A small investment, with time, can provide great dividends.

PERS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

2001 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Consider Mississippi's "Avenue of Magnolias." In 1961, the state's garden clubs began a project to make Mississippi more beautiful for visitors and natives. The idea was simple. They would plant the state tree and flower, the Southern Magnolia, at all highway entrances and major interchanges.

They set out with dozens of small saplings and a vision. Today, those saplings have grown to majestic heights. Visitors are often amazed at the abundance of Magnolias, not realizing that people took the time and patience to plant and nurture them. This "Keep Mississippi Beautiful" project continues today.

That's what the Public Employees' Retirement System of Mississippi is all about. We recognize the time and commitments that our members give to the State of Mississippi. In return, we see to it that their retirement will grow into something truly worthwhile.

FRANK READY

EXECUTIVE DIRECTOR

PREPARED BY:

THE ADMINISTRATIVE SERVICES DIVISION

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

OF MISSISSIPPI

PERS BUILDING

429 MISSISSIPPI STREET

JACKSON, MISSISSIPPI

39201-1005

2001 COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF THE STATE OF MISSISSIPPI

TABLE OF CONTENTS

INTRODUCTORY SECTION

SUMMARY OF BENEFIT PROVISIONS

FINANCIAL SECTION

INVESTMENT SECTION

ACTUARIAL SECTION

STATISTICAL SECTION

PERS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

PROVIDING SECURITY FOR YOUR FUTURE

PUBLIC EMPLOYEES' RETIREMENT SYSTEM BUILDING
429 MISSISSIPPI STREET
JACKSON, MISSISSIPPI 39201-1005
(601) 359-3589
1-800-444-PERS

December 18, 2001

Board of Trustees

Public Employees' Retirement System

429 Mississippi Street

Jackson MS 39201-1005

Dear Board Members:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Public Employees' Retirement System of Mississippi (System) for the fiscal year ended June 30, 2001. We trust that you and the members will find this CAFR helpful in understanding your public employees' retirement system, which continues to maintain a strong and positive financial future. The purpose of the System is to provide benefits for all state employees, uniformed 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. All services provided by the staff are performed in order to meet that objective.

The System is responsible for the administration of the Public Employees' Retirement System of Mississippi (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; the Optional Retirement Plan (ORP), established in 1990; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987.

In an effort to continue to provide current services to members, as well as enhance those services, the System implemented the first phase of a five year personnel plan with the addition of nineteen new staff positions. It is the intention of this plan to position the System to more adequately address the needs of the members, from both a technology standpoint, as well as, a personnel standpoint.

In conjunction with the personnel plan, the System contracted with an architectural firm for plan design to expand and remodel the existing facility. With the expansion and remodeling project, it is the System's goal to provide adequate parking and facilities to house the staff and to accommodate individual and group counseling. Construction is expected to begin during 2002.

With the increased demand and need for information to make decisions in an ever-changing financial world, the System continues to enhance or implement pre-retirement education programs, retiree seminars and agency benefit management training.

July 1, 2000, PERS implemented the Partial Lump Sum Option (PLSO), which was passed during the 2000 Legislative Session. This legislation provides a member who is eligible for an unreduced retirement benefit with the option of taking a partial lump-sum distribution equal to either 12, 24 or 36 times the "base" maximum monthly benefit, which is then actuarially reduced. During the fiscal year, 1,244 retirees selected this option, receiving $70,006,122 in lump-sum payments.

During the 1999 Legislative Session, a benefit enhancements package was passed. The final phases will increase the benefit formula from 1.875 percent to 2.0 percent for years of service through 5, and from 2.25 percent to 2.5 percent for all years of service greater than 25. In light of the negative investment return for fiscal year 2001 and with the current world situation, the System is proceeding cautiously with implementation of these phases. A decision on implementation will be made early in 2002 following review of the actuarial status of the System. With the implementation of the final phases, the benefit formula for all years of service through 25 will be 2.0 percent and all years greater than 25 will be 2.5 percent.

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. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the fiduciary funds of the System. The report is divided into the following five sections:

- The Introductory Section, which contains general information regarding the operations of the System;

- The Financial Section, which contains the financial statements, schedules, and supplementary financial information regarding the 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 the retirement plans administered by the System; and

- The Statistical Section, which contains information regarding System participants and finances.

SUMMARY OF FINANCIAL INFORMATION

The following schedule presents the pension trust funds' additions and deductions for the years ended June 30, 2001, and June 30, 2000:

Additions and Deductions

	June 30, 2001	June 30, 2000
Additions	(446,455,244)	1,999,197,975
Deductions	879,221,329	722,621,431
Increase (Decrease)	(1,325,676,573)	1,276,576,544

The additions decreased by $2,445,653,219 primarily as the result of a decrease in the net appreciation in the fair value of the investments of $2,482,150,176, offset somewhat by an increase in other net investment income of $15,708,935 and an increase in contributions of $20,772,368. The deductions increased by $156,599,898, primarily as the result of an increase in benefit payments of $149,354,972, related to the implementation of the partial lump sum option and benefit enhancements effective July 1, 2001. In addition, the amount of refunds to members who withdrew their contributions increased by $6,660,548. Additional information regarding the additions and deductions can be found in the financial section of this report.

This CAFR was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board. The administrative expenses of the System are budgeted on a modified cash basis. Although revenue is not appropriated from the State General Fund, the administrative budget is submitted to the Legislature on an annual basis for formal approval. Budgetary control is maintained by a formal allotment system consisting of two 6-month terms. Administrative expenses of the System are processed in accordance with State statutes and the Department of Finance and Administration's regulations. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

PLAN FINANCIAL CONDITION

The funding objective of the System's pension trust funds is to meet long-term, benefit promises through contributions, which remain approximately level as a percent of member payroll over decades of time. Historical information relating to progress in meeting this objective is presented on page 51. The actuarial value of assets is based on a five year smoothed valuation which recognizes the excess or shortfall of investment income over or under the actuarial assumed income of 8.0 percent over a five-year period. During the year ended June 30, 2001, the funded ratio of PERS, which covers 312,796 participants, increased from 82.5 percent to 87.5 percent; MHSPRS, which covers 1,213 participants, increased from 97.0 percent to 103.6 percent; and SLRP, which covers 315 participants, increased from 82.2 percent to 88.6 percent. The increases in the funded ratios of all plans were primarily the result of favorable long-term investment returns on an actuarial basis. The current funded ratio of MRS, which covers 2,488 participants, increased from 63.7 percent to 67.9 percent, primarily as the result of favorable long-term investment returns. Additional information regarding the financial condition of the pension trust funds can be found in the actuarial section of this report.

INVESTMENT ACTIVITY

The System's investment portfolio produced a total return, net of expenses, of negative 7.1 percent for the year ended June 30, 2001. For the cumulative five and ten year periods, the System had annualized returns of 9.86 percent and 10.83 percent respectively.

At fair value, the investment portfolio mix at the end of fiscal year 2001 was 33.5 percent fixed income, 52.5 percent domestic equities, 13.7 percent international equities and 0.3 percent cash equivalents. The System's investment outlook is long term, allowing the portfolio to take advantage of the favorable risk-return characteristics of equities by placing more emphasis on this category. Additional information regarding the investment activity is included in the investment section of this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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 it's comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. 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 CAFR conforming to program standards. The CAFR 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 fourteen consecutive years (fiscal years ended 1987 – 2000). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for evaluation.

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 provision and determining responsible stewardship for the assets contributed by the System's members and their employers. As in the past, the System received an unqualified opinion from our independent auditors on the financial statements included in this report. The opinion of the independent auditors can be found on page 33.

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.

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

Respectfully submitted,

Pat Robertson, CPA
Deputy Director, Administrative Services

Frank Ready
Executive Director

PERS EXECUTIVE DIRECTOR

Mr. Frank Ready

PERS BOARD OF TRUSTEES

(Listed alphabetically)

PERS BOARD OF TRUSTEES

Pictured Left to Right: Virgil F. Belue; Jeanne R. Walker; Richard C. Miller, M.D.; Marshall G. Bennett, State Treasurer; Fred M. Walker; Jan Larsen; Edward L. Childress; Mary Hawkins Butler, Chairperson; Lester C. Herrington; Ed LeGrand III.

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, 2000

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

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Morgan Stanley Dean Witter
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International Equity Advisors

Zurich Kemper Investments, Inc.
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Lazard Asset Management
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Telephone: (212) 632-6000

Lombard Odier International
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Putnam Investments
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ADMINISTRATIVE STAFF

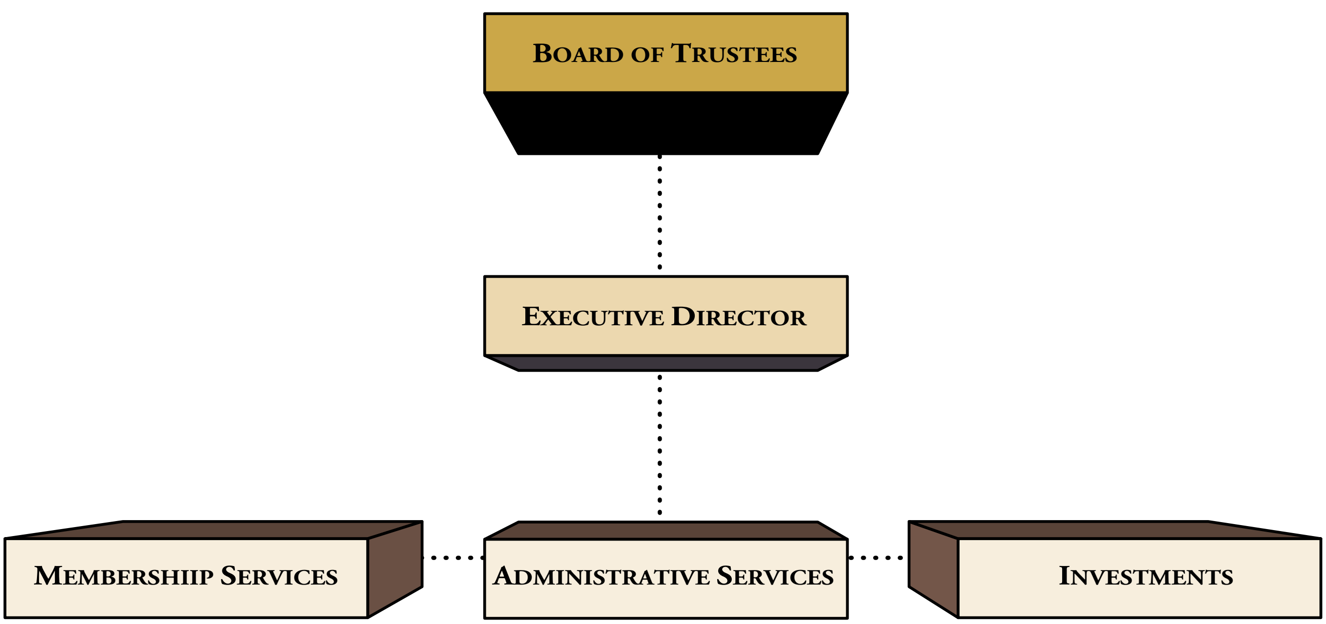
Executive Director
Frank Ready

Deputy Directors
Denise Owens-Mounger, JD, CLU, CRA
Membership Services

Lorrie Tingle, MBA, CPM
Investments

Pat Robertson, CPA, CPM, CGFM, CRA
Administrative Services

ORGANIZATIONAL CHART

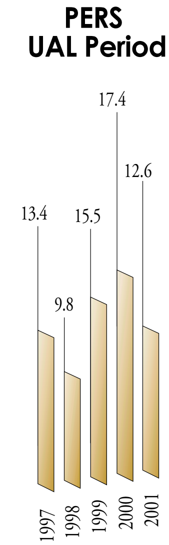


Summary of benefit provisions

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Summary of Benefit Provisions

(See 2001 Legislative Highlights for new provisions)



The general administration and responsibility for the proper operation of the System, the adoption and promulgation of rules and regulations for efficient administration of the functions, and the execution of the provisions of the laws are vested in the Board of Trustees. The ten member Board is composed of the State Treasurer, who serves as an ex officio member, one member appointed by the Governor and eight members elected by members of the System. The Lt. Governor and the Speaker of the House of Representatives may each appoint two members of their respective Houses to attend Board meetings in a non-voting capacity. The Executive Director is the Administrative Officer who, under the direction of the Board, supervises and administers the operating procedures and maintains records. The Board retains a qualified actuary, investment managers, an investment evaluation and asset allocation/investment policy consultant, and investment custodian. The Attorney General furnishes legal services. All books, accounts and records are public record except for individual member records. The System shall not disclose the name, address or contents of any individual member record without the prior written consent of the individual to whom the record pertains.

TYPE OF BENEFIT PLAN

The Public Employees' Retirement System is a defined benefit program for the members and their families which complements Social Security and Medicare protection to provide a retirement annuity with service, disability and survivorship benefits. All payments due under the State Retirement Annuity provisions are guaranteed as obligations of the State of Mississippi.

FUNDING

PERS is an actuarial reserve type benefit plan financed by the member contribution rate of 7.25 percent of annual earnings up to a maximum of $125,000 and by the employer contribution rate of 9.75 percent on the same earnings. The last actuarial valuation on June 30, 2001 used an 8 percent interest rate and a level percent of payroll amortization of the unfunded accrued liability. The result of the valuation indicates that the rate of contributions effective July 1, 2001 is adequate to meet the liabilities of the System and to fund the accrued liability in approximately 12.6 years.

MEMBERSHIP

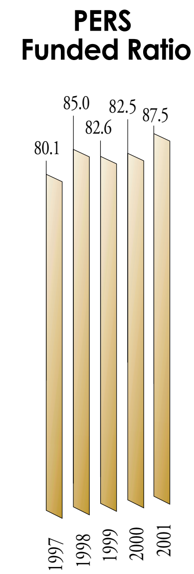
The membership of the Public Employees' Retirement System is composed of the following: (1) employees and officials of the State, State universities, community and junior colleges, teachers and employees of the public school districts, and (2) employees and officials of the political subdivisions and juristic entities (counties, municipalities, public hospitals, libraries, etc.) which have executed an agreement with PERS to cover their employees. After approval of membership coverage for employees of a political subdivision, coverage is not subject to cancellation or termination by the political subdivision or instrumentality.

CREDITED SERVICE

Upon meeting certain guidelines, a vested member may be eligible to establish credit for the following: (1) Prior Service which is service rendered prior to February 1, 1953; (2) Retroactive Service which was rendered between February 1, 1953 and the date coverage was extended to the employees of a political subdivision or the date an employee was enrolled as a member; (3) Military Service which is active duty service rendered in the Armed Forces of the United States during any period or qualified service purchased under the provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA); (4) Out-of-State Service which is service rendered in another state as a public employee of such other state, or political subdivision, public education system or other state governmental instrumentality; (5) Professional Leave which is leave granted without compensation for professional purposes directly related to employment in State service; (6) Non-covered Mississippi public service that meets any of the specified conditions.

VESTING

A member who withdraws from State service prior to qualifying for a retirement allowance may leave membership contributions in PERS and qualify for a retirement allowance at age 60, provided he or she has at least four or more years of membership service credit.



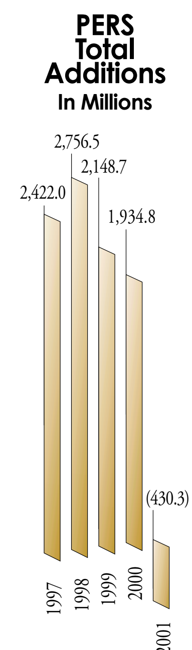
SERVICE RETIREMENT BENEFITS

A member qualifies for an annuity after 25 years of credited service, regardless of age, or with at least four years of membership service credit and attaining age 60. The formula prescribed is 1.875 percent of average compensation for each year of service, or fraction thereof, for the first 10 years, 2.0 percent for the next 15 years, and is 2.25 percent of average compensation for each year, or fraction of service, in excess of 25 years. Further improvements will be automatically implemented in phases when the System can absorb the cost. The formula for the first 25 years of service will begin to increase from 1.875 percent of average compensation to 2 percent of average compensation and will be implemented systematically in phases for years 21-25, 16-20, 11-15, 6-10, and 1-5. After all years below 25 are calculated based on the 2 percent formula multiplier, then all years above 25 will be increased to 2.375 percent and later to 2.5 percent of average compensation. Once these changes are fully implemented, all benefits will be calculated on 2 percent of average compensation for each year of service up to 25 years and 2.5 percent for each year thereafter. The benefits of any retired member or beneficiary will be recalculated as each phase is implemented. A minimum payment of $10 per month for each year of credited service, is provided. Average compensation is the average of an employee's earnings during the four highest years of earned compensation reported in a fiscal or calendar year, or combination thereof which do not overlap, or the last 48 consecutive months of earned compensation reported. There are various optional plans available to the member to receive a monthly retirement allowance to protect a beneficiary. These optional plans are available to the member for a reduced benefit.

DISABILITY RETIREMENT BENEFITS

If a member with at least four years of membership service credit becomes mentally or physically incapacitated from further performance of duty and such incapacity is likely to be permanent, the member may qualify for a disability annuity. A member who retires under the disability provisions may select an optional plan to provide protection and payments to a beneficiary. An Age Limited Plan and Tiered Disability Plan are available.

