PERS

Public Employees' Retirement System of Mississippi

Bringing it all together.

2005 Comprehensive Annual Financial Report

A Component Unit Of The State Of Mississippi - Fiscal Year Ended June 30

No detail is overlooked in bringing it all together.

Maximizing the value of every net asset. Administering the payment of more than a billion dollars in annual benefits. Balancing between long and short-term investments. Safeguarding over 18 billion in pension funds. Yes, a lot goes into managing your retirement plan, not to mention the 349,201 others we watch over every day. But like the smallest details in a well-designed building, everything comes together very nicely. Making sure it does so isn't just our mission. As we like to say, it's our mandate. There's an old adage that goes, "The whole is greater than the sum of its parts." We follow that philosophy very closely. Because we know that every part, every dollar, every detail, all add up to something great: your well-earned retirement.

PERS
Public Employees' Retirement System of Mississippi

2005 Comprehensive Annual Financial Report

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

Prepared By:

The Administrative Services Division
Public Employees' Retirement System of Mississippi

PERS Building
429 Mississippi Street
Jackson, Mississippi
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December 16, 2005

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

Dear Board Members:

As we present the 2005 Comprehensive Annual Financial Report (CAFR) of the Public Employee's Retirement System of Mississippi (System), we would like to extend our deepest regards to the many retirees, members and thousands of other Mississippians who were victims of Hurricane Katrina. We would like to assure each participant that if a disaster like Hurricane Katrina or any other unusual event occurs which disrupts our normal operations, the System's staff will strive to overcome all obstacles in order to maintain services to our retirees and members.

During our years of operation, we have seen significant advances, continued to meet new challenges and celebrated numerous successes. We trust that you and the other members will find this CAFR helpful in understanding your public employee's retirement system, which continues to maintain a strong and positive financial future with the sound belief that the whole is greater than the sum of its parts.

Profile of the System

The System was established to provide benefits for all State and public education employees, sworn officers of the State 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 Government Employees' Deferred Compensation Plan (GEDCP), 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. A total of 282,286 members and 66,916 retirees and beneficiaries are served by the System. Total retirement benefits paid during the fiscal year were $1.17 billion. There are 873 participating employers from across the State. These employers contributed $513.6 million during the fiscal year. Members of the System contributed a total of $367.4 million during the same period. Primary sources of funding for the System include employer contributions, member contributions and investment income. As of June 30, 2005, net assets held in trust for pension benefits totaled $17.4 billion.

The Public Employees' Retirement System of Mississippi is administered by a 10-member Board of Trustees which 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, institutions of higher learning, municipalities and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is vested with the responsibility for the general administration and proper operation of the System. The Executive Director is designated by the Board to lead and conduct all business for the System. The Public Employees' Retirement System of Mississippi operates under legislative mandate with respect to administrative budgets, human resources and purchasing guidelines.

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 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 next 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 28.

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 (GAAP) and audited in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*. The 2005 independent audit was conducted by Horne LLP, a firm of licensed certified public accountants. The Independent Auditor's Report is presented in the Financial Section of this CAFR on page 13.

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 of the 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 auditor's 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 it.

Proper funding and healthy long term investment returns are essential to the positive economic condition of the System. To this end, the Board of Trustees periodically evaluates and establishes an asset allocation policy designed to match assets with the liabilities of the System. Our asset allocation policy provides for a diversified portfolio that allows the System to maximize the investment return, while incurring minimal risk. Investments are evaluated quarterly by the System's investment consultant, Callan Associates, Inc. The investment return for fiscal year 2005 was 9.8 percent, while the ten year investment return was 8.4 percent. A performance summary of rates of return compared to appropriate benchmark rates of return is located on page 54 of this report.

An annual actuarial valuation for PERS, MHSPRS, MRS and SLRP is conducted by the consulting actuarial firm of Cavanaugh Macdonald Consulting, LLC. Actuarial assumptions and contribution rates are based upon recommendations made by the actuary. Experience investigations are performed 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.

In an effort to improve the funding status of PERS, the Board of Trustees approved a one percent increase in employer contributions, from 9.75 percent to 10.75 percent, effective July 1, 2005. During this period of time, the State of Mississippi received a settlement from MCI-WorldCom and used a portion of the proceeds to incrementally fund the one percent increase for general fund employers which delayed the impact on the general fund budget.

On June 2, 2005, $50 million was transfered to PERS to offset this increase. This transfer is estimated to temporarily finance the contribution increase for a period of eighteen months at which time the general fund employers will be responsible for the one percent increase.

Based upon fiscal year end valuation results, each of the System's plans continue in sound condition, given the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards as certified in the Actuarial Section of this report. We anticipate that investment earnings, over the long term, will meet or exceed the actuarially assumed rate of earnings, and further that all plans within the System will continue toward fully funded positions in accordance with actuarial assumptions.

For the Future

Hurricane Katrina brought unprecedented damage to the State of Mississippi. Especially hard hit was the Mississippi Gulf Coast region. Although Hurricane Katrina struck Mississippi on Monday, August 29, 2005, benefit payments for September 1, 2005, were processed as scheduled. In severely impacted areas such as Hancock, Harrison and Jackson Counties, our staff worked with the U.S. Postal Service to make retirement checks available through published alternate sites until normal mail delivery was restored. Direct deposits were transmitted on September 1 and deposited to individual accounts. Due to widespread disruptions in power and essential services and concerns on the part of affected retirees, the System's staff helped retirees verify deposits with the nearest available branch of their local bank or reissued paper checks for immediate pick-up. We are continuing to assist participating employers, many of whom are without physical locations and equipment, by providing alternate wage and contribution reporting procedures. We know that our retirees, members and agencies are depending on us more than ever and we remain committed to delivering the highest level of service while meeting the challenges ahead. It has been said that it will take years to rebuild in Mississippi, but many have vowed to bring this state back better than ever.

During the year, the Executive Director, Frank Ready, retired after nine years of service to the System. While the Board of Trustees conducted a national search for a replacement, Denise Owens-Mounger served as Interim Executive Director. The Board of Trustees named me the Executive Director of the System effective November 1. Over the past 25 years, I have been involved with the system in numerous aspects of pension fund administration.

Report Contents and Structure

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. The report is divided into the following five sections.

- The Introductory Section, which contains the letter of transmittal, identification of the System's administrative organization and professional consultants;
- The Financial Section, which contains the opinion of the independent auditors, management's discussion and analysis, the financial statements, schedules and supplementary financial information regarding funds administered by the System;
- The Investment Section, which contains information pertaining to the management of the investments of the System;
- The Actuarial Section, which contains information regarding the financial condition and financial position of retirement plans administered by the System; and
- The Statistical Section, which contains information regarding System participants and finances.

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, 2004. 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 eighteen years. We believe our current report continues to conform to the Certificate of Achievement program 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, 2004. 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 this award for the last two 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 2005 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 the success of the System. We hope all recipients of this report find it informative and useful. This report is also available to the general public at our Web site, www.pers.state.ms.us.

We would like to take this opportunity to express our gratitude to you, the staff, the advisors and others who have worked so diligently to assure the continued successful operation of the System.

Respectfully submitted,

Pat Robertson

Pat Robertson
Executive Director

2005 Board of Trustees

From Left to Right: Virgil F. Belue, Ed.D. • Lester Herrington • Edward Lee Childress, Ed.D. Edwin C. LeGrand, III • Richard C. Miller, M.D. • Tate Reeves • Seated: Deborah F. Giles • Jeanne R. Walker

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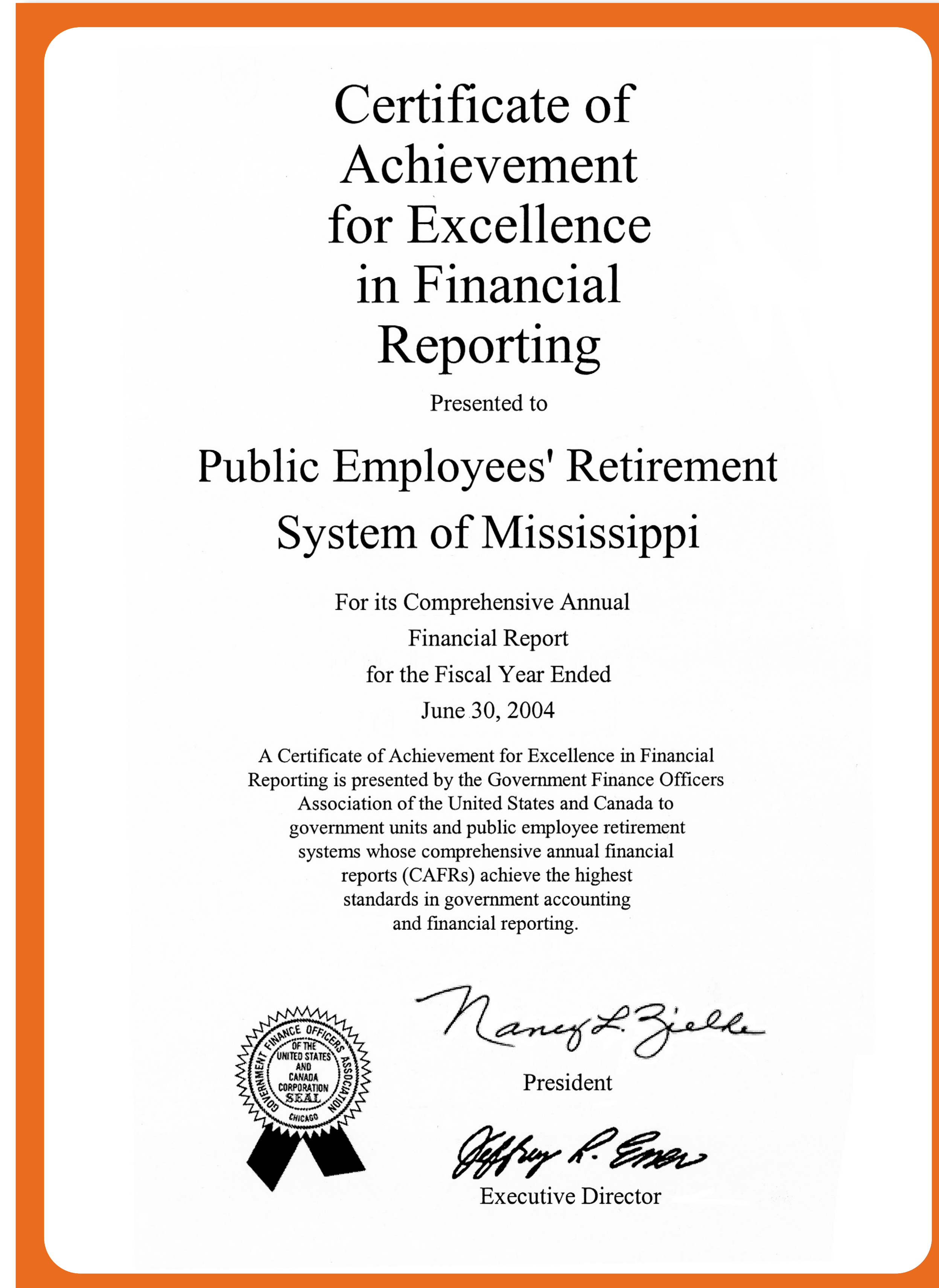

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement System of Mississippi

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2004

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

Administrative Staff

EXECUTIVE DIRECTOR
Pat Robertson, CPA, CPM, CGFM, CRA
Effective November 1, 2005

Donna J. Edwards, CRA
Deputy Director Special Programs

Denise Owens-Mounger, JD, CLU
Deputy Director Special Assistant
To Executive Director

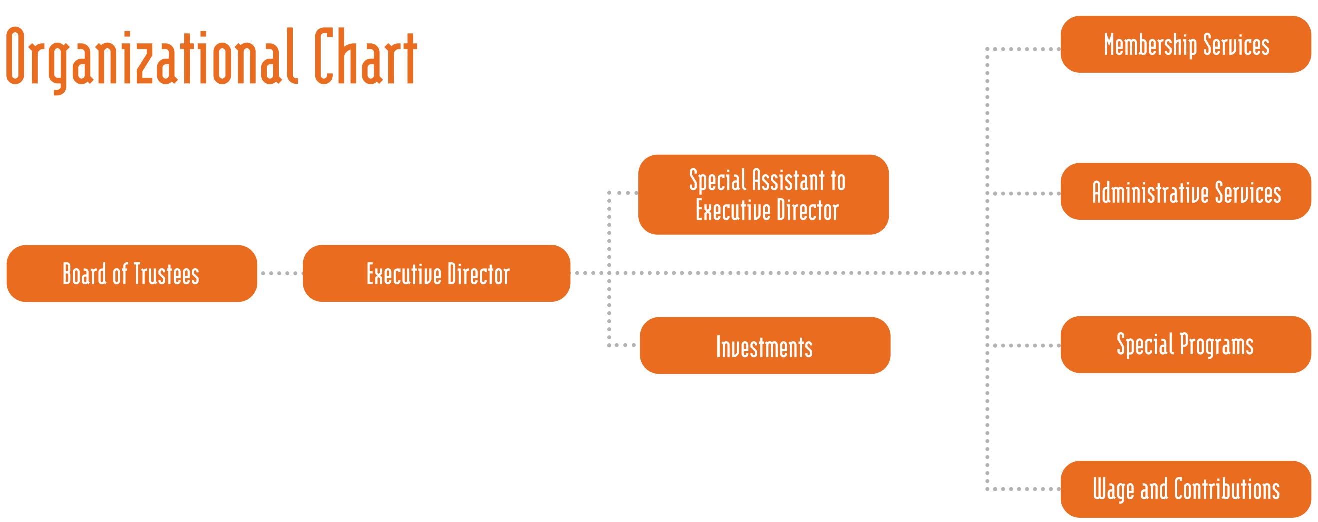
Robert J. Rhoads
Deputy Director Membership Services

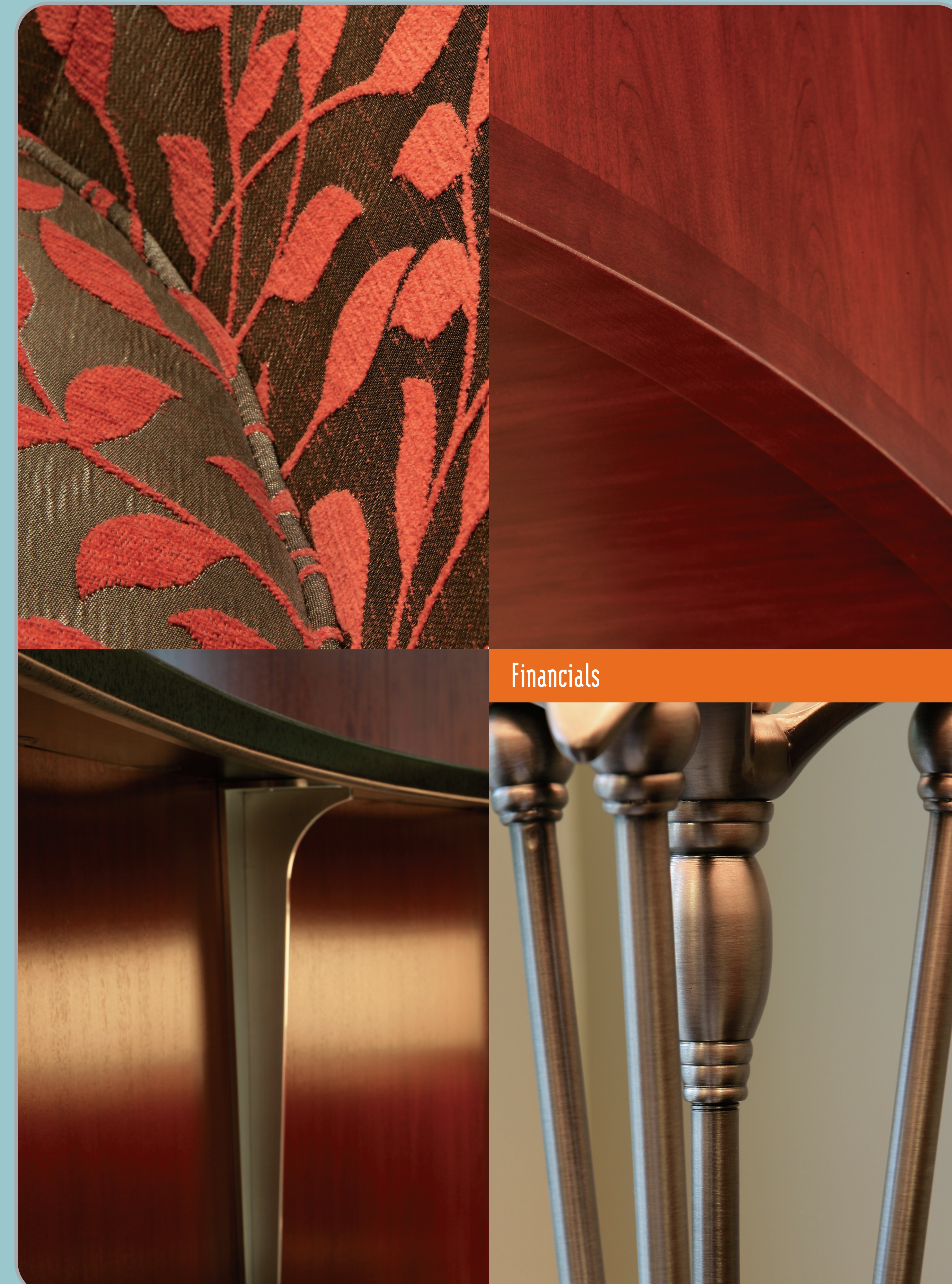
Vacant
Deputy Director Administrative Services

Shirley Sessoms
Deputy Director Wage and Contributions

Lorrie S. Tingle, CFA, MBA, CPM
Chief Investment Officer

Organizational Chart





The Reception Area

HORNE LLP
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Public Employees' Retirement System of Mississippi

We have audited the 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, 2005, and the related statement of changes in fiduciary net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 available for benefits of Public Employees' Retirement System of Mississippi as of June 30, 2005, and the changes in the net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 18, 2005, 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 14 through 22 and the schedules of funding progress and employer contributions are not required parts of the basic financial statements but are supplementary information required by accounting standards generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 expressing an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Horne LLP

November 18, 2005

This section presents management's discussion and analysis of the Public Employees' Retirement System of Mississippi's (System) financial position and performance for the year ended June 30, 2005. It is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal, included in the Introductory Section, and the financial statements and other information which are presented in the Financial Section of this Comprehensive Annual Financial Report.

The System is primarily responsible for administering retirement benefits for all State and public education employees, sworn officers of the State Highway Patrol, other public employees whose employers have elected to participate and elected members of the State Legislature and the president of the Senate. The System 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 Government Employees' Deferred Compensation Plan (GEDCP), a supplemental retirement savings plan, and the Optional Retirement Plan (ORP), an optional plan offered to certain members of the institutions of higher learning. As explained in note 2 to the basic financial statements, ORP is not part of the System's reporting entity. These funds, with the exception of ORP, are defined as pension (and other employee benefit) trust funds, which are fiduciary funds. 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, 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 $1.2 billion, or 7.3 percent. This increase was primarily the result of overall market performance in investments.

- The rate of return on investments of the defined benefit plans administered by the System during fiscal year 2005 was 9.8 percent compared with fiscal year 2004 rate of return of 14.6 percent. The U.S. and international equity portfolios returned 7.8 percent and 17.0 percent for the year respectively, while the return on debt securities was 7.2 percent. The rate of return on real estate investments was 28.1 percent as of fiscal year end.

- The defined benefit plans administered by the System were actuarially funded at an average of 71.8 percent as of June 30, 2005, a decrease from the comparative average of 74.6 percent as of June 30, 2004. The decrease in the funding percentage was primarily due to unfavorable investment performance in previous years that is being recognized for actuarial purposes in the current year. The effects of asset valuation on an actuarial basis is presented in note 6 of the basic financial statements.

- The GEDCP net assets increased $79 million during fiscal year 2005 primarily because of an increase in the number of participants.

- The GEDCP rates of return for investment options ranged from a high of 14.95 percent to a low of 2.24 percent compared to prior year investment option returns of a high of 42.92 percent and a low of negative 0.06 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, 2005. This financial information also summarizes the 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.** As of June 30, 2005, 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 GEDCP, 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, 2005, and for the year then ended. 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 that is 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 is also provided.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for each fund type, investment accounting policies, 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 describes required supplementary information.

(3) **Required Supplementary Information.** The required supplementary information consists of two schedules and related notes concerning actuarial information, funding status and required contributions of 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.

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 proportionate investment income 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 Statements of Fiduciary Net Assets. Investment gains or losses are reported in the Statements of Changes in Fiduciary Net Assets of each retirement plan. The rates of return on investments is therefore approximately the same for each of the plans.

Systems Total Investments

At June 30, 2005, the System's total investments approximated $17.3 billion, an increase of $1.2 billion from fiscal year 2004 investment totals. The combined investment portfolio experienced a return of 9.8 percent compared with median large public plan return of 9.7 percent*. Investment performance over the past fiscal year has significantly contributed to the improvement of the System's overall financial position. Investment results over time compared with the System's benchmarks are presented on page 54 in the Investment Section.

*Callan Associates Public Plan Sponsor Large Fund Universe

Equity Securities

At June 30, 2005, the System held $12.4 billion in U.S. and international equity securities, an increase of $907.1 million from fiscal year 2004. U.S. equity and international equity securities had returns of 7.8 percent and 17.0 percent respectively, for the 2005 fiscal year, compared to the System's benchmark returns of 8.1 percent and 13.7 percent, respectively.

Long-Term Debt Securities

At June 30, 2005, the System held $4.2 billion in U.S. long-term debt securities, an increase of $128 million from fiscal year 2004. Long-term debt securities returned 7.2 percent compared with the System's benchmark return of 6.8 percent.

Real Estate

The System chose to include real estate investments as a part of long-term asset allocation in October 2002 and funded its first real estate investments in June 2003. The portfolio is divided between core commingled real estate fund investments, which directly invest in properties, and managed portfolios of Real Estate Investment Trusts (REIT). REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. At June 30, 2005, holdings in real estate totaled $474.6 million.

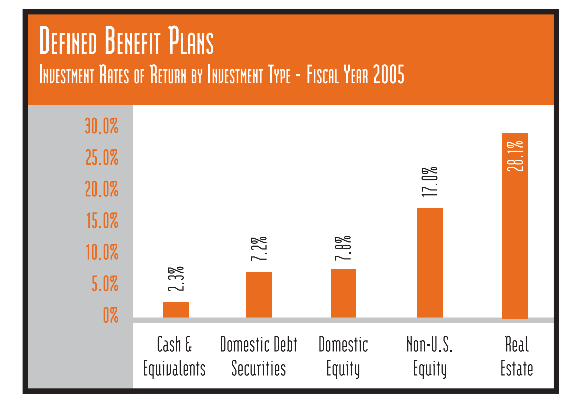
Real estate investments experienced strong returns of 28.1 percent for the year end. The NCREIF Index, the benchmark for the System's core commingled fund investments, saw returns of 18.0 percent for the year ended June 30, 2005, while the Dow Jones Wilshire REIT Index, used to benchmark the REIT investments, had returns of 34.2 percent for the same period.

Short-Term Securities

At June 30, 2005, the System held $119.7 million in short-term investments, a decrease of $4.1 million from fiscal year 2004. Short-term investments returned 2.3 percent for the 2005 fiscal year.

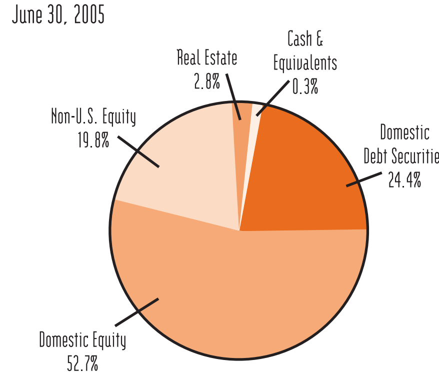
Securities Lending

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, State Street Corporation (SSC). The broker-dealers provide collateral to SSC and generally use the borrowed securities to cover short sales and failed trades. SSC invests the cash collateral in order to earn interest. For the 2005 fiscal year, net securities lending income to the System amounted to $6.2 million, an increase of $1.8 million from fiscal year 2004. The increase in securities lending revenue for fiscal year 2005 is representative of an increase in demand by broker-dealers to borrow available securities, as well as larger lending spreads.



