892	8.0
Municipalities	239	74,606	18,913	45,531	120,137	10.5
Others	260	31,788	7,410	19,330	51,118	4.5
Total	868	$ 713,569	167,122	$ 434,081	$ 1,147,650	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 as of June 30, 2010, by Attained Age and Years of Service

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	287	6	-	-	-	-	-	293	$ 3,741,369
20-24	6,177	97	2	-	-	-	-	6,276	144,464,157
25-29	13,383	3,527	76	4	-	-	-	16,990	498,164,652
30-34	8,968	7,330	2,251	54	1	-	-	18,604	612,033,821
35-39	7,823	5,523	5,309	1,911	66	-	-	20,632	720,050,951
40-44	6,506	4,765	4,018	3,985	1,782	60		21,116	744,801,788
45-49	5,922	4,692	4,023	3,321	3,646	1,588	60	23,252	833,408,608
50-54	5,036	4,023	3,696	3,219	3,253	2,450	1,188	22,865	854,669,085
55-59	3,608	3,414	3,028	2,777	2,863	1,780	1,920	19,390	758,913,330
60	561	557	438	444	399	290	313	3,002	116,742,404
61	447	447	426	377	366	235	275	2,573	102,780,076
62	428	394	360	322	310	184	215	2,213	88,770,649
63	345	367	327	253	244	180	205	1,921	76,614,940
64	211	239	210	157	135	98	129	1,179	44,960,091
65	198	182	164	102	99	66	94	905	34,284,878
66	136	145	112	88	67	54	66	668	27,887,382
67	106	137	111	70	68	35	57	584	22,214,956
68	94	108	97	51	50	32	40	472	16,221,879
69	80	79	68	40	43	22	34	366	11,356,071
70 & over	285	328	304	217	171	103	187	1,595	51,475,108
Totals	60,601	36,360	25,020	17,392	13,563	7,177	4,783	164,896	$ 5,763,556,195

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

Age:	44.4 years
Service:	10.1 years
Annual Pay:	$34,953

Mississippi Highway Safety Patrol Retirement System

Total Active Members as of June 30, 2010, by Attained Age and Years of Service

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	9	-	-	-	-	-	-	9	348,872
25-29	52	3	-	-	-	-	-	55	2,176,641
30-34	51	28	7	-	-	-	-	86	3,458,217
35-39	31	26	50	7	-	-	-	114	4,975,788
40-44	9	20	25	39	4	-	-	97	4,568,491
45-49	2	4	13	16	45	4	-	84	4,585,939
50-54	-	1	4	3	25	36	6	75	4,806,481
55-59	1	-	-	-	9	5	7	22	1,432,971
60 & Over	-	-	-	-	-	-	-	-	-
Totals	155	82	99	65	83	45	13	542	$ 26,353,400

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

Age:	40.8 years
Service:	13.0 years
Annual Pay:	$48,623

Municipal Retirement Systems

Total Active Members as of September 30, 2009, by Attained Age and Years of Service

Attained Age	Active Member Years of Service: 0-4	5-9	10-14	15-19	20-24	25-29	30 +	Totals: Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	2	4		6	284,050
50-54	-	-	-	-	1	1	1	3	170,717
55-59	-	-	-	-	-	-	12	12	645,749
60 & Over	-	-	-	-	-	-	10	10	507,880
Totals	-	-	-	-	3	5	23	31	$ 1,608,396

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

Age: 57.3 years
Service: 33.8 years
Annual Pay: $51,884

Supplemental Legislative Retirement Plan

Total Active Members as of June 30, 2010, by Attained Age and Years of Service

Attained Age	Active Member Years of Service: 0-4	5-9	10-14	15-19	20-24	25-29	30 +	Totals: Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	1	-	-	-	-	-	-	1	34,463
30-34	3	4	-	-	-	-	-	7	248,985
35-39	6	3	2	1	-	-	-	12	446,137
40-44	8	2	2	1	-	-	-	13	477,603
45-49	5	5		4	-	-	-	14	523,071
50-54	3	5	3	8	-	1	-	20	755,566
55-59	3	5	2	8	1	3	3	25	996,640
60	4	2	3	1	-	-	2	12	452,208
61	-	1	-	1	-	-	-	2	67,508
62	2	1	1	1	1	-	-	6	223,301
63	1	1	-	2	-	2	-	6	212,531
64	1	1	3	3	-	-	1	9	342,406
65	-	-	1	3	-	-	1	5	203,532
66	1	1	1	2	-	-	2	7	265,922
67	1	-	-	-	1	-	-	2	68,170
68	-	-	-	-	-	-	1	1	100,570
69	-	3	1	3	-	-	-	7	248,091
70 & over	2	3	3	7	6	2	3	26	938,333
Totals	41	37	22	45	9	8	13	175	$ 6,605,037