Members hired prior to July 1, 1992, who did not elect Tiered Disability Plan coverage and are less than 60 years of age, are covered for a disability annuity under the Age Limited Plan. The annuity is based on the number of years of service credit plus those years that would have been obtained if the member had continued employment to age 60. The benefit is established by a formula of 1.875 percent of average compensation for each year of service, and a fraction thereof, for the first 10 years, 2.0 percent for the next 15 years, and 2.25 percent of average compensation for each year of service in excess of 25 years. Further enhancements to the formula will be automatically implemented when the System can absorb the cost.

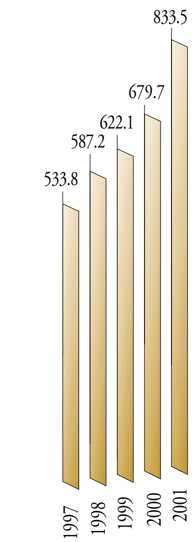


Benefits under the Tiered Disability Plan are extended to members, regardless of age, who were hired on or after July 1, 1992. The Tiered Disability Plan also covers those employed prior to July 1, 1992, who elected to participate under the provisions of this Plan. The first level, a pre-determined temporary allowance period, guarantees a minimum benefit allowance under the maximum option of 40 percent of average compensation to a member. A member may receive 50 percent of average compensation if he or she has one dependent child or 60 percent of average compensation if there are two or more dependent children. A child is considered a dependent until the earlier of marriage or age 19, or for life if the child is disabled. The dependent age is extended to age 23 if a child remains unmarried and a full-time student. The second level, or deferred allowance, is a lifetime benefit paid to the member at the end of the temporary allowance period. This benefit amount is guaranteed based on years of service before retirement plus credit for years under the temporary allowance period, with a maximum allowance of 40 percent of average compensation or accrued benefit, whichever is greater.

DISABILITY OR DEATH IN LINE OF DUTY RETIREMENT ALLOWANCE

A retirement allowance is payable if a member becomes disabled or dies as a direct result of an accident or traumatic event occurring in the performance of duty, regardless of years of credited service. The member would qualify for a minimum disability allowance of 50 percent of average compensation. In the event of the member's death in the line of duty, the surviving spouse would receive 50 percent of the member's average compensation for life or until remarriage. One dependent child would receive 25 percent of the member's average compensation. If there is more than one child, an additional 25 percent of the member's average compensation would be paid. Such total amount (50%) would be shared equally by two or more dependent children.

PERS Total Deductions In Millions



SPOUSE OR DEPENDENT CHILD BENEFITS

The spouse of a deceased member who had accumulated at least four years of membership service credit may be eligible to receive an allowance for life. A spouse must be married to the member for at least one year prior to the member's death to qualify. The spouse may elect to receive a 100% joint and survivor annuity based on actual accrued service credit reduced by 3 percent for each year the member lacks in qualifying for full retirement benefits. This annuity is payable for life. Alternatively, the surviving spouse may choose to receive 20 percent of the deceased member's average compensation with a minimum benefit of $50 per month. This annuity is payable for life unless the spouse remarries prior to attaining age 60. In addition to the spousal benefit or in the absence of a spouse, each dependent child will receive the greater of 10 percent of the member's average compensation or $50 per month with a maximum of 30 percent or at least $150 per month for three or more dependent children. A dependent child is one who is unmarried and under age 19, or unmarried, under age 23 and a full-time student. A child who is over the age limitation and disabled is also considered to be a dependent.

ADVANCED SELECTION OF OPTION

A member who has accumulated 25 or more years of credited service, regardless of age, or who has accumulated four or more years of membership service and attained at least age 60, is eligible to make advanced application for optional settlement to pay a retirement allowance to a beneficiary in the event of death prior to actual retirement. This choice would afford the beneficiary protection to receive monthly benefits during the member's later employment years in the event of the member's death prior to retirement. The member retains the right to change the beneficiary or option at retirement.

OPTIONS

PERS offers several types of optional payment plans from which a retiree may choose to receive a service or disability retirement allowance. Benefit amounts vary depending upon the protection afforded a beneficiary at the death of the retiree. The types of options include: (1) straight life annuity or prorated annuity providing the greatest monthly benefit to the retiree with a guarantee of any unused contributions payable to a beneficiary upon the death of the retiree. In the event a retiree selects the straight life annuity and marries after retirement, a request may be made no earlier than the date of marriage for benefit recalculation under the 100 percent or 50 percent joint and survivor option to provide benefits to a spouse. Recalculation from a straight life annuity to a joint and survivor option requires recovery of the difference in benefits received had the retiree initially selected the joint and survivor option. This provision is effective on the first of the month following notification to the System; (2) 100 percent or 50 percent joint and survivor annuity with benefits payable to the retiree for life and to a named beneficiary or beneficiaries for life upon the death of the retiree. If the beneficiary under this option dies or is the retiree's spouse and the marriage is dissolved after the member retires, the retiree may notify the System of such event and have benefits recalculated under straight life annuity provisions. In the event the retiree marries again, an application may be made for benefit recalculation under the 100 percent or 50 percent joint and survivor option to provide benefits to a new spouse after the death of the retiree; (3) lifetime benefits to the retiree with beneficiary payments guaranteed for a period of 10, 15 or 20 years from the date of the member's retirement; upon the death of the member and last designated beneficiary prior to the expiration of the guaranteed number of years certain, the actuarial equivalent of the remaining payments will be paid to the designated beneficiary, or if none, to an heir in the order prescribed by law. (4) a leveling provision described as option 4-C whereby a member who retires before age 62 may choose to receive an increased retirement allowance from PERS prior to age 62 based on an estimated benefit from Social Security at age 62 with a reduced allowance from PERS beginning at age 62 when eligible to receive Social Security benefits; and, (5) a partial lump-sum option at retirement for a member who has at least 28 years of creditable service or is at least age 63 with 4 years of service. PERS will take the "base" maximum benefit and provide the retiree with 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, with the reduction calculated using new option factors for each of the lump-sum distribution amounts (i.e., 12, 24, or 36) and the age of the member at the time of retirement. This reduction will create a reduced maximum benefit. A member selecting the partial lump-sum option, may also select any of the regular options except Option 1 and Option 4-C. This option is only available to first time retirees.

PERS is authorized to appoint a representative payee when the System is either unable to process benefit payments or continue to pay benefits to a member or beneficiary due to that individual's legal incapacity because of mental or physical impairments. PERS will designate someone in the absence of a legal guardian or custodian or valid durable power of attorney who can apply for or receive benefits on behalf of the incapacitated person. If a member is unmarried and is legally incapable of applying for benefits, the representative payee must apply for maximum benefits for the member. If the member is married and is legally incapable of applying for benefits, the representative payee must apply for 100 percent joint and survivor benefits for the member and spouse.

A retiree or beneficiary may irrevocably waive all or part of any benefits from PERS. Option 4-C and the partial lump-sum option are not available to a disability retiree.

COST OF LIVING

A cost-of-living payment shall be made to eligible service, disability and beneficiary retirees in an annual lump sum payment on December 15. The cost of living adjustment is equal to the greater of (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 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55 or (b) 4 percent of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998. A reemployed retiree will be able to include all full fiscal years in retirement for purposes of calculating the new annual adjustment, and not just the fiscal years in retirement since the last retirement. A beneficiary's additional benefit under the new calculation is based on the member's age and full fiscal years in retirement as if the member had lived. 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 who dies between July 1 and December 1, in those cases where no more monthly benefits will be paid after the member's or beneficiary's death. The prorated portion will be equal to the amount that such recipient would have received had he or she elected to receive the annual adjustment for the year on a monthly basis. Benefit recipients may irrevocably elect to have the cost-of-living payment made in 12 equal monthly installments. This election must be made no less than 30 days before July 1 of the year in which such installment payments are to begin.

SPECIAL PAYMENT PROVISION

In the case of funds owed at the death of a member, or payments owed at the death of a deceased retiree where benefits cease at the retiree's death, and if there is no surviving designated beneficiary, the payment will be made to the heirs or estate of the member or retiree in the following order:

1. the surviving spouse of the member/retiree;
2. any children of the member/retiree or their descendants, per stirpes;
3. the brothers and sisters of the member/retiree or their descendants, per stirpes;

4. the parents of the member/retiree;

5. the executor or administrator on behalf of the member/retiree's estate;

6. the persons entitled by law to distribution of the member/retiree's estate.

For unpaid COLA or other benefits due to a deceased beneficiary, payment will be made to the heirs or estate of the beneficiary in the following order:

1. the surviving spouse of the beneficiary;

2. any children of the beneficiary or their descendants, per stirpes;

3. the brothers and sisters of the beneficiary or their descendants, per stirpes;

4. the parents of the beneficiary;

5. the executor or administrator on behalf of the beneficiary's estate;

6. the persons entitled by law to distribution of the beneficiary's estate.

REFUND OF CONTRIBUTIONS

Upon severance of employment in State service, a member may obtain a refund of accumulated contributions plus interest. Upon returning to State service, a member is immediately eligible to repay the withdrawn contributions plus interest. However, such amounts cannot be used in any benefit calculations until the member has accrued four years of membership credit subsequent to re-entering membership. In the event of death of a member not eligible for retirement, the accumulated contributions will be paid to the designated beneficiary upon request, unless the surviving spouse and/or dependent children are eligible for benefits as provided by statute.

The system can accept eligible rollover distributions or direct transfers from other qualified plans for the purposes of repaying a refund or purchasing optional service credit. The Board of Trustees has adopted rules conditioning the acceptance of rollovers or transfers, based on the receipt of other plan information necessary to enable the System to determine the eligibility of any transferred funds for special tax treatment.

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM (MHSPRS)

Summary of Benefit Provisions
(See 2001 Legislative Highlights for new provisions)

An Administrative Board composed of the Commissioner of the Department of Public Safety, four active members elected from the membership of the Mississippi Highway Safety Patrol Retirement System, and one retired member elected by the retired members, is authorized and empowered to make any and all regulations necessary for the efficient, orderly and successful operation of the Retirement Act. The Board of Trustees of the Public Employees' Retirement System maintains all records and is responsible for the management of all funds.

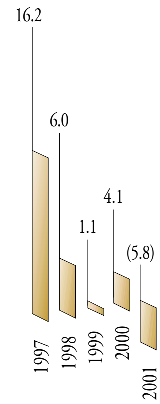
TYPE OF BENEFIT PLAN

The Mississippi Highway Safety Patrol Retirement System is designed to provide more liberal benefits for highway patrol officers due to the dangerous nature of their employment and to supplement Social Security and Medicare benefits.

FUNDING

MHSPRS is an actuarial reserve type benefit plan financed by the members who presently pay 6½ percent of annual earnings and by the Mississippi Highway Safety Patrol which currently pays a contribution rate of 26.16 percent on the same earnings. The last actuarial valuation on June 30, 2001 used an 8 percent interest rate and a level percent of payroll amortization of the unfunded accrued liability. The result of the valuation indicates that the rate of contributions, effective July 1, 2001, is adequate to meet the liabilities of MHSPRS and to fund the accrued liability in approximately (5.8) years.

MHSPRS UAL Period



MEMBERSHIP

The membership of the Mississippi Highway Safety Patrol Retirement System includes officers of the Mississippi Highway Safety Patrol and Mississippi Bureau of Narcotics 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 and Mississippi Bureau of Narcotics in the enforcement of the laws of the State of Mississippi. Membership also includes any former uniformed Highway Patrol Officer who had at least two years of prior service and who was disabled by wounds or accident in the line of duty. Membership in MHSPRS is compulsory for officers as a condition of employment from the effective date of employment.

VESTING

Any member who withdraws from service prior to attaining age 55 with at least five years of service may leave the employee membership contributions in MHSPRS and qualify for a retirement allowance at age 55.

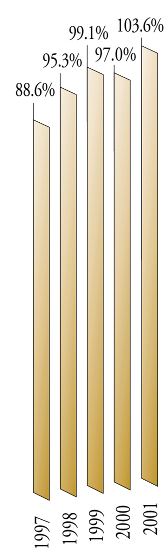
SERVICE RETIREMENT BENEFITS

A member after reaching age 55 who has completed at least five years of credited service, or after reaching age 45 with at least 20 years of credited service, or with 25 years of service at any age, is entitled to receive a retirement allowance upon withdrawal from service. The allowance is equal to $2^1/_2$ percent of average compensation during the four highest consecutive years of earnings for each year of service reduced 3 percent for each year of age below 55 years or 3 percent for each year under 25 years of service, whichever is less. A retiree will receive a minimum payment of not less than $15 per month for each year of credited service. Upon retirement, the annuity shall not exceed 100 percent of the average compensation, regardless of the years of service. There are various optional plans available to the member to receive a monthly retirement allowance which will protect a beneficiary. If the member and beneficiary die before having received in benefits an amount equal to the total of the contribution and accrued interest of the member at the time of death, the balance will be refunded to the designated beneficiary or by statutory succession.

DISABILITY RETIREMENT BENEFITS

A member must be less than age 55 and have at least ten (10) years of credited service to be eligible for regular disability benefits. The disability retirement allowance equals 50 percent of average salary for the two years immediately preceding the retirement of a member. Disability retirement benefits are payable to the disabled member for life. A member who retires under disability provisions may select an optional plan to provide benefit payments to a beneficiary.

MHSPRS Funded Ratio



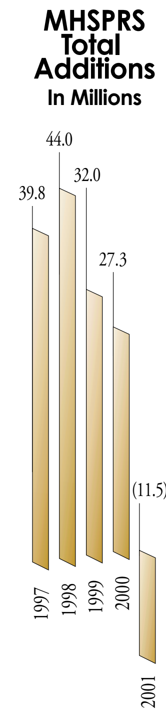
SPOUSE BENEFITS

Upon the death of a Highway Patrol Officer who has five years of service credit, the spouse and dependent children receive all benefits payable to the patrol officer as if he had retired at the time of death. Such benefits payable to the spouse would cease upon remarriage, but the benefits payable to each child would continue until age 19, or longer if a child is disabled. The age for dependent children to qualify for benefits increases to age 23 if they remain unmarried and full-time students.

Upon the death of a Highway Patrol Officer killed in the line of duty, the spouse receives benefits equal to 50 percent of average compensation. In addition, a retirement allowance equal to 25 percent of average compensation for one dependent child shall be paid or 50 percent of average compensation for two or more dependent children. Such benefits payable to the spouse would cease upon remarriage, but the benefits payable to each child would continue until age 19, or longer if a child is disabled. The age for dependent children to qualify for benefits increases to age 23 if they remain unmarried and full-time students.

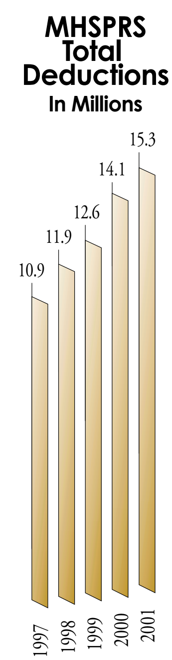
ADVANCED SELECTION OF OPTION

A member who has accumulated 25 or more years of credited service, regardless of age, or who has accumulated 20 or more years of credited service and reached the age of 45, or has accumulated five or more years of credited service and reached the age of 55, is eligible to make advanced application for optional settlement to pay a retirement allowance to a beneficiary in the event of death prior to actual retirement. This choice would afford the beneficiary protection during the member's later employment years. The member retains the right to change the beneficiary or option at actual retirement.



OPTIONS

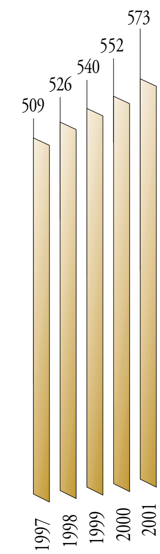
MHSPRS has several types of optional payment plans from which a retiree may choose to receive a service or disability retirement allowance. The benefit amounts vary depending upon the protection afforded a beneficiary at the death of the retiree. The types of options include: (1) straight life annuity or prorated annuity providing the greatest monthly benefit to the retiree with a guarantee of any unused contributions payable to a beneficiary upon the death of the retiree. In the event a retiree selects the straight life annuity and marries after retirement, a request may be made no earlier than the date of marriage for benefit recalculation under the 100 percent or 50 percent joint and survivor option to provide benefits to a spouse. Recalculation from a straight life annuity to a joint and survivor option requires recovery of the difference in benefits received had the retiree initially selected the joint and survivor option. This provision is effective on the first of the month following notification to the System; (2) 100 percent or 50 percent joint and survivor annuity with benefits payable to the retiree for life and to a named beneficiary or beneficiaries for life upon the death of the retiree. If the beneficiary under designated joint and survivor options dies, or is the retiree's spouse and the marriage is dissolved after the member retires, the retiree may notify the System of such event and have benefits recalculated under straight life annuity provisions. In the event the retiree marries again, an application may be made for benefit recalculation under the 100 percent or 50 percent joint and survivor option to provide benefits to a new spouse after the death of the retiree; (3) lifetime benefits to the retiree with beneficiary payments guaranteed for a period of 10, 15 or 20 years from the date of the member's retirement; (4) a leveling provision described as 4-C whereby a member who retires before age 62 may choose to receive an increased retirement allowance from MHSPRS prior to age 62 based on an estimated benefit receivable from Social Security at age 62 with a reduced allowance from MHSPRS at age 62 when eligible to receive Social Security benefits; and (5) if the retiree did not select any of the above options at retirement, an automatic survivorship option paying benefits to the retiree for life with 50 percent of the retiree benefit payable to a spouse upon the death of the retiree as well as an additional 25 percent benefit payable to a dependent child until age 19 or 50 percent payable to two or more children would apply. The age for dependent children to qualify for benefits increases to age 23 if they remain unmarried and full-time students; (6) a partial lump-sum option at retirement for a member who is eligible for an unreduced retirement benefit. Under this option, PERS will take the "base" maximum benefit and provide the retiree with 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, with the reduction calculated using new option factors for each of the lump-sum distribution amounts (i.e., 12, 24, or 36) and the age of the member at the time of retirement. This reduction will create a reduced maximum benefit. A member selecting the partial lump-sum option, may also select any of the regular options except Option 1 and Option 4-C. Option 4-C and the partial lump-sum option are not available to a disability retiree.