Defined Benefit Plans - Asset Allocation at Fair Value

June 30, 2005



Analysis of Individual Systems – Defined Benefit Plans

Public Employees' Retirement System

The Public Employees' Retirement System of Mississippi (PERS) 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 the 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, 2005, amounted to $16.9 billion, an increase of $1.2 billion (7.4 percent) over $15.7 billion at June 30, 2004.

Additions to PERS net assets held in trust for benefits include employer and member contributions and investment income. For the 2005 fiscal year, member and employer contributions increased from those of fiscal year 2004 from $817.8 million to $857.8 million or an increase of $40 million (4.9 percent). Contributions increased because the number of active members increased. PERS recognized net investment income of $1.5 billion for the 2005 fiscal year, compared with $2 billion for the 2004 fiscal year.

Deductions from PERS net assets held in trust for benefits primarily include retirement and beneficiary benefits, and administrative expenses. For the 2005 fiscal year, benefits amounted to $1.2 billion, an increase of $87 million (7.9 percent) over the 2004 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients. For the 2005 fiscal year, the costs of administering the System amounted to $11 million, an increase of $1.3 million (13.6 percent) from fiscal year 2004. The increase in administrative expenses was due to increased expenditures in salaries, contractual services and commodities.

An actuarial valuation of PERS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2005, the funded status of the System decreased to 72.4 percent from 74.9 percent at June 30, 2004. The amount by which the PERS actuarial assets were less than actuarial benefit liabilities was $6.6 billion at June 30, 2005, compared with $5.7 billion at June 30, 2004. The decrease in funded status relates primarily to unfavorable actuarial experience as a result of poor investment returns on an actuarial basis and an increase in the number of active members.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

	PERS		MHSPRS	
	2005	2004	2005	2004
Assets:				
Cash, cash equivalents, and receivables	$ 555,968	$ 503,055	$ 7,245	$ 6,726
Investments at fair value	16,774,048	15,623,207	246,883	233,827
Invested securities lending collateral	2,606,010	2,045,482	37,864	31,106
Capital assets	17,744	17,233	-	-
Total assets	19,953,770	18,188,977	291,992	271,659
Liabilities:				
Investment accounts and other payables	409,623	414,583	5,954	6,127
Deferred revenue	50,000	-	-	-
Securities lending liability	2,603,612	2,050,734	37,829	31,187
Total liabilities	3,063,235	2,465,317	43,783	37,314
Total net assets	$16,890,535	$15,723,660	$248,209	$234,345

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

(In Thousands)

	PERS		MHSPRS	
	2005	2004	2005	2004
Additions:				
Contributions	$ 857,789	$ 817,808	$ 7,797	$ 8,036
Investment income	1,507,079	2,003,253	21,897	30,464
Other additions	530	69	2,388	-
Total additions	2,365,398	2,821,130	32,082	38,500
Deductions:				
Pension benefits	1,116,405	1,033,205	18,005	16,605
Refunds	71,064	67,245	86	76
Administrative and other expenses	11,054	9,203	127	131
Total deductions	1,198,523	1,109,653	18,218	16,812
Increase (decrease) in net assets	$ 1,166,875	$ 1,711,477	$ 13,864	$ 21,688

Mississippi Highway Safety Patrol Retirement System

The 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, 2005 amounted to $248.2 million, an increase of $13.9 million (5.9 percent) from $234.3 million at June 30, 2004.

Additions to MHSPRS net assets held in trust for benefits include employer and member contributions and investment income. For the 2005 fiscal year, member and employer contributions decreased by $239 thousand (negative 3.0 percent) from those of fiscal year 2004, from $8.0 million to $7.8 million. Contributions decreased mainly due to a number of active members retiring. MHSPRS recognized net investment income of $21.9 million for the 2005 fiscal year compared with $30.5 million for the 2004 fiscal year.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

MRS		SLRP		Eliminations	Total Defined Benefit Pension Plans		Total Percent Change
2005	2004	2005	2004	2005	2005	2004	
$ 6,153	$ 6,755	$ 276	$ 275	$ (116)	$ 569,526	$ 516,811	10.2%
218,234	218,708	10,497	9,563	-	17,249,662	16,085,305	7.2%
33,437	29,095	1,611	1,273	-	2,678,922	2,106,956	27.1%
-	-	-	-	-	17,744	17,233	3.0%
257,824	254,558	12,384	11,111	(116)	20,515,854	18,726,305	9.6%
5,384	5,739	257	254	(116)	421,102	426,703	(1.3)%
-	-	-	-	-	50,000	-	0.0%
33,406	29,169	1,609	1,276	-	2,676,456	2,112,366	26.7%
38,790	34,908	1,866	1,530	(116)	3,147,558	2,539,069	24.0%
$ 219,034	$ 219,650	$ 10,518	$ 9,581	$ -	$ 17,368,296	$ 16,187,236	7.3%

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

(In Thousands)

MRS		SLRP		Eliminations	Total Defined Benefit Pension Plans		Total Percent Change
2005	2004	2005	2004	2005	2005	2004	
$ 14,749	$ 14,450	$ 614	$ 548	$ -	$ 880,949	$ 840,842	4.8%
19,337	28,495	932	1,246	-	1,549,245	2,063,458	(24.9)%
-	-	-	-	(530)	2,388	69	3,360.9%
34,086	42,945	1,546	1,794	(530)	2,432,582	2,904,369	(16.2)%
34,296	33,342	599	696	-	1,169,305	1,083,848	7.9%
11	-	2	8	-	71,163	67,329	5.7%
395	389	8	7	(530)	11,054	9,730	13.6%
34,702	33,731	609	711	(530)	1,251,522	1,160,907	7.8%
$ (616)	$ 9,214	$ 937	$ 1,083	$ -	$ 1,181,060	$ 1,743,462	(32.3)%

Deductions from MHSPRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2005 fiscal year, benefits amounted to $18.1 million, an increase of $1.4 million (8.5 percent) from the 2004 fiscal year. For the 2005 fiscal year, MHSPRS transferred $127 thousand to PERS to offset the cost of administration, a decrease of $4 thousand (negative 3.1 percent) from fiscal year 2004.

An actuarial valuation of MHSPRS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2005, the funded status of the system decreased to 75.6 percent from 81.0 percent at June 30, 2004. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $81.6 million at June 30, 2005, compared with $60.1 million at June 30, 2004. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis.

Municipal Retirement Systems

Two municipal retirement plans and seventeen fire and police disability and relief plans comprise the Municipal Retirement Systems (MRS). 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. The financial positions of these 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 member and employer contributions, and by earnings on investments. The aggregated plan's net assets held in trust for benefits at June 30, 2005 amounted to $219.0 million, a decrease of $616 thousand (negative 0.3 percent) from $219.7 million at June 30, 2004.

Additions to MRS net assets held in trust for benefits consist of employer and member contributions and investment income. For the 2005 fiscal year, member and employer contributions of $14.7 million was $299 thousand (2.1 percent) more than contributions of $14.5 million received in fiscal year 2004. Municipal plans are funded through taxes levied on assessed properties. The increase in contributions is a result of increased property values and millage rates within the municipalities. MRS recognized net investment income of $19.3 million for the 2005 fiscal year compared with $28.5 million for the 2004 fiscal year.

Deductions from MRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2005 fiscal year, benefits amounted to $34.3 million, an increase of $965 thousand (2.9 percent) over the 2004 fiscal year. The increase in benefit payments was due to benefit enhancements. For the 2005 fiscal year, MRS transferred $395 thousand to PERS to offset the cost of administration, compared to $389 thousand transferred for fiscal year 2004. Administrative fees are calculated based on the amount of contributions.

An actuarial valuation of MRS assets and benefit obligations is performed annually as of September 30. The funded status of MRS as of September 30, 2004, decreased to 59.8 percent from 62.7 percent at September 30, 2003. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $157.9 million at September 30, 2004, compared with $148.9 million at September 30, 2003. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis.

Supplemental Legislative Retirement Plan

The Supplemental Legislative Retirement Plan (SLRP) provides supplemental retirement benefits to all elected members of the State Legislature and the 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, 2005 amounted to $10.5 million, an increase of $937 thousand (9.8 percent) over $9.6 million at June 30, 2004.

Additions to SLRP net assets held in trust for benefits include employer and member contributions and investment income. For the 2005 fiscal year, member and employer contributions were $614 thousand, an increase of $66 thousand (12.0 percent) from those of fiscal year 2004. Contributions increased because annual compensation increased by $494 thousand compared to fiscal year 2004. SLRP recognized net investment income of $932 thousand for the 2005 fiscal year, compared with $1.2 million for the 2004 fiscal year.

Deductions from SLRP net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2005 fiscal year, benefits amounted to $601 thousand, a decrease from $704 thousand (negative 14.6 percent) over the 2004 fiscal year. Although there was an increase in the number of retirees over fiscal year 2004, the amount of benefit payments decreased because there were fewer partial lump-sum options chosen in fiscal year 2005. For the 2005 fiscal year, SLRP transferred $8 thousand to PERS to offset the cost of administration. Transfers in 2004 totaled $7 thousand.

An actuarial valuation of SLRP assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2005, the funded status of the system decreased to 79.3 percent from 79.8 percent at June 30, 2004. The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $2.8 million at June 30, 2005, compared with $2.6 million at June 30, 2004. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis.

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 systems is shown in the Schedules of Funding Progress on page 40. This table shows the 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, 2005, funding ratios range from a high 79.3 percent to a low of 59.8 percent, as compared to 81.0 percent and 62.7 percent for June 30, 2004. The average funding ratio decreased from 74.6 percent to 71.8 percent during the fiscal year. The funded ratio decreases for all systems were primarily a result of investment returns on an actuarial basis below the investment return assumption of 8 percent in previous years.

At June 30, 2005, the Systems' unfunded actuarial accrued liability had increased to $6.8 billion from $6.0 billion at June 30, 2004. This is a net change in the unfunded actuarial accrued liability of $833.0 million for the year. At June 30, 2005, the difference between the actuarial value of assets and market value of assets was $318.3 million in actuarially deferred losses as compared to $1.4 billion in actuarially deferred losses at June 30, 2004. These actuarially deferred losses will be recognized by the actuary over the next four years. As a result of the current funding status, the employer contribution rate for PERS was increased by 1 percent to 10.75 percent effective July 1, 2005.

Net Assets – IRC 457 Plan
June 30
(In Thousands)

	IRC 457 Plan GEDCP 2005	IRC 457 Plan GEDCP 2004	Percent Change
Assets:			
Cash and receivables	$ 5,539	$ 5,204	6.4 %
Investments at fair value	821,710	743,037	10.6 %
Total	827,249	748,241	10.6 %
Liabilities:			
Investment accounts and other payables	183	186	(1.6)%
Total	183	186	(1.6)%
Total net assets	$ 827,066	$ 748,055	10.6 %

Changes in Net Assets – IRC 457 Plan
Year ended June 30
(In Thousands)

	IRC 457 Plan GEDCP 2005	IRC 457 Plan GEDCP 2004	Percent Change
Additions:			
Contributions	$ 81,337	$ 74,668	8.9 %
Investment income	38,820	78,188	(50.4)%
Total	120,157	152,856	(21.4)%
Deductions:			
Pension benefits	41,146	36,609	12.4 %
Total	41,146	36,609	12.4 %
Increase in net assets	$ 79,011	$ 116,247	(32.0) %

Defined Contribution Plans

457 Defined Contribution Plan

The 457 Plan is established under Section 457 of the Internal Revenue Code. This plan 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, 2005 amounted to $827.1 million, an increase of $79 million (10.6 percent) over net assets of $748.1 million at June 30, 2004.

Additions to the 457 Plan net assets held in trust for benefits include contributions and investment income. For the 2005 fiscal year, contributions increased from those of the 2004 fiscal year from $74.7 million to $81.3 million or an increase of $6.6 million (8.9 percent). Contributions increased because of increased participation from 36,029 in 2004 to 36,778 in 2005. The plan recognized net investment income of $38.8 million for the 2005 fiscal year compared with net investment income of $78.2 million for the 2004 fiscal year.

Deductions from the 457 Plan net assets include payments to participants and beneficiaries. For the 2005 fiscal year, payments amounted to $41.1 million, an increase of $4.5 million (12.4 percent) over the 2004 fiscal year. The increase in payments was due to an increase in the number of withdrawals for the year.

Benefit obligations of the 457 Defined Contribution Plan are equal to the member 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.

Public Employees' Retirement System of Mississippi
Statement of Fiduciary Net Assets – June 30, 2005

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds	Agency Funds	Total 2005
Assets										
Cash and cash equivalents	$ 313,615	$ 3,851	$ 3,404	$163	$ -	$ 321,033	$ 1,997	$ 323,030	$ 15	$ 323,045
Receivables:										
Employer	34,571	-	365	-	-	34,936	-	34,936	-	34,936
Employee	25,706	-	17	-	-	25,723	3,351	29,074	-	29,074
Investment proceeds	108,949	1,604	1,417	68	-	112,038	-	112,038	-	112,038
Interest and dividends	72,508	1,067	943	45	-	74,563	191	74,754	-	74,754
Other receivables	502	723	7	-	-	1,232	-	1,232	-	1,232
Total receivables	242,236	3,394	2,749	113	-	248,492	3,542	252,034	-	252,034
Investments, at fair value										
Short-term securities	116,433	1,714	1,515	73	-	119,735	9,299	129,034	-	129,034
Long-term debt securities	4,135,740	60,870	53,807	2,588	-	4,253,005	21,533	4,274,538	-	4,274,538
Equity securities	12,060,347	177,507	156,907	7,547	-	12,402,308	325,358	12,727,666	-	12,727,666
Real estate investments	461,528	6,792	6,005	289	-	474,614	-	474,614	-	474,614
Balanced asset fund	-	-	-	-	-	-	33,287	33,287	-	33,287
Fixed rate and variable	-	-	-	-	-	-	431,693	431,693	-	431,693
Life insurance contracts	-	-	-	-	-	-	540	540	-	540
Total investments before lending activities	16,774,048	246,883	218,234	10,497	-	17,249,662	821,710	18,071,372	-	18,071,372
Securities lending:										
Short-term securities	1,855,468	26,959	23,807	1,147	-	1,907,381	-	1,907,381	-	1,907,381
Long-term debt securities	750,542	10,905	9,630	464	-	771,541	-	771,541	-	771,541
Total securities lending	2,606,010	37,864	33,437	1,611	-	2,678,922	-	2,678,922	-	2,678,922
Total investments	19,380,058	284,747	251,671	12,108	-	19,928,584	821,710	20,750,294	-	20,750,294
Due from (to) other funds	117	-	-	-	(116)	1	-	1	-	1
Capital assets, at cost, net of accumulated depreciation	17,744	-	-	-	-	17,744	-	17,744	-	17,744
Total assets	19,953,770	291,992	257,824	12,384	(116)	20,515,854	827,249	21,343,103	15	21,343,118
Liabilities										
Accounts payable and accrued expenses	408,471	5,954	5,268	257	-	419,950	182	420,132	15	420,147
Deferred revenue-unearned	50,000	-	-	-	-	50,000	-	50,000	-	50,000
Obligations under securities lending	2,603,612	37,829	33,406	1,609	-	2,676,456	-	2,676,456	-	2,676,456
Due to other funds	14	-	116	-	(116)	14	1	15	-	15
Funds held for others	1,138	-	-	-	-	1,138	-	1,138	-	1,138
Total liabilities	3,063,235	43,783	38,790	1,866	(116)	3,147,558	183	3,147,741	15	3,147,756
Net assets held in trust for pension benefits (A schedule of funding progress for each plan is presented on page 40.)	$ 16,890,535	$ 248,209	$ 219,034	$10,518	$ -	$ 17,368,296	$ 827,066	$ 18,195,362	$ -	$ 18,195,362

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

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds 2005
Additions:								
Contributions:								
Employer	$ 492,434	$ 6,335	$ 14,371	$ 417	$ -	$ 513,557	$ -	$ 513,557
Employee	365,355	1,462	378	197	-	367,392	81,337	448,729
Total contributions	857,789	7,797	14,749	614	-	880,949	81,337	962,286
Net Investment Income:								
Net appreciation in fair value	1,050,461	15,263	13,478	649	-	1,079,851	35,804	1,115,655
Interest and dividends	476,680	6,926	6,116	295	-	490,017	3,016	493,033
Total before lending activities	1,527,141	22,189	19,594	944	-	1,569,868	38,820	1,608,688
Securities lending:								
Net appreciation in fair value	22,140	322	284	14	-	22,760	-	22,760
Interest	30,836	448	396	19	-	31,699	-	31,699
Interest expense	(44,840)	(652)	(575)	(28)	-	(46,095)	-	(46,095)
Program fees	(2,144)	(31)	(28)	(1)	-	(2,204)	-	(2,204)
Net income from securities lending	5,992	87	77	4	-	6,160	-	6,160
Managers' fees and trading costs	(26,054)	(379)	(334)	(16)	-	(26,783)	-	(26,783)
Net investment income	1,507,079	21,897	19,337	932	-	1,549,245	38,820	1,588,065
Other additions:								
Administrative fees	530	-	-	-	(530)	-	-	-
Other	-	2,388	-	-	-	2,388	-	2,388
Total other additions	530	2,388	-	-	(530)	2,388	-	2,388
Total	2,365,398	32,082	34,086	1,546	(530)	2,432,582	120,157	2,552,739
Deductions:								
Retirement annuities	1,116,405	18,005	34,296	599	-	1,169,305	41,146	1,210,451
Refunds to terminated employees	71,064	86	11	2	-	71,163	-	71,163
Total	1,187,469	18,091	34,307	601	-	1,240,468	41,146	1,281,614
Administrative Expenses:								
Personal services:								
Salaries, wages and fringe benefits	6,131	-	-	-	-	6,131	-	6,131
Travel and subsistence	60	-	-	-	-	60	-	60
Contractual services	3,161	-	-	-	-	3,161	-	3,161
Commodities	1,090	-	-	-	-	1,090	-	1,090
Total administrative expenses	10,442	-	-	-	-	10,442	-	10,442
Depreciation & loss on transfer of equipment	612	-	-	-	-	612	-	612
Administrative fees	-	127	395	8	(530)	-	-	-
Total	1,198,523	18,218	34,702	609	(530)	1,251,522	41,146	1,292,668
Net increase	1,166,875	13,864	(616)	937	-	1,181,060	79,011	1,260,071
Net assets held in trust for pension benefits:								
Beginning of year	15,723,660	234,345	219,650	9,581	-	16,187,236	748,055	16,935,291
End of year	$ 16,890,535	$ 248,209	$ 219,034	$ 10,518	$ -	$ 17,368,296	$ 827,066	$ 18,195,362

The accompanying notes are an integral part of these 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' Deferred Compensation Plan (GEDCP)	IRC 457 defined contribution plan
Flexible Benefits Cafeteria Plan (FBCP)	Agency

**Closed to new members*

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

A summary of participating employers and members follows:

	PERS	MHSPRS	MRS*	SLRP	TOTAL
Employers:					
State agencies	113	2	–	5	120
State universities	9	–	–	–	9
Public schools	150	–	–	–	150
Community/junior colleges	15	–	–	–	15
Counties	82	–	–	–	82
Municipalities	231	–	17	–	248
Other political subdivisions	249	–	–	–	249
Total employers	849	2	17	5	873
Members:					
Active vested	111,603	490	74	133	112,300
Active nonvested	45,498	50	10	42	45,600
Total active members	157,101	540	84	175	157,900
Inactive vested	25,396	22	1	56	25,475
Inactive nonvested	98,852	44	3	12	98,911
Total inactive members	124,248	66	4	68	124,386
Retirees and beneficiaries	63,939	621	2,242	114	66,916
Total retired/inactive members	188,187	687	2,246	182	191,302
Total members	345,288	1,227	2,330	357	349,202
Active members by employer:					
State agencies	33,086	540	–	175	33,801
State universities	16,555	–	–	–	16,555
Public schools	63,177	–	–	–	63,177
Community/junior colleges	5,502	–	–	–	5,502
Counties	13,875	–	–	–	13,875
Municipalities	17,666	–	84	–	17,750
Other political subdivisions	7,240	–	–	–	7,240
Total active members	157,101	540	84	175	157,900

**Information furnished for MRS is as of September 30, 2004.*

(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 are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

Participating employees who retire at or after age 60 with 4 or more years of membership service or those who retire regardless of age with at least 25 years of credited service 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 1/2 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the 4 highest compensated years of credited service. A member may elect a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of 4 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 payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2005, the total additional annual payments were $211,530,000.

(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 5 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 4 highest consecutive years of earnings reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of 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 payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 60. For the year ended June 30, 2005, the total additional annual payments were $4,676,000.

(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.

Participating employees who retire regardless of age with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66 2/3 percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement Systems and for 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) and annual local and private legislation. Statutes may be amended only by the State of Mississippi Legislature.

The retirees and beneficiaries of Municipal 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 Municipal plans may adopt an annual adjustment other than one linked to the change in the Consumer Price Index. These additional payments will only be made when funded by the employers. For the year ended June 30, 2005, the total additional annual payments were $3,752,000.

(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 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 4 years of membership service in PERS. SLRP 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 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, 2005, the total additional annual payments were $72,000.

(5) Government Employees' Deferred Compensation Plan
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 retirement 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 an ordinary prudent investor. At June 30, 2005, total plan assets aggregated $827,249,000.

(6) Flexible Benefits Cafeteria Plan
Section 25-17-3, Mississippi Code Ann. (1972), authorizes any State agency to adopt a benefit plan which 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 are required to contribute 7.25 percent of their salary. Employees covered by MHSPRS are required to contribute 6.5 percent of their salary. Members of SLRP are required to contribute 3 percent of their compensation in addition to the 7.25 percent required by PERS. 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 3.5 percent in 2005. 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 percent to 10 percent of their salary, depending on the actuarial soundness of their respective plans. Any increase to the 7 percent base contribution rate is made in increments not to exceed 1 percent per year. If 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. Statues 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 GEDCP. 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 GEDCP 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 GEDCP 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 GEDCP 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 this 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 which result 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) Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2005, 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 of investment grade as rated by Standard and Poor's Corporation or by Moody's Investors Service.

– Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by Standard and Poor's Corporation 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 Standard and Poor's Corporation 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 rated single A or better, stocks and convertible securities of established foreign companies which are listed on primary national stock exchanges of foreign nations and foreign government securities rated single A or better by a recognized rating agency. 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 ten calendar years immediately preceding such investment.

– Shares of common and/or preferred stock of corporations created by or existing under the laws of the 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.

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, 2005, 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, 2005, was $323,045,000. Cash deposits in bank accounts totaled $145,000 which were covered by federal depository insurance. At June 30, 2005, the System held $269,066,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into bank sponsored short-term investment funds. These funds are custodial bank sponsored commingled funds which are invested in short-term securities backed by the U.S. government and its agencies. The credit quality rating of the fund was A1+ at June 30, 2005.

As of June 30, 2005, the System's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ –
Uninsured and collateral held by custodial bank not in the System's name	269,066,000
Total	$ 269,066,000

(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, equity securities, and real estate. These investments are accounted for as part of the PERS pension trust fund and are allocated to MHSPRS, MRS, and SLRP based on their equitable interest in the PERS fund. All investments are reported at fair value.

All investments are governed by the Board's policy of the prudent person rule. The prudent person rule establishes a standard for all fiduciaries, to act as a prudent person would be expected to act, with discretion and intelligence, while investing for income and preservation of principal.

The Board of Trustees adopted real estate in October 2002 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 real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trusts (REIT). REITs are exchange traded securities which 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.