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

Age: 56.9 years
Service: 12.9 years
Annual Pay: $37,743

Total Defined Benefit Plans

Benefits Payments by County – June 30, 2010

County	Number of Payments[1]	Amount Paid[2]
Adams	1,038	$ 19,178,535
Alcorn	915	16,466,818
Amite	275	4,292,368
Attala	703	12,331,729
Benton	235	3,882,521
Bolivar	1,157	24,686,802
Calhoun	375	6,761,982
Carroll	376	6,882,097
Chickasaw	463	8,254,872
Choctaw	312	5,501,168
Claiborne	291	5,920,685
Clarke	491	8,331,762
Clay	522	10,692,815
Coahoma	869	18,277,936
Copiah	792	15,296,237
Covington	611	11,453,434
DeSoto	977	17,229,193
Forrest	1,633	31,805,005
Franklin	276	4,723,046
George	517	8,795,311
Greene	253	3,993,780
Grenada	596	11,042,255
Hancock	624	10,649,264
Harrison	3,505	72,919,759
Hinds	8,045	182,157,280
Holmes	560	10,375,177
Humphreys	249	5,102,684
Issaquena	19	254,477
Itawamba	531	9,724,053
Jackson	2,769	54,535,910
Jasper	434	6,758,713
Jefferson	317	6,781,394
Jefferson Davis	366	6,371,251
Jones	2,100	38,622,596
Kemper	281	5,185,487
Lafayette	1,633	40,534,822
Lamar	1,722	42,071,915
Lauderdale	2,140	42,169,659
Lawrence	473	7,798,013
Leake	567	9,719,189
Lee	1,793	38,746,140
Leflore	974	20,591,156
Lincoln	769	15,116,651
Lowndes	1,442	28,055,225

County	Number of Payments[1]	Amount Paid[2]
Madison	2,398	$ 59,766,020
Marion	680	13,303,462
Marshall	531	9,396,851
Monroe	805	15,922,896
Montgomery	475	8,718,458
Neshoba	564	9,912,517
Newton	880	16,497,804
Noxubee	245	4,416,285
Oktibbeha	2,113	57,153,395
Panola	910	16,305,879
Pearl River	1,089	17,306,629
Perry	345	5,781,125
Pike	1,054	21,771,222
Pontotoc	575	11,469,222
Prentiss	882	16,930,198
Quitman	265	4,338,157
Rankin	4,378	97,710,295
Scott	705	12,568,025
Sharkey	188	3,681,798
Simpson	892	15,682,991
Smith	391	6,038,957
Stone	536	11,087,649
Sunflower	761	15,270,951
Tallahatchie	356	6,630,730
Tate	652	13,204,683
Tippah	635	10,957,128
Tishomingo	461	7,215,942
Tunica	146	2,678,263
Union	687	12,388,672
Walthall	336	6,074,898
Warren	1,140	25,116,735
Washington	1,318	26,551,612
Wayne	395	6,639,963
Webster	360	6,443,095
Wilkinson	239	4,179,324
Winston	586	12,229,565
Yalobusha	517	9,163,619
Yazoo	674	12,708,149
Mississippi	75,154	1,523,254,330
Out-of-State	6,765	119,570,290
Out-of-Country	23	401,097
Total	81,942	$ 1,643,225,717

Notes:
1. *The number of payments made during a payroll sample test month.*
2. *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

Participating Government	2010 Covered Employees	2010 Rank	2010 Percentage of Total System	2001 Covered Employees	2001 Rank	2001 Percentage of Total System
Public Employees' Retirement System						
University Medical Center	7,074	1	4.29%	6,054	1	4.01%
Jackson Public Schools	4,754	2	2.88	4,634	2	3.07
Mississippi State University	3,834	3	2.33	3,810	3	2.52
Desoto County Schools	3,659	4	2.22	1,467	14	0.97
Department of Transportation	3,417	5	2.07	3,322	6	2.20
Department of Human Services	3,388	6	2.05	3,628	5	2.40
Department of Corrections	2,988	7	1.81	3,765	4	2.49
Department of Health	2,433	9	1.48	2,346	8	1.55
Rankin County Schools	2,420	8	1.47	1,700	12	1.13
State Hospital	2,152	10	1.30	2,536	7	1.68
All Other*	128,777	-	78.10	117,818	-	77.98
Total (869 Governments)	164,896	-	100.00%	151,080	-	100.00%

**In 2010, "All Other" consisted of:*

Type	Number	Employees
State agencies	108	19,326
State universities	7	6,667
Public schools	147	55,209
Community/junior colleges	15	6,343
Counties	82	14,740
Municipalities	239	18,650
Other political subdivisions	261	7,842
Total	859	128,777

Participating Government	2010 Covered Employees	2010 Rank	2010 Percentage of Total System	2001 Covered Employees	2001 Rank	2001 Percentage of Total System
Municipal Retirement Systems						
City of Clinton	6	1	19.35%	21	3	9.81%
City of Hattiesburg	6	2	19.35	48	1	22.43
City of Greenwood	3	3	9.68	7	7	3.27
City of Jackson	3	4	9.68	39	2	18.23
All Other*	13	-	41.94	99	-	46.26
Total (17 Governments)	31	-	100.00%	214	-	100.00%

**In 2010, "All Other" consisted of:*

Type	Number	Employees
State agencies	-	-
State universities	-	-
Public schools	-	-
Community/junior colleges	-	-
Counties	-	-
Municipalities	13	13
Other political subdivisions	-	-
Total	13	13

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
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
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
Mid-Mississippi Development District
Mississippi Coast Coliseum & Convention Center
Mississippi Levee Commissioners
Municipal Energy Agency of Mississippi
Natchez-Adams County Economic & Community Development Authority
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

Juristic Entities (continued)

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 MS 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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429 Mississippi Street
Jackson, Mississippi
39201-1005

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