COST OF LIVING

Patrol officers who have retired and their beneficiaries who are receiving a retirement allowance on December 1, receive an annual lump sum cost-of-living payment. The base amount of the payment is based upon the annualized benefit payment, the number of full fiscal years retired, and is now guaranteed at 2½ percent of the annual retirement allowance for each full fiscal year of retirement. The Board may grant an additional percentage in increments of ¼ percent, up to a maximum of 1½ percent, if there are sufficient investment earnings in excess of the accrued actuarial liabilities in reserves for retired members and beneficiaries. Beginning July 1, 1999 a prorated portion of the annual adjustments (COLA) will be paid to the beneficiary or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but who dies between July 1 and December 1, in those cases where monthly benefits terminated at the death of the retiree or beneficiary. Benefit recipients may irrevocably elect to have the cumulative base portion of the cost-of-living payment made in 12 equal monthly installments. Any additional discretionary amount granted by the Board would continue to be paid on December 15. This election must be made no less than 30 days before July 1 of the year in which such installment payments are to begin. Alternatively, benefit recipients may irrevocably elect to receive the cost-of-living payment in 2 to 6 monthly installments, beginning in January. This election must be made no less than 30 days before January of the year in which such installment payments are to begin.

MHSPRS Retiree Growth
No. of Retirants



SPECIAL PAYMENT PROVISION

In the case of funds owed at the death of a member, or payments owed at the death of a deceased retiree where benefits cease at the retiree's death, and if there is no surviving designated beneficiary, the payment will be made to the heirs or estate of the member or retiree in the following order:

1. the surviving spouse of the member/retiree;
2. any children of the member/retiree or their descendants, per stirpes;
3. the brothers and sisters of the member/retiree or their descendants, per stirpes;
4. the parents of the member/retiree;
5. the executor or administrator on behalf of the member/retiree's estate;
6. the persons entitled by law to distribution of the member/retiree's estate.

For unpaid COLA or other benefits due to a deceased beneficiary, payment will be made to the heirs or estate of the beneficiary in the following order:

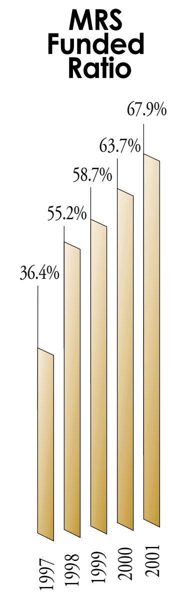
1. the surviving spouse of the beneficiary;
2. any children of the beneficiary or their descendants, per stirpes;
3. the brothers and sisters of the beneficiary or their descendants, per stirpes;
4. the parents of the beneficiary;
5. the executor or administrator on behalf of the beneficiary's estate;
6. the persons entitled by law to distribution of the beneficiary's estate.

REFUND OF CONTRIBUTIONS

In the event a member ceases to work for the Mississippi Highway Safety Patrol and does not qualify for any benefits under any provisions of the Plan, the member can request a refund of accumulated employee contributions in MHSPRS. Upon returning to service, a member is immediately eligible to repay the withdrawn contributions plus interest. However, such amounts cannot be used in any benefit calculations until the member has accrued five years of membership credit subsequent to re-entering membership.

In the event of death prior to qualification for retirement benefits, the contributions are payable, upon request, to the designated beneficiary or estate of the deceased member.

The system can accept eligible rollover distributions or direct transfers from other qualified plans for the purposes of repaying a refund or purchasing optional service credit. The Board of Trustees has adopted rules conditioning the acceptance of rollovers or transfers, based on the receipt of other plan information necessary to enable the system to determine the eligibility of any transferred funds for special tax treatment.



TRANSFER OF MEMBERSHIP

In the event a member is transferred from duties with the Mississippi Highway Safety Patrol to duties that are not covered by MHSPRS or to another agency covered by PERS, the member would be eligible for membership in PERS and could transfer from MHSPRS to an account in PERS sufficient funds to qualify for full credit for the years of service with MHSPRS.

MUNICIPAL RETIREMENT SYSTEMS (MRS)

Summary of Benefit Provisions

(See 2001 Legislative Highlights for new provisions)

Senate Bill No. 2602, 1987 Session, authorized the Public Employees' Retirement System to administer 19 Municipal and Fire and Police Disability and Relief Funds, effective July 1, 1987. These systems were established and are regulated by Articles 1, 3, 5 and 7 of Chapter 29 of Title 21 of the Mississippi Code of 1972. The Board of Trustees of the Public Employees' Retirement System is responsible for the general administration of MRS.

TYPE OF BENEFIT PLAN

The Municipal Retirement Systems were designed to provide retirement benefits for municipal employees as well as firefighters and police officers of certain municipalities. MRS were fully closed to new members July 1, 1976, except for Clinton and Hattiesburg, which were closed on July 1, 1987.

FUNDING

The Municipal Retirement Systems are actuarial reserve type benefit plans financed by the members who currently pay between 7 percent and 10 percent of their salaries as employee contributions. Each municipality levies between .49 mills and 9.19 mills of assessed valuation as employer contributions to support MRS.

MEMBERSHIP

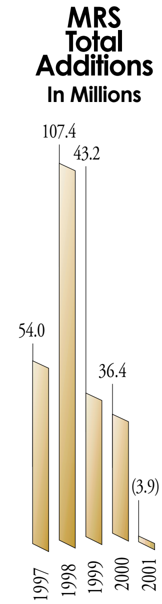
The membership of the Municipal Retirement Systems consists of municipal employees in two systems (Article 1) and firefighters and police officers in 17 systems (Articles 3 and 5).

SERVICE RETIREMENT BENEFITS

For each System, a member who has completed 20 years of service regardless of age may retire with monthly benefits equal to 50 percent of average compensation for the final six months of employment. Any quarter year over 20 years entitles the member to an additional .425 percent of average compensation. Upon retirement, the aggregate amount of each employee's annuity shall not exceed 66.67 percent of average compensation.

SPOUSE AND DEPENDENT CHILD BENEFITS

Under Articles 1, 3 and 5, survivor benefits are payable to the spouse and/or dependent children of any fireman or policeman who dies in service after having worked no less than five years. The non-duty related death benefit is payable to the spouse for use by the spouse and dependent children of the member in an amount equal to 2.5 percent of average compensation for the first 20 years of credited service plus 1.7 percent for each year over 20 years up to a maximum of 66.67 percent. Such benefits payable to the spouse would cease upon remarriage, but the benefit may continue for a dependent child or children as long as the child or children continue to meet the statutory definition of "dependent child." The five year service requirement is waived in cases where a fireman or policeman belonging to systems governed under Article 3 and 5 is killed in the line of duty, however, the benefit amount is the same. Spouses and/or dependent children of General Municipal employees under Article 1, who are killed in the line of duty, receive a benefit equal to 50 percent of the monthly salary received by the member prior to death. In the event of death of a member of a Municipal Retirement System or a retiree after retirement, the monthly benefits payable to the spouse is divided and paid to or for the benefit of a dependent child or children of the deceased member or retiree and the spouse as follows: An amount equal to 10 percent for one dependent child, 20 percent for two dependent children or 30 percent for three or more dependent children shall be paid to or for the benefit of the dependent children with the remainder paid to the spouse. If there are more than three dependent children, when the oldest child ceases to qualify, the dependent child benefits will be redistributed among the remaining dependent children. Benefits may be paid to the surviving parent or lawful custodian of such child or children for the use and benefit of the children without necessity of appointment of a guardianship.



DISABILITY RETIREMENT BENEFITS

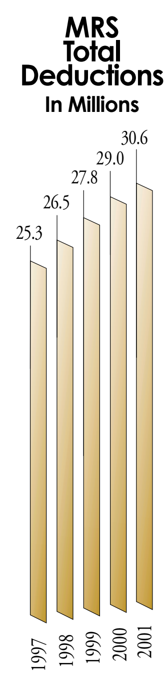
The duty related disability allowance equals 50 percent of monthly salary at the time of injury. Non-duty related disability allowance requires five years service and equals 2.5 percent of the monthly salary for each year of service. Disability retirement benefits are payable to the disabled member for life with survivorship benefits payable to the spouse and dependent children at the death of a disabled member.

SURVIVORSHIP BENEFITS

Upon the death of any retired member receiving service or disability benefits, the spouse or dependent child or children will receive 100 percent of the benefit which the retiree was receiving until the spouse remarries or the dependent child reaches age 18, or age 23 if a full-time student. In the event of death of a member of a Municipal Retirement System or a retiree after retirement, the monthly benefits payable to the spouse is divided and paid to or for the benefit of a dependent child or children of the deceased member or retiree and the spouse as follows: An amount equal to 10 percent for one dependent child, 20 percent for two dependent children or 30 percent for three or more dependent children shall be paid to or for the benefit of the dependent children with the remainder paid to the spouse. If there are more than three dependent children, when the oldest child ceases to qualify, the dependent child benefits will be redistributed among the remaining dependent children. Benefits may be paid to the surviving parent or lawful custodian of such child or children for the use and benefit of the children without necessity of appointment of a guardianship.

REFUND OF CONTRIBUTIONS

In the event that a member terminates employment and does not have 20 years of service, the member may request a refund of accumulated employee contributions in MRS.



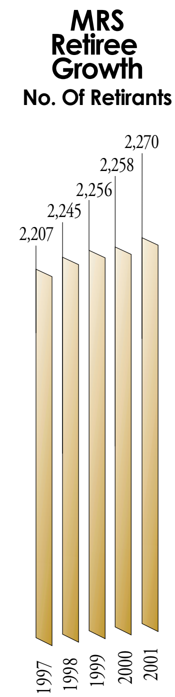
SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN (SLRP)

Summary of Benefit Provisions
(See 2001 Legislative Highlights for new provisions)

House Bill No. 301, 1989 Session, authorized the Public Employees' Retirement System to administer the Supplemental Legislative Retirement Plan. The Board of Trustees of the Public Employees' Retirement System maintains all of the records and is responsible for the management of all funds.

TYPE OF BENEFIT PLAN

The Supplemental Legislative Retirement Plan is designed to provide a supplemental retirement allowance for elected members of the State Legislature and the President of the Senate and their beneficiaries. Benefit provisions and requirements under SLRP are the same as under PERS unless clearly stated otherwise in the law.



FUNDING

SLRP is an actuarial reserve type benefit plan financed by the members who currently pay 3 percent of all remuneration received up to $125,000, except mileage allowance, and the State Legislative Agency which pays a contribution rate of 6.33 percent. The last actuarial valuation on June 30, 2001, used an 8 percent interest rate and a level percent of payroll amortization of the unfunded accrued liability. The result of the valuation indicates that the rate of contributions effective July 1, 2001, is adequate to meet the liabilities of the System and to fund the accrued liability in approximately 8.4 years.

MEMBERSHIP

SLRP includes all members of the State Legislature and the President of the Senate who were serving in the capacity of elected officials and elected to participate when the plan became effective July 1, 1989. All members of the State Legislature and the president of the Senate who are elected after July 1, 1989, are included.

RETIREMENT ALLOWANCE

The retirement allowance from SLRP consists of 50 percent of the PERS retirement allowance determined by credited service and covered wages as an elected Senator or Representative of the State Legislature or as President of the Senate. However, in no case shall the aggregate amount of the retirement allowance from SLRP and PERS for legislative service or service as President of the Senate exceed 100 percent of average compensation.

REFUND OF CONTRIBUTIONS

Upon severance of employment in State service, a member may obtain a refund of accumulated contributions plus interest. Upon returning to legislative service, a member is immediately eligible to repay withdrawn contributions plus interest. However, such amounts cannot be used in any benefit calculations until the member has accrued four years of membership credit subsequent to reentering membership. If the member, whose spouse and/or children are not entitled to a retirement allowance, dies prior to retirement, the accumulated contributions will be paid to the designated beneficiary upon request.

OPTIONAL RETIREMENT PLAN (ORP)

Summary of Benefit Provisions

House Bill No. 1070, adopted during the 1990 Session of the Mississippi Legislature, established the Optional Retirement Plan as a recruitment tool for the institutions of higher learning and authorized the Public Employees' Retirement System to provide for administration of the Plan.

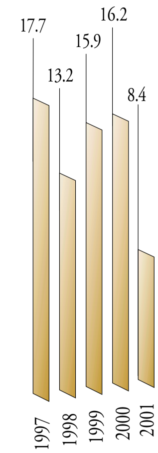
TYPE OF BENEFIT PLAN

ORP is a defined contribution retirement plan. It provides a separate account for each member, and benefits are based solely upon the amount of contributions to the member's accumulation account and its earnings. Plan participants direct the investment of their funds among three investment vendors. All benefits under the plan are provided solely through annuities selected by the participant.

FUNDING

ORP members contribute 7.25 percent of annual earnings up to a maximum of $125,000 per year and proportionately for less than one year of service. These funds are remitted by the employer to the selected annuity provider(s) for deposit to the member's accumulation account. Each employer of a member in ORP contributes 9.75 percent, of which 7.25 percent is deposited to the member's accumulation account with the selected annuity provider(s). This portion of the employer contribution becomes the property of the member. The additional employer contribution amount of 2.50 percent is contributed to PERS to reduce the actuarially accrued liability.

SLRP UAL Period



MEMBERSHIP

Membership in ORP is open to all new teachers and new members of the administrative faculties within the institutions of higher learning hired on or after July 1, 1990. Eligible employees have 30 days from the date of employment to choose membership in ORP. Failure to exercise this option within the 30-day period results in automatic membership in PERS.

RETIREMENT BENEFITS

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, the benefits available in a defined contribution plan will vary according to the earnings of the annuities selected by the member.

GOVERNMENT EMPLOYEES' DEFERRED COMPENSATION PLAN OF MISSISSIPPI (GEDCP)

Summary of Benefit Provisions

The Government Employees' Deferred Compensation Plan is a voluntary, tax-deferred retirement plan designed to supplement State Service Retirement, Social Security, other retirement plans and savings. The Plan, offered by the Public Employees' Retirement System, provides tax-deferred savings opportunities for all permanent employees, elected officials or independent contractors of the State of Mississippi and State political subdivisions.

THE YEAR IN REVIEW

At fiscal year end, total investments in the Plan reached $602 million, a decrease of .32 percent from the previous year. Over $48 million was contributed to the Plan during the year by a total of 32,257 participants.

BRIEF HISTORY

The Mississippi Legislative Session of 1974 designated the administration of the Government Employees' Deferred Compensation Plan to the Public Employees' Retirement System. The legislation allowed the purchase of any investments authorized by the System, investment in funds maintained by a corporate trustee and life insurance with fixed or variable annuities. The Plan was then presented to State employees.

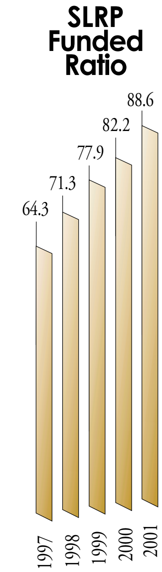
Congress enacted the Revenue Act of 1978 which provided a statutory basis for the Government Employees' Deferred Compensation Plan (Section 457 IRC). This legislation imposed a limitation on the amount an employee may defer of up to 25 percent of earnings or $7,500 annually, whichever is less. The Act also allowed participants within four years of retirement to defer higher amounts, up to $15,000 per year, under special catch-up provisions. On August 2, 1996, Congress passed H.R. 3448, the Small Business Job Protection Act of 1996. The Act included the following important changes to IRC Section 457 Plans:

1) $7,500 deferral limit — indexed to annual inflation in multiples of $500

2) In-service distributions — permitted on a one-time basis for accounts that do not exceed $3,500 (Taxpayer Relief Act of 1997 increased amount to $5,000), and provided the account has been inactive for at least two years

3) Second election of timing of distributions — participants who have elected a future date to receive their benefits, may (prior to receiving a distribution) elect to further delay receiving those benefits

4) All assets held in trust — for Section 457 Plans of state and local governments, effective January 1, 1999, all assets must be held in a trust, custodial account or annuity contract for the exclusive benefit of participants and beneficiaries.



The Board of Trustees reviewed alternative ways of administering the GEDCP, conducted an extensive review of third party administrators and conducted a competitive bidding process before contracting with Systematized Benefits Administrators, Inc. (SBA) to begin administering the plan October 1, 1986. All aspects of the GEDCP were previously managed by the PERS staff.

The Technical Corrections and Miscellaneous Revenue Act of 1988 provides that funds cannot be withdrawn from the Plan earlier than when the participant separates from service or is faced with an unforeseeable emergency. In addition, an offset is required for 401(k), SEP and 403(b) contributions. This rule may affect part-time public officials and private contractors, as well as employees of educational institutions.

ACCOUNTS

GEDCP offers a variety of investment options to give participants an opportunity to customize the plan to their individual specifications. Investment advisors used by GEDCP are companies with established reputations in their fields of expertise.