The following table presents the fair value of investments by type at June 30, 2005 (in thousands):

Investment type:	Fair Value
Commercial paper	$ 1,136,503
Repurchase agreements	527,837
International currency	15,604
U.S. Government agency obligations	445,567
US Treasury obligations	1,150,457
Collateralized mortgage obligations	628,368
Corporate bonds	1,490,456
Mortgage pass-throughs	794,189
Municipals	112,299
Asset backed securities	637,193
Yankee bonds	113,189
Domestic equity securities	9,132,005
International equity securities	3,388,055
Real estate	474,614
Money market fund	9,299
Fixed income fund	21,533
Balanced asset fund	33,287
Fixed and variable fund	431,693
Life insurance contracts	540
Equity fund	207,606
Total	$20,750,294

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 fund's $19.9 billion in investments at June 30, 2005, $2.7 billion were cash collateral reinvestment securities acquired by the custodian, whom is also 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, 2005, are presented by type below (in thousands):

	Fair Value
Commercial paper	$1,103,247
Repurchase agreements	483,662
Corporate bonds	565,818
Asset backed securities	504,488
Collateralized mortgage obligations	21,707
Total	$2,678,922

Interest Rate Risk

As of June 30, 2005, the System had the following investments and maturities:

Investment Type:	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
U. S. Government agency obligations	$ 445,567	$ 39,619	$ 237,503	$ 90,776	$ 77,669
Asset backed securities	637,193	524,039	20,905	6,057	86,192
Collateralized mortgage obligations	628,368	4,001	35,418	5,769	583,180
Commercial paper	1,136,503	1,136,503	-	-	-
Corporate bonds	1,490,456	114,244	820,653	350,758	204,801
Mortgage pass-throughs	794,189	8	10,000	18,186	765,995
Municipals	112,299	2,703	3,677	35,501	70,418
Repurchase agreements	527,837	527,837	-	-	-
U. S. Treasury obligations	1,150,457	20,887	575,617	271,237	282,716
Yankee bonds	113,189	16,499	36,518	29,249	30,923
Totals	$7,036,058	$2,386,340	$1,740,291	$807,533	$2,101,894

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. Additionally, the System adopted a formal policy in February 1996 which established guidelines for investing in derivatives. During fiscal year 2005, the investments in derivatives by the System were exclusively in asset/liability based derivatives such as interest-only (IO) strips, principal-only (PO) 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 strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The System held IOs valued at $552,000 at fiscal year end. The System's derivatives policy limits IO and PO strips to 3 percent of the investment portfolio.

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the fair value of the security. The System held $628 million in CMOs at June 30, 2005. Of this amount, $261 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 $637 million in ABS that the System held at June 30, 2005, $80 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, 2005, the System has invested in $794 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, 2005, is as follows (in thousands):

Rating	Fair Value
A	$2,122,001
AA	486,214
AAA	2,772,472
B	1,786
BAA	3,019
BB	61,791
BBB	291,723
CA	2,373
CAA	157
SP	530
Total	$5,742,066

State law requires a minimum quality rating of A-3 by Standard and Poor's 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 Standard and Poor's or Moody's.

PERS' Board of Trustees has adopted a short-term investment policy which further restricts commercial paper to be of corporations with long-term debt to be rated A or better by Standard and Poor's or Moody's, and whose short-term obligations are of A-2 or P-2 or better ratings by Standard and Poor's 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 million, no more than 25 percent be invested in any issue having a rating lower than AA or A1P1.

Credit risk for derivatives 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 Standard and Poor's.

The System's lending agent is permitted to purchase only AAA asset-backed securities for the cash collateral fund.

Foreign Currency Risk

The System's exposure to foreign currency risk at June 30, 2005, was as follows:

Currency	%	Fair Value (in thousands)
Australian Dollar	3.95%	$ 116,809
Canadian Dollar	0.82%	24,311
Swiss Franc	7.12%	210,738
Danish Krone	1.21%	35,902
Euro	37.96%	1,123,878
Pound Sterling	24.16%	715,243
Hong Kong Dollar	2.41%	71,212
Japanese Yen	18.81%	556,966
New Zealand Dollar	0.06%	1,768
Norwegian Krone	0.98%	28,963
Swedish Krona	1.32%	39,057
Singapore Dollar	0.94%	27,934
South Korean Won	0.11%	3,393
Thailand Baht	0.15%	4,580
Total	100.00%	$2,960,754

All foreign currency-denominated investments are in equities and foreign cash. The System's investment asset allocation policy limits non-U.S. investments to 15 percent. At June 30, 2005, the current position is 19.8 percent. The investment committee evaluates the investment asset allocation quarterly and adjusts as necessary.

(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, 2005 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Interest income	$ 30,836	$ 448	$ 396	$ 19	$ 31,699
Net appreciation	22,140	322	284	14	22,760
Income from securities lending	52,976	770	680	33	54,459
Less:					
Interest expense	44,840	652	575	28	46,095
Program fees	2,144	31	28	1	2,204
Expenses from securities lending	46,984	683	603	29	48,299
Net income from securities lending	$ 5,992	$ 87	$ 77	$ 4	$ 6,160

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, 2005 are long-term U.S. government and agency obligations, corporate bonds, and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic equities and bonds) and 105 percent (international equities) of the fair value and accrued income of the securities lent. In the event the collateral fair value falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. 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 82 days at June 30, 2005. Cash collateral is invested in debt securities such as U.S. government and agency obligations and "AAA" asset-backed securities. Additionally, a significant portion is invested in corporate short-term securities, such as repurchase agreements, commercial paper and bank notes. The average expected final maturity of all collateral investments at June 30, 2005, was 240 days with a weighted average maturity of 22 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. 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 investments ($2,678,922,000) and the related liability ($2,676,456,000) on the Statement of Fiduciary Net Assets do not equal at June 30, 2005. The difference of $2,466,000 is due to the collateral investment fund's reinvestment of rebates, interest, and gains. The difference also includes market appreciation.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2005 (in thousands):

Securities Lent	Fair Value Including Accrued Income	Cash Collateral Received/Noncash Collateral Value*
Lent for cash collateral:		
Debt securities	$1,170,614	$1,193,189
Domestic equities	874,414	902,971
International equities	555,015	583,119
Lent for securities collateral:		
Domestic equities	11	162
International equities	1,137	1,260
Total securities lent	$2,601,191	$2,680,701

**The securities collateral value is based on the System's pro rata share of the value of the securities collateral maintained in bulk at State Street Corporation for all lending clients participating in the same lending programs.*

(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, 2005 were $1,485,000 and are accounted for as a reduction of managers' fees and trading costs

4. Capital Assets

The following table shows amounts for capital assets as of June 30, 2005 and 2004 (in thousands):

Description	2005	2004
Land	$ 508	$ 508
Building	18,459	4,717
Improvements	25	25
Furniture and equipment	1,277	2,053
Construction in progress	-	13,245
Total capital assets	20,269	20,548
Less accumulated depreciation		
Building	1,899	1,552
Improvements	20	21
Furniture and equipment	606	1,742
Total accumulated depreciation	2,525	3,315
Net capital assets	$ 17,744	$ 17,233

In March 2003 PERS began the full renovation of its office building and construction of a multi-level parking facility. The project was completed in August 2004 at a cost of $16,234,233 which includes relocation expenses and temporary office space rental, as well as furnishings and equipment purchases.

Property may be transferred to any institution, department or agency of the State of Mississippi, or any political subdivision or local governing authority of the State. During 2005, PERS transferred furniture and equipment in the amount of $1,422,171 to the Mississippi Department of Public Safety.

5. Due To/Due From Other Funds

The following is a summary of due to/due from other funds as of June 30, 2005 (in thousands):

Receivable Fund (Due To)	Payable Fund (Due From)	Amount
PERS	GEDCP	$ 1
Information Technology Services	PERS	$ 14
Total		$ 15

6. Funding Status and Progress

(a) Actuarial Asset Valuation

The actuarial value of assets is based on a smoothed fair value basis in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.* Investment asset appreciation and depreciation is smoothed over a five-year period with 20 percent of a year's appreciation being recognized each year beginning with the current year. The following table presents the actuarial change in asset valuation for the year ended June 30, 2005 (in thousands):

The following table presents the actuarial change in asset valuation for the year ended June 30, 2005 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Valuation assets June, 2004**	$ 17,103,285	$ 256,481	$ 250,640	$ 10,323	$17,620,729
Contributions and other revenue	857,789	10,185	14,349	614	882,937
Benefit payments	(1,187,469)	(18,091)	(33,569)	(601)	(1,239,730)
Administrative expenses	(10,524)	(127)	(389)	(8)	(11,048)
Investment expenses*	(26,054)	(379)	(364)	(16)	(26,813)
Net new money	(366,258)	(8,412)	(19,973)	(11)	(394,654)
Expected total investment return for 2005 (8%)	1,380,709	20,576	19,631	842	1,421,758
Adjustment towards market (20%)	(937,031)	(15,168)	(15,100)	(520)	(967,819)
Valuation assets June, 2005**	$ 17,180,705	$ 253,477	$ 235,198	$ 10,634	$17,680,014

**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.*

***Information for MRS is presented as of September, 2003 and 2004, respectively.*

TOTAL DEFINED BENEFIT PLANS
Development of Actuarial Value of Assets
(In Thousands)

Fair value of assets as of June 30*				$ 17,361,749

Smoothed asset values based upon differences between actual and assumed investment income that is phased in over a closed 5-year period.

Year	Total Phased-In (Gain)/Loss	Percent Deferred	Amount Deferred	
2005	$ (163,535)	80%	$(130,828)	
2004	(653,951)	60	(392,370)	
2003	934,355	40	373,742	
2002	2,338,604	20	467,721	
2001	2,383,618	0	0	
Total				318,265
Actuarial value of assets available for benefits				$ 17,680,014

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

(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, 2004. As a result of this study, the Board of Trustees adopted new assumptions in regard to gender-distinct disability rates, post-retirement mortality tables and the assumption for service credit granted to a member for unused leave at retirement. Also, new assumptions for MHSPRS were adopted which adjusted rates of withdrawal, amended mortality tables for male and female service retirees and beneficiaries and increased unused leave service credit at retirement. Changes were adopted in actuarial assumptions for SLRP with regard to rates of withdrawal, modernization of mortality tables, and increase in the assumed fixed retirement age and changes to unused leave service credit at retirement. Adjustments to assumed rates of salary increases at certain ages and post-retirement mortality rates were adopted for MRS. These changes were used in the actuarial valuation of PERS, MHSPRS and SLRP as of June 30, 2005. Significant actuarial assumptions used in valuations are included in the notes to the required supplemental schedules.

(c) Actuarial Accrued Liability
The actuarial accrued liability for PERS, MHSPRS, MRS, and SLRP is presented in the notes to the required supplemental schedules.

7. Contributions Required and Contributions Made

Funding policies for PERS, MHSPRS, and SLRP provide for periodic 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. Contributions for PERS, MHSPRS, and SLRP were made in accordance with actuarially determined contribution requirements determined through the most recent actuarial valuation. Costs to administer plans are financed from investment earnings. In addition, employers of MRS, MHSPRS, and SLRP contribute an administrative fee to the System.

On June 2, 2005, PERS recorded as a deferred revenue, $50 million received from the State of Mississippi's General Fund. This amount is to be utilized by the System as a credit against the one percent increase in general fund employer contributions beginning July 1, 2005, until exhausted. It is estimated that the funds will satisfy the increase for 18 months, at which time the employer will be responsible for payment of the one percent increase.

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	$564,359	11.18%	$293,430	5.82%	$482,967	$857,789	$365,355	7.25%	$492,434	9.75%	$4,786,280
MHSP	5,683	25.26	2,114	9.40	9,088	7,797	1,462	6.50	6,335	28.16	22,343
SLRP	409	6.22	205	3.11	367	614	197	3.00	417	6.33	6,530
Total	$570,451	-	$295,749	-	$492,422	$866,200	$367,014	-	$499,186	-	$4,815,153

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.

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 evaluation 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 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.

The 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 funds under MRS actuarially sound by July 1, 2000. During the fiscal year ended June 30, 1998, a participating municipality issued $50 million in Pension Obligation Bonds. The proceeds of the bond issuance were transferred to MRS in lieu of employer contributions for the period October 1, 1997, to June 30, 2009. The millage levied by this municipality for MRS employer contributions will be used by the municipality to retire the bond indebtedness.

An actuary is used to determine the implications of the statutory limited contribution levels. At September 30, 2004, aggregate contributions for MRS were equivalent to 104.5 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 .30 to 8.50 mills, totaling $13,890,000 in actual contributions. The employee contribution rates ranged from 7 percent to 10 percent of covered payroll, totaling $459,570 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, 2005 (in thousands):

	PERS	MHSPRS	MRS*	SLRP
Annuity savings account	$ 3,819,498	$ 18,972	$ 5,190	$ 2,076
Annuity reserve	1,997,816	17,462	-	666
Employer's accumulation account	11,363,391	217,043	230,008	7,892
Unfunded actuarial accrued liability	6,546,393	81,640	157,863	2,768
Actuarial accrued liability	$23,727,098	$335,117	$393,061	$13,402

**The annuity reserve for MRS is reflected as of the September 30, 2004 valuation date.*

8. Ten-Year Historical Trend Information

Ten-year historical trends, as noted in required supplementary information, are designed to provide information about progress made by PERS, MHSPRS, MRS, and SLRP in accumulating sufficient assets to pay benefits when due. This information is presented on pages 40 and 41. 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.

9. 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, 2005, was $4,778,000; the System's total payroll expense was $6,131,000. The System's contributions for the year ended June 30, 2005, were $467,000, which represents less than one percent of total contributions required for all participating employers.

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						
1996	$ 8,025,533	$ 10,572,035	$ 2,546,502	75.9%	$ 3,185,289	79.9%
1997	9,351,842	11,681,476	2,329,634	80.1	3,294,731	70.7
1998	11,058,602	13,004,063	1,945,461	85.0	3,450,176	56.4
1999	13,016,632	15,751,361	2,734,729	82.6	3,711,680	73.7
2000	14,899,074	18,052,096	3,153,022	82.5	4,090,596	77.1
2001	16,191,631	18,494,207	2,302,576	87.5	4,112,238	56.0
2002	16,823,185	20,180,347	3,357,162	83.4	4,220,539	79.5
2003	16,979,457	21,485,838	4,506,381	79.0	4,431,600	101.7
2004	17,103,285	22,847,260	5,743,975	74.9	4,617,273	124.4
2005	17,180,705	23,727,098	6,546,393	72.4	4,786,280	136.8
Mississippi Highway Safety Patrol Retirement System						
1996	$ 149,448	$ 178,005	$ 28,557	84.0%	$ 19,766	144.5%
1997	168,270	189,901	21,631	88.6	19,460	111.2
1998	192,433	201,861	9,428	95.3	19,531	48.3
1999	219,866	221,757	1,891	99.1	19,808	9.5
2000	244,331	251,937	7,606	97.0	21,314	35.7
2001	259,713	250,621	(9,092)	103.6	21,972	(41.4)
2002	263,255	285,548	22,293	92.2	20,339	109.6
2003	259,746	302,134	42,388	86.0	21,052	201.3
2004	256,481	316,570	60,089	81.0	22,683	264.9
2005	253,477	335,117	81,640	75.6	22,343	365.4
Municipal Retirement Systems*						
1995	$ 117,406	$ 355,195	$ 237,789	33.1%	$ 15,105	1,574.2%
1996	130,425	358,703	228,278	36.4	13,253	1,722.5
1997	197,815	358,428	160,613	55.2	11,874	1,352.6
1998	213,591	363,612	150,021	58.7	10,852	1,382.4
1999	235,222	369,118	133,896	63.7	9,440	1,418.4
2000	253,713	375,059	121,346	67.6	8,485	1,430.1
2001	262,260	381,782	119,522	68.7	7,350	1,626.1
2002	259,586	393,011	133,425	66.1	5,980	2,231.2
2003	250,640	399,622	148,982	62.7	4,584	3,250.0
2004	235,198	393,061	157,863	59.8	3,675	4,295.6
Supplemental Legislative Retirement Plan						
1996	$ 3,564	$ 5,846	$ 2,282	61.0%	$ 4,322	52.8%
1997	4,482	6,970	2,488	64.3	5,277	47.1
1998	5,637	7,907	2,270	71.3	5,853	38.8
1999	6,954	8,931	1,977	77.9	5,894	33.6
2000	8,199	9,973	1,774	82.2	5,856	30.3
2001	9,124	10,302	1,178	88.6	5,941	19.8
2002	9,730	11,328	1,598	85.9	5,988	26.7
2003	10,196	12,220	2,024	83.4	6,229	32.5
2004	10,323	12,934	2,611	79.8	5,794	45.1
2005	10,634	13,402	2,768	79.3	6,530	42.4

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

See Notes to Required Supplementary Schedules.

Required Supplementary Information
Schedules of Employer Contributions – Last Ten Fiscal Years

(In Thousands) • (Unaudited)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
Public Employees' Retirement System of Mississippi		
1996	$ 290,478	100.00%
1997	310,566	100.00
1998	321,236	100.00
1999	336,392	100.00
2000	361,889	100.00
2001	398,833	100.00
2002	400,943	100.00
2003	411,503	100.00
2004	432,081	100.00
2005	482,967	100.00
Mississippi Highway Safety Patrol Retirement System		
1996	$ 4,968	100.00%
1997	5,171	100.00
1998	5,091	100.00
1999	5,109	100.00
2000	5,182	100.00
2001	5,576	100.00
2002	3,452	100.00
2003	5,321	100.00
2004	5,928	100.00
2005	9,088	100.00
Municipal Retirement Systems*		
1995	$ 22,205	81.30%
1996	21,681	93.80
1997	20,674	345.10
1998	14,727	96.40
1999	13,803	99.80
2000	12,364	114.50
2001	11,276	125.90
2002	10,823	132.50
2003	11,989	116.60
2004	13,286	104.50
Supplemental Legislative Retirement Plan		
1996	$ 285	100.00%
1997	274	100.00
1998	334	100.00
1999	371	100.00
2000	373	100.00
2001	371	100.00
2002	376	100.00
2003	379	100.00
2004	398	100.00
2005	367	100.00

**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 the schedule.

Employer contribution rates for PERS, MHSPRS, and SLRP are set by State statute. The adequacy of these rates is assessed annually by actuarial valuation. Unfunded actuarial accrued liabilities are amortized as a level percent of the active member payroll, over the period of future years which produces the statutory employer contribution rate. Assuming the amortization period is reasonable, 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 actuarial accrued liability is being amortized on a closed basis as a level percent over a period of 30 years. The current financing arrangement provides for a contribution determined as a percentage of each city's assessed property valuation. This difference has historically resulted in the actual contribution being less than the annual required contribution for the municipal systems.

The Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27 require a maximum acceptable amortization period for the total unfunded actuarial liability of not more than 40 years through fiscal year 2006. Beginning with fiscal year 2007, the maximum amortization period will be 30 years. The annual required contribution (ARC) of the employer as a percentage of payroll is shown below. The accrued liability rate is based on amortization of the unfunded accrued liability of $5,743,974,655 over a 36.6 year period from the valuation date for PERS based on the June 30, 2004 actuarial valuation. The employer contribution rate for the 2005/2006 fiscal year, has been increased to 10.75 percent of payroll. The actuary has recommended an increase to 12.5 percent of payroll effective July 1, 2006. The result of this proposed increase in contribution rate would be an amortization period, as of July 1, 2005, of 28.4 years.

2005/2006 Fiscal Year
Annual Required Contribution (ARC) – Based on the Valuation as of June 30, 2004

Annual Required Contribution (ARC)	Rate
Normal	4.31%
Accrued liability	6.44
Total	10.75%

3. Actuarial Assumptions

(a) Plan Overview
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, 2005	June 30, 2005	September 30, 2004	June 30, 2005
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	28.4 years	29.9 years	30 years	29.0 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	5.0-15.0%	5.0-10.52%	6.0%	5.0%
Wage inflation rates	4.0%	4.0%	4.0%	4.0%
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
- Disability rates were changed to sex distinct tables.
- The post-retirement mortality table was changed from 1971 Group Annuity Mortality Table, unadjusted for men and set back two years for women, to 1983 Group Annuity Mortality Table, set forward two years for men and forward one year for women.
- Increased the unused leave service credit at retirement from .5 year to .75 year.

MHSPRS
- Changed the rates of withdrawal to provide a more gradual scale.
- Adjusted the mortality table for retirees and beneficiaries by decreasing current rates.
- Increased the unused leave service credit at retirement from 1.50 years to 1.75 years.
- 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 $2,700,000 annually. The actual additional contribution for 2005 is $2,388,000 and the valuation results reflect an anticipated amount of $2,400,000 annually.

SLRP
- Eliminated the rates of withdrawal in non-election years.
- Increased the rates of withdrawal in election years from 10 percent to 15 percent.
- Increased the fixed retirement age from age 70 to age 75.
- Extended active mortality rates from age 70 through age 74.
- Switched mortality tables for deaths after retirement from the 1971 Group Annuity Mortality Table to the 1983 Group Annuity Mortality Table. The new female table is set forward one year.
- Increased the unused leave service credit at retirement from 2 years to 2.50 years.

MRS
- The minimum monthly benefit for retirees of Hattiesburg was increased to $750.
- Benefits to a surviving spouse will continue after remarriage and any beneficiaries whose benefits were terminated due to remarriage were reinstated for the cities of Clarksdale, Columbus, Hattiesburg, McComb, Meridian and Yazoo City.

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 40 years in accordance with GASB 25 requirements.

	PERS	MHSPRS	SLRP
Previously reported period of years	36.6	21.8	27.8
Change due to:			
Normal amortization	(1.0)	(1.0)	(1.0)
Actuarial experience	12.9	13.6	30.5
Assumption changes	.3	2.2	(18.9)
Change due to contribution rate increase	(20.4)	(6.7)	(9.4)
Plan amendments	-	-	-
Computed period of years	28.4	29.9	29.0

Schedule 1

Schedule of Administrative Expenses and Depreciation – For the Year Ended June 30, 2005

(In Thousands)

	Amount
Administrative expenses:	
Personal services:	
Salaries and wages	$ 4,828
Employee benefits	1,303
Travel and subsistence	60
Total personal services	6,191
Contractual services:	
Professional services (See Schedule 3)	1,206
Communications	771
Data processing installation, training, and licensing	328
Rent of building space and office equipment	195
Utilities	187
Bank charges	121
Repair and maintenance of building and equipment	69
Janitorial	65
Relocation	61
Security	51
Education	49
Insurance	32
Other contractual services	26
Total contractual services	3,161
Commodities:	
Office equipment (not capitalized)	803
Printing, binding and padding	158
Office supplies and expendable repair parts	104
Business meeting supplies	12
Other commodities	13
Total commodities	1,090
Total Administrative expenses	10,442
Depreciation:	
Building	346
Furniture and equipment	180
Loss on disposal of equipment	86
Total depreciation	612
Total Administrative expenses and depreciation	$ 11,054

Schedule 2

Schedule of Administrative Expenditures/Expenses – Budget and Actual (Non-GAAP Budgetary Basis) – For the Year Ended June 30, 2005

(In Thousands)

Budget Comparisons

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)
Administration expenditures:			
Personal services:			
Salaries, wages, and fringes benefits	$6,317	$6,135	$182
Travel and subsistence	75	60	15
Contractual services	3,046	3,013	33
Commodities	360	344	16
Capital outlays - Other than equipment*	1,415	663	752
Capital outlays	1,513	632	881
Subsidies, loans, and grants	-	-	-
Total	$12,726	$10,847	$1,879

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, 2005

**The Capital Outlays-Other Than Equipment budget of $1,415,000 is for completion of the PERS building renovation project which extended over several years.*

Reconciliation of Budgetary Basis Administrative Expenditures to GAAP Basis Administrative Expenses

	Amount
Administrative expenditures (Budgetary Basis)	$10,847
Adjustments:	
Compensated leave accrual	3
Bank service charges	121
Reclass cash transfer from fund 3533	37
Capital asset purchases recorded as expenditures for budgetary purposes	(498)
Fiscal year 2005 budget expenditures paid during lapse period; expenses recorded in fiscal year 2006	(492)
Fiscal year 2005 accruals to GAAP Basis	424
Administrative expenses (GAAP Basis)	$10,442

Schedule 3

Schedule of Managers' Fees, Investment Global Out-of-Pocket and Custodial Fees, and Professional Service Fees – For the Year Ended June 30, 2005

(In Thousands)

	Amount
Investment managers' fees:	
Artisan Partners Limited Partnership	$ 2,216
Fayez Sarofim & Company	2,215
The Boston Company Asset Management	2,191
Wellington Asset Management-small-cap equity	1,695
Delaware Investments	1,687
Wellington Asset Management-mid-cap equity	1,536
New Star Institutional Managers Ltd.	1,495
Dimensional Fund Advisors	1,446
AllianceBernstein	1,341
Pacific Investment Management Company	1,253
Lazard Asset Management	1,112
Jarislowsky Fraser Limited	957
Capital Guardian Trust Company	941
UBS Global Asset Management	750
Deutsche Asset Management-debt investments	746
RREEF-real estate	630
Wellington Asset Management-real estate	608
J. P. Morgan Fleming Asset Management	503
INTECH	490
Northern Trust Global Investment	438
Barclays Global Investors-debt investments	374
Eagle Capital Management, LLC	328
Eubel, Brady & Suttman Asset Management	296
Private Capital Management	273
Standish Mellon	252
Barclays Global Investors-international equity	231
40/86 Advisors	164
State Street Global Advisors	101
Putnam Investments-EAFE & EM	62
Putnam Investments-Pacific Basin	2
Total	26,333
Custodial and global out-of-pocket fees - State Street Corporation	450
Total managers' fees, out-of-pockets, and custodial fees	$ 26,783
Securities lending fees - State Street Corporation	$ 2,204
Professional service fees:	
Fund evaluation-Callan Associates	$ 260
Medical fees-Clinics, Labs	242
Actuary-Mellon Consultants, Buck Consultants	233
Legal-State of Mississippi-Office of the Attorney General, Other	169
Audit-KPMG LLP, Department of Audit, Horne LLP	96
Actuary audit-Gabriel, Roeder, Smith & Co.	90
Temporary personnel-Express Services, contract personnel	52
Graphic design-Maris, West & Baker	30
Personnel fees	19
Mailing services-Direct Mail, Postage Savers	15
Total professional service fees	$ 1,206

Schedule 4

Summary Schedule of Cash Receipts and Disbursements Pension Trust Funds – For the Year Ended June 30, 2005

(In Thousands)

	Amount
Cash balance at beginning of year	$ 191,621
Receipts:	
Contributions:	
Employee	441,757
Employer	508,972
Total contributions	950,729
Investments:	
Securities lending and reverse repurchase agreements	53,648,255
Investments matured and sold	20,422,443
Investment income	1,388,896
Total investments	75,459,594
Administrative receipts	50,445
Other receipts	10,849
Total cash receipts	76,471,617
Disbursements:	
Annuities and refunds:	
Retirement annuities	1,207,324
Refunds to terminated employees	71,163
Total annuities and refunds	1,278,487
Investments:	
Securities lending and reverse repurchase agreements	53,653,946
Investments purchased	21,323,687
Investment expenses	71,882
Total investments	75,049,515
Administrative expenses	12,067
Other disbursements	139
Total cash disbursements	76,340,208
Cash balance at end of year	$ 323,030

Schedule 5

Schedule of Investments Due to MRS from PERS – June 30, 2005

(In Thousands)

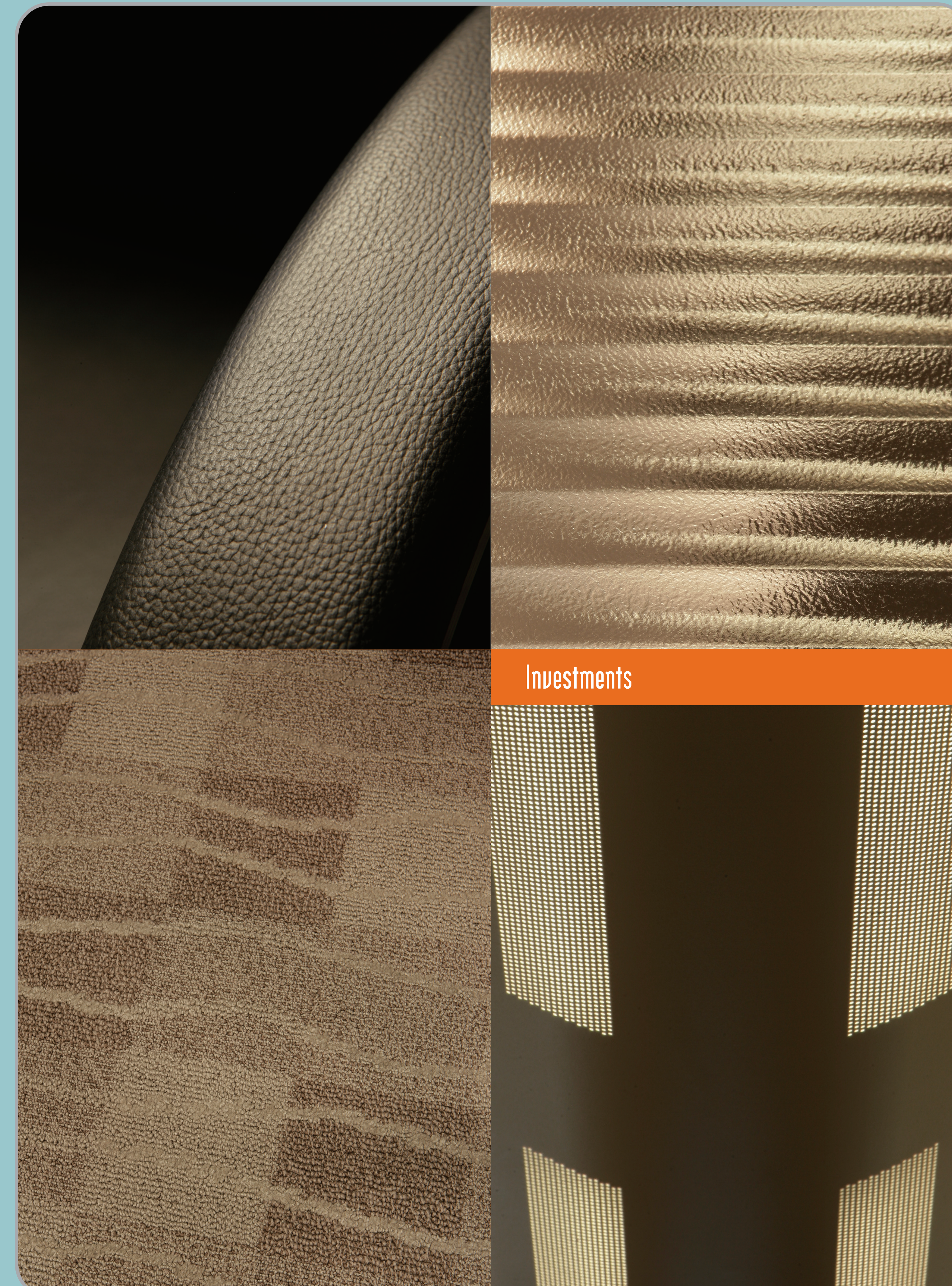
	Amount
Due to MRS:	
Biloxi Municipal	$ 7,815
Biloxi Fire and Police	1,405
Clarksdale Fire and Police	1,135
Clinton Fire and Police	8,144
Columbus Fire and Police	1,504
Greenville Fire and Police	5,023
Greenwood Fire and Police	3,080
Gulfport Fire and Police	10,324
Hattiesburg Fire and Police	23,979
Jackson Fire and Police	108,097
Laurel Fire and Police	3,377
McComb Fire and Police	1,529
Meridian Municipal	577
Meridian Fire and Police	9,115
Natchez Fire and Police	1,638
Pascagoula Fire and Police	9,069
Tupelo Fire and Police	8,876
Vicksburg Fire and Police	13,161
Yazoo City Fire and Police	922
Total investments due to MRS	$ 218,770

Schedule 6

Public Employees' Retirement System of Mississippi
Statement of Changes in Assets and Liabilities – Agency Funds – June 30, 2005

(In Thousands)

Flexible Benefits Cafeteria Plan	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
Assets:				
Cash	$ 11	$ 72	$ 68	$ 15
Accounts receivable	4	68	72	-
Total assets	$ 15	$140	$140	$ 15
Liabilities:				
Accounts payable	$ 15	$ -	$ -	$ 15
Total liabilities	$ 15	$ -	$ -	$ 15



The Board Room

Defined Benefit Plans – Report on Investment Activity

Prepared by Lorrie Tingle, CFA
Chief Investment Officer

Fiscal year 2005 was another challenging year for investors in the world financial markets. As such, we are once again reminded 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. By employing every available avenue to create and maintain a well diversified portfolio, designed to minimize risks and maximize returns over the long term, the System's investment program strives to ensure adequate funding is available for all current and future pension obligations.

Fiscal Year Recap

Fiscal year 2005 began with most of the world equity markets experiencing negative returns as investors feared the impact of rising energy prices, global economic slow downs and rising interest rates. This would prove to be a reoccurring theme throughout the fiscal year. In the U.S., despite a rise in interest rates in the first quarter, mortgage rates declined and employment data remained strong. The negative impact of climbing oil prices overshadowed other positive economic news and domestic equity markets saw negative returns for the first quarter of the fiscal year.

Similarly, the international developed markets also suffered negative returns as the impact of higher energy costs weighed on investors. This negative influence was reflected most strongly in the oil importing markets such as Japan. Only the emerging markets seemed to be unfazed, finishing the first quarter of the year with positive returns.

The U.S. investment grade bond markets began the fiscal year facing two 25 basis point interest rate increases by the Federal Reserve and a flattening yield curve, as shorter maturities saw rates rise while the longer end of the curve declined slightly. In spite of the rate increases and higher energy prices, the U.S. investment grade bond markets seemed to focus on the reports indicating a slowing of economic growth, and as such the market began the year in positive territory.

FY2005 saw a continuation of strong returns from the real estate markets that began in FY2004. The public real estate market (REITs) once again surprised investors as returns neared double digits for the first quarter of the fiscal year. As money continued to pour into the asset class, higher valuations continued to be supported despite the Fed's interest rate increases.

Mid-year FY2005 was a roller coaster ride with the domestic equity markets first showing strong positive returns in December as the result of a clean, decisive outcome in the presidential election, and a pullback in energy prices. Then, in the quarter ending March 31, the markets lost ground in the face of continued interest rate increases, record high oil prices and strong employment figures possibly signaling strengthening inflationary pressures.

On the international equity front, both the developed and emerging markets experienced strong positive returns as of December 31, as these markets also welcomed the news of lower oil prices. By March 31, however, the developed markets began to lose their optimism and followed the domestic equity markets, posting negative returns. As monies continued to flow into the emerging markets, investors were rewarded with continued positive returns.

The U.S. investment grade bond market, through mid FY2005, continued to provide modest positive returns despite continued interest rate tightening by the Fed, increasing energy prices and growing concerns about inflation. However, during the quarter ending March 31, the domestic bond market succumbed as the Fed continued to raise rates, and the yield curve continued to flatten. The domestic bond market ended the quarter with negative returns.

Throughout the mid-year period the real estate markets, both public and private, fared relatively well, with REITS experiencing double digit returns through December. However, like other asset classes, real estate returns fell off by the March quarter end. The REIT market posted negative returns as many institutional investors rebalanced their portfolios and reduced exposure to public real estate.

Fortunately for most investors, FY2005 ended on a positive note for all domestic asset classes. U.S. equities, encouraged by a flurry of strong earnings reports, managed to finish the year modestly in the black. Elsewhere, the international developed markets, struggling with higher energy costs and political uncertainties, finished the fiscal year with slightly negative returns. Surprisingly, the most successful asset class for FY2005 proved to be the emerging market equities, which posted stellar returns throughout the entire fiscal year.

The yield curve continued to flatten throughout all of FY2005. At year end, the fixed income markets' view appeared to be that fears regarding both inflation and uncontrolled economic growth were diminishing at the Fed level, and that the Fed's tightening program might be nearing an end. As a result, the domestic fixed income markets finished the year posting positive returns.

Overall fiscal year 2005 proved to be a relatively good year for investors. Much of the volatility experienced in FY2004 left the world markets. While uncertainties, such as the U.S. presidential election, are behind us, high energy prices and the threat of rising inflation continue to impact investor sentiment. Though FY2005 could probably be described as a relatively uneventful year in terms of the world financial markets, most investors should remember it as a financially fruitful year.

2005 Plan Overview

As of June 30, the market value of the portfolio for all plans was $17.3 billion. This was an increase of $1.2 billion over last year's valuation. It should be noted that as a mature pension plan, the System's annual distributions exceed the annual contributions being made by employees and employers. This year $360 million more was paid out to participants than was paid in as contributions. The $1.2 billion portfolio value increase was net of that distribution.

The investment portfolio, excluding investments purchased with securities lending cash collateral, was composed of 52.7 percent domestic and 19.8 percent international equities, 24.4 percent debt securities, 2.8 percent real estate investments, and 0.3 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 75.0 percent of the System's bond investments carried an AAA rating. U.S. Treasury and government agency bonds made up 59.0 percent of the total debt portfolio.

Callan Associates, Inc. is employed by the Board of Trustees as the System's investment management consultant. Their services include calculating AIMR-compliant investment returns for the total fund and for each of the investment managers retained to invest the System's assets. Callan Associates also provides investment research and advice, assists the Board in the manager selection process, and conducts periodic asset/liability studies for the Board of Trustees.

The System's Securities Lending Program is managed by State Street Corporation. 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 102-105 percent of the value of the loaned security. In fiscal year 2005, the program generated $5.8 million* in additional earnings for the PERS investment program.

At year end, 25 firms were managing 30 different investment portfolios for PERS. The chart on page 61 identifies each firm, and the percentage of the total portfolio represented by each. Portfolio performance is monitored quarterly by the Board of Trustees with the assistance of Callan Associates, Inc.

**$5.8 million was the earnings distributed for the fiscal year; $6.2 million was the reported net income as required by GASB 28.*

Performance

The System began the fiscal year with a scant 0.1 percent return for the first quarter. While for the second quarter the portfolio turned in a stronger 8.6 percent return as the markets reacted to continued strengthening of economic data and the completion of the presidential election. The third quarter saw investor confidence weaken as concerns about inflation, interest rates and energy prices increased. As a result, the portfolio posted a negative 0.9 percent return for the quarter. The hope that the Fed's tightening program might be nearing an end, mixed economic data and rising oil prices all had an impact on fourth quarter returns which were 1.9 percent for the total portfolio.

Overall the System returned 9.8 percent for the fiscal year ended June 30, 2005. While finally recovering from the impact of the past down markets, returns for the three years ended June 30, 2005 were 9.2 percent. The 2.5 percent return for the five years ended June 30 continued to reflect the difficult post-bubble period negative returns. Longer term, the portfolio fared much better, returning 8.4 percent for the ten-year period ended June 30.

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. The return on the internally managed short-term investment program for the year was 2.3 percent. The cash portion of the accounts managed by external investment managers is invested in interest earning cash equivalents until longer term investments are purchased. All short-term investments are made in accordance with State law and policies set by the Board of Trustees.

Equity Portfolio

The upturn in global equity markets which began in late 2003 continued throughout most of 2005. During the year large company stock returns, as represented by the S&P 500, ended the year with 6.3 percent return, while the Russell 2000, small cap equity index performed even better returning 9.5 percent. The Russell 3000 Index, which serves as the System's broad domestic equity benchmark saw returns of 8.1 percent. In comparison, the System's domestic equity portfolio returned 7.8 percent for the fiscal year.

Domestic equity returns for the three-year period ending June 30 were a strong 9.7 percent, while the five-year period ending June 30, posted a negative 0.1 percent return. This compared favorably to the Russell 3000 Index which had a 9.5 percent three-year, and a negative 1.4 percent five-year return. For the ten years ended June 30, the System's domestic equity portfolio returned 10.2 percent, which exceeded the 10.1 percent return for the Russell 3000 over the same timeframe.

International equity investors experienced double-digit returns in fiscal year 2005, as the overseas equity markets continued to outpace the U.S. equity markets for a second year. The System's developed markets portfolio returned 14.2 percent, while the emerging markets' assets returned 46.8 percent. These components combined for a total international equity portfolio return of 17.0 percent for the year. The MSCI EAFE Index which serves as the benchmark for the international equity investments returned 13.7 percent for the same period. For the five-year period ended June 30, 2005, the System's international equities experienced a negative 1.7 percent return, while the MSCI EAFE Index returned a negative 0.6 percent. The longer term results show for the ten-year period, the international portfolio had returns of 6.3 percent while the MSCI EAFE Index posted returns of 5.2 percent.

For fiscal year 2005, the System allocated on average 53.0 percent of the total portfolio to domestic and 20.0 percent to international equities. Within the domestic equity portfolio, 78.0 percent of the investments were in large, 13.0 percent mid and 9.0 percent small capitalization securities, which correlate with the approximate weighting of the Russell 3000 Index.

Real Estate

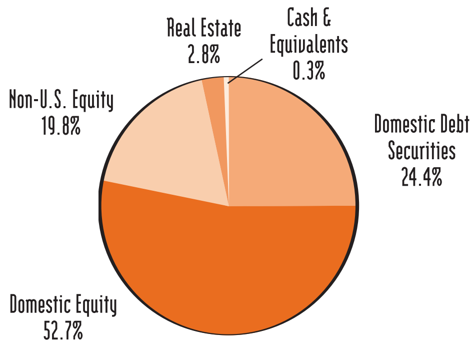
The System funded its first real estate investments in late June 2003. The portfolio is divided between core commingled real estate fund investments, which directly invest in properties, and in managed portfolios of real estate investment trusts (REITS). REITS are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. In its second year of experience in this asset class, the System saw strong returns of 28.1 percent on its total real estate portfolio. The benchmark used for the commingled fund investments is the NCREIF Index which returned 18.0 percent for the year, while the REIT portfolio is compared to the Wilshire REIT Index which returned 34.2 percent. Real estate investments comprised 3.0 percent of the total portfolio.

Bond Portfolio

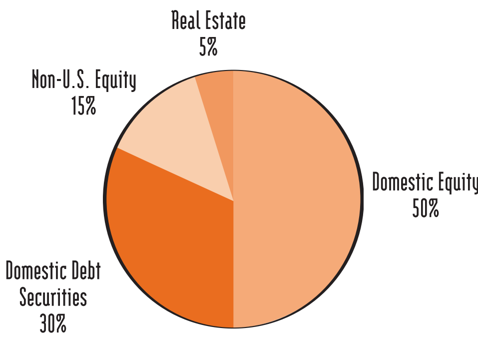
Without the ability to invest in high yield debt securities the bond portfolio struggled in 2005 as it had in FY2004 relative to other public funds. As the yield curve flattened and fears regarding inflation continued to plague the market, the System's bond investments plodded along. This portfolio returned 7.2 percent for the year and outpaced its benchmark, the Lehman Aggregate Index which returned 6.8 percent. Performance was aided by the removal of the five percent limit on lower investment grade bond exposure, which was enacted by the legislature in their 2004 session. The longer term returns also provide a favorable comparison of the System's debt portfolio performance. For the five years ended June 30, 2005, the System's return was 7.7 percent, while the Lehman Aggregate returned 7.4 percent. The ten-year performance for the System's bonds was 7.0 percent versus 6.9 percent for the Index. The System ended the year with a 24.0 percent exposure to investment grade domestic bonds.

Defined Benefit Plans

Asset Allocation at Fair Value June 30, 2005



Long-Term Target Asset Allocation



Asset Allocation

One of the most critical decisions made by the Board of Trustees is that of the long-term asset allocation policy for the investment portfolio. The System's investment consultant conducts periodic asset/liability allocation studies which include consideration of projected future liabilities of the System, projected risk and return for various asset classes, and the System's statutory investment restrictions. The last study, concluded in fiscal year 2003, resulted in the adoption of a long-term policy asset allocation target consisting of 50.0 percent domestic equities, 15.0 percent international equities, 30.0 percent core domestic debt investments, and 5.0 percent real estate.

Asset allocation related decisions for all public pension plans are somewhat unique to the individual plan, and are based on the specific liability requirements of the plan, as well as, any statutory investment restrictions under which the investment program must operate. As a result, the System's allocation to only U.S. and international equities, U.S. core debt investments and real estate is quite different than the average public pension plan allocation found in the peer universe. From time to time this difference can result in significant differences in investment returns.

Investment Policies

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

• Types of Investments

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

• Asset Allocation

The current long-term asset allocation was adopted by the Board of Trustees in October 2002. 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.

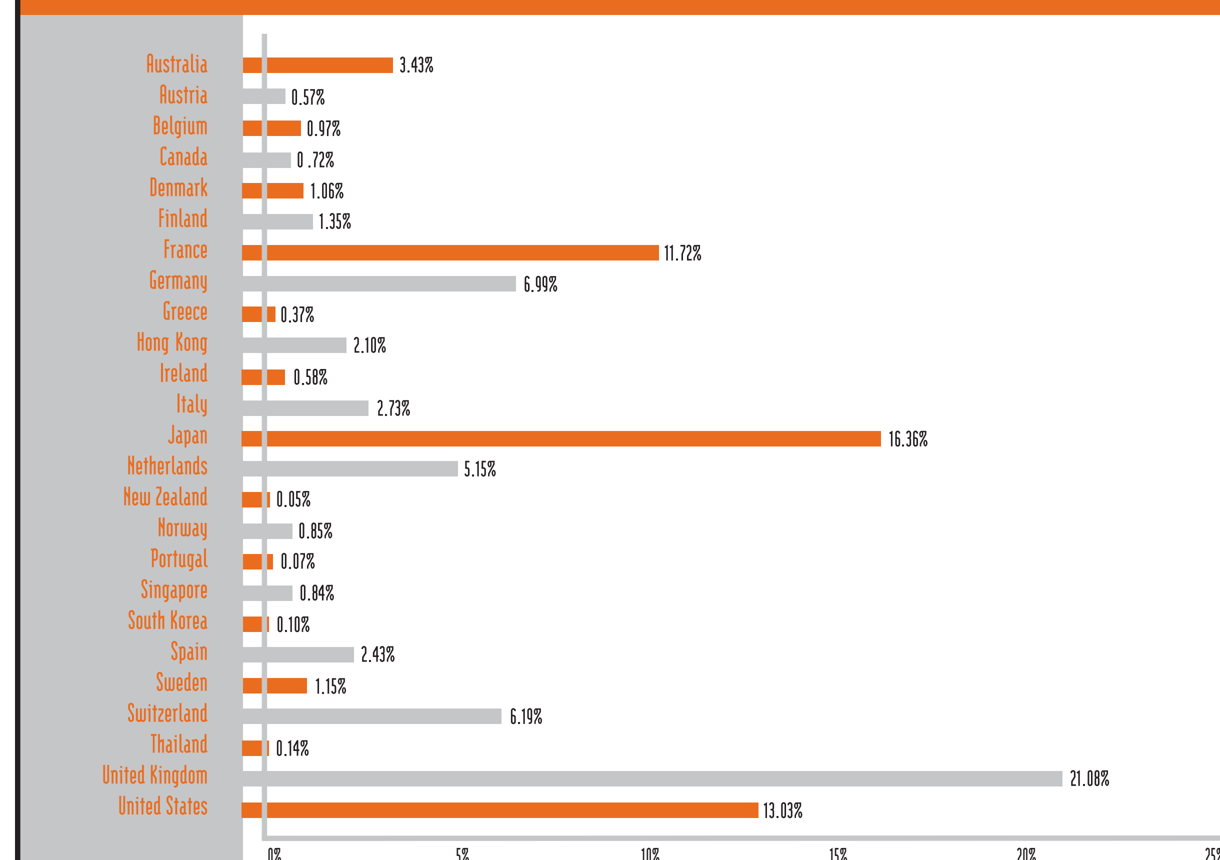
Summary

Overall fiscal year 2005 was an interesting one as investors wavered between optimism and uncertainty regarding inflation, global economic growth and oil prices. As a result, the financial markets worldwide waffled from one quarter to the next with no steady trend developing. These experiences might cause one to question, "What is being done to insure the financial soundness of the System?"

First, by design, a pension plan investment program must focus on a long-term investment horizon. The System is essentially a "perpetual" investor, and as such, its portfolio should be, and is structured to provide the best returns possible over the long-term within the risk parameters adopted by the Board of Trustees. While admittedly these past few years have been challenging times for investors, the System has taken prudent steps to ensure that its portfolio is well positioned to meet its future financial obligations. In this fiscal year we have begun to see the fruits of those efforts.

Secondly, the System continues to utilize sound investment principles, while steadfastly working to overcome any and all investment challenges the future might present as we strive to provide secure benefits for our membership.