CONSECO LIFE INSURANCE COMPANY

New enrollment in the life insurance option was closed October 1990. Lamar Life Insurance Company continues to carry the coverage for participants with an existing policy. Lamar Life was acquired by Life Partners Group, Inc. In 1995, Life Partners was purchased by Conseco, Inc., a financial services holding company in Carmel, Indiana. Conseco had been an initial investor in Life Partners at its founding in 1990. Conseco Life is rated A- by A.M. Best Company. The cash surrender value of all life insurance policies on June 30, 2001, was $671,000.

BARCLAYS GLOBAL INVESTORS, N.A.

The GEDCP offers an Intermediate Government/Corporate Bond Fund, an Equity Index Fund, and a Money Market Fund. The Intermediate Government/Corporate Bond Fund, with maturities of one to ten years, posted a return of 11.04 percent and had a fair value of $13,964,000. The Equity Index Fund, a S&P 500 Index fund, had a fiscal year return of (14.91) percent and a market value of $26,979,000. Barclays Money Market Fund, which invests in a broad range of high-quality, short-term instruments, had a return of 5.99 percent with assets of $10,954,000.

FAYEZ SAROFIM & COMPANY

Fayez Sarofim & Company, one of the largest independent investment managers in the country, is the investment advisor for the Fayez Sarofim Common Stock Fund. The portfolio is broadly diversified with holdings in 46 companies representing 16 industry sectors.

The fund had a return for the fiscal year ended June 30, 2001 of (9.57) percent and a market value of $119,641,000.

NATIONWIDE CORPORATION

Nationwide Life Insurance Company is part of the Nationwide Insurance Enterprise with combined assets of more than $117 billion. The Nationwide Insurance Enterprise maintains a strong position in many markets including variable annuities, and life, auto, property casualty and homeowners insurance. Nationwide Life has an AA rating from Standard and Poor's, Aa3 from Moody's and an A+ rating from A.M. Best.

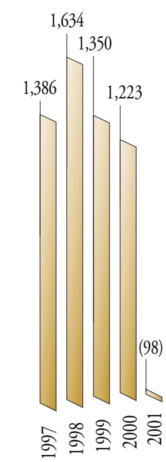
The Nationwide Fixed Account guarantees principal and interest with a minimum annual interest guarantee established for each calendar year. This account credited an average annual effective yield of 5.81 percent for the fiscal year with an ending account value of $19,410,000.

T. ROWE PRICE INTERNATIONAL STOCK FUND

This fund is managed by T. Rowe Price International Funds, Inc. and has been offered by GEDCP since July 1, 1991.

The fund's objective is to seek long term growth of capital through investments primarily in common stocks of established, non-U.S. companies. At the end of the fiscal year, the fund had a return of (27.78) percent and a fair value of $22,599,000.

SLRP Total Additions
In Thousands



AETNA LIFE INSURANCE & ANNUITY COMPANY

Aetna Life Insurance and Annuity Company (ALIAC) is a wholly owned subsidiary of Aetna Retirement Holdings, Inc., whose ultimate parent is ING Groep N.V. On December 13, 2000, the Aetna Financial Services organization was acquired by ING Groep N.V.

ALIAC is the fund provider of the Aetna Fixed Plus Account and the Aetna Growth and Income Fund. The Fixed Plus Account had an asset value of $201,870,000 with an average annual effective yield of 6.18 percent. The Growth and Income Fund return was (18.70) percent with an account value of $105,561,000. The Guaranteed Accumulation Account and Long-term Options were closed to new investments April 1, 1997. At June 30, 2001, the Long-term Option account value was $207,000.

FIDELITY MANAGEMENT & RESEARCH COMPANY

Fidelity Investments is the largest mutual fund company in the country, and is known as an innovative provider of high-quality financial services to individuals and institutions. Fidelity was added as an investment manager to the GEDCP in late January 1994.

The Fidelity Asset Allocation Fund diversifies across stocks, bonds and short term instruments in the domestic, as well as the international market. The fund had an account value at June 30, 2001, of $24,003,000 and a return of (4.04) percent.

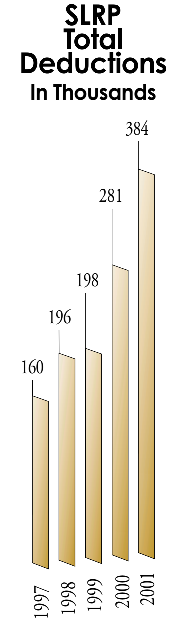
THE BOSTON COMPANY

The Boston Company Premier Value Fund became available for participant contributions October 1, 1997. The fund seeks long-term growth by investing in the common stocks of small to medium size companies. At fiscal year end, the fund had an account value of $52,051,000 and an average annual return of 32.39 percent.

GE INSTITUTIONAL EQUITY FUND

Added to the plan March 1, 2000, the GE Institutional Value Equity Fund invests primarily in equity securities of large U.S. companies that are undervalued by the market but have solid growth prospects. A company may be undervalued for reasons such as market overreaction to recent company, industry, or economic problems. Stock selection is key to the performance of the fund. The fund may be appropriate for investors seeking long-term growth of capital and future income. The GE Institutional Value Equity Fund is one of the GE Institutional Funds. The GE Institutional Funds are similar to the GE Funds, which are sold to retail customers; however, the GE Institutional Funds have lower operating expenses. The fund's fair value, as of June 30, 2001, was $3,622,000 with a rate of return of (4.65) percent.

2001 LEGISLATIVE HIGHLIGHTS



The 2001 Legislative Session ended with the Mississippi Legislature making minimal changes to the law affecting the Public Employees' Retirement System and all the Systems that it administers. The primary goal was to ensure continued compliance with IRS qualification requirements. The legislation passed, which affects the Public Employees' Retirement System, Mississippi Highway Safety Patrol Retirement System, and Municipal Retirement Systems, is contained in Senate Bill Number 2836 and House Bill Number 1182. House Bill Number 1554 affects Biloxi General Municipal Retirement System and House Bill Number 1555 affects Biloxi Fire and Police Disability and Relief Fund. Senate Bill Number 3176 impacts the Gulfport Fire and Police Disability and Relief Fund. All legislation is effective July 1, 2001.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Senate Bill Number 2836

Section 25-11-109 – Adds a provision in Section 25-11-109 which recognizes the right of an individual whose public service was interrupted by qualified military service to purchase credit for the time lost in the pension plan due to such qualifying military service. Eligibility to purchase such qualified military service is dependent on the individual's qualification for the reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of the federal government. To be qualified, the individual must leave covered public service for the purpose of going into the military, and must return to his or her former job immediately upon release from the military. The period of qualified service may not be more than five years or the period of initial enlistment. If qualified, the individual has the option of paying the employee retirement contributions that would have been made during the period of absence from the civilian job. This period of service may qualify for free military service. If such is not available or already used, the individual must be allowed to purchase the service under this provision.

Moreover, if the individual makes his or her required employee contributions, the employer is required to make contributions. When contributions are made, the individual will be awarded service credit as follows:

a. Up to five years of service credit may be awarded;

b. The employee has up to three times the period he or she was absent due to military leave to make the required contributions, not to exceed 15 years;

c. The employee must generally have returned to his prior civilian job within 90 days.

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

Section 25-13-17 – The same legislation detailed for PERS above was added to Section 25-13-17, applicable to the Mississippi Highway Safety Patrol Retirement System.

MUNICIPAL RETIREMENT SYSTEMS

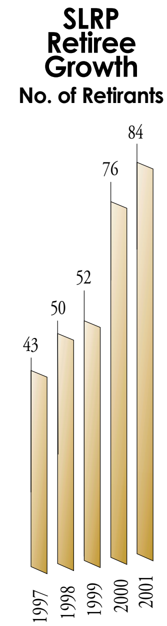
Section 21-29-301 – The same legislation detailed for PERS above was added to Section 21-29-301, applicable to the Municipal Retirement Systems.

Section 21-29-316 – Senate Bill Number 2836 also added this section, which is applicable to the Municipal Retirement Systems and was already in the PERS and MHSPRS law:

1. To specifically provide that eligible funds can be rolled over in a direct trustee-to-trustee transfer to another qualified plan or IRA under the provisions of the Unemployment

Compensation Amendments of 1992 (Public Law 102-318 (UCA)); and

2. To allow eligible rollover distributions or direct transfers of funds to be rolled over into the Municipal Retirement Systems to reinstate service credit.



House Bill Number 1182

Section 25-11-127 – Amends the reemployment provision, effective July 1, 2001, to allow a retiree to receive a retirement allowance while reemployed, provided that the retiree returns to employment:

a. For a period of time not to exceed one-half of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half of the salary in effect for the position at the time of employment, or

b. For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent of the retiree's average compensation.

To determine the number of normal working days for a position, the employer should determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half of the required number of working days or up to one-half of the equivalent number of hours and receive up to one-half of the salary for the position. In case of employment with multiple employers, the limitation shall equal one-half of the number of days or hours for a single full-time position.

House Bill Number 1554 – Biloxi General Municipal Retirement System

House Bill Number 1555 – Biloxi Fire and Police Disability and Relief Fund

House Bill Number 1554 and Number 1555 provide a Cost of Living Adjustment (COLA) to each retiree and beneficiary of the City of Biloxi General Municipal Fund and the Biloxi Fire and Police Disability and Relief Fund equal to three percent of the annual benefit for each fiscal year in retirement beginning with Fiscal Year 2000, capped at 30 percent. Any retiree with a date of retirement on or before May 1, 2000, will receive a COLA under the new provision equal to six percent of annual benefits in Fiscal Year 2001. Retirees with a date of retirement after May 1, 2000, through July 1, 2000, will receive a COLA equal to three percent of annual benefits. For those retirees who have been receiving a COLA under the previous statutory provisions, the new COLA as provided in the 2001 legislation will be in addition to the COLA which has already been paid. Thus, the COLA for retirees previously receiving a COLA as noted above will be capped at 33 percent, 36 percent, and 39 percent, respectively.

Senate Bill Number 3176 – Gulfport Fire and Police Disability and Relief Fund

This Bill provides a Cost of Living Adjustment (COLA) equal to two percent of the annual benefit for each retiree and beneficiary of the City of Gulfport Fire and Police Disability and Relief Fund for each fiscal year in retirement after June 30, 1999, with a maximum allowable COLA of six percent. Retirees with a date of retirement on or before July 1, 1999, will receive a COLA of four percent of annual benefits as of July 1, 2001. Retirees with a date of retirement after July 1, 1999, and/or before July 1, 2000, will receive a COLA of two percent of the annual benefit as of July 1, 2001.

Retirees from the Biloxi and Gulfport Retirement Plans will all be given an opportunity to receive the COLA in a lump sum, paid on December 15 of each year, or to make an irrevocable election to receive the COLA in 12 monthly installments beginning July 1 of each state fiscal year.

City Councils for the two cities must adopt resolutions approving the COLA payments and the payments may only be made if the PERS actuary certifies the systems are actuarially sound and would remain actuarially sound, if the payments were made. The resolutions, once received, must be presented to the PERS Board of Trustees for approval before the COLA payments are made.

Financials

KPMG

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One Jackson Place
168 East Capitol Street
Jackson, MS 39201

Independent Auditors' Report

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

We have audited the accompanying statements of plan net assets and balance sheet of the Public Employees' Retirement System of Mississippi (the System) as of June 30, 2001 and 2000, the related statements of changes in plan net assets, statements of revenues, expenditures and changes in fund balance, and the schedules of funding progress and employer contributions (pages 51 to 53) for the years then ended. These comprehensive annual financial statements and schedules are the responsibility of the System's management. Our responsibility is to express an opinion on these comprehensive annual financial statements and schedules based on our audits. The schedules of funding progress and employer contributions for fiscal years 1996 to 1999 were audited by other auditors whose report thereon dated December 17, 1999, expressed an unqualified opinion on those schedules.

We conducted our audits 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 and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements of plan net assets and balance sheet of the System, as of June 30, 2001 and 2000, the related statements of changes in plan net assets and statements of revenues, expenditures and changes in fund balance for the years then ended, and the related schedules of funding progress and employer contributions (pages 51 to 53) for the years ended June 30, 2001 and 2000 present fairly, in all material respects, the financial position of the System as of June 30, 2001 and 2000, and the results of its operations for the years 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 a report dated November 6, 2001, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the comprehensive annual financial statements and schedules taken as a whole. The supplemental statements and schedules on pages 54 through 59 are presented for purposes of additional analysis and are not a required part of the comprehensive annual financial statements and schedules. Such information has been subjected to the auditing procedures applied in the audit of the comprehensive annual financial statements and schedules and, in our opinion, is fairly stated, in all material respects, in relation to the comprehensive annual financial statements and schedules taken as a whole.

KPMG LLP

November 6, 2001

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENTS OF PLAN NET ASSETS — DEFINED BENEFIT PENSION PLANS AND BALANCE SHEET — ALL OTHER FUND TYPES
JUNE 30, 2001

(With Comparative Totals for June 30, 2000)
(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Pension Trust Funds	Other Trust & Agency Funds	Totals (Memorandum Only) 2001	Totals (Memorandum Only) 2000
Assets									
Cash (Note 3)	$ 219,571	$ 3,335	$ 3,513	$ 117	$ –	$ 226,536	$ 1,851	$ 228,387	$ 233,475
Receivables:									
Employer	28,702	–	–	–	–	28,702	–	28,702	29,386
Employee	21,345	–	413	–	–	21,758	3,125	24,883	24,643
Investment proceeds	289,007	4,660	4,912	163	–	298,742	–	298,742	241,863
Interest and dividends	81,926	1,321	1,392	46	–	84,685	88	84,773	87,605
Other receivables	315	–	4	–	–	319	–	319	176
Total receivables	421,295	5,981	6,721	209	–	434,206	3,213	437,419	383,673
Investments, at fair value (Note 3):									
Short-term securities	93,287	1,504	1,586	53	–	96,430	10,954	107,384	167,175
Fixed income securities	5,194,948	83,768	88,294	2,934	–	5,369,944	13,964	5,383,908	4,701,718
Equity securities	9,716,484	156,677	165,143	5,489	–	10,043,793	224,891	10,268,684	11,992,253
Balanced asset fund	–	–	–	–	–	–	24,003	24,003	22,391
Fixed and variable investments	–	–	–	–	–	–	327,049	327,049	345,371
Life insurance contracts	–	–	–	–	–	–	671	671	782
Total investments before lending activities	15,004,719	241,949	255,023	8,476	–	15,510,167	601,532	16,111,699	17,229,690
Securities lending:									
Short-term securities	961,763	15,586	16,428	546	–	994,323	–	994,323	1,081,902
Fixed income securities	711,987	11,539	12,161	404	–	736,091	–	736,091	737,846
Total securities lending	1,673,750	27,125	28,589	950	–	1,730,414	–	1,730,414	1,819,748
Total investments	16,678,469	269,074	283,612	9,426	–	17,240,581	601,532	17,842,113	19,049,438
Due from other funds (Note 5)	16	–	–	–	(7)	9	–	9	41
Property and equipment, at cost, net of accumulated depreciation (Note 4)	3,694	–	–	–	–	3,694	–	3,694	3,944
Total assets	17,323,045	278,390	293,846	9,752	(7)	17,905,026	606,596	18,511,622	19,670,571
Liabilities									
Accounts payable and accrued expenditures	703,585	11,266	11,902	396	–	727,149	170	727,319	475,014
Obligations under securities lending	1,672,124	27,098	28,561	949	–	1,728,732	–	1,728,732	1,811,112
Due to other funds	–	–	7	–	(7)	–	9	9	41
Funds held for others	1,138	–	–	–	–	1,138	(1)	1,137	1,140
Total liabilities	2,376,847	38,364	40,470	1,345	(7)	2,457,019	178	2,457,197	2,287,307
Equity and other credits									
Fund balance reserved for:									
Future retention, claims and administrative expenditures							606,418	606,418	608,886
Total Liabilities, Equity and Other Credits							$ 606,596	$ 606,596	$ 609,182
Net assets held in trust for pension benefits (A schedule of funding progress for each plan is presented on page 51.)	$ 14,946,198	$240,026	$253,376	$8,407	$ –	$15,448,007		$15,448,007	$16,774,378

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENTS OF CHANGES IN PLAN NET ASSETS – PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001