Defined Benefit Plans – International Equity Investments by Country
Fair Value at June 30, 2005

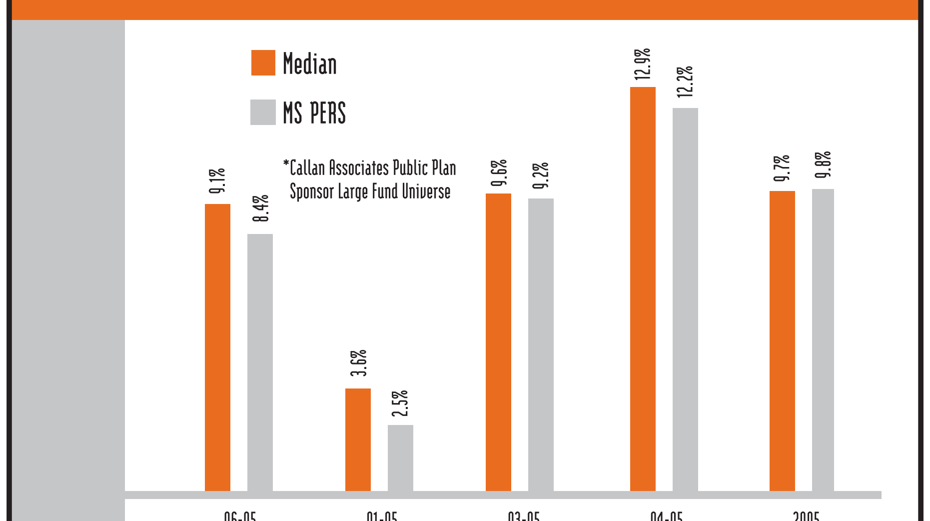


Defined Benefit Plans – Performance Summary for Fiscal Years Ended June 30, 2005

	Current Year	Annualized 3-year	Annualized 5-year
Total Plans:			
MS PERS Combined Return*	9.8%	9.2%	2.5%
Callan Associates Plan Sponsor – Large Funds	9.7	9.6	3.6
Domestic Debt Securities:			
Debt Securities Managers Composite*	7.2	6.0	7.7
Lehman Brothers Aggregate Bond Index	6.8	5.8	7.4
Domestic Equity:			
Domestic Equity Managers Composite*	7.8	9.7	(0.1)
Russell 3000 Index	8.1	9.5	(1.4)
International Equity:			
International Equity Managers Composite*	17.0**	11.9	(1.7)
MSCI EAFE Index	13.7	12.1	(0.6)
MSCI Emerging Markets Free	34.9	24.4	7.7
Real Estate:			
Commingled Funds and REITS Composite*	28.1	-	-
NCREIF Index	18.0	12.1	10.6
Dow Jones Wilshire REIT Index	34.2	21.0	20.8

** Calculations for the System are prepared using a time-weighted rate of return based on the market rate of return in accordance with the presentation standards of the Association for Investment Management and Research.*
*** Includes both developed and emerging market investments.*

Large Public Plans*
Total Plans: Annualized Rates of Return



Defined Benefit Plans – Domestic Equity Portfolio Summary

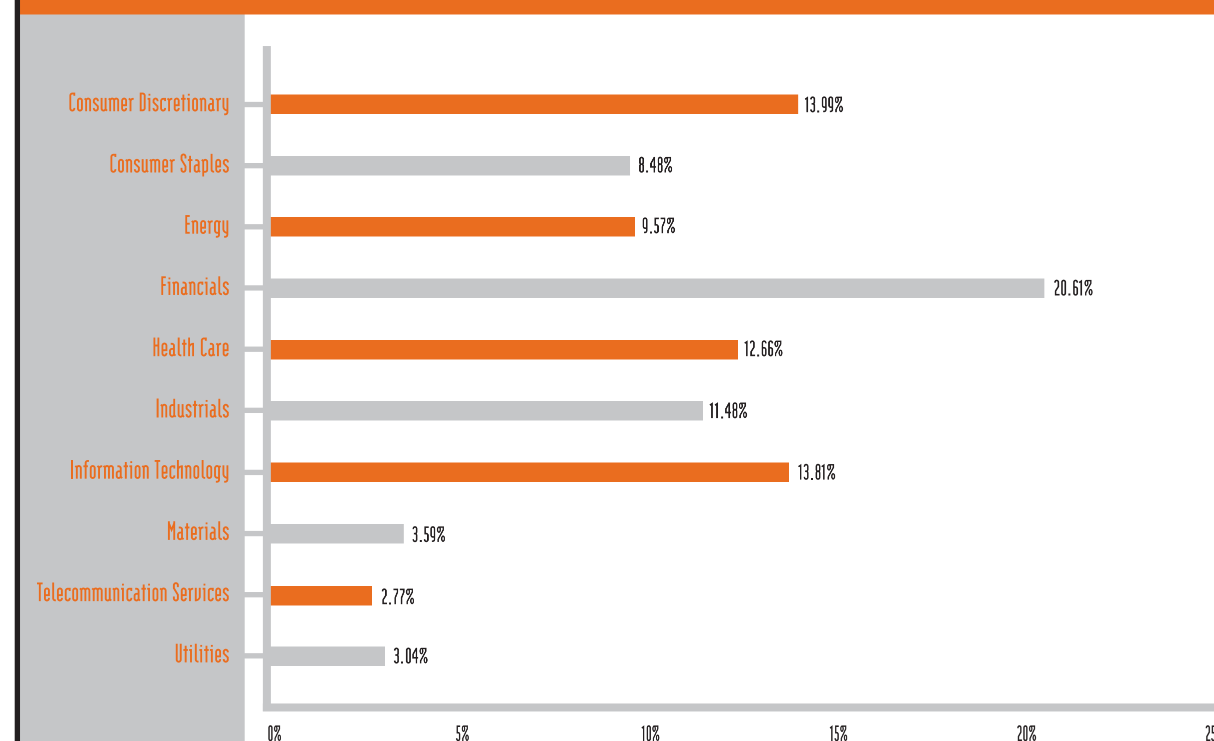
	Fair Value
Total Equity Securities	$9,014,253,135
Total Number of Shares of Equity Securities Held	293,562,255
Total Number of Issues of Equity Securities Held	1,877

Ten Largest Domestic Common Stock Holdings

	Shares	Fair Value
Exxon Mobil Corporation	5,500,231	$316,098,276
General Electric Company	6,480,655	224,554,696
Citigroup, Inc.	4,090,953	189,124,757
Pfizer, Inc.	6,541,409	180,412,060
Microsoft Corporation	5,597,167	139,033,628
Altria Group, Inc.	2,101,534	135,885,188
Bank of America Corporation	2,858,716	130,386,037
Johnson & Johnson	1,753,682	113,989,330
Chevron Corporation	1,990,218	111,292,991
Intel Corporation	4,100,029	106,846,756
Totals	41,014,594	$1,647,623,719

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

Domestic Equity Investments by Industry Type
Fair Value at June 30, 2005



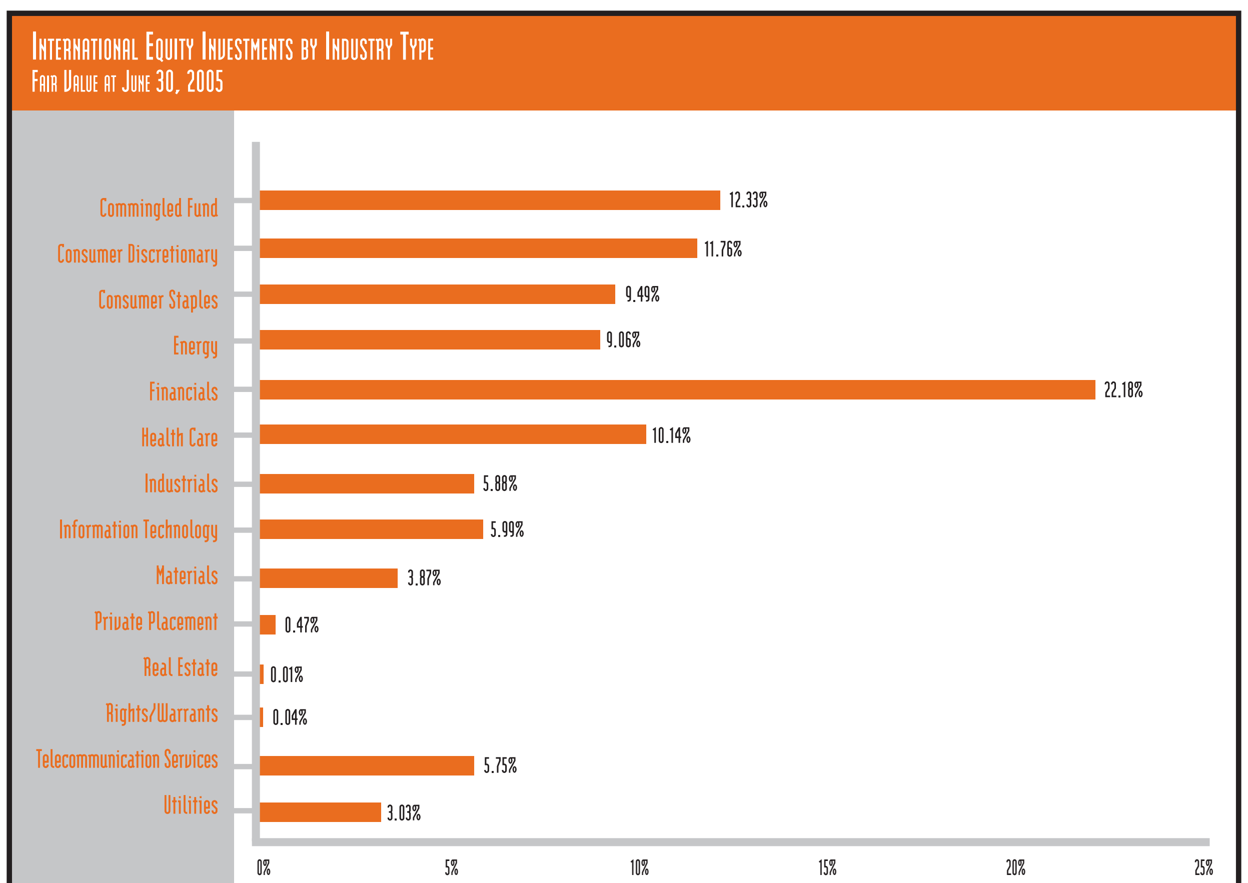
Defined Benefit Plans – International Equity Investment Portfolio Summary

	Fair Value
Total Equity Securities	$3,388,055,172
Total Number of Shares of Equity Securities Held	263,792,868
Total Number of Issues of Equity Securities Held	1,217

Ten Largest International Stock Holdings

	Shares	Fair Value
Total SA	270,898	$ 63,723,112
BP PLC	5,920,752	61,659,465
Royal Dutch Petroleum	870,721	56,923,442
Vodafone Group	22,413,005	54,636,862
Glaxosmithkline	2,155,467	52,196,752
Royal Bank Scotland Grp	1,706,345	51,566,917
Norvatis Ag	969,575	46,204,476
Nestle SA	157,804	40,402,554
Sanofi Aventis	485,045	39,872,198
HSBC Holdings	2,361,796	37,677,245
Totals	37,311,408	$ 504,863,023

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



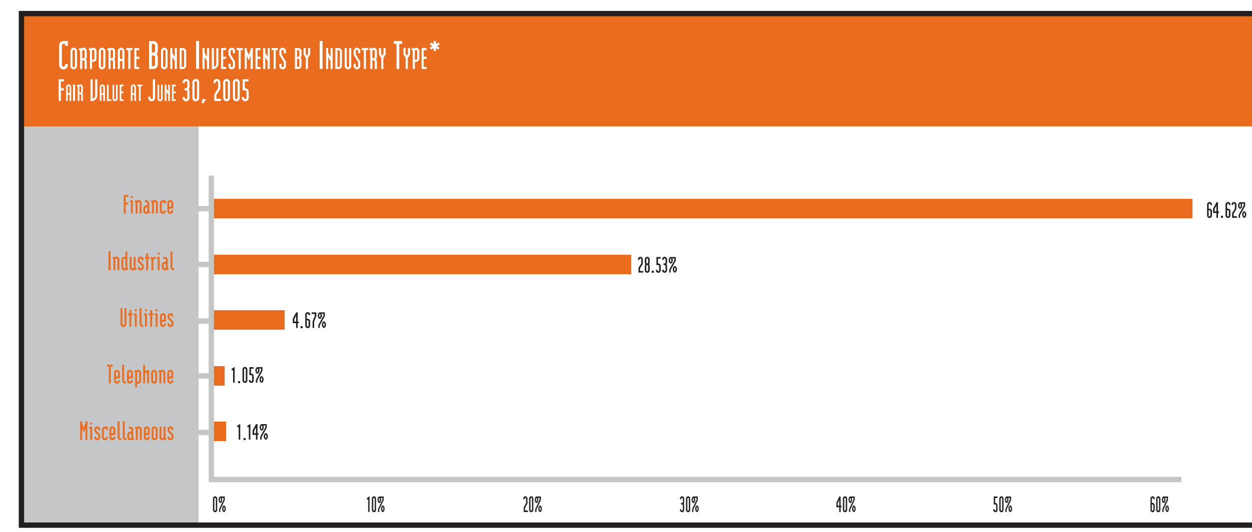
Defined Benefit Plans – Bond Portfolio Summary*

	Fair Value
Total Bond Investments	$ 5,024,546,412
Total Par of Bond Investments Held	$ 4,849,760,746
Total Number of Bond Issues Held	2,733

Ten Largest Long Term Corporate Bond Holdings*

	Par	Fair Value
Royal Bank of Scotland	$ 100,000,000	$ 100,016,200
Wells Fargo & Company	55,000,000	55,039,325
J. P. Morgan Chase & Company	50,000,000	50,087,600
National City Bank of Michigan	35,000,000	34,999,195
General Electric Capital Corporation	30,000,000	30,051,870
Wachovia Corporation	30,000,000	30,010,890
Wells Fargo & Company	25,000,000	25,029,025
General Electric Capital Corporation	25,000,000	25,017,053
Wells Fargo & Company	25,000,000	24,994,575
Bank of America Corporation	25,000,000	24,993,325
Totals	$ 400,000,000	$ 400,239,058

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



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

Defined Benefit Plans - Real Estate Investment Portfolio Summary

	Fair Value
Total Real Estate Investments	$474,614,223
Total Number of Shares* of Real Estate Investments Held	110,868,044
Total Number of Issues of REITs Held	53

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

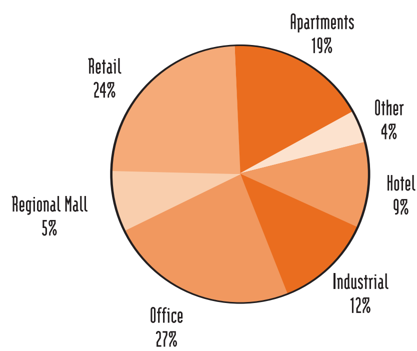
Ten Largest REIT Holdings

	Shares	Fair Value
Simon Property Group Incorporated New	328,600	$ 23,820,214
Starwood Hotels and Resorts	325,400	19,058,678
Vornado Realty Trust	174,924	14,063,890
General Growth Properties Incorporated	342,200	14,060,998
Avalonbay Communities Incorporated	159,000	12,847,200
Boston Properties Incorporated	183,300	12,831,000
Host Marriott Corporation New	637,400	11,154,500
Prologis	255,100	10,265,224
Kimco Realty Corporation	169,200	9,967,572
Regency Centers Corporation	161,900	9,260,680
Totals	2,737,024	$137,329,956

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

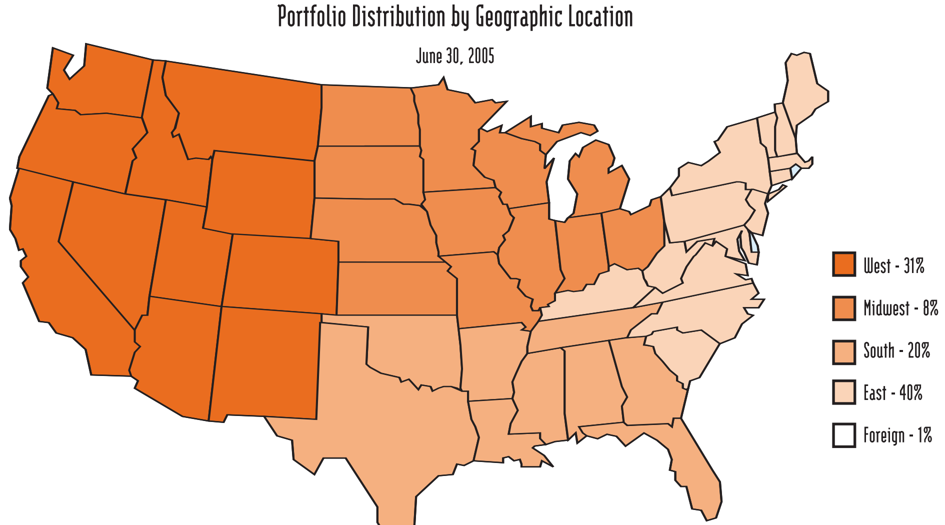
Portfolio Distribution by Property Type

June 30, 2005



Portfolio Distribution by Geographic Location

June 30, 2005



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 From Securities Lending	Total Income/ (Loss)	Manager Fees and Custodian Fees	Net Income/ (Loss) From Investments
1996	$ 273,490	$ 99,774	$ 24,892	$ 200,167	$667,628	$ 2,802	$ 1,268,753	$ (13,529)	$ 1,255,224
1997	293,380	107,070	19,490	246,692	1,262,955	5,579	1,935,166	(14,819)	1,920,347
1998	293,246	125,468	28,306	1,017,539	765,734	5,259	2,235,552	(18,458)	2,217,094
1999	281,407	140,132	16,218	484,239	648,439	5,936	1,576,371	(20,252)	1,556,119
2000	298,729	144,150	19,940	1,059,251	(239,457)	7,622	1,290,235	(22,718)	1,267,517
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

Ten-Year Total Pension Investment Rates of Return

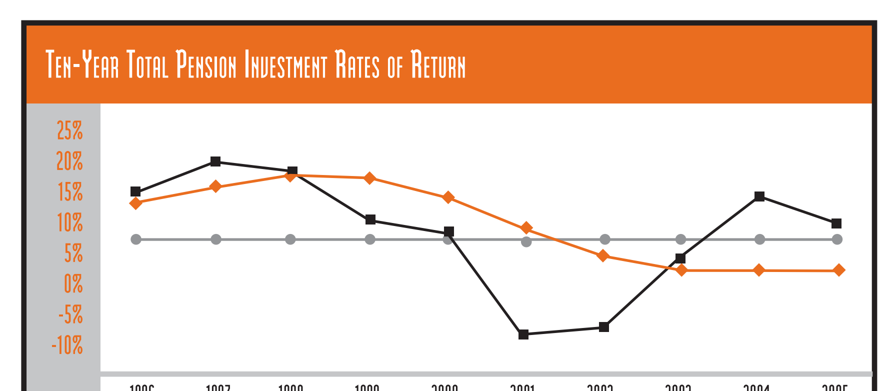
(Dollars In Millions)

	Total Investment Portfolio Fair Value	◆ Smoothed Rate of Return	■ Fair Value Rate of Return	● Actuarial Assumed Rate of Return
1996	9,554	13.6	15.1	8.0
1997	11,447	15.9	19.9	8.0
1998	13,867	17.7	19.1	8.0
1999	15,496	17.3	11.3	8.0
2000	16,626	14.2	8.4	8.0
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

◆ 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. MRS is excluded as an agent multi-employer closed plan.

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

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



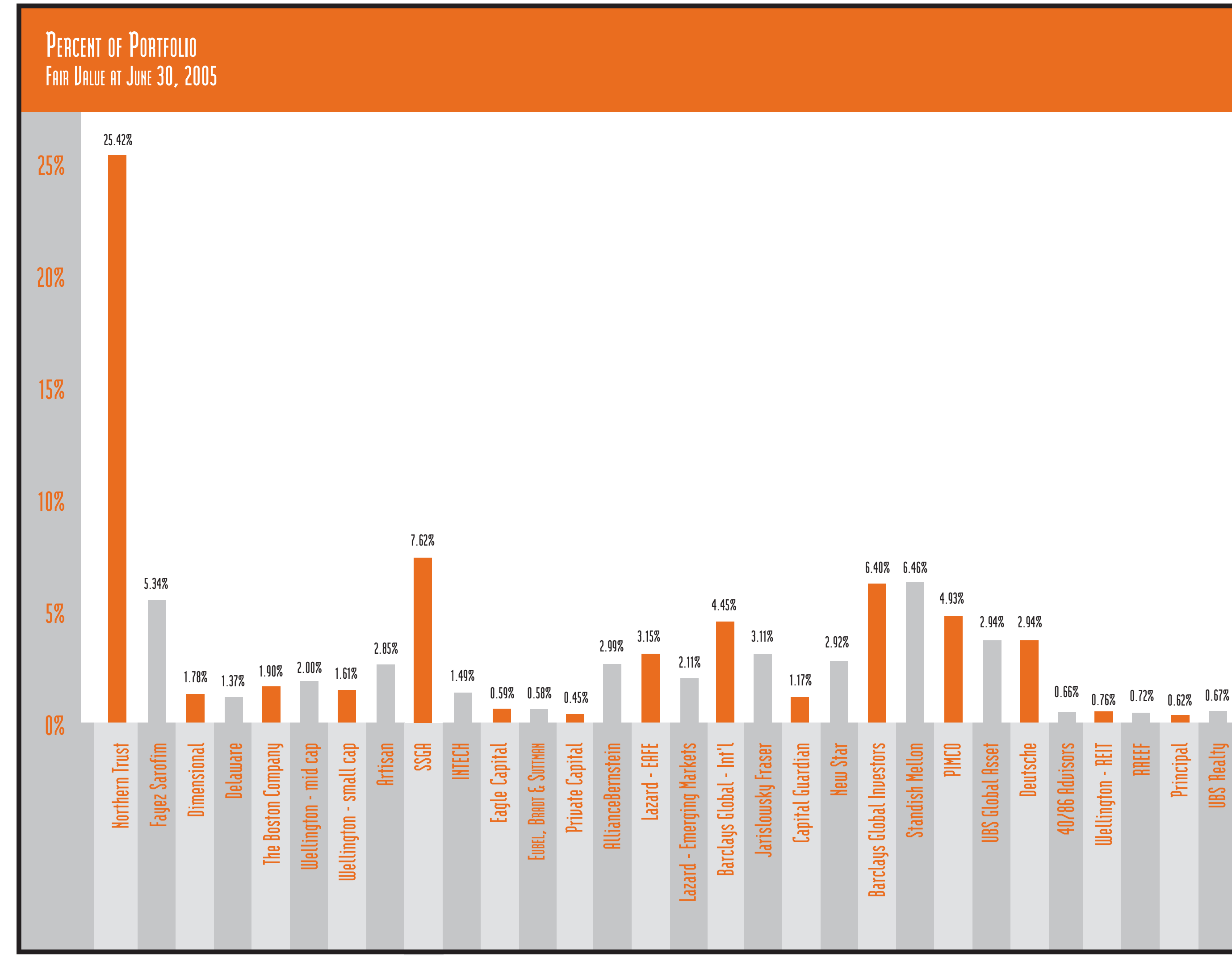
Defined Benefit Plans – Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
Equities			
Northern Trust Global Investment	Passive (Index)	July 1985	25.42%
SSGA Russell 1000 Value	Passive - Large Cap Value	September 2004	7.62
Fayez Sarofim & Company, Inc.	Active - Large Cap Growth	August 1980	5.34
Barclays Global Investors, N.A.	International - EAFE Index	March 2004	4.45
Lazard Asset Management, LLC	International - EAFE	October 1991	3.15
Jarislowsky Fraser Limited	International - EAFE	June 2004	3.11
AllianceBernstein	International - Europe	December 2003	2.99
New Star Institutional	International - EAFE	July 2004	2.92
Artisan Partners Limited Partnership	Active - Mid Cap Growth	September 2002	2.85
Lazard Asset Management, LLC	International - Emerging Mkts.	April 1998	2.11
Wellington Management Company, LLP	Active - Mid Cap Value	October 2001	2.00
The Boston Company Asset Mgmnt, LLC	Active - Mid Cap Value	October 2001	1.90
Dimensional Fund Advisors, Inc.	Active - Small Cap Value	July 2002	1.78
Wellington Management Company, LLP	Active - Small Cap Core	July 2002	1.61
INTECH, LLC	Active - Large Cap Growth	January 2005	1.49
Delaware Investments	Active - Small Cap Growth	July 2002	1.37
Capital Guardian	International - Pacific Basin	June 2004	1.17
Eagle Capital	Active - All Cap	January 2005	0.59
Eubel, Brady, & Suttman	Active - All Cap	January 2005	0.58
Private Capital	Active - All Cap	January 2005	0.45
Sub Total			72.90%
Bonds			
Standish Mellon	Passive (Index)	November 1989	6.46%
Barclays Global Investors, N.A.	Passive (Index)	September 1986	6.40
Pacific Investment Management Company	Active-Core	August 1983	4.93
UBS Global Asset Management	Active-Core	August 1991	2.94
Deutsche Asset Management, Inc.	Active-Core	August 1991	2.94
40/86 Advisors	Active-Core	October 2000	0.66
Sub Total			24.33%
Real Estate			
Principal Global Investors	Commingled Fund-Core	June 2003	0.62%
Wellington Management Company, LLP	REITs	June 2003	0.76
UBS Realty Investors, LLC	Commingled Fund-Core	June 2003	0.67
RREEF	REITs	June 2003	0.72
Sub Total			2.77%
Total			100.00%

**Includes cash and cash equivalents.*

Defined Benefit Plans – Investment Advisors

Percent of Portfolio



Defined Benefit Plans – Investment Fees and Commissions

For the Year Ended June 30, 2005

Investment managers' fees:	Assets Under Management	Fees
Domestic equity managers	$ 9,098,971,426	$15,415,503
International equity managers	3,424,767,857	6,139,931
Debt security managers	4,177,446,187	3,539,102
Real estate managers	477,255,466	1,238,271
Total investment managers	$ 17,178,440,936	$26,332,807
Other investment service fees:		
Securities lending agent/cash management fees		$2,203,974
Custodian fees		316,302
Investment consultant fees		260,000
Global out-of-pocket expenses		133,511
Total investment service fees		$2,913,787

Brokerage Commissions Paid*

Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
Merrill Lynch Pierce Fenner	29,778,316	$ 1,021,355	$ 0.034
UBS AG	24,971,263	478,784	0.019
State Street Corporation	22,979,081	454,716	0.020
Citigroup, Inc.	20,945,958	447,780	0.021
Bank of New York	26,391,983	442,963	0.017
Lehman Brothers	21,642,320	430,073	0.020
CS First Boston	18,390,320	401,284	0.022
Goldman Sachs & Company	16,117,934	379,970	0.024
Knight Securities	7,596,171	342,212	0.045
Capital Institutional Services	11,011,528	296,583	0.027
Deutsche Bank	14,769,805	293,936	0.020
Cheuvreux	41,508,361	286,902	0.007
Morgan Stanley and Company	13,640,289	281,354	0.021
Investment Technology Group	11,724,325	194,164	0.017
J. P. Morgan Securities	5,233,203	183,340	0.035
Jefferies Company, Inc.	5,662,259	167,238	0.030
Banc America Security	3,999,150	163,595	0.041
Instinet	8,988,849	158,687	0.018
Bear Stearns	5,592,685	157,805	0.028
Morgan Keegan, Inc.	2,253,800	104,667	0.046
Liquidnet, Inc.	3,076,200	90,904	0.030
Prudential Securities, Inc.	2,050,100	89,815	0.044
CIBC World Markets Corporation	2,312,720	84,353	0.036
B-Trade Services, LLC	5,585,050	83,400	0.015
Wachovia Securities, Inc.	1,844,000	82,048	0.044
Sanford C. Bernstein Co., LLC	1,588,266	71,704	0.045
Thomas Weisel Partners	1,651,900	70,195	0.042
SG Cowen	1,598,280	69,275	0.043
Robert W. Baird & Company	1,369,200	67,211	0.049
Kleinwort Benson Securities, Limited	4,264,460	66,882	0.016
Legg Mason Wood Walker, Inc.	1,401,500	66,364	0.047
Jones and Associates, Inc.	1,551,374	64,683	0.042
Others (less than $60,000)	63,850,817	1,661,309	0.026
Commission recapture income	-	(1,485,000)	-
Total	405,341,467	$ 7,770,551	$ 0.019

** Approximate figures provided by State Street.*

Defined Benefit Plans – Investment Summary

For The Year Ended June 30, 2005

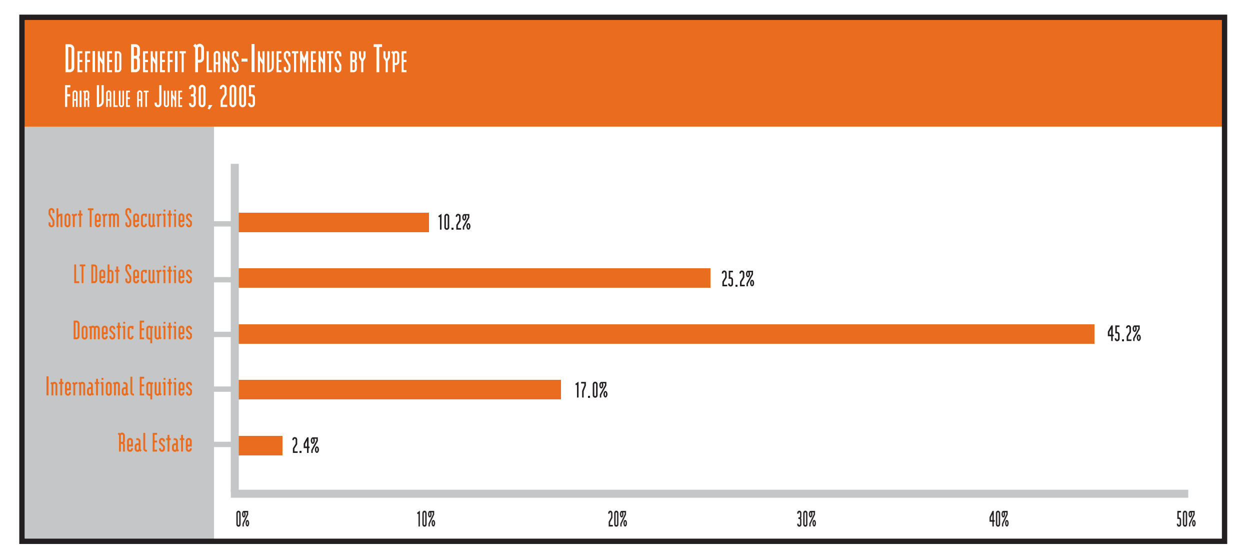
(In Thousands)

	July 1, 2004 Beginning Fair Value*	Purchases	Sales and Maturities	Increase (Decrease) In Fair Value	June 30, 2005 Ending Fair Value**	% of Total Fair Value	Annual Rate of Return***
Short Term Securities	$ 1,456,395	$ 65,103,196	$ 64,534,637	$ 2,162	$ 2,027,116	10.2%	2.3%
LT Debt Securities	4,899,836	6,396,012	6,320,139	48,837	5,024,546	25.2%	7.2%
Domestic Equities	8,605,357	4,788,691	4,245,857	(133,938)	9,014,253	45.2%	7.8%
International Equities	2,890,065	1,718,096	1,482,262	262,156	3,388,055	17.0%	17.0%
Real Estate	340,608	175,259	95,358	54,105	474,614	2.4%	28.1.%
Total	$ 18,192,261	$ 78,181,254	$ 76,678,253	$ 233,322	$ 19,928,584	100.0%	9.8%

** Includes investment securities on loan to broker-dealers with a fair value of $2,061,585. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $2,106,856. 11.3% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $16.1 billion, the fair value total must be adjusted by ($2.1 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.*

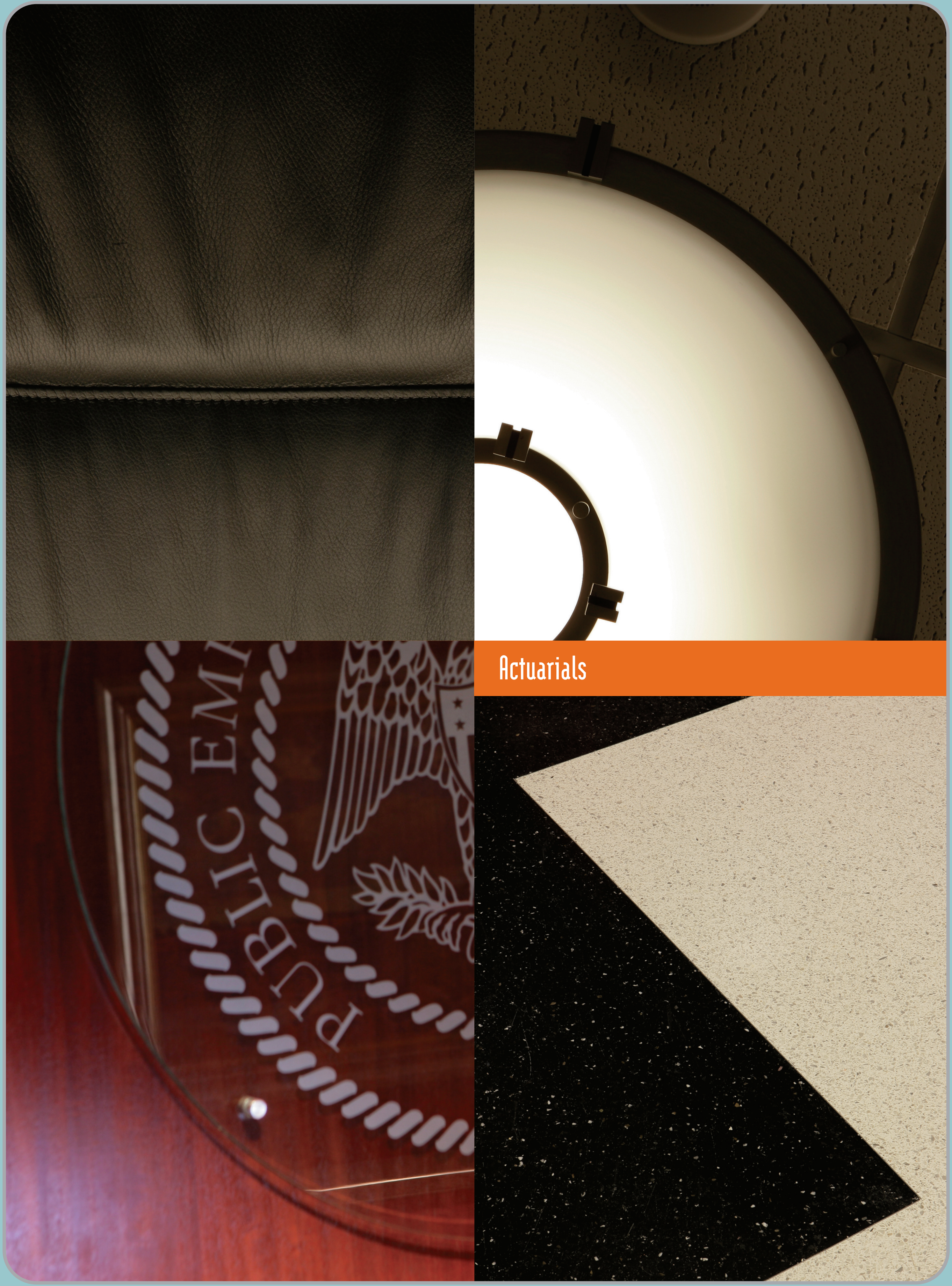
*** Includes investment securities on loan to broker-dealers with a fair value of $2,601,191. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $2,678,922. 13.1% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $17.3 billion, the fair value total must be adjusted by ($2.6 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.*

****Calculated rate of return does not include investments purchased with the cash collateral received from broker-dealers in the securities lending program.*



Defined Contribution Plan – Investment Summary
For the Year Ended June 30, 2005

Fund Name of Assets	Fair Value of Assets	Annual Rate of Return
Fayez Sarofim Common Stock Fund	$117,751,705	4.24%
Barclay's Money Market Fund	9,298,636	2.24%
Barclay's Equity Index Fund	46,444,660	6.32%
Barclay's Intermediate Government/Corporate Bond Fund	18,404,650	4.75%
Fidelity Asset Manager Fund	33,286,632	3.82%
Fidelity Small Cap Fund	6,431,590	6.66%
Fidelity International Fund	10,510,876	14.95%
ING Fixed Account	295,053,341	4.41%
ING VP Growth & Income Portfolio	76,962,435	5.41%
Nationwide Fixed Account	59,677,220	4.88%
Conseco Life Insurance Company	539,677	N/A
T. Rowe Price International Stock Fund	23,237,032	9.97%
Boston Company Premier Value Fund	106,224,728	8.09%
GE Institutional Value Equity Fund	9,321,801	7.38%
GE US Equity Fund	837,298	5.07%
American New Perspective Fund	4,598,941	9.06%
PIMCO Total Return II Fund	3,128,639	6.30%
Total	$821,709,861	



The Lobby

Cavanaugh Macdonald
CONSULTING, LLC

November 1, 2005

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, 2005. This valuation indicates that the current contribution rates of 10.75% of payroll for employers and 7.25% of payroll for active members, along with an increase of 1.75% of payroll for employers beginning in the 2006-2007 fiscal year, for benefits then in effect, meet the basic financial objective. There are 157,101 active members as of June 30, 2005.

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 valuations. 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 2000 to 2004. 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 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: sh

Cavanaugh Macdonald
CONSULTING, LLC

November 1, 2005

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, Mississippi 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, 2005. This valuation indicates that the current contribution rates of 28.16% of payroll for employers and 6.50% of payroll for active members, along with anticipated contributions as provided by Senate Bill No. 2659 (effective July 1, 2004) and an increase of 2.14% of payroll for employers beginning in the 2006-2007 fiscal year, for benefits then in effect, meet the basic financial objective. There are 540 active members as of June 30, 2005.

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 2000 to 2004. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gain 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 made 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, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC: sh

buckconsultants.
an ACS company

November 1, 2005

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

Dear Board Members:

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

(1) will be in amounts sufficient, but not more than amounts necessary, to make the Funds actuarially sound by July 1, 2000 and to remain actuarially sound 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, 2004. These valuations indicate that the current contribution rates, for benefits then in effect, meet the basic financial objective. The contribution rates vary by participating City for employers and are 7%-10% of payroll for active members. There were 84 active members as of September 30, 2004.

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 MRS 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 valuations. 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 MRS during the years 1998 to 2002. 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. The changes made since the previous valuation are:

- The minimum monthly benefit for retirees of Hattiesburg was increased to $ 750.
- Benefits to surviving spouses will continue after remarriage and any beneficiaries whose benefits were terminated due to remarriage were reinstated for the cities of Clarksdale, Columbus, Hattiesburg, McComb, Meridian, and Yazoo City.

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 the 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 the Municipal Retirement Systems 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,

Philip Bonanno, E.A.
Director, Consulting Actuary

Cavanaugh Macdonald
CONSULTING, LLC

November 1, 2005

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, 2005. This valuation indicates that the current contribution rates of 6.33% of payroll for employers and 3.00% of payroll for active members, along with an increase of 0.32% of payroll for employers beginning in the 2006-2007 fiscal year, for benefits then in effect, meet the basic financial objective. There are 175 active members as of June 30, 2005.

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 2000 to 2004. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gain 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, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC: sh

Interest Rate: 8 percent 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** Male	Death** Female	Disability** Male	Disability** Female	Service Retirement*** Service	Service Retirement*** Rate
20	15.0%	0.02%	0.01%	0.01%	0.01%	4	25.0%
25	11.0	0.02	0.01	0.02	0.01	5	15.0
30	10.0	0.03	0.01	0.02	0.02	10	15.0
35	8.0	0.04	0.02	0.05	0.03	15	15.0
40	6.0	0.05	0.02	0.11	0.08	20	20.0
45	5.0	0.08	0.03	0.18	0.13	25	25.0
50	5.0	0.12	0.05	0.30	0.21	30	15.0
55	5.0	0.17	0.07	0.48	0.33	35	15.0
60	5.0	0.26	0.12	0.35	0.25	40	15.0
65	5.0	0.47	0.22	–	–	–	–
70	5.0	0.81	0.36	–	–	–	–
74	5.0	1.20	0.63	–	–	–	–

**For all ages, rates of 45% for 1st year of employment and 16% for the 2nd year.*
***94% are presumed to be non-duty related, and 6% are assumed to be duty related.*
****The annual rate of service retirement is 100% at age 75.*
It is assumed that a member will be granted three-quarters year of service credit for unused leave at termination of employment.

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
5	1.50%	4.00%	5.50%
10	1.00	4.00	5.00
15	1.25	4.00	5.25
20	1.25	4.00	5.25
25	1.25	4.00	5.25
30	2.50	4.00	6.50
35	3.00	4.00	7.00

Payroll Growth: 4.00% per annum, compounded annually.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table, set forward two years for men and set forward one year for women. 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.

Unused Sick Leave: .75 years of retirement.

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

Asset Valuation Method: Market value – 5 year smoothing.

Interest Rate: 8 percent 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					
			Disability			
Age	Withdrawal and Vesting	Death	Non-Duty	Duty	Service	Service Retirement*
25	5.5%	0.05%	0.09%	0.01%	5	5.0%
30	4.0	0.08	0.12	0.02	10	5.0
35	2.5	0.10	0.16	0.04	15	5.0
40	1.0	0.15	0.20	0.07	20	10.0
45	0.5	0.21	0.30	0.06	25	20.0
50	0.1	0.32	0.50	0.05	30	20.0
55	–	0.43	0.91	0.02	35	20.0

**The annual rate of service retirement is 100% at age 60.*
It is assumed that a member will be granted 1 3/4 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	2.8%	4.0%	6.8%
30	2.0	4.0	6.0
35	2.0	4.0	6.0
40	2.0	4.0	6.0
45	1.5	4.0	5.5
50	1.0	4.0	5.0
55	1.0	4.0	5.0

Payroll Growth: 4.00% per annum, compounded annually.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table, set forward four years for males and set forward five years for females. 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 – 5 year smoothing.

Interest Rate: 8 percent 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		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: 6.0% at all ages, comprised of 2.0% for merit and seniority and 4.0% for wage inflation.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table (without projection), set forward 1 year for men and 2 years for women. 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: 2.0% per annum, compounded annually.

Expense Load: 2.0% of employer contributions.

Asset Valuation Method: Market Value – 5 year smoothing.

Interest Rate: 8 percent 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	0.02%	0.01%	0.04%
25	0.03	0.02	0.05
30	0.04	0.02	0.07
35	0.05	0.03	0.11
40	0.08	0.04	0.17
45	0.13	0.06	0.23
50	0.24	0.10	0.30
55	0.39	0.15	0.35
60	0.60	0.25	0.40
65	0.96	0.43	–
70	1.61	0.72	–

**94 percent are presumed to be non-duty related, and 6 percent 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.

Salary Increases: 5.00% per annum, for all ages. The merit and seniority component is 1.00% and the wage inflation component is 4.00%.

Price Inflation: 3.75% per annum, compounded annually.

Payroll Growth: 4.00% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table set forward one year for females. 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 – 5 year smoothing.

Summary of Benefit and Contribution Provisions – PERS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2005, 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 on 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	-	10.75	150,000	7.25	150,000

**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

<u>Condition for Retirement</u>

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least four years of creditable service, or has completed at least 25 years of creditable service.

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

(c) Upon the death of a member who has completed at least four years of creditable service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his spouse, if said spouse is named as his beneficiary and 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) is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 2 percent of his average compensation for each of the first 25 years of creditable service, plus 2.5 percent for each year of creditable service over 25 years.

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) 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 percent per year for each year the member lacked in qualifying for unreduced retirement benefits, or (ii) a benefit equal to the greater of 20 percent 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 percent 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 four 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 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 percent of average compensation plus 10 percent 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 percent 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 beliefs. 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 percent of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

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

Amount of Allowance

The annual retirement allowance is equal to 50 percent of average compensation payable to the spouse and 25 percent of average compensation payable to one dependent child or 50 percent 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 contributions are returned to him, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his contributions together with the full accumulated regular interest thereon, are paid to his designated beneficiary, if any, otherwise, to his 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 death the excess of his total contributions at the time of retirement over the total retirement annuity paid to him will be paid to his designated beneficiary.

Optional Benefit

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 receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his beneficiary or estate.

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

Option 3. Upon his death, 50 percent of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50 percent of his reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his death, 50 percent of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary or his estate 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.

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 4 years of service 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 6/30/98.

A prorated portion of the annual adjustment will be paid to the 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 are checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for PERS since 1991.

Summary of Benefit and Contribution Provisions – MHSPRS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2005, 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 on June 30.

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	To	Employer Rate	Maximum Covered Earnings*	Employee Rate	Maximum Covered Earnings*
7/1/58	6/30/68	13.33%	–	5.00%	–
7/1/68	6/30/71	15.33	–	5.00	–
7/1/71	6/30/73	18.59	–	5.00	–
7/1/73	6/30/75	20.77	–	5.00	–
7/1/75	6/30/78	24.65	–	5.00	–
7/1/78	6/30/80	26.16	–	6.00	–
7/1/80	6/30/89	26.16	–	6.50	–
7/1/89	6/30/90	27.97	–	6.50	–
7/1/90	6/30/03	26.16	–	6.50	–
7/1/03	–	28.16	–	6.50	–

**Maximum covered earnings equal wages paid, not to exceed wages paid to the Commissioner of the Department of Public Safety, currently $80,000.00.*

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 $2,400,000 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 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 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 retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 2.5 percent of his average compensation for each year of membership service, plus
3. A prior service annuity equal to 2.5 percent of average compensation for each year of prior service.

The aggregate amounts of (2) and (3) above shall not exceed 100% 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 $180 for each year of creditable service, reduced if necessary as indicated below.

The annual retirement allowance payable to a member who retires under condition (a) 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 percent for each year of age below age 55, or 3 percent for each year of service below 25 years of creditable service, whichever is less.

Disability Retirement

Condition for Retirement

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least 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 percent of his average salary for the two years immediately preceding retirement, or a retirement allowance as calculated under the provisions for superannuation retirement.

Death Prior to Retirement

Upon the death of a highway patrol officer who is eligible for service retirement, family benefits are payable equal to those which would have been payable had he been retired on his date of death.

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

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

(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 patrol officer who has retired for service or disability and who has not elected any other optional form of benefit, his widow is eligible for a benefit equal to 50 percent of his retirement allowance and each child (but not more than two) who has not attained age 19 (23 if a full-time student) is eligible for a benefit equal to 25 percent of his retirement allowance. The benefit to the widow is payable for life or until remarriage 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 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 accumulated contributions, together with regular interest thereon, are paid to his 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 death 50 percent of his benefit is payable to the spouse for the spouse's lifetime, and 25 percent of his benefit is payable to each dependent child (maximum of 2 children) under age 19 (23 if a full-time student).

Alternatively, the member may choose to receive his allowance payable for his lifetime only, with the provision that accumulated member contributions in excess of benefits paid will be refunded to a beneficiary.

Optional Benefit

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 receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his beneficiary or estate.

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

Option 3. Upon his death, 50 percent of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50 percent of his reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his death, 50 percent of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary or his estate 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.

A member electing 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 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60, plus (b) 3 percent 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 benefit is terminated between July 1 and December 1.

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

Contributions

Members contribute 6.5 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 are 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, 2004, as interpreted in preparing the actuarial valuations. 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 ⅔ percent 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 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, Hattiesburg, McComb, Meridian 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 ⅔ percent 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 accumulated contributions, together with regular interest thereon, are paid to his 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:	$ 1,000

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% per year (not to exceed 30 percent) for each full fiscal year of retirement after June 30, 2000 for all retirees and beneficiaries. 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 retiring before July 1, 2001.

Hattiesburg: 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Jackson: maximum aggregate increase of 19.5 percent for service and disability retirements only.

Laurel: 2 percent per year, compounded annually (maximum of 3 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.

Pascagoula: maximum of 2.5 percent per year (not to exceed 15 percent) for all retirees and beneficiaries.

Vicksburg: 2.5 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, 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
1994-95	1994	$ 22,205	$ 18,051	$ 4,154	81.3%
1995-96	1995	21,681	20,347	1,334	93.8
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

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, 2005, 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 on June 30. "Eligibility service" is all service in PERS, including that credited for SLRP service. "Credited 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
7/1/89	6/30/92	6.33%	$ 75,600	3.00%	$ 75,600
7/1/92	6/30/02	6.33	125,000	3.00	125,000
7/1/02	–	6.33	150,000	3.00	150,000

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 four years of eligibility service, or has completed at least 25 years of eligibility service.