(With Comparative Totals for the Year Ended June 30, 2000)
(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Totals (Memorandum Only) 2001	2000
Additions:							
Contributions:							
Employer	$ 418,281	$ 5,835	$ 15,177	$ 382	$ –	$ 439,675	$ 427,215
Employee	310,257	1,458	777	181	–	312,673	304,361
Total contributions	728,538	7,293	15,954	563	–	752,348	731,576
Net investment income (loss):							
Net appreciation (depreciation)in fair value	(1,607,921)	(26,058)	(27,464)	(913)	–	(1,662,356)	819,794
Interest and dividends	460,966	7,394	7,793	259	–	476,412	462,819
Total before lending activities	(1,146,955)	(18,664)	(19,671)	(654)	–	(1,185,944)	1,282,613
Securities lending:							
Net appreciation in fair value	25,227	409	431	14	–	26,081	21,420
Interest and dividends	82,690	1,340	1,412	47	–	85,489	98,567
Interest expense	(96,208)	(1,559)	(1,643)	(55)	–	(99,465)	(109,931)
Trading costs	(2,688)	(44)	(46)	(1)	–	(2,779)	(2,434)
Net income from securities lending	9,021	146	154	5	–	9,326	7,622
Managers' fees and trading costs	(21,575)	(350)	(369)	(12)	–	(22,306)	(22,718)
Net investment income (loss)	(1,159,509)	(18,868)	(19,886)	(661)	–	(1,198,924)	1,267,517
Other revenues:							
Rent income	85	–	–	–	–	85	95
Administrative fees	553	–	–	–	(553)	–	–
Other	8	28	–	–	–	36	10
Total other revenues	646	28	–	–	(553)	121	105
Total	(430,325)	(11,547)	(3,932)	(98)	(553)	(446,455)	1,999,198
Deductions:							
Retirement annuities	759,282	15,166	29,986	361	–	804,795	655,440
Refunds to terminated employees	65,370	62	135	16	–	65,583	58,922
Total	824,652	15,228	30,121	377	–	870,378	714,362
Administrative expenses:							
Personal services:							
Salaries, wages and fringe benefits	4,616	–	–	–	–	4,616	4,522
Travel and subsistence	72	–	–	–	–	72	74
Contractual services	3,456	–	–	–	–	3,456	2,816
Commodities	513	–	–	–	–	513	284
Total administrative expenses	8,657	–	–	–	–	8,657	7,696
Depreciation	186					186	563
Administrative fees	–	117	429	7	(553)	–	–
Total	833,495	15,345	30,550	384	(553)	879,221	722,621
Net increase (decrease)	(1,263,820)	(26,892)	(34,482)	(482)	–	(1,325,676)	1,276,577
Net assets held in trust for pension benefits:							
Fund balance at beginning of year as previously reported	16,210,713	266,918	287,858	8,889	–	16,774,378	15,497,801
Cumulative effect of accounting change (Note 2)	695	–	–	–	–	695	–
Restated beginning of year	16,210,018	266,918	287,858	8,889		16,773,683	15,497,801
End of year	$14,946,198	$240,026	$253,376	$8,407	$ –	$15,448,007	$16,774,378

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – EXPENDABLE TRUST FUNDS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

(In Thousands)

	2001	2000
Revenues:		
Participant contributions, transfers and deferrals	$ 48,487	$ 47,054
Investment income (loss):		
Interest	42	33
Dividends	1,917	1,837
Net appreciation (depreciation)	(32,435)	38,033
Net investment income (loss)	(30,476)	39,903
Net decrease in cash surrender value of life insurance	(111)	(2)
Total revenues	17,900	86,955
Expenditures:		
Benefit payments to participants	20,368	18,713
Total expenditures	20,368	18,713
Excess of revenues over expenditures (expenditures over revenue)	(2,468)	68,242
Fund balance:		
Beginning of year	608,886	540,644
End of year	$ 606,418	$ 608,886

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

1. Plan Description

(a) General

The Public Employees' Retirement System of Mississippi (the "System") is the administrator of four defined benefit plans 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

* Closed to new members

The System's purpose is to provide pension benefits for all State employees, uniformed 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
Employers:				
State agencies	114	1	–	4
State universities	9	–	–	–
Public schools	151	–	–	–
Community/ junior colleges	15	–	–	–
Counties	82	–	–	–
Municipalities	265	–	17	–
Other political subdivisions	215	–	–	–
Total employers	851	1	17	4
Members:				
Active vested	100,279	447	168	139
Active nonvested	50,801	152	46	36
Total active members	151,080	599	214	175
Inactive vested	16,186	17	1	47
Inactive nonvested	91,865	24	3	9
Total inactive members	108,051	41	4	56
Retirees and beneficiaries	53,665	573	2,270	84
Total retired/inactive members	161,716	614	2,274	140
Total members	312,796	1,213	2,488	315
Active members by employer:				
State agencies	33,041	599	–	175
State universities	16,297	–	–	–
Public schools	58,740	–	–	–
Community/junior colleges	5,821	–	–	–
Counties	13,014	–	–	–
Municipalities	17,342	–	214	–
Other political subdivisions	6,825	–	–	–
Total active members	151,080	599	214	175

* Information furnished for MRS is as of September 30, 2000.

(b) Membership and Benefit Provisions

(1) Public Employees' Retirement System of Mississippi

Membership in PERS is a condition of employment; eligibility is granted upon hiring for all 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 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 four years or more of credited service or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to $1\frac{7}{8}$ percent of their average compensation for each year of credited service up to and including 10 years and 2 percent for each year of credited service from 10 through 25 years, plus $2\frac{1}{4}$ percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of four years of credited service. 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 the greater of (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 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55 or (b) 4 percent of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998. For the year ended June 30, 2001, the total additional annual payments were $137,144,000.

(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 uniformed officers of the highway patrol in the enforcement of the traffic laws of the State of Mississippi or in the driver's license division.

Participating employees who withdraw from service at or after age 55 with at least five years of credited 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 to an annual retirement allowance, payable monthly for life, in an amount equal to $2\frac{1}{2}$ percent of their average compensation during the four highest consecutive years of earnings reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. 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.

Retirees and beneficiaries of MHSPRS receive an additional amount equal to $2\frac{1}{2}$ percent of the annual retirement allowance for each full fiscal year of retirement. The Board may grant an additional percentage in increments of $\frac{1}{4}$ percent, up to a maximum of $1\frac{1}{2}$ percent. For the year ended June 30, 2001, the total additional annual payments were $4,144,000.

(3) Municipal Retirement Systems

Membership in the two 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 fully closed to new members July 1, 1987.

Participating employees who retire regardless of age with at least 20 years of credited 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 $66\frac{2}{3}$ 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, who on December 1 of each year are receiving a retirement allowance, may be entitled to an additional payment equal to the annual percentage change of the Consumer Price Index not to exceed $2\frac{1}{2}$ percent of the annual retirement allowance for each full fiscal year of retirement. These additional payments will only be made when funded by the employers. For the year ended June 30, 2001, the total additional annual payments were $997,000.

(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. However, the aggregate amount of the retirement allowance from SLRP and PERS cannot exceed 100 percent of average compensation. Benefits vest upon completion of four years of credited service. 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 identical to PERS retirees and beneficiaries. For the year ended June 30, 2001, the total additional annual payments were $32,000.

(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 2001. 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 Section 25-11-1 et seq. for PERS, Section 25-13-1 et seq. for MHSPRS, and Section 25-11-301 et seq., Mississippi Code Ann. (1972) 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. Statutes may be amended only by the State of Mississippi Legislature.

2. Summary of Significant Accounting Policies

(a) Financial Reporting Entity
The System has developed criteria in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, to determine whether other state agencies, boards or commissions which benefit the members of the System should be included within its financial reporting entity as component units. Component units are defined as legally separate organizations for which the officials of the System is financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the System is such that exclusion would cause the System's financial statements to be misleading or incomplete.

In accordance with GASB Statement No. 14, the following criteria are used when evaluating financial accountability: (1) the ability of the System to appoint a voting majority of the organization's governing body and the ability to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the System.

In addition, the System may be financially accountable if an organization is fiscally dependent on the System regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

The reporting entity for the System and its component units consists of four pension trust funds, one agency fund and one expendable trust fund. The pension trust funds are PERS, MHSPRS, MRS, and SLRP. The agency fund is the Flexible Benefits Cafeteria Plan (FBCP). The expendable trust fund is the Government Employees' Deferred Compensation Plan (GEDCP). 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.

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. Membership in ORP is offered as a recruitment tool for institutions of higher learning.

Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System will provide for the 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, and SLRP pension trust funds and GEDCP expendable trust fund. 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 and SLRP use the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed; investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for PERS, MHSPRS, MRS, and SLRP 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. 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.

The assets and liabilities of GEDCP are accounted for on the modified accrual basis where the measurement focus is custodial in nature. Under the modified accrual basis, revenues are recorded when they are both measurable and available to finance current expenditures, and expenditures are recorded when incurred. Investments in the GEDCP are reported at fair value.

The System applies all Governmental Accounting Standards Board (GASB) pronouncements and those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

(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) Property and Equipment
Property and equipment used for administering the plans are carried at historical cost. Donated assets are valued at estimated fair value on the date donated. Depreciation is provided in the pension trust funds in amounts sufficient to relate the cost less the estimated salvage value of the depreciable assets to operations over their estimated service lives 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) Derivatives
In accordance with authorized investment laws and policies, the System invests in various mortgage-backed securities, such as collateralized mortgage obligations, interest-only strips and principal-only strips. These securities are reported at fair value (see Note 3) and are included in the category, "Fixed income securities," in the Statements of Plan Net Assets. The System has no other derivative financial instruments.

(h) Accounting Change
Effective July 1, 2000, the System changed its accounting policy to raise the threshold for capital assets from $500 to $5,000. The effect of the adoption of this policy decreased the fund balance at June 30, 2000, from $16,210,713,000 to $16,210,018,000, a decrease of $695,000. This accounting policy was adopted by the System because a similar policy change was adopted by the State of Mississippi.

3. Deposits 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 Grade BAA/BBB or better 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, 2001 the System had no deposits in foreign demand deposit accounts.

Approximately 22 percent of the investment securities held in trust by the System are invested in bonds of the U.S. Government and its instrumentalities. The System has no investments of any other single organization that represent 5 percent or more of the System's net assets.

(b) Deposits

The amount of the System's total cash deposits at June 30, 2001, was $228,387,000 and the corresponding bank balances which are represented by collected funds were $227,415,000. All of the bank balances were covered by federal depository insurance.

(c) Investments

Governmental accounting standards require that the investments reported as of the balance sheet date be categorized according to the level of credit risk associated with the System's custodial arrangements at that time. The level of credit risk is defined as follows: Category 1 – insured or registered, or securities held by the System or its agent in the System's name; Category 2 - uninsured and unregistered, with securities held by the counterparty's trust department or agent in the System's name; and Category 3 - uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the System's name.

The following table presents the cost and fair value of investments by type at June 30, 2001 (in thousands):

	Pension Trust Funds		Expendable Trust Funds	
	Cost	Fair Value	Cost	Fair Value
Investments - category 1:				
Short-term securities:				
Repurchase agreements	$ 40,630	$ 40,630	$ –	$ –
Commercial paper	27,726	27,774	–	–
Other	28,329	28,026	–	–
U.S. Government and U.S. Government agency obligations	2,126,654	2,177,267	–	–
Corporate obligations	1,965,788	1,988,301	–	–
Municipal obligations	41,109	42,851	–	–
Long-term international bonds	144,604	147,964	–	–
Domestic equity securities	4,552,306	7,737,635	69,824	119,641
International equity securities:				
Unloaned securities	1,723,497	1,528,353	–	–
On securities loan for noncash collateral	4,513	3,443	–	–
Total - category 1	10,655,156	13,722,244	69,824	119,641
Investments - category 3:				
Short-term securities:				
Repurchase agreements	179,589	179,589	–	–
Commercial paper	801,126	804,568	–	–
Short Term U.S. Government obligations	9,995	10,166	–	–
U.S. Government agency obligations	60,543	60,703	–	–
Corporate obligations	673,585	675,388	–	–
Total - category 3	1,724,838	1,730,414	–	–
Investments - not categorized:				
Investments held by broker-dealers under securities loans with cash collateral:				
U.S. Government and U.S. Government agency obligations	991,331	1,013,561	–	–
Domestic equity securities	300,458	271,205	–	–
International equity securities	392,847	369,080	–	–
International group equity trust	158,607	134,077	–	–
Short-term securities:				
Money market	–	–	10,954	10,954
Fixed income fund	–	–	13,964	13,964
Balanced asset fund	–	–	24,003	24,003
Fixed and variable investments	–	–	327,049	327,049
Life insurance contracts	–	–	671	671
Equity securities	–	–	105,250	105,250
Total - not categorized	1,843,243	1,787,923	481,891	481,891
Total	$14,223,237	$17,240,581	$ 551,715	$ 601,532

All of the investment assets of MHSPRS, MRS, and SLRP are combined with those of PERS and invested in short-term, fixed income securities and equity securities. 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.

During fiscal year 2001, the investments in derivatives by the System were exclusively in asset/liability based derivatives such as interest-only strips, principal-only strips and collateralized mortgage obligations (forms of mortgage-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. Interest-only strips are based on cash flows from interest payments on the underlying mortgages. Therefore, they are sensitive to prepayments by mortgagors, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the security to appreciate in fair value.

Collateralized mortgage obligations (CMO's) 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 CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in 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.

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. Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System.

(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, 2001 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Fixed income	$ 76,636	$ 1,242	$ 1,309	$ 44	$ 79,231
Short term income	6,054	98	103	3	6,258
Net appreciation	25,227	409	431	14	26,081
Income from securities lending	107,917	1,749	1,843	61	111,570
Less:					
Interest expense	96,208	1,559	1,643	55	99,465
Bank fees	2,688	44	46	1	2,779
Expenses from securities lending	98,896	1,603	1,689	56	102,244
Net income from securities lending	$ 9,021	$ 146	$ 154	$ 5	$ 9,326

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, 2001 are long-term U.S. government and agency obligations 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 lent. All securities on loan can be terminated on demand by either the System or the borrower, although the average term of these loans was 95 days at June 30, 2001. Cash collateral is invested in fixed income securities such as U.S. government and agency obligations and "AAA" asset-backed securities. Additionally, a significant portion is invested in short-term securities, such as repurchase agreements, commercial paper and bank notes. The weighted-average term to maturity of all collateral investments at June 30, 2001, was 562 days with a duration (calculation based on timing of expected future cash flows) of 47 days.

Securities lent at year-end for cash collateral are presented as unclassified in Note 3 (c); securities lent for non-cash collateral are classified according to the credit risk category for the collateral. The investments purchased with the cash collateral are presented in category 3 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 following table presents the cost and fair values of the underlying securities, and the value of the collateral pledged at June 30, 2001 (in thousands):

Securities Lent	Cost	Fair Value	Accrued Income	Fair Value Plus Accrued Income	Cash Collateral Received/Noncash Collateral Value*
Lent for cash collateral:					
U.S. Government					
and agency obligations	$ 991,331	$ 1,013,561	$ 18,569	$ 1,032,130	$ 1,060,615
Domestic equities	300,458	271,205	55	271,260	283,280
International equities	392,847	369,080	88	369,168	384,838
Lent for noncash collateral:					
International equities	4,513	3,443	1	3,444	3,603
Total securities lent	$ 1,689,149	$ 1,657,289	$ 18,713	$ 1,676,002	$ 1,732,336

* The noncash collateral value is based on the System's pro rate share of the value of the noncash collateral maintained in bulk at State Street Bank and Trust Company 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 credited to commission recapture income for the fiscal year ended June 30, 2001 were $1,191,000.

4. Property and Equipment

The following is a summary of property and equipment as of June 30, 2001 (in thousands):

Description	Cost	Accumulated Depreciation	Net Property and Equipment
Land	$ 508	$ –	$ 508
Building	4,196	1,321	2,875
Improvements	25	18	7
Furniture and equipment	2,406	2,102	304
Total	$ 7,135	$ 3,441	$ 3,694

5. Due To/Due From Other Funds

The following is a summary of due to/due from other funds as of June 30, 2001 (in thousands):

Receivable Fund	Payable Fund	Amount
Due To Pension Trust Fund	Due From Other Trust & Agency Funds	
PERS	FBCP	$ 7
PERS	GEDCP	$ 2
Total		$ 9

6. Funding Status and Progress

(a) Change in Actuarial Asset Valuation

The actuarial value of assets is used in determining the funding progress of the System. 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. This smoothed actuarial value of assets is used in determining the actuarial funding status of the System and establishing the contribution rates necessary to accumulate assets to meet benefit obligations when due.

The following table presents the actuarial change in asset valuation for the year ended June 30, 2001 (in thousands):

	PERS	MHSPRS	MRS	SLRP
Valuation assets June, 2000***	$14,899,074	$ 244,331	$ 235,222	$ 8,199
Contributions and other revenue	728,628	7,320	15,070	563
Benefit payments	(824,651)	(15,228)	(28,923)	(377)
Administrative expenses	(8,294)	(117)	(402)	(8)
Investment expenses*	(21,575)	(350)	(393)	(12)
Net new money	(125,892)	(8,375)	(14,648)	166
Expected total investment return for 2001 (8%)	1,209,328	19,575	18,640	675
Adjustment towards market (20%)**	209,121	4,182	14,499	84
Valuation assets June, 2001***	$16,191,631	$ 259,713	$ 253,713	$ 9,124

* 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.

** June 2001 fair values of net assets held in trust for pension benefits totaled $14,946,198; $240,026; $253,376; and $8,407, respectively. The current year unrecognized gains (losses) of $(1,878,360); $(30,472); $2,997; and $(1,060), respectively, and prior year unrecognized gains of $632,930; $10,787; $25,684; and $340, respectively, will be used to calculate adjustment towards fair value over the next 4 consecutive years.

*** Information for MRS is presented as of September, 1999 and 2000, respectively.

(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, 2000. As a result of this study, the Board of Trustees adopted new assumptions in regard to withdrawal and disability rates, post-retirement service mortality rates, change to a service-based from an age-related pattern for service retirements, and the use of a service related salary scale in place of an age-related scale. Also, new assumptions for MHSPRS and SLRP were adopted relating to a change to a service-based from an age-related pattern for service retirements and change the amount of unused leave service credit to a half year for MHSPRS and two years for SLRP. New assumptions for SLRP and MRS were adopted relating to withdrawal rates and for MRS the merit/seniority component of the salary scale changed. These changes were used in the actuarial valuation of PERS, MHSPRS, and SLRP as of June 30, 2001. Significant actuarial assumptions used in the 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.