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

(c) Upon the death of a member who has completed at least four years of eligibility service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his spouse, if said spouse is named as his beneficiary and 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) is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contribution at the time of his retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 1 percent of his average compensation for each of the first 25 years of credited service plus 1.25 percent for each year of creditable service over 25 years.

The minimum allowance is $60 for each year of creditable service.

The annual retirement allowance payable to the spouse of a member who dies under condition (c) 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 percent per year for each year the member lacked in qualifying for unreduced retirement benefits, or (ii) a benefit equal to the greater of 10 percent 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 percent 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 four or more years of eligibility 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 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 percent of average compensation plus 5 percent 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 percent of average compensation, or (b) the member's accrued allowance.

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

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting 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 percent of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

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

Amount of Allowance

The annual retirement allowance is equal to 25 percent of average compensation payable to the spouse and 12.5 percent of average compensation payable to one dependent child or 25 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

Return of Contributions

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

Upon the death of a member before retirement, his contributions, together with the full accumulated regular interest thereon, are paid to his designated beneficiary, if any, otherwise, to his 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 death the excess of his total contributions at the time of retirement over the total retirement annuity paid to him will be paid to his designated beneficiary.

Optional Benefit

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 receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his beneficiary or estate.

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

Option 3. Upon his death, 50 percent of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50 percent of his reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his death, 50 percent of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary or his estate 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.

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 credited service or is at least age 63 with 4 years of service 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 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3 percent 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 percent of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

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 benefit is terminated between July 1 and December 1.

Contributions

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

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

Changes in Plan Provisions

The Mississippi Legislature ended the 2005 session with legislation which affects the Public Employees' Retirement System (PERS), Municipal Retirement Systems (MRS), and Optional Retirement Plan (ORP). Specifics are contained in House Bill Numbers 1, 1232 and 1233, as well as Senate Bill Numbers 2860 and 3146. All legislation is effective July 1, 2005 unless otherwise noted.

Public Employees' Retirement System

House Bill Number 1

An act which directs the State Fiscal Officer to transfer $50 million from certain general funds to the Public Employees' Retirement System. Funds are to be applied toward increases in the State's employer contribution rate. The funds are to be used as a credit against the additional one percent employer contribution rate effective July 1, 2005, based on salaries attributable to payments from the general fund. Transferred funds will be credited until exhausted. The bill authorized transfer to be made as soon as said funds were available in the State Treasury with expenditure authority for PERS beginning July 1, 2005.

Senate Bill Number 2860

Section 25-11-106 – Establishes a mechanism to allow Counties to withhold certain estimated contributions from the fee income of constables covered under the Public Employees' Retirement System. The bill also provides for an irrevocable election, by January 1, 2006, regarding the repayment of fee income related contributions owed by constables.

Municipal Retirement Systems

Senate Bill Number 3146

Disability and Relief Fund

This bill increases the minimum monthly benefit to $1,130 per month and the COLA to three percent of the retirement allowance for each year retired after June 30, 1991 for retirees of the City of Vicksburg, pending resolution of the City and certification of actuarial soundness by the actuary for the Public Employees' Retirement System.

Optional Retirement Plan

House Bill Number 1232

Section 25-11-403, 25-11-407, 25-11-411, 25-11-417 and 25-11-419 – Authorizes investments for the Optional Retirement Plan to include mutual fund accounts and similar investment products in addition to fixed and variable annuity products.

All Systems

House Bill Number 1233

Section 25-11-121 – Expands the PERS Board of Trustee's authority to invest up to 10 percent of total book value of the fund in certain types of investments not specifically listed in the statute provided that they are in the form of a limited partnership, commingled fund or separate account managed by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board.

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							
6/30/96	$ 2,040,244	$ 4,123,467	$ 4,408,324	$ 8,025,533	100%	100%	42.2%
6/30/97	2,208,346	4,551,348	4,921,782	9,351,842	100	100	52.7
6/30/98	2,429,136	4,938,112	5,636,815	11,058,602	100	100	65.5
6/30/99	2,694,659	6,215,709	6,840,993	13,016,632	100	100	60.0
6/30/00	2,992,726	7,227,395	7,831,975	14,899,074	100	100	59.7
6/30/01	3,061,697	7,856,268	7,576,242	16,191,631	100	100	69.6
6/30/02	3,221,756	8,913,895	8,044,696	16,823,185	100	100	58.3
6/30/03	3,400,765	9,758,473	8,326,600	16,979,457	100	100	45.9
6/30/04	3,571,428	10,657,920	8,617,912	17,103,285	100	100	33.3
6/30/05	3,819,498	11,260,642	8,646,958	17,180,705	100	100	24.3
Mississippi Highway Safety Patrol Retirement System							
6/30/96	$ 12,696	$ 103,562	$ 61,747	$ 149,448	100%	100%	53.8%
6/30/97	13,150	116,177	60,574	168,270	100	100	64.3
6/30/98	13,660	126,051	62,150	192,433	100	100	84.8
6/30/99	14,272	138,294	69,191	219,866	100	100	97.3
6/30/00	15,393	155,783	80,761	244,331	100	100	90.6
6/30/01	16,080	152,528	82,013	259,713	100	100	111.1
6/30/02	16,226	186,501	82,821	263,255	100	100	73.1
6/30/03	17,604	192,662	91,868	259,746	100	100	53.9
6/30/04	18,352	201,573	96,645	256,481	100	100	37.8
6/30/05	18,972	214,844	101,301	253,477	100	100	19.4
Municipal Retirement Systems*							
9/30/95	$ 15,496	$ 261,830	$ 77,869	$ 117,406	100%	38.9%	0.0%
9/30/96	14,147	277,193	67,363	130,425	100	41.9	0.0
9/30/97	13,402	286,110	58,916	197,815	100	64.5	0.0
9/30/98	12,453	296,554	54,605	213,591	100	67.8	0.0
9/30/99	11,091	308,890	49,137	235,221	100	72.6	0.0
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
Supplemental Legislative Retirement Plan							
6/30/96	$ 719	$ 1,750	$ 3,377	$ 3,564	100%	100%	32.4%
6/30/97	876	1,826	4,268	4,482	100	100	41.7
6/30/98	1,071	2,019	4,817	5,637	100	100	52.9
6/30/99	1,262	2,496	5,173	6,954	100	100	61.8
6/30/00	1,230	4,005	4,738	8,199	100	100	62.6
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

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

The total of actuarial values (1) and (2) should generally be fully covered by assets and the portion of the actuarial value (3) covered by assets should increase over time. An increase in benefits can adversely affect the trends in the years such increased benefits are first reflected in the actuarial values.

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					
6/30/96	756	144,003	$ 3,185,289,397	$ 22,120	4.0%
6/30/97	767	145,651	3,294,731,368	22,621	2.3
6/30/98	845	145,321	3,450,175,500	23,742	5.0
6/30/99	847	148,611	3,711,679,688	24,976	5.2
6/30/00	863	151,790	4,090,596,398	26,949	7.9
6/30/01	866	151,080	4,112,237,738	27,219	1.0
6/30/02	871	152,148	4,220,538,845	27,740	1.9
6/30/03	872	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
Mississippi Highway Safety Patrol Retirement System					
6/30/96	1	585	$ 19,765,656	$ 33,787	2.5%
6/30/97	1	572	19,459,850	34,021	0.7
6/30/98	1	550	19,531,062	35,511	4.4
6/30/99	1	554	19,807,708	35,754	0.7
6/30/00	1	565	21,314,418	37,725	5.5
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	21,052,942	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
Municipal Retirement Systems					
9/30/95	17	484	$ 15,105,479	$ 31,210	5.8%
9/30/96	17	406	13,252,598	32,642	4.6
9/30/97	17	344	11,874,290	34,518	5.7
9/30/98	17	304	10,851,734	35,696	3.4
9/30/99	17	253	9,440,409	37,314	4.5
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
Supplemental Legislative Retirement Plan					
6/30/96	5	175	$ 4,321,657	$ 24,695	(4.0)%
6/30/97	5	175	5,276,546	30,500	23.5
6/30/98	5	175	5,853,467	33,448	9.7
6/30/99	5	175	5,893,506	33,677	0.7
6/30/00	5	175	5,855,775	33,462	(0.6)
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

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

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

		Added		Removed			Rolls at End of Year			
Fiscal Year Ended	Plan	Number	Annual Allowances	Number	Annual Allowances	Increase Due to Plan Amendments	Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowances
June 30, 2000	PERS	4,313	$ 59,506,263	(1,999)	$ (14,113,910)	$ 21,739,256	51,080	$ 527,606,362	14.58%	$ 10,329
	MHSPRS	28	644,346	(16)	(195,959)	-	552	10,212,788	4.59%	18,501
	MRS*	94	1,686,099	(96)	(811,349)	351,992	2,256	27,821,818	4.61%	12,332
	SLRP	24	115,035	-	-	4,266	76	286,871	71.19%	3,775
June 30, 2001	PERS	4,584	63,371,629	(1,999)	(14,989,384)	5,210,920	53,665	581,199,527	10.16%	10,830
	MHSPRS	35	758,061	(14)	(237,174)	-	573	10,733,675	5.10%	18,732
	MRS*	72	1,298,561	(58)	(516,380)	111,934	2,270	28,715,933	3.21%	12,650
	SLRP	10	30,031	(2)	(8,933)	5,094	84	313,063	9.13%	3,727
June 30, 2002	PERS	5,138	73,692,536	(2,098)	(14,603,554)	16,258,881	56,705	656,547,390	12.96%	11,578
	MHSPRS	33	918,422	(11)	(165,174)	-	595	11,486,923	7.02%	19,306
	MRS*	67	1,205,360	(79)	(602,021)	33,867	2,258	29,353,139	2.22%	13,000
	SLRP	6	26,014	(4)	(15,737)	9,266	86	332,606	6.24%	3,868
June 30, 2003	PERS	4,857	76,047,174	(2,115)	(17,494,863)	-	59,447	715,099,701	8.92%	12,029
	MHSPRS	20	331,225	(16)	(225,378)	-	599	11,592,770	0.92%	19,354
	MRS*	70	1,380,001	(82)	(614,706)	255,604	2,246	30,374,038	3.48%	13,524
	SLRP	1	6,156	(2)	(8,266)	-	85	330,496	(0.63%)	3,888
June 30, 2004	PERS	5,174	82,912,445	(2,214)	(19,375,950)	-	62,407	778,636,196	8.88%	12,477
	MHSPRS	27	768,760	(21)	(249,668)	-	605	12,111,862	4.48%	20,020
	MRS*	71	1,415,488	(71)	(643,802)	274,798	2,246	31,420,522	3.45%	13,990
	SLRP	26	172,668	(5)	(22,850)	-	106	480,314	45.33%	4,531
June 30, 2005	PERS	4,610	74,999,488	(3,078)	(25,851,732)	-	63,939	827,783,952	6.31%	12,946
	MHSPRS	33	578,336	(17)	(106,467)	-	621	12,583,731	3.90%	20,264
	MRS*	54	972,938	(58)	(545,424)	334,359	2,242	32,182,395	2.42%	14,354
	SLRP	8	30,412	-	-	-	114	510,726	6.33%	4,480

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

Analysis of Financial Experience
Gains & Losses in Accrued Liabilities for the Year Ended June 30, 2005
Resulting from Differences Between Assumed Experience & Actual Experience

(In Thousands)

	$ Gain or (Loss) For Year			
	PERS	MHSPRS	MRS*	SLRP
Type of Activity:				
Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	$ 12,000	$ (345.1)	$ 502.8	$ (49.2)
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	12,600	77.9	1.0	13.4
Death-in Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	200	42.7	(16.3)	4.9
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	114,500	39.6	(74.4)	(3.9)
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	(34,600)	3,160.3	1,138.2	(479.7)
New Members. Additional unfunded accrued liability will produce a loss.	(287,500)	(7.4)	0.0	(122.5)
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	(937,000)	(15,168.0)	(15,100.3)	(520.0)
Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	(6,800)	(265.9)	(255.9)	(76.7)
Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	409,600	55.4	4,016.9	(432.8)
Gain (or Loss) During Year From Financial Experience.	(717,000)	(12,410.5)	(9,788.0)	(1,666.5)
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	34,600	(4,506.1)	(840.6)	753.0
Composite Gain (or Loss) During Year	$ (682,400)	$ (16,916.6)	$ (10,628.6)	$ (913.5)

**Valuation information furnished for MRS is as of September 30, 2004.*

Comparative Summary of Revenues and Transfers by Source – Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Employee Contributions Amount	Employee Contributions %*	Employer Contributions Amount	Employer Contributions %*	Net Investment Income	Other Revenues and Transfers	Total
Public Employees' Retirement System of Mississippi							
1996	$ 247,710	7.25%	$ 325,339	9.75%	$ 1,215,159	$ 582	$ 1,788,790
1997	242,576	7.25	326,623	9.75	1,852,191	679	2,422,069
1998	263,007	7.25	356,903	9.75	2,136,041	578	2,756,529
1999	274,059	7.25	372,661	9.75	1,501,480	527	2,148,727
2000	301,885	7.25	407,595	9.75	1,224,715	614	1,934,809
2001	310,257	7.25	418,281	9.75	(1,159,509)	646	(430,325)
2002	317,563	7.25	428,122	9.75	(973,690)	598	(227,407)
2003	333,297	7.25	448,263	9.75	452,183	607	1,234,350
2004	358,241	7.25	459,567	9.75	2,003,253	596	2,821,657
2005	365,355	7.25	492,434	9.75	1,507,079	530	2,365,398
Mississippi Highway Safety Patrol Retirement System							
1996	$ 1,323	6.50%	$ 5,325	26.16%	$ 22,448	$ 28	$ 29,124
1997	1,289	6.50	5,185	26.16	33,324	-	39,798
1998	1,295	6.50	5,223	26.16	37,497	-	44,015
1999	1,081	6.50	5,359	26.16	25,562	-	32,002
2000	1,404	6.50	5,649	26.16	20,258	-	27,311
2001	1,458	6.50	5,835	26.16	(18,868)	28	(11,547)
2002	1,418	6.50	5,710	26.16	(15,340)	-	(8,212)
2003	1,398	6.50	5,627	26.16	6,934	-	13,959
2004	1,508	6.50	6,528	28.16	30,464	-	38,500
2005	1,462	6.50	6,335	28.16	21,897	2,388	32,082
Municipal Retirement Systems							
1996	$ 1,429	**	$ 18,966	**	$ 20,463	$ 11	$ 40,869
1997	1,267	**	22,091	**	30,555	-	53,913
1998	1,112	**	63,825	**	42,468	-	107,405
1999	1,082	**	13,885	**	28,277	-	43,244
2000	934	**	13,560	**	21,870	-	36,364
2001	777	**	15,177	**	(19,886)	-	(3,932)
2002	678	**	14,174	**	(15,741)	-	(889)
2003	563	**	14,310	**	6,847	7	21,727
2004	437	**	14,013	**	28,495	-	42,945
2005	378	**	14,371	**	19,337	-	34,086
Supplemental Legislative Retirement Plan							
1996	$ 135	3.00%	$ 284	6.33%	$ 541	$ -	$ 960
1997	160	3.00	337	6.33	890	-	1,387
1998	176	3.00	370	6.33	1,088	-	1,634
1999	177	3.00	373	6.33	800	-	1,350
2000	138	3.00	411	6.33	674	-	1,223
2001	181	3.00	382	6.33	(661)	-	(98)
2002	180	3.00	380	6.33	(570)	-	(10)
2003	198	3.00	417	6.33	277	-	892
2004	176	3.00	372	6.33	1,246	-	1,794
2005	197	3.00	417	6.33	932	-	1,546

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

Comparative Summary of Expenses and Transfers by Type – Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Retirement Annuities	Refunds	Administrative Expenses and Depreciation	Transfers	Total
Public Employees' Retirement System of Mississippi					
1996	$ 429,668	$ 48,400	$ 8,224	$ -	$ 486,292
1997	475,283	50,183	8,303	-	533,769
1998	516,678	60,750	9,798	-	587,226
1999	562,191	49,283	10,622	-	622,096
2000	612,644	58,817	8,259	-	679,720
2001	759,282	65,370	8,843	-	833,495
2002	847,655	62,126	8,294	-	918,075
2003	951,158	61,923	9,802	-	1,022,883
2004	1,033,205	67,245	9,730	-	1,110,180
2005	1,116,405	71,064	11,054	-	1,198,523
Mississippi Highway Safety Patrol Retirement System					
1996	$ 9,654	$ 42	$ -	$ 106	$ 9,802
1997	10,803	74	-	104	10,981
1998	11,812	85	-	104	12,001
1999	12,490	43	-	107	12,640
2000	13,886	93	-	113	14,092
2001	15,166	62	-	117	15,345
2002	16,558	66	-	114	16,738
2003	16,164	101	-	113	16,378
2004	16,605	76	-	131	16,812
2005	18,005	86	-	127	18,218
Municipal Retirement Systems					
1996	$ 23,915	$ 35	$ -	$ 379	$ 24,329
1997	25,290	54	-	442	25,786
1998	26,471	72	-	382	26,925
1999	27,376	91	-	306	27,773
2000	28,648	1	-	388	29,037
2001	29,986	135	-	429	30,550
2002	30,964	-	-	407	31,371
2003	31,979	39	-	389	32,407
2004	33,342	-	-	389	33,731
2005	34,296	11	-	395	34,702
Supplemental Legislative Retirement Plan					
1996	$ 127	$ 12	$ -	$ 6	$ 145
1997	152	8	-	7	167
1998	181	8	-	7	196
1999	191	-	-	7	198
2000	262	11	-	8	281
2001	361	16	-	7	384
2002	386	1	-	8	395
2003	388	-	-	8	396
2004	696	8	-	7	711
2005	599	2	-	8	609

Retirant, Disability and Beneficiary Data – Last Ten Fiscal Years

Public Employees' Retirement System of Mississippi

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
1996	35,070	2,873	5,299	43,242
1997	36,683	3,039	5,667	45,389
1998	37,959	3,149	5,978	47,086
1999	39,198	3,240	6,328	48,766
2000	40,874	3,453	6,753	51,080
2001	43,117	3,531	7,017	53,665
2002	45,585	3,737	7,383	56,705
2003	47,798	3,966	7,683	59,447
2004	50,196	4,232	7,979	62,407
2005	52,370	4,468	7,101	63,939

Schedule of Benefits by Type
(In Thousands)

Year	Service	Disability	Survivor	Total
1996	$ 372,459	$ 26,517	$ 30,692	$ 429,668
1997	415,459	25,236	34,588	475,283
1998	454,281	23,507	38,890	516,678
1999	494,958	25,950	41,283	562,191
2000	558,619	37,473	16,552	612,644
2001	692,488	46,382	20,412	759,282
2002	774,213	51,355	22,087	847,655
2003	869,204	58,055	23,899	951,158
2004	944,037	63,701	25,467	1,033,205
2005	1,019,133	70,076	27,196	1,116,405

Mississippi Highway Safety Patrol Retirement System

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
1996	334	24	126	484
1997	359	26	124	509
1998	372	23	131	526
1999	376	22	142	540
2000	381	21	150	552
2001	392	20	161	573
2002	414	19	162	595
2003	410	19	170	599
2004	414	21	170	605
2005	421	21	179	621

Schedule of Benefits by Type
(In Thousands)

Year	Service	Disability	Survivor	Total
1996	$ 8,478	$ 281	$ 895	$ 9,654
1997	9,629	231	943	10,803
1998	10,570	129	1,113	11,812
1999	11,143	132	1,215	12,490
2000	12,183	319	1,384	13,886
2001	13,330	348	1,488	15,166
2002	14,677	362	1,519	16,558
2003	14,356	362	1,446	16,164
2004	14,770	401	1,434	16,605
2005	16,064	455	1,486	18,005

Municipal Retirement Systems*

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
1995	1,535	172	500	2,207
1996	1,573	161	511	2,245
1997	1,582	154	520	2,256
1998	1,586	150	522	2,258
1999	1,584	146	526	2,256
2000	1,588	142	540	2,270
2001	1,573	135	550	2,258
2002	1,572	130	544	2,246
2003	1,569	128	549	2,246
2004	1,569	121	552	2,242

Schedule of Benefits by Type**
(In Thousands)

1995	$ 19,041	$ 1,160	$ 2,998	$ 23,199
1996	20,182	1,118	3,295	24,595
1997	20,957	1,084	3,513	25,554
1998	21,692	1,103	3,800	26,595
1999	22,600	1,114	4,081	27,795
2000	23,201	1,103	4,371	28,675
2001	23,707	1,058	4,554	29,319
2002	24,564	1,043	4,767	30,374
2003	25,293	1,067	5,061	31,421
2004	25,873	1,045	5,264	32,182

Supplemental Legislative Retirement Plan

Retired Members by Type of Benefits

1996	33	1	5	39
1997	34	1	8	43
1998	39	1	10	50
1999	41	1	10	52
2000	63	1	12	76
2001	67	1	16	84
2002	68	1	17	86
2003	69	1	15	85
2004	87	2	17	106
2005	94	2	18	114

Schedule of Benefits by Type
(In Thousands)

1996	$ 116	$ 4	$ 7	$ 127
1997	138	4	10	152
1998	158	4	19	181
1999	166	5	20	191
2000	240	5	17	262
2001	327	5	29	361
2002	349	5	32	386
2003	352	5	31	388
2004	640	8	48	696
2005	550	12	37	599

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

Retirement Effective Dates: July 1, 1999 to June 30, 2005	Years Credited Service 0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Public Employees' Retirement System of Mississippi									
July 1, 2004 to June 30, 2005									
Average Monthly Benefit……………… $	478.93	354.32	556.04	872.26	1,239.41	1,569.12	1,683.54	1,878.27	2,382.38
Average Final Salary……………..…. $	22,862.00	22,656.00	24,775.00	29,619.00	34,563.00	38,437.00	40,090.00	41,687.00	46,505.00
Number of Active Retirants……..	108	543	666	516	421	296	853	223	984
July 1, 2003 to June 30, 2004									
Average Monthly Benefit……………… $	380.68	354.90	584.96	821.55	1,068.15	1,605.52	1,709.53	1,871.84	2,437.30
Average Final Salary……………..…. $	21,732.00	23,875.00	26,052.00	29,035.00	30,841.00	38,021.00	40,186.00	41,374.00	47,014.00
Number of Active Retirants……..	202	651	738	535	368	496	862	274	1,048
July 1, 2002 to June 30, 2003									
Average Monthly Benefit……………… $	429.80	355.18	526.23	787.32	1,052.00	1,502.35	1,657.46	1,739.17	2,328.86
Average Final Salary……………..…. $	21,698.00	21,817.00	25,046.00	26,377.00	28,859.00	36,308.00	38,977.00	38,459.00	44,883.00
Number of Active Retirants……..	157	535	732	507	327	459	868	236	1,036
July 1, 2001 to June 30, 2002									
Average Monthly Benefit……………… $	330.83	302.81	494.46	732.10	1,038.00	1,500.85	1,551.53	1,727.10	2,147.68
Average Final Salary……………..…. $	15,636.02	18,981.36	22,673.74	26,147.48	28,478.52	35,590.72	36,779.37	38,801.37	42,420.90
Number of Active Retirants……..	234	653	743	507	402	402	854	244	1,099
July 1, 2000 to June 30, 2001									
Average Monthly Benefit……………… $	284.55	313.67	471.15	731.04	1,021.25	1,324.77	1,529.02	1,678.21	2,131.09
Average Final Salary……………..…. $	18,106.96	19,826.99	21,900.01	24,909.59	27,921.48	32,936.78	36,109.70	37,849.60	42,328.57
Number of Active Retirants……..	117	418	623	456	354	391	833	287	1,105
July 1, 1999 to June 30, 2000									
Average Monthly Benefit……………… $	328.36	298.90	447.08	628.27	941.69	1,305.57	1,520.20	1,782.05	2,260.55
Average Final Salary……………..…. $	17,799.97	19,194.75	21,858.76	23,446.92	27,264.95	32,353.55	34,785.50	37,243.95	40,862.32
Number of Active Retirants……..	144	491	571	519	515	394	692	207	780