A summary of plan contributions for all participants for the year ended June 30, 2001 follows (dollars in thousands):

	PERS Contributions**		MHSPRS Contributions		SLRP Contributions	
	Amount	%*	Amount	%*	Amount	%*
Employee	$ 310,257	7.25%	$ 1,458	6.50%	$ 181	3.00%
Employer	418,374	9.75	5,863	26.16	382	6.33
Total	$ 728,631	17.00%	$ 7,321	32.66%	$ 563	9.33%
Normal cost	$ 457,109	10.67%	$ 4,992	22.27%	$ 402	6.67%
Amortization of unfunded actuarial accrued liability	271,522	6.33	2,329	10.39	161	2.66
Total	$ 728,631	17.00%	$ 7,321	32.66%	$ 563	9.33%

* Percent of current covered payroll.

** Includes rent income and other revenues.

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, 2000, aggregate contributions for MRS were equivalent to 114.5 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 .49 to 9.19 mills, totaling $14,162,000 in actual contributions. The employee contribution rates ranged from 7 percent to 10 percent of covered payroll, totaling $908,000 in actual contributions.

(a) Effects of Current Year Changes on Contribution Requirements

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

The June 30, 2001, actuarial valuation incorporated no changes in actuarial assumptions for PERS, MHSPRS and SLRP. Also, the June 30, 2001, actuarial valuation incorporated changes in the benefit provisions for PERS, MHSPRS, and SLRP. For information on the changes in benefit provisions, refer to the 2001 Legislative Highlights in the Introductory Section of this report.

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 being amortized on an open basis as a level dollar amount over a period of 40 years.

	PERS	MHSPRS	SLRP
Previously reported period	17.4	4.1	16.2
Change due to:			
Normal amortization	(1.0)	(1.0)	(1.0)
Actuarial experience	(5.3)	(6.3)	(3.8)
Actuarial assumptions	(0.1)	(2.6)	(5.4)
Plan amendments	1.6	–	2.4
Computed period	12.6	(5.8)	8.4

(b) 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, 2001 (in thousands):

	PERS	MHSPRS	MRS*	SLRP
Annuity savings account	$ 3,061,697	$ 16,080	$ 10,209	$ 1,665
Annuity reserve	1,140,388	11,875	–	348
Employer's accumulation account	11,989,546	231,758	243,504	7,111
Unfunded actuarial accrued liability	2,302,576	(9,092)	119,771	1,178
Actuarial accrued liability	$ 18,494,207	$250,621	$ 373,484	$ 10,302

* The annuity reserve for MRS is reflected as of the September 30, 2000 valuation date.

8. Six-Year Historical Trend Information

Six-year historical trend information, designed to provide information about progress made by PERS, MHSPRS, MRS, and SLRP in accumulating sufficient assets to pay benefits when due, is presented on page 51.

9. 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 not available to employees until termination, retirement, death or unforeseeable emergency.

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 recent amendments to Section 457 of the Internal Revenue Code. These amendments changed the nature of the plan such that it is now considered an Expendable Trust Fund rather then an Agency Fund for financial reporting purposes.

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, 2001, total plan assets aggregated $606,590,000.

Investments of the Government Employees' Deferred Compensation Plan are stated at fair value or cash surrender value for insurance contracts. A summary of investments at June 30, 2001, follows (in thousands):

	Amount
Equity securities	$ 224,891
Pooled investments:	
Fixed income fund	24,918
Balanced asset fund	24,003
Fixed and variable investments	327,049
Life insurance contracts	671
Total investments	$ 601,532

10. 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 to account for transactions related to those employees of the System who participate in the cafeteria plan.

11. 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, 2001, was $3,699,000; the System's total payroll expense was $4,616,000. The System's contributions for the year ended June 30, 2001, were $359,000, which represents less than one percent of total contributions required for all participating employers.

12. Recent Accounting Pronouncement

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (the Statement). The Statement establishes new financial reporting requirements for state and local governments throughout the United States by setting forth the required components of the basic financial statements and required supplementary information. For the System, the requirements of this Statement are effective for its fiscal year beginning July 1, 2001. The impact this statement will have on the presentation and disclosures contained in the System's comprehensive annual financial statements has not been determined.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
LAST SIX FISCAL YEARS
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (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
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)
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	373,484	119,771	67.9	8,485	1,411.6
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

The actuarial accrued liability is a measure intended to help users assess the plan's funding status on a going-concern basis and assets progress being made in accumulating sufficient assets to pay benefits when due. Beginning with June 30,1995, actuarial valuation, the actuarial value of assets, will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the plan's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. For additional information regarding this schedule, refer to Note 6, Funding Status and Progress.

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

See Notes to Required Supplementary Schedules.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
LAST SIX FISCAL YEARS

(In Thousands)

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
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
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
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

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

See Notes to Required Supplementary Schedules.

Public Employees' Retirement System of Mississippi
Notes to Required Supplementary Schedules
June 30, 2001

1. Schedules of Funding Progress

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 past and future service 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 between entry age and assumed exit age. Entry age is established by subtracting credited service from current age on the valuation date. 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.

3. Actuarial Assumptions

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, 2001	June 30, 2001	September 30, 2000	June 30, 2001
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	12.6 years	30 years	34 years	8.4 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%	8%	8%	8%
Projected salary increases[1]	4.0%	4.0%	4.0%	4.0%
Additional projected salary increases[2]	1.0% – 14.0%	1.5% – 6.2%	1.0%	1.0%
Increase in benefits after retirement	3.0%[3]	2.5%[4]	2.5-3.75%[5]	3.0%[3]

[1] Compounded annually and attributable to inflation.
[2] Compounded annually and attributable to seniority/merit.
[3] Calculated 3% simple interest to age 55, compounded each year thereafter. However the adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.
[4] Calculated on a simple interest basis.
[5] Varies depending on municipality.

Statement 1

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
COMBINING BALANCE SHEET – OTHER TRUST AND AGENCY FUNDS
JUNE 30, 2001
(In Thousands)

	FBCP	GEDCP	Total Other Trust & Agency Funds
Assets:			
Cash	$ 6	$ 1,845	$ 1,851
Receivables:			
Employee	–	3,125	3,125
Interest and dividends	–	88	88
Total receivables	–	3,213	3,213
Investments, at fair value (Note 3):			
Short-term securities	–	10,954	10,954
Fixed income securities	–	13,964	13,964
Equity securities	–	224,891	224,891
Balanced asset fund	–	24,003	24,003
Fixed and variable investments	–	327,049	327,049
Life insurance contracts	–	671	671
Total investments	–	601,532	601,532
Total assets	$ 6	606,590	606,596
Liabilities:			
Accounts payable and accrued expenditures	$ –	170	170
Due to other funds	7	2	9
Funds held for others	(1)	–	(1)
Total liabilities	6	172	178
Equity and Other Credits:			
Fund balance reserved for:			
Future retention, claims and administrative expenditures	–	606,418	606,418
Total Liabilities, Equity and Other Credits	$ 6	$ 606,590	$ 606,596

Statement 2

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
OTHER TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Balance June 30, 2000	Additions	Deductions	Balance June 30, 2001
Flexible Benefits Cafeteria Plan				
Assets:				
Cash	$ 3	$ 151	$ 148	$ 6
Liabilities:				
Due to other funds	1	5	–	6
Funds held for others	2	146	148	–
Total liabilities	$ 3	$ 151	$ 148	$ 6

Schedule 1

SCHEDULE OF ADMINISTRATIVE EXPENSES AND DEPRECIATION FOR THE YEAR ENDED JUNE 30, 2001

(In Thousands)

	Amount
Administrative expenses:	
Personal services:	
Salaries and wages	$ 3,719
Employee benefits	897
Travel and subsistence	72
Total personal services	4,688
Contractual services:	
Data Processing installation, training, and licensing	1,146
Professional services (See Schedule 3)	1,138
Communications	411
Utilities	276
Repair and maintenance of equipment	147
Building and grounds expense	76
Bank charges	71
Other contractual services	70
Rent of building space and office equipment	68
Insurance	34
Education	19
Total contractual services	3,456
Commodities:	
Printing, binding and padding	199
Office equipment (not capitalized)	177
Office supplies and expendable repair parts	116
Other commodities	18
Building supplies and materials	3
Total commodities	513
Total administrative expenses	8,657
Depreciation:	
Furniture and equipment	101
Building	84
Improvements other than building	1
Total depreciation	186
Total administrative expenses and depreciation	$ 8,843

Schedule 2

SCHEDULE OF ADMINISTRATIVE EXPENDITURES/EXPENSES
BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2001

(In Thousands)

Budget Comparisons

	2001		Variance
	Budget	Actual	Favorable (Unfavorable)
Administrative expenditures:			
Personal services:			
Salaries, wages, and fringe benefits	$ 4,735	$ 4,611	$ 124
Travel and subsistence	94	72	22
Contractual services	3,265	2,787	478
Commodities	369	350	19
Capital outlays – Other than equipment	950	487	463
Capital outlays	137	137	–
Subsidies, loans, and grants	–	–	–
Total	$ 9,550	$ 8,444	$ 1,106

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, 2001.

Reconciliation of Budgetary Basis Administrative Expenditures to GAAP Basis Administrative Expenses

	Amount
Administrative expenditures (Budgetary Basis)	$ 8,444
Adjustments:	
Compensated leave accrual	8
Fiscal year 2001 accruals to GAAP Basis	207
Fixed asset purchases recorded as expenditures for budgetary purposes	(57)
Fiscal year 2000 budget expenditures paid during lapse period; expenses recorded in fiscal year 2001	51
Fiscal year 2000 accrual reversed during fiscal 2001	(67)
Bank service charges	71
Administrative expenses (GAAP Basis)	$ 8,657

SCHEDULE OF MANAGERS' FEES, INVESTMENT TRADING COSTS AND CUSTODIAL FEES AND PROFESSIONAL SERVICE FEES FOR THE YEAR ENDED JUNE 30, 2001

(In Thousands)

	Amount
Investment managers' fees:	
Fayez Sarofim & Co.	$ 3,015
J. P. Morgan Investment Management	2,660
Lazard Asset Management	1,952
Morgan Stanley Dean Witter	1,876
Zurich Scudder Investments	1,725
Boston Partners Asset Management	2,023
GeoCapital Corporation	1,386
Putnam Investments	1,067
Thomson, Horstmann, & Bryant	1,208
Pacific Investment Management Company	1,194
Lombard Odier	1,014
Brinson Partners	699
Deutsche Asset Management – Fixed Income	685
Barclays Global Investors, N.A.	670
Deutsche Asset Management – Domestic Equity	468
Mellon Bond Associates	270
Conseco Capital Management	117
Total	22,029
Trading costs and custodial fees – State Street Bank and Trust Company	277
Total managers' fees, trading costs and custodial fees	$ 22,306
Securities lending fees – State Street Bank and Trust Company	$ 2,779
Professional service fees:	
Architect fees – Cooke, Douglas, Farr, Lemons	$ 198
Actuary – Buck Consultants	183
Legal services – State of Mississippi – Office of the Attorney General	172
Funds Evaluation Services – Callan Associates.	160
Audit services – KPMG LLP, Department of Audit	104
Medical fees – Clinics, Labs	86
Mailing services – Direct Mail, Postage Savers	66
Other professional fees	48
Security services – Day Detective	40
Temporary personnel services – ExpressPersonnel	37
Graphics design services – Broderick/Bates Advertising	33
Accounting services – Mississippi Management & Reporting Service	11
Total professional service fees	$ 1,138

Schedule 4

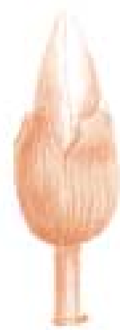
SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Amount
Cash balance at beginning of year	$ 230,995
Receipts:	
Contributions:	
Employee	312,751
Employer	440,003
Total contributions	752,754
Investments:	
Securities lending and reverse repurchase agreements	34,212,214
Investments matured and sold	23,610,326
Investment income	545,794
Total investments	58,368,334
Administrative receipts	571
Other receipts	4,752
Total cash receipts	59,126,411
Disbursements:	
Annuities and refunds:	
Retirement annuities	802,166
Refunds to terminated employees	65,583
Total annuities and refunds	867,749
Investments:	
Securities lending and reverse repurchase agreements	34,204,242
Investments purchased	23,920,312
Investment expenses	128,100
Total investments	58,252,654
Administrative expenses	10,316
Other disbursements	151
Total cash disbursements	59,130,870
Cash balance at end of year	$ 226,536

Schedule 5

SCHEDULE OF INVESTMENTS DUE TO MRS FROM PERS
JUNE 30, 2001
(In Thousands)

	Amount
Due to MRS:	
Biloxi Municipal	$ 4,367
Biloxi Fire and Police	1,996
Clarksdale Fire and Police	1,268
Clinton Fire and Police	7,690
Columbus Fire and Police	1,223
Greenville Fire and Police	6,652
Greenwood Fire and Police	3,321
Gulfport Fire and Police	10,242
Hattiesburg Fire and Police	23,882
Jackson Fire and Police	138,081
Laurel Fire and Police	4,260
McComb Fire and Police	1,779
Meridian Municipal	399
Meridian Fire and Police	11,686
Natchez Fire and Police	1,245
Pascagoula Fire and Police	10,989
Tupelo Fire and Police	11,404
Vicksburg Fire and Police	11,470
Yazoo City Fire and Police	1,049
Total investments due to MRS	$ 253,003



Investments

REPORT ON INVESTMENT ACTIVITY

Prepared by Lorrie Tingle, Deputy Director, Investments

The prudent investment of the System's assets demands constant attention, specialized expertise, and a dedication to and concern for the financial security of the members of the System—the ultimate beneficiaries. By broadly diversifying both domestically and internationally, the System seeks to minimize exposure risk within the portfolio. Above all else, the objective of the System's investment program is to provide adequate funding of current and future pension benefits.

Fiscal year 2001 proved to be a challenging time for investors both at home and abroad. The usually high rates of return enjoyed by the equity markets throughout most of the nineties were replaced by double digit negative returns, with the S&P 500 experiencing a 14.8% decline, and the NASDAQ suffering a 45.4% loss. Fixed Income for the first time in almost a decade offered better returns than most of the equity market segments.

In light of this year's market conditions, some might wonder if this is the time to abandon equities and seek better opportunities in the fixed income markets. PERS would respond that by definition the investment horizon for a pension fund is a very long one. History clearly shows that while over the last seventy-five years the stock market has experienced numerous ups and downs, over the long term stocks have outperformed bonds by a strong margin. The underlying reason for the resilience of the U.S. equity market is that it represents the earnings power of corporate America. We continue to believe that, as has been the case throughout the 20th century, corporate America will be the driver of our economic growth. While the markets will experience periodic short term setbacks, over the long term, it will be the equity markets which provide us the most attractive investment opportunities; as long term investors, the System will benefit from being invested there.

PERS is committed to continually re-evaluating the investment program, and to make changes as needed to insure that all future financial commitments will be met. That commitment requires that all portfolio related decisions be made based on sound logic and in-depth analysis, and not as a reaction to market panic or short term events.

By virtue of employing multiple investment managers who have expertise in various market segments, the Board makes asset allocation decisions in conformance with state statutes. The Board instructs all investment managers to be sensitive to three specific parameters:

1. An 8% actuarial rate assumption is to be met.
2. At a minimum, a 4.25% real rate of return is expected.
3. While investment performance is emphasized, the Board's first priority is preservation of capital.

At June 30, 2001, the fair value of the investment portfolio of the System was $15.4 billion. The market value decreased approximately $1.3 billion under last year's value. Of this decrease, $127 million came from excess distributions over contributions, and $1.2 billion from income and capital losses on investments.

The investment portfolio, excluding investments purchased with securities lending cash collateral, was composed of 52.5 percent domestic equities, 13.7 percent international equities, 33.5 percent fixed income and 0.3 percent cash and cash equivalents at fiscal year-end. As in the past, the quality of the portfolio remains high, with 66.0 percent of the fixed income investments rated AAA and over 58.0 percent invested in U.S. Treasury and U.S. government agency bonds. The domestic equity portfolio is a well diversified mixture of 82.1 percent large, 11.5 percent medium and 6.4 percent small capitalization securities, which correlates closely with the Russell 3000 Index. This is a nationally recognized investment benchmark comprised of the stocks of the 3,000 largest companies in the United States. Page 67 illustrates the composition of the portfolio by industry sector.

Callan Associates, Inc., the System's investment management consultant, calculates the total investment return of the

System, as well as the performance of each investment management firm employed by the Board of Trustees to invest the System's assets. The return and performance figures are presented in accordance with the standards of the Association for Investment Management and Research.

The System's Securities Lending Program is managed by State Street Bank and Trust Company. It provides ancillary income to the System by lending the securities in the System's portfolio to securities dealers upon the receipt of collateral. This program continues to grow each year, and generated approximately $9.3 million* in additional income for fiscal year 2001.

At year end, 17 firms were managing 18 different investment portfolios as shown on page 72. This chart illustrates the percentage of the total portfolio managed by each firm. The performance of each management firm is regularly monitored by the Board of Trustees with the assistance of Callan Associates, Inc.

**See chart on page 70 for explanation of net income from securities lending.*

PERFORMANCE

For the fiscal year ended June 30, 2001, the System realized a total rate of return of (7.1) percent. For the 5-year and 10-year periods ended June 30, 2001, the System showed average annual returns of 9.9 percent and 10.8 percent, respectively.

As mentioned before, the overall market environment was a disappointing one throughout most of the year. The portfolio experienced slightly positive returns in the first quarter; but then gave up ground in the second quarter experiencing a (2.9) percent return. The third quarter ending March 30, however, was the most difficult of the year with both domestic and international equities experiencing significantly negative returns. The System did see a recovery in the fourth quarter with domestic equities leading the way with a positive 6.3 percent return, international equities down 0.3 percent, and fixed income returning 0.4 percent. This late upturn, however, was not enough to overcome the negative impact of the third quarter; thus, the System ended the year with a (7.1) percent return.

Short Term Portfolio

Cash flows generated by 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 ended June 30, 2001, was 7.1 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

Domestic equities returned (10.4) percent for the 12-month period. While disappointing in absolute terms, this did reflect 3.5 percent better performance than its Russell 3000 Index benchmark, which had a (13.9) percent return for the same period. International equities suffered even more severely, returning (26.7) percent versus the MSCI EAFE Index return of (23.8) percent.

The fourth quarter saw positive performance from all segments of the domestic equity portfolio with the mid/small capitalization managers returning 10.2 percent, and the large capitalization managers contributing 5.4 percent. International equities experienced a (0.3) percent return, with the emerging market portfolio significantly outperforming both the EAFE and regional developed market portfolios. Despite this late rally by the equity markets, the damage experienced in the third quarter was too much to overcome as the negative one-year returns reflect.

For the 5-year period ended June 30, 2001, the System's domestic equities showed an annual return of 13.5 percent. International stocks had returns of 4.5 percent during the period. The Russell 3000 and Morgan Stanley EAFE indices returned 13.8 percent and 2.8 percent, respectively, during the same time period.

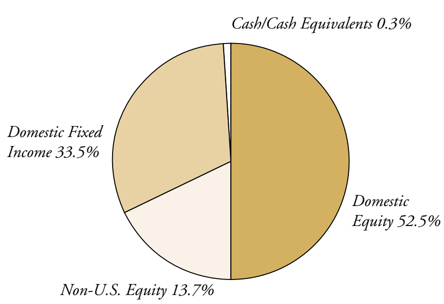
Bond Portfolio

The rate of return for the investment portfolio allocated to bonds for the fiscal year ended June 30, 2001, was 11.3 percent, outperforming the 11.2 percent return of the Lehman Brothers Aggregate Bond Index, used as a benchmark by the Board of Trustees to evaluate performance. Overall market conditions were influenced by concerns of an economic slowdown and fears of a recession. The Federal Reserve shifted during the year from a position tightening to one of easing. In an attempt to stimulate the economy, interest rates were cut by 150 basis points in the third quarter, and again by 150 basis points during the fourth quarter. Due to the inverse relationship of bond prices and interest rates, the System's bond portfolio appreciated significantly as a result of the Fed's rate cuts. The annual return for 5 years was 7.6 percent for the System, compared to the return for the Index of 7.5 percent over the same period.

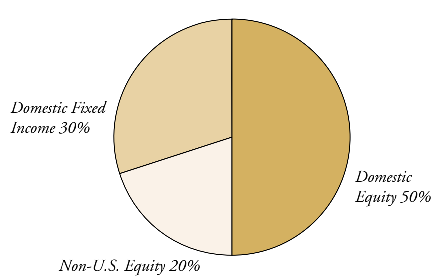
ASSET ALLOCATION

To achieve the financial objectives of the System, a new strategic asset allocation policy was adopted in fiscal year 2000. Based on projected future liabilities and statutory investment restrictions, an optimal asset mix was determined for the investment portfolio. The long term target allocation consists of 40 percent large, 10 percent mid and small capitalization domestic equities, 20 percent international equities, and 30 percent domestic fixed income investments. At such time that the targeted allocation is complete, the diversification of the System's portfolio should provide maximum returns, while operating within prudent risk parameters.

Asset Allocation June 30, 2001



Long Term Target Asset Allocation



INVESTMENT POLICIES

The investment policy is adopted by the Board of Trustees of the Public Employees' Retirement System of Mississippi within the guidelines established by the Mississippi Code of 1972, Section 25-11-121. The System's Investment Staff is responsible for monitoring compliance with Section 25-11-121.

Types of Investments

–The specific types of investments that the System is authorized to invest in 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 August 1999. Asset allocation studies are performed by the System every four to five years.

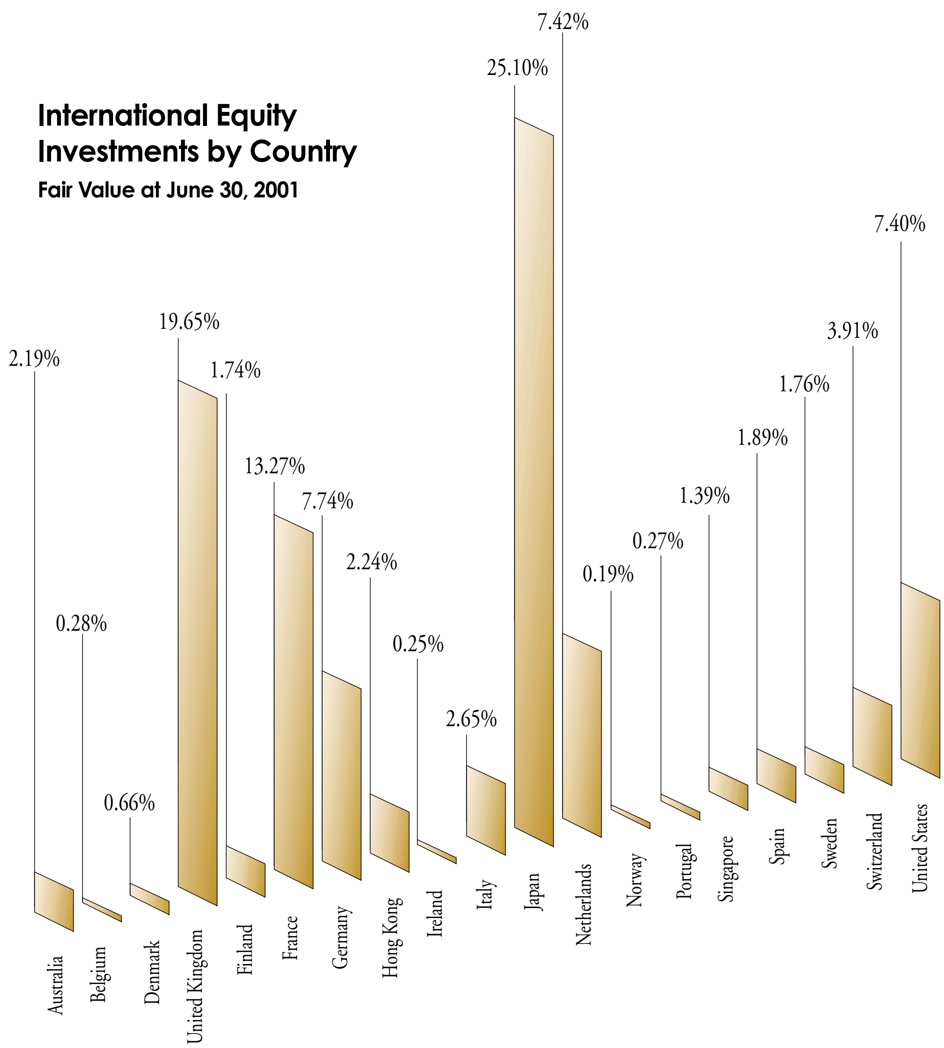
Performance

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

–The investment managers are expected to perform above the mean of their peer universe over a rolling three year period measured by the System's investment consultant.

–The investment consultant is required to produce a quarterly performance evaluation for each investment manager, as well as for 1,3,5 and 10 year periods. The review also includes each manager's performance compared to its benchmark index and its peer group's performance, with composite and total portfolio comparisons provided. The quarterly performance reviews are presented to the Board and Staff by the consultant.

–Each investment manager makes a formal presentation to the Board of Trustees 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.



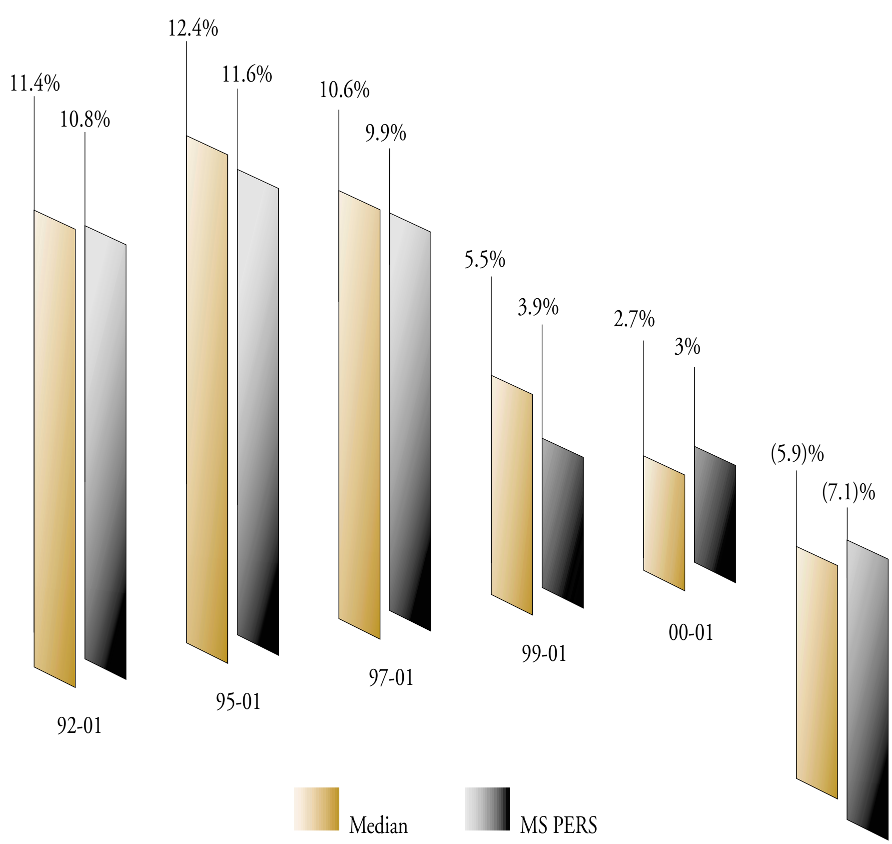
Performance Summary for Fiscal Years
Ended June 30, 2001

	Current Year	Annualized 3-year	Annualized 5-year
Total Plan:			
MS PERS Combined Return*	(7.1)%	3.9%	9.9%
Callan Associates Plan Sponsor – Large Funds	(5.9)	5.5	10.6
Domestic Fixed Income:			
Fixed Income Managers Composite*	11.3	6.2	7.6
Lehman Brothers Aggregate Bond Index	11.2	6.3	7.5
Domestic Equity:			
Domestic Equity Managers Composite*	(10.4)	3.9	13.5
Russell 3000 Index	(13.9)	4.2	13.8
International Equity:			
International Equity Managers Composite*	(26.7)**	(1.0)	4.5
MSCI EAFE Index	(23.8)	(1.3)	2.8
MSCI Emerging Markets Free	(25.9)	1.4	(6.4)

**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 Plan: Annualized Rates of Return



* Callan Associates Public Plan Sponsor Large Fund Universe

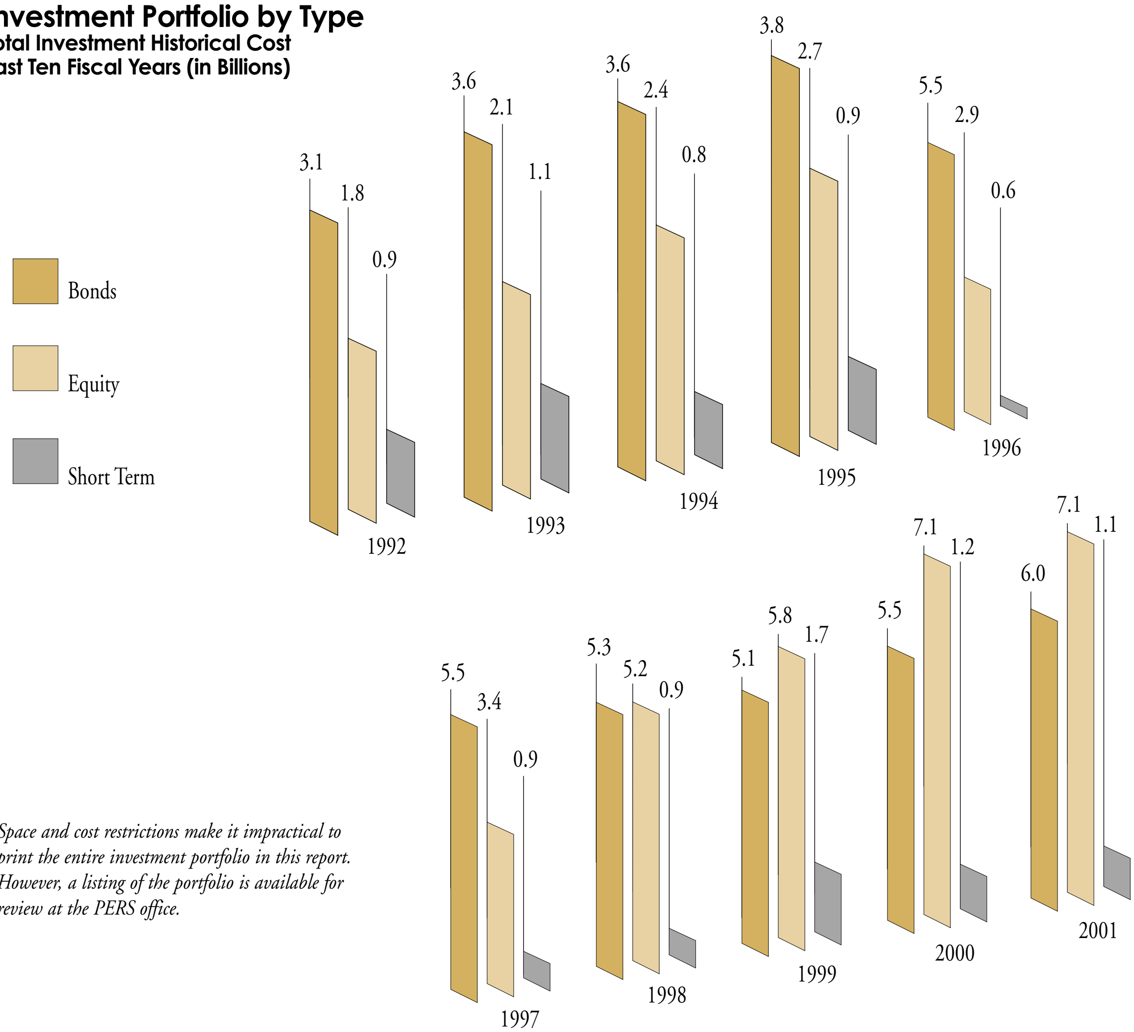
Investment Portfolio – Pension Trust Funds
Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Bonds Historical Cost	Bonds Fair Value	Equities Historical Cost	Equities Fair Value	Short Term Historical Cost	Short Term Fair Value	Total* Historical Cost	Total* Fair Value
1992	$3,100,211	$3,232,298	$1,796,211	$ 2,423,049	$ 903,256	$ 903,267	$ 5,799,678	$ 6,558,614
1993	3,564,598	3,782,335	2,099,626	2,932,274	1,075,319	1,075,310	6,739,543	7,789,919
1994	3,627,767	3,554,756	2,413,045	3,224,686	765,632	765,965	6,806,444	7,545,407
1995	3,813,331	3,956,688	2,690,440	4,070,459	934,199	934,254	7,437,970	8,961,401
1996	5,505,578	5,528,433	2,927,331	5,094,062	605,374	607,851	9,038,283	11,230,346
1997	5,522,279	5,584,998	3,443,996	6,835,172	894,137	897,527	9,860,412	13,317,697
1998	5,327,279	5,522,382	5,160,741	9,186,468	854,061	856,212	11,342,081	15,565,062
1999	5,064,472	5,067,427	5,827,088	10,693,904	1,708,094	1,712,282	12,599,654	17,473,613
2000	5,487,840	5,427,958	7,088,684	11,779,135	1,234,966	1,238,883	13,811,490	18,445,976
2001	6,003,614	6,106,035	7,132,228	10,043,793	1,087,395	1,090,753	14,223,237	17,240,581

**Includes investment securities on loan to broker-dealers with a historical cost of $1,689,149 and a fair value of $1,657,289. It also includes the securities purchased with the cash collateral received in the lending program with a historical cost of $1,724,838 and a fair value of $1,730,414. To arrive at the net asset value of investments of $15.4 billion, the fair value total must be adjusted by ($1.8 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

Investment Portfolio by Type
Total Investment Historical Cost
Last Ten Fiscal Years (in Billions)



Space and cost restrictions make it impractical to print the entire investment portfolio in this report. However, a listing of the portfolio is available for review at the PERS office.