Mississippi Highway Safety Patrol Retirement System

Retirement Effective Dates: July 1, 1999 to June 30, 2005	Years Credited Service 0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
July 1, 2004 to June 30, 2005									
Average Monthly Benefit	$ 1,150.68	-	-	138.07	1,558.09	2,117.73	1,585.17	1,410.24	2,819.25
Average Final Salary	$ 27,616.23	-	-	6,627.65	37,085.48	43,821.52	36,481.94	29,669.04	48,744.72
Number of Active Retirants	1	-	-	1	6	5	10	3	7
July 1, 2003 to June 30, 2004									
Average Monthly Benefit	$ 741.50	-	2,739.00	617.17	1,299.97	2,015.18	2,092.61	4,405.08	3,775.60
Average Final Salary	$ 21,819.03	-	65,736.29	17,233.42	30,458.56	44,300.15	46,563.44	83,468.52	58,207.95
Number of Active Retirants	1	-	1	1	5	5	6	1	7
July 1, 2002 to June 30, 2003									
Average Monthly Benefit	$ -	-	-	-	1,783.71	1,603.56	499.87	841.74	2,538.95
Average Final Salary	$ -	-	-	-	39,252.31	37,178.29	14,087.92	22,852.75	42,139.22
Number of Active Retirants	-	-	-	-	2	9	4	3	2
July 1, 2001 to June 30, 2002									
Average Monthly Benefit	$ 305.40	1,353.73	504.09	1,409.29	2,266.14	1,810.71	2,116.50	2,615.83	2,983.76
Average Final Salary	$ 10,794.00	30,933.15	31,451.30	33,405.42	46,851.75	41,283.04	43,196.63	49,718.71	46,625.64
Number of Active Retirants	1	1	2	1	4	1	6	5	12
July 1, 2000 to June 30, 2001									
Average Monthly Benefit	$ 1,061.99	-	197.92	-	1,445.71	1,910.68	1,660.35	3,019.26	2,915.11
Average Final Salary	$ 29,017.96	-	33,037.59	-	30,822.37	39,117.01	35,617.17	50,504.81	50,462.39
Number of Active Retirants	1	-	5	-	6	6	7	2	8
July 1, 1999 to June 30, 2000									
Average Monthly Benefit	$ 767.12	98.81	216.63	1,127.50	1,522.28	1,625.83	1,971.78	2,481.22	3,284.06
Average Final Salary	$ 27,616.23	30,344.68	5,002.50	30,599.77	40,867.69	42,364.75	40,086.92	39,620.71	50,004.74
Number of Active Retirants	3	1	1	3	1	2	8	3	6

Supplemental Legislative Retirement System

Retirement Effective Dates: July 1, 1999 to June 30, 2005	Years Credited Service 0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
July 1, 2004 to June 30, 2005									
Average Monthly Benefit	$ -	181.11	270.19	382.51	141.81	774.95	-	-	-
Average Final Salary	$ -	29,524.88	27,246.83	32,157.50	34,034.50	39,084.55	-	-	-
Number of Active Retirants	-	2	3	1	1	1	-	-	-
July 1, 2003 to June 30, 2004									
Average Monthly Benefit	$ 89.25	744.00	351.21	407.83	549.98	-	675.25	822.08	964.09
Average Final Salary	$ 29,452.38	30,298.88	29,231.13	30,666.48	36,990.94	-	49,614.16	41,404.00	43,852.85
Number of Active Retirants	2	2	2	7	5	-	4	1	3
July 1, 2002 to June 30, 2003									
Average Monthly Benefit	$ -	-	-	-	513	-	-	-	-
Average Final Salary	$ -	-	-	-	32,188.50	-	-	-	-
Number of Active Retirants	-	-	-	-	1	-	-	-	-
July 1, 2001 to June 30, 2002									
Average Monthly Benefit	$ -	-	282.43	324.43	537.68	-	-	-	-
Average Final Salary	$ -	-	25,732.75	24,477.44	41,331.98	-	-	-	-
Number of Active Retirants	-	-	1	4	1	-	-	-	-
July 1, 2000 to June 30, 2001									
Average Monthly Benefit	$ 85.01	209.41	172.08	320.97	-	-	-	-	530.58
Average Final Salary	$ 30,768.00	32,040.00	23,014.00	25,760.50	-	-	-	-	24,477.25
Number of Active Retirants	1	4	2	2	-	-	-	-	1
July 1, 1999 to June 30, 2000									
Average Monthly Benefit	$ 170.26	134.74	308.22	385.04	583.59	-	691.75	-	848.24
Average Final Salary	$ 27,401.37	25,675.64	30,860.80	30,467.00	36,389.62	-	35,071.89	-	31,360.75
Number of Active Retirants	2	4	5	4	4	-	3	-	2

Amount of Monthly Benefit*	Number of Retirants	Type of Retirement** 1	2	3
Public Employees' Retirement System of Mississippi				
$ 1 - 100	2,098	1,716	15	367
101 - 200	5,706	4,257	149	1,300
201 - 300	5,572	4,029	322	1,221
301 - 400	4,463	3,219	378	866
401 - 500	3,894	2,862	401	631
501 - 600	3,233	2,412	375	446
601 - 700	2,854	2,155	342	357
701 - 800	2,709	2,122	296	291
801 - 900	2,475	1,971	257	247
901 - 1,000	2,400	1,942	265	193
over 1,000	28,535	25,685	1,668	1,182
Totals	63,939	52,370	4,468	7,101
Mississippi Highway Safety Patrol Retirement System				
$ 1 - 100	1	-	-	1
101 - 200	4	-	-	4
201 - 300	8	-	-	8
301 - 400	44	2	1	41
401 - 500	21	-	4	17
501 - 600	18	4	-	14
601 - 700	21	7	2	12
701 - 800	24	5	1	18
801 - 900	22	3	2	17
901 - 1,000	19	2	2	15
over 1,000	439	398	9	32
Totals	621	421	21	179
Supplemental Legislative Retirement Plan				
$ 1 - 100	9	8	-	1
101 - 200	17	10	-	7
201 - 300	30	24	-	6
301 - 400	24	22	1	1
401 - 500	8	6	1	1
501 - 600	5	4	-	1
601 - 700	8	8	-	-
701 - 800	4	4	-	-
801 - 900	6	5	-	1
901 - 1,000	-	-	-	-
over 1,000	3	3	-	-
Totals	114	94	2	18
Municipal Retirement Systems****				
$ 1 - 100	4	-	1	3
101 - 200	20	1	2	17
201 - 300	45	4	3	38
301 - 400	48	24	2	22
401 - 500	97	34	8	55
501 - 600	277	90	39	148
601 - 700	114	65	15	34
701 - 800	179	109	18	52
801 - 900	124	92	9	23
901 - 1,000	176	122	11	43
over 1,000	1,158	1,028	13	117
Totals	2,242	1,569	121	552

Amount of Monthly Benefit*	Option Selected # Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4A	Opt. 4B	Opt. 4C***	Opt. 5	PLSO 1yr***	PLSO 2yr***	PLSO 3yr***
Public Employees' Retirement System of Mississippi											
$ 1 - 100	1,564	67	296	6	21	127	8	17	21	21	246
101 - 200	4,301	280	666	13	79	260	21	107	55	34	208
201 - 300	4,291	263	564	5	109	238	40	102	43	30	144
301 - 400	3,309	254	489	12	97	228	47	74	33	35	130
401 - 500	2,790	221	476	3	127	192	58	85	31	28	96
501 - 600	2,227	187	427	10	112	200	77	70	53	35	97
601 - 700	1,967	158	380	5	136	142	120	66	35	28	79
701 - 800	1,787	178	363	7	137	128	143	109	24	25	87
801 - 900	1,572	161	382	5	144	147	156	64	34	28	109
901 -1,000	1,531	126	377	11	133	129	155	93	31	15	105
over 1,000	16,839	1,469	5,122	119	2,596	1,835	2,380	555	691	597	3,318
Totals	42,178	3,364	9,542	196	3,691	3,626	3,205	1,342	1,051	876	4,619
Mississippi Highway Safety Patrol Retirement System											
$ 1 - 100	1	-	-	-	-	-	-	-	-	-	-
101 - 200	4	-	-	-	-	-	-	-	-	-	-
201 - 300	8	-	-	-	-	-	-	-	-	-	-
301 - 400	41	-	1	-	2	-	-	-	-	-	-
401 - 500	16	-	2	-	3	-	-	-	-	-	-
501 - 600	14	-	-	-	4	-	-	-	-	-	-
601 - 700	11	1	2	-	7	-	-	-	-	-	-
701 - 800	18	-	1	-	5	-	-	-	-	-	-
801 - 900	17	-	-	-	5	-	-	-	-	-	-
901 - 1,000	16	-	-	-	3	-	-	-	-	-	-
over 1,000	40	1	43	1	347	7	12	-	11	3	17
Totals	186	2	49	1	376	7	12	-	11	3	17
Supplemental Legislative Retirement Plan											
$ 1 - 100	4	-	3	-	-	2	-	-	-	-	1
101 - 200	10	1	5	-	-	-	-	1	-	-	1
201 - 300	16	-	9	1	1	2	-	1	1	-	-
301 - 400	13	1	7	-	1	1	-	1	-	1	2
401 - 500	3	-	3	-	-	2	-	-	1	-	2
501 - 600	2	-	1	-	-	1	-	1	-	-	-
601 - 700	3	-	2	-	-	3	-	-	-	-	1
701 - 800	2	-	-	-	-	1	-	1	-	-	-
801 - 900	3	-	-	-	2	1	-	-	-	-	1
901 -1,000	-	-	-	-	-	-	-	-	-	-	-
over 1,000	1	-	1	-	-	1	1	-	-	-	1
Totals	57	2	31	1	4	14	1	5	2	1	9

**Excluding 13th check*

***Type of Retirement: 1-Retirement for age and service; 2-Disability retirement; 3-Survivor payment*

#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-year's certain and life; Opt. 4C-social security leveling; Opt.5-pop-up; PLSO-partial lump sum option

****Included in other options*

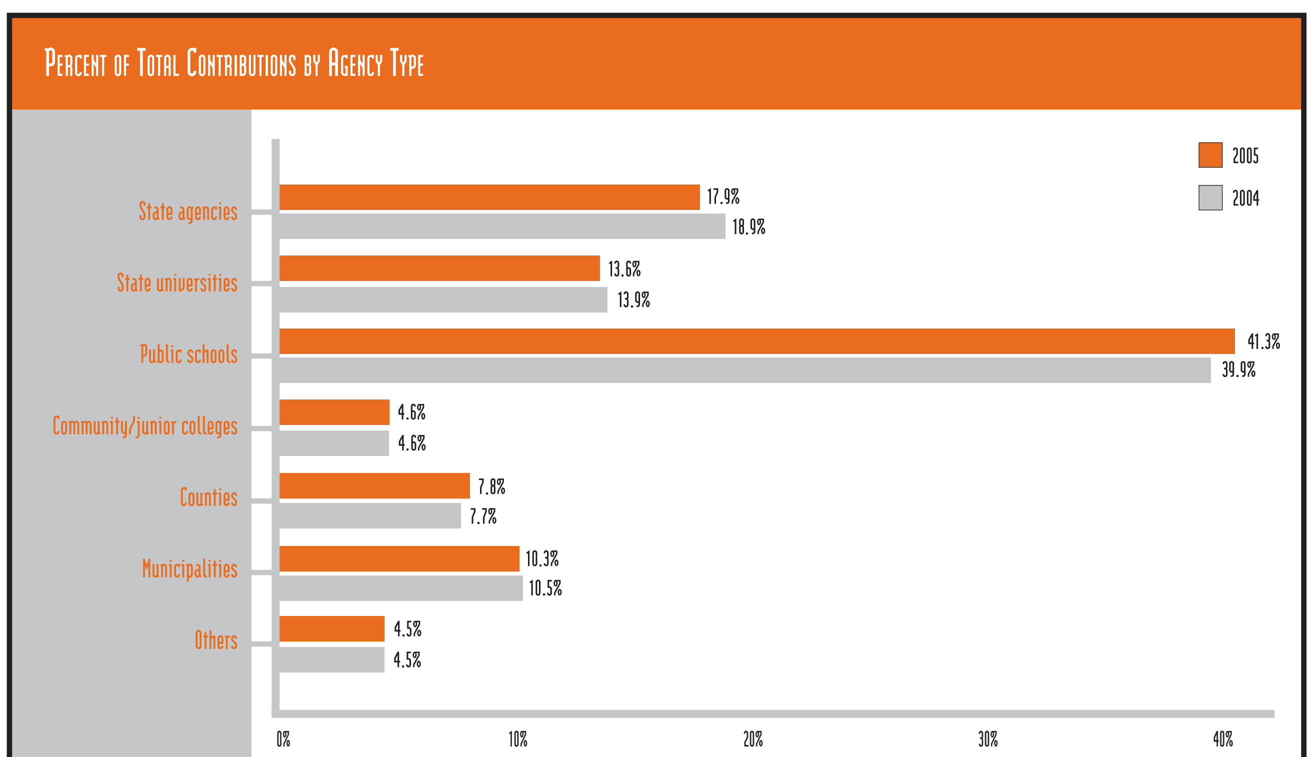
*****Information for MRS is as of September 30, 2004.*

Analysis of Employer and Employee Contributions
For Fiscal Years Ended June 30, 2005 and 2004

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Employee		Total	
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
2005						
State agencies	113	$ 88,108	33,086	$ 65,307	$ 153,415	17.9%
State universities	9	66,921	16,555	49,603	116,524	13.6
Public schools	150	203,516	63,177	150,849	354,365	41.3
Community/junior colleges	15	22,514	5,502	16,688	39,202	4.6
Counties	82	38,205	13,875	28,318	66,523	7.8
Municipalities	231	50,773	17,666	37,989	88,762	10.3
Others	249	22,397	7,240	16,601	38,998	4.5
Totals	849	$ 492,434	157,101	$ 365,355	$ 857,789	100.0%
2004						
State agencies	113	$ 87,071	33,224	$ 67,791	$ 154,862	18.9%
State universities	9	63,689	17,130	49,587	113,276	13.9
Public schools	150	183,349	60,883	142,752	326,101	39.9
Community/junior colleges	15	21,440	6,500	16,693	38,133	4.6
Counties	82	35,392	13,584	27,556	62,948	7.7
Municipalities	228	48,062	17,634	37,852	85,914	10.5
Others	243	20,564	7,398	16,010	36,574	4.5
Totals	840	$ 459,567	156,353	$ 358,241	$ 817,808	100.0%



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

Public Employees' Retirement System of Mississippi Total Active Members as of June 30, 2005 by Attained Age and Years of Service

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	250	-	-	-	-	-	-	250	$ $1,831,247
20-24	5,645	128	-	-	-	-	-	5,773	92,557,008
25-29	11,406	3,304	56	-	-	-	-	14,766	377,943,199
30-34	8,277	7,072	2,158	57	-	-	-	17,564	489,841,840
35-39	7,300	5,629	4,798	1,832	72	-	-	19,631	568,791,021
40-44	6,359	5,326	3,985	3,911	1,959	93	-	21,633	642,483,939
45-49	5,501	4,895	3,951	3,696	3,539	2,024	41	23,647	751,425,265
50-54	4,749	4,088	3,469	3,490	2,711	3,168	1,298	22,973	793,560,293
55-59	3,331	3,025	2,689	2,685	2,305	1,801	2,094	17,930	642,865,646
60	433	395	338	343	302	227	281	2,319	80,029,174
61	362	356	324	289	261	182	231	2,005	70,177,822
62	338	304	287	288	223	179	213	1,832	65,029,897
63	235	276	208	201	140	140	157	1,357	47,387,152
64	202	207	160	160	136	95	125	1,085	37,543,171
65	150	158	131	132	89	59	79	798	25,807,319
66	126	120	83	118	62	51	88	648	21,081,259
67	117	102	100	72	40	37	57	525	16,043,147
68	99	193	79	61	39	31	40	542	13,269,970
69	75	109	59	48	43	28	46	408	12,510,243
70 & over	267	307	241	221	168	79	132	1,415	36,101,786
Totals	55,222	35,994	23,116	17,604	12,089	8,194	4,882	157,101	$4,786,280,398

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

Age: 43.8 years
Service: 10.0 years
Annual Pay: $30,466

Mississippi Highway Safety Patrol Retirement System Total Active Members as of June 30, 2005 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	3	-	-	-	-	-	-	3	88,571
25-29	19	16	-	-	-	-	-	35	1,016,481
30-34	15	62	12	-	-	-	-	89	2,931,763
35-39	12	36	49	4	-	-	-	101	3,639,490
40-44	1	7	30	45	8	-	-	91	3,780,445
45-49	-	4	4	30	64	17	-	119	5,637,065
50-54	-	1	1	17	27	37	-	83	4,245,083
55-59	-	1	-	-	1	10	7	19	1,004,020
60 & Over	-	-	-	-	-	-	-	-	-
Totals	50	127	96	96	100	64	7	540	$ 22,342,918

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 41.5 years
Service: 14.5 years
Annual Pay: $41,376

Municipal Retirement Systems Total Active Members as of September 30, 2004 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	1	-	-	1	41,684
40-44	-	-	-	7	9	-	-	16	649,279
45-49	-	-	-	2	6	4	1	13	549,855
50-54	-	-	-	1	-	10	13	24	1,098,571
55-59	-	-	-	-	-	10	11	21	940,053
60 & Over	-	-	-	-	-	1	8	9	395,435
Totals	-	-	-	10	16	25	33	84	$ 3,674,877

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 52.5 years
Service: 28.3 years
Annual Pay: $43,749

Supplemental Legislative Retirement Plan Total Active Members as of June 30, 2005 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	3	-	-	-	-	-	-	3	97,022
30-34	5	4	-	-	-	-	-	9	323,133
35-39	3	4	1	-	-	-	-	8	284,938
40-44	6	5	3	-	-	-	-	14	536,241
45-49	6	6	9	-	3	-	-	24	874,525
50-54	5	8	7	2	3	4	-	29	1,067,027
55-59	8	8	9	2	2	2	-	31	1,142,425
60	-	1	4	-	-	2	-	7	319,825
61	-	1	1	2	-	2	-	6	220,121
62	-	1	1	-	-	1	-	3	186,677
63	2	-	4	-	-	-	-	6	211,635
64	2	1	-	-	-	-	-	3	104,268
65	-	2	-	1	1	-	-	4	146,932
66	2	1	1	-	-	-	-	4	144,455
67	-	1	2	-	-	-	-	3	108,456
68	-	1	1	-	1	-	1	4	148,015
69	-	1	1	1	1	-	1	5	176,497
70 & over	-	2	2	4	1	2	1	12	437,853
Totals	42	47	46	12	12	13	3	175	$ 6,530,045

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 54.5 years
Service: 10.9 years
Annual Pay: $37,315

Total Defined Benefit Plans
Benefit Payments by County – June 30, 2005

County	Number of Payments[1]	Amount Paid[2]
Adams	920	$ 15,036,825
Alcorn	744	11,364,013
Amite	261	3,729,247
Attala	649	9,491,057
Benton	201	2,649,249
Bolivar	939	18,377,944
Calhoun	314	4,671,379
Carroll	302	5,126,320
Chickasaw	396	6,708,339
Choctaw	279	4,124,668
Claiborne	242	4,526,304
Clarke	382	5,591,887
Clay	446	7,593,930
Coahoma	789	14,356,715
Copiah	628	10,588,868
Covington	539	8,145,702
DeSoto	665	9,558,771
Forrest	1,367	23,307,996
Franklin	237	3,414,395
George	384	5,782,318
Greene	203	2,770,998
Grenada	502	7,665,782
Hancock	509	7,263,499
Harrison	2,981	52,268,896
Hinds	7,254	144,014,588
Holmes	500	7,870,453
Humphreys	219	3,802,758
Issaquena	20	264,463
Itawamba	459	7,180,275
Jackson	2,270	39,917,396
Jasper	380	5,000,990
Jefferson	257	4,605,197
Jefferson Davis	305	4,504,664
Jones	1,798	27,311,067
Kemper	236	3,527,255
Lafayette	1,360	27,472,712
Lamar	1,365	29,202,816
Lauderdale	1,850	30,764,897
Lawrence	400	5,949,442
Leake	508	7,497,088
Lee	1,431	26,289,727
Leflore	865	15,763,454
Lincoln	669	11,478,783
Lowndes	1,237	20,958,577
Madison	1,780	$ 37,124,571
Marion	542	8,606,874
Marshall	446	7,176,046
Monroe	667	10,600,222
Montgomery	404	6,212,300
Neshoba	482	7,227,469
Newton	753	11,757,254
Noxubee	219	3,104,882
Oktibbeha	1,831	42,333,251
Panola	777	11,640,675
Pearl River	865	12,103,167
Perry	260	3,909,281
Pike	904	15,430,656
Pontotoc	459	8,112,564
Prentiss	751	12,023,705
Quitman	238	3,405,782
Rankin	3,298	62,706,374
Scott	638	9,637,450
Sharkey	151	2,444,837
Simpson	762	11,051,892
Smith	352	4,267,217
Stone	408	7,360,040
Sunflower	708	12,250,171
Tallahatchie	306	4,693,530
Tate	482	7,781,897
Tippah	515	7,010,068
Tishomingo	372	4,899,264
Tunica	118	1,888,853
Union	580	8,993,363
Walthall	273	4,216,977
Warren	912	16,630,138
Washington	1,163	20,695,664
Wayne	327	4,470,781
Webster	316	4,833,616
Wilkinson	203	3,181,989
Winston	477	7,827,378
Yalobusha	411	6,506,737
Yazoo	599	10,050,079
Mississippi	63,011	1,091,658,718
Out-of-State	4,969	77,438,617
Out-of-Country	19	207,665
Total	67,999	$ 1,169,305,000

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.*

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
Centreville
Charleston
Clarksdale
Cleveland
Clinton
Coffeeville
Coldwater
Collins
Columbia
Columbus
Como
Corinth
Crawford
Crenshaw
Crosby
Crystal Springs
Decatur
DeKalb
D'Lo
Derma
D'Iberville
Drew
Duck Hill
Durant
Ecru
Edwards
Ellisville
Enterprise
Ethel
Eupora
Falkner
Farmington
Flora
Florence
Flowood
Forest
Fulton
Gautier
Gloster
Golden
Goodman
Greenville
Greenwood
Grenada
Gulfport
Guntown
Hatley
Hattiesburg
Hazlehurst
Heidelberg
Hernando
Hickory Flat
Hollandale
Holly Springs
Horn Lake
Houlka
Houston
Indianola
Inverness
Itta Bena
Iuka
Jackson
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
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 Creek
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
Woodville
Yazoo City

Adams County Soil and Water Conservation District
Adams County Airport Commission
Bogue Phalia Drainage 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
Columbus Lowndes County Recreation Commission
Copiah County Human Resource Agency
Corinth-Alcorn Airport Board
Covington County Soil & Water Conservation District
Culkin Water District
Delta Blues Museum
DeSoto County Convention & Visitors Bureau
DeSoto County Regional Utility Authority
Diamondhead Fire Protection District
East Leflore County Water and Sewer District
Emergency Management District
Forrest County Soil & Water Conservation District
George 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 Coast Regional Wastewater Authority
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 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
Itawamba County Soil & Water Conservation District
Jackson County Emergency/Communications District
Jackson County Port Authority
Jackson Municipal Airport Authority
Jones County Economic Development Authority
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 Human Resource Agency
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
Newton County Soil Conservation District
Northeast Mississippi Regional Water Supply District
Noxubee County Soil & Water Conservation District
Otter Bayou Drainage District
Oxford Tourism Council
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
Reservoir Fire Protection District
Ridgeland Tourism Commission
Rosedale-Bolivar County Port Commission
Simpson County Human Resource Agency
Simpson County Parks & Recreation
South Mississippi Fair Commission
Southern Regional Wastewater Management District
Stone County Soil & Water Conservation District
Sunflower 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
West Jackson County Utility District
Winston County Economic Development
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 St. Louis
Biloxi
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
Tupelo
Water Valley
Waveland
Waynesboro
West Point
Winona
Yazoo City

Local Hospitals

Field Memorial Community
Franklin County Memorial
Grenada Lake Medical Center
Hancock Medical Center
Magnolia Regional Health Center
Methodist of Marion County
Montfort Jones Memorial
Natchez Regional Medical Center
North Sunflower County
Simpson General
Singing River
South Sunflower County
Tippah County
Tri-Lakes Medical Center

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