Domestic Equity Portfolio Summary

	Historical Cost	Fair Value
Total Equity Securities	$4,852,763,791	$8,008,840,076
Total Number of Shares of Equity Securities Held	218,852,591	
Total Number of Issues of Equity Securities Held	825	

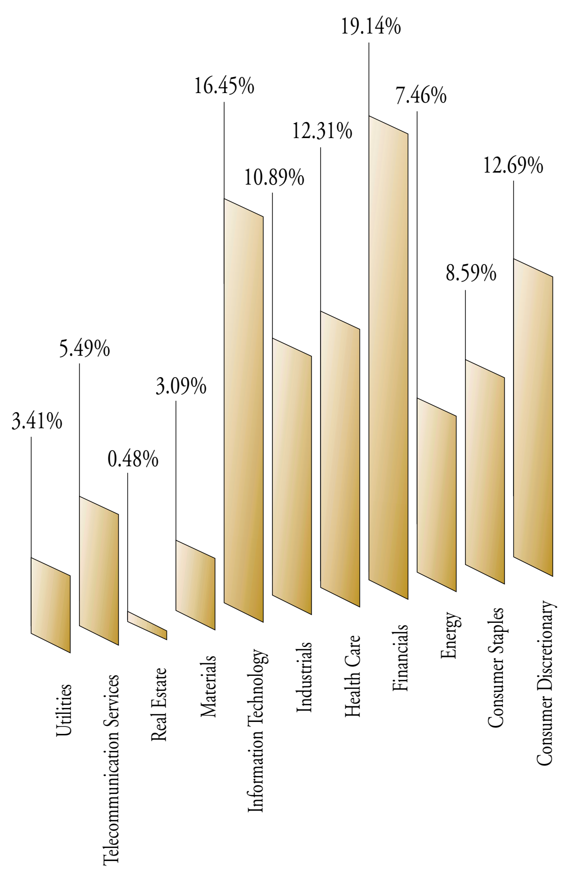
Ten Largest Domestic Common Stock Holdings

	Shares	Historical Cost	Fair Value
General Electric Company	5,361,300	$ 22,477,760	$ 261,363,375
Exxon Mobil Corporation	2,895,375	99,225,313	252,911,006
Citigroup, Inc.	4,328,822	77,185,693	228,734,954
Pfizer, Inc.	4,937,250	28,031,618	197,736,863
Microsoft Corporation	2,144,000	45,049,393	156,512,000
Philip Morris Companies, Inc.	2,749,400	40,628,364	139,532,050
Intel Corporation	4,428,100	27,961,564	129,521,925
International Business Machines	1,058,900	59,300,478	119,655,700
Merck & Company, Inc.	1,747,600	27,990,734	111,689,116
AOL Time Warner, Inc.	2,103,730	59,559,218	111,497,690
Totals	31,754,477	$ 487,410,135	$ 1,709,154,679

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

Domestic Equity Investments by Type

Fair Value at June 30, 2001



International Equity Investment Portfolio Summary

	Historical Cost	Fair Value
Total Equity Securities	$2,279,464,100	$2,034,952,909
Total Number of Shares of Equity Securities Held	171,219,565	
Total Number of Issues of Equity Securities Held	237	

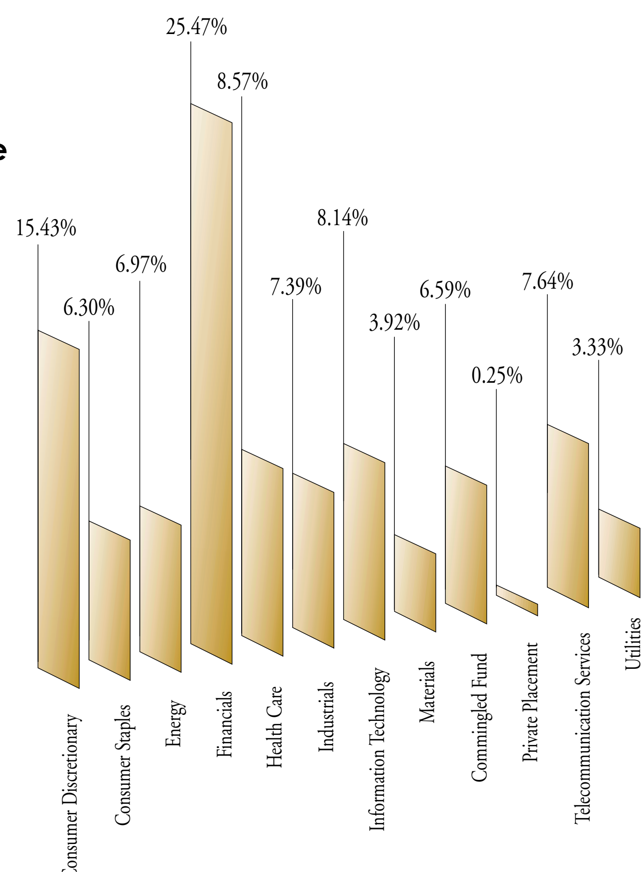
Ten Largest International Stock Holdings

	Shares	Historical Cost	Fair Value
Glaxosmithkline	1,780,970	$ 51,199,245	$ 50,095,143
BP Plc	5,411,431	42,626,811	44,484,187
Total Fina Elf	314,746	27,616,137	44,071,362
Vodafone Group	18,214,151	58,884,105	40,345,817
Toyota Motor Corporation	1,081,800	42,048,414	38,079,459
HSBC Holdings	3,213,640	40,612,451	38,078,178
Allianz Ag	125,103	42,717,847	36,718,279
ING Groep Nv	519,216	33,171,602	33,933,302
Aventis SA	390,136	20,421,431	31,145,010
Sony Corporation	466,800	30,150,634	30,691,914
Totals	31,517,993	$ 389,448,677	$ 387,642,650

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

International Equity Investments by Type

Fair Value at June 30, 2001



Bond Portfolio Summary*

	Historical Cost	Fair Value
Total Bond Investments	$6,003,614,139	$6,106,036,017
Total Par of Bond Investments Held	5,931,295,377	
Total Number of Bond Issues Held	3,020	

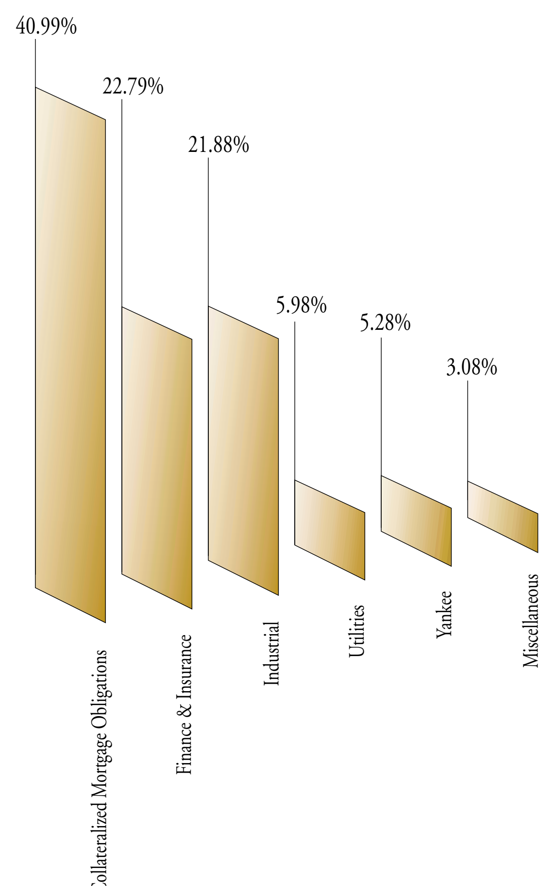
Ten Largest Long Term Corporate Bond Holdings*

	Par	Historical Cost	Fair Value
Toyota Auto Receivables Owner Trust	48,000,000	$ 48,000,000	$ 48,014,208
Chase Credit Card Master Trust	47,000,000	47,000,000	47,032,195
Citibank Credit Card Issuance Trust	35,000,000	35,000,000	35,006,300
Discover Card Master Trust	30,000,000	30,000,000	30,050,880
Citigroup Inc.	30,000,000	30,000,000	30,003,540
Citigroup Inc.	25,000,000	24,990,149	25,682,650
Discover Card Master Trust	25,000,000	25,000,000	25,063,975
MBNA Master Credit Card Trust	25,000,000	25,000,000	25,051,650
American Express Credit Account Master Trust	25,000,000	25,000,000	25,042,275
Ford Motor Credit Company	25,000,000	25,000,000	24,985,000
Totals	315,000,000	$ 314,990,149	$ 315,932,673

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

Corporate Bond Investments by Type*

Fair Value at June 30, 2001



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

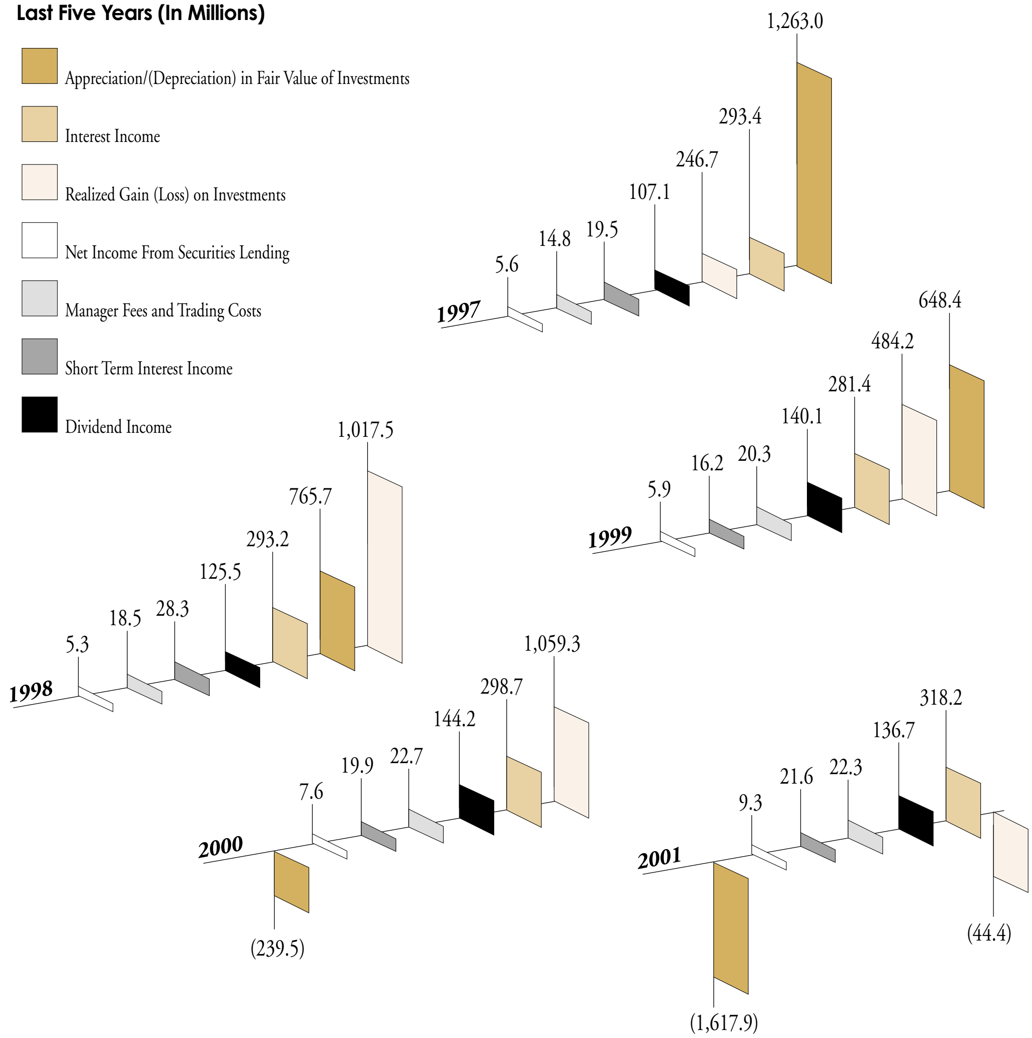
PERS Net Investment Income by Source
Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Interest Income	Dividend Income	Short Term Interest Income	Realized Gain (Loss) On Investments	Appreciation (Depreciation) in Fair Value of Investments	Net Income From Securities Lending	Total Income	Less: Manager Fees And Custodian Fees	Net Income From Investments
1992	$242,553	$ 62,529	$15,384	$ 114,942	$ –	$1,107	$ 436,515	$ 8,832	$ 427,683
1993	255,169	66,451	9,310	125,847	–	890	457,667	9,319	448,348
1994	252,194	74,025	10,775	59,232	(311,413)	897	85,710	10,387	75,323
1995	245,612	87,100	20,957	62,583	784,468	992	1,201,712	11,455	1,190,257
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)

PERS Summary Of Net Investment Income by Source

Last Five Years (In Millions)



Investment Fees and Commissions
For the Year Ended June 30, 2001

Investment managers' fees:	Assets Under Management	Fees
Domestic equity managers	$ 8,066,837,015	$ 12,637,321
International equity managers	2,117,005,215	5,757,954
Fixed income managers	5,089,741,890	3,633,849
Total investment managers	$ 15,273,584,120	$ 22,029,124

Other investment service fees:	
Custodian fees	$ 276,470
Securities lending agent/cash management fees	2,779,260
Investment consultant fees	160,000
Total investment service fees	$ 3,215,730

Brokerage Commissions Paid*

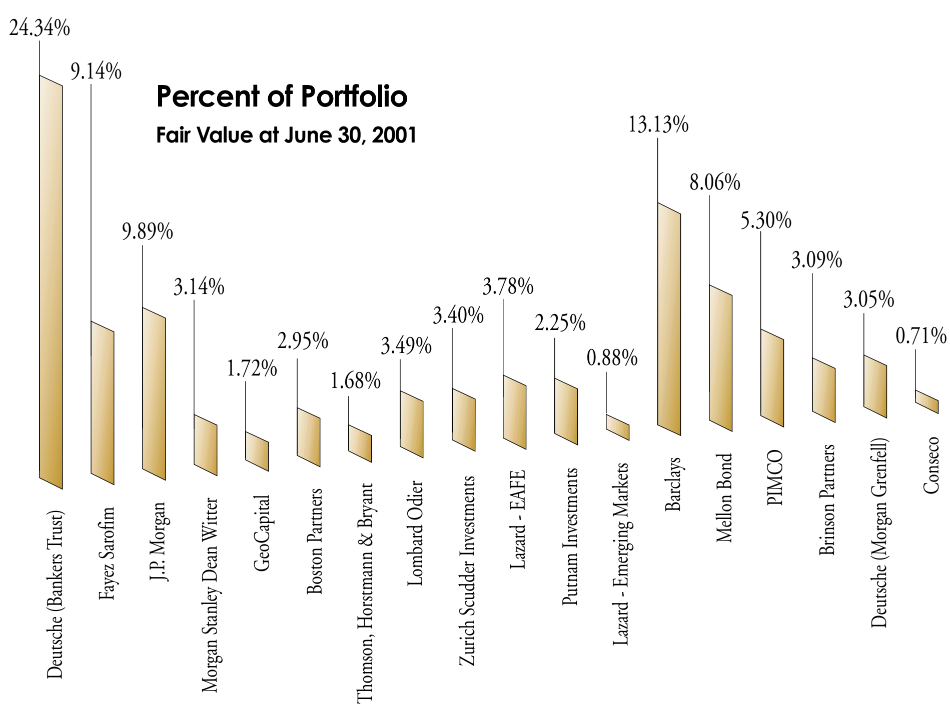
Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
Merrill Lynch Pierce Fenner	58,053,535	$ 1,414,081	$ 0.024
Instinet	32,937,832	1,164,189	0.035
CS First Boston	21,550,630	725,109	0.034
Morgan Stanley and Company	26,614,477	645,664	0.024
Salomon Smith Barney Holdings	21,276,951	594,902	0.028
Deutsche Bank	21,998,358	553,902	0.025
UBS Warburg	28,515,706	519,716	0.018
Goldman Sachs & Company	15,458,025	445,310	0.029
Lehman Brothers	7,801,834	368,482	0.047
Bear Stearns	6,488,153	264,309	0.041
HSBC Group	8,916,707	256,275	0.029
Investment Technology Group	12,074,830	243,947	0.020
J.P. Morgan Securities	4,139,867	236,888	0.057
Dresdner Bank	6,733,181	215,891	0.032
Banc America Security	5,178,265	208,880	0.040
SG Cowen	4,123,286	137,235	0.033
ABN Amro	4,950,932	107,213	0.022
Fox Pitt Kelton, Inc.	1,127,996	105,657	0.094
ING Baring Securities	3,599,464	99,435	0.028
Bank Julius Baer & Company	599,264	92,631	0.155
Thomas Weisel Partners	1,500,400	86,159	0.057
Westminster Research Association	1,356,815	81,409	0.060
HendersonCrosthwaite Limited	5,494,189	80,388	0.015
Frank Russell	10,829,590	78,079	0.007
SBS Financial	3,083,360	72,288	0.023
Lazard Freres & Co.	1,779,600	70,442	0.040
Bernstein Sanford & Company	1,384,900	69,822	0.050
Exane	663,963	68,571	0.103
Prudential Securities, Inc.	1,385,353	68,542	0.049
Oddo Finance	427,378	67,725	0.158
First Union Securities	1,303,289	66,746	0.051
Nomura Securities	1,824,993	64,984	0.036
Cazenove Incorporated	5,320,116	62,456	0.012
Robert W. Baird & Company	1,207,000	60,503	0.050
Donaldson Lufkin & Jeanrette	1,197,900	55,592	0.046
Legg Mason Wood Walker	1,059,700	55,364	0.052
Others (less than $55,000 each)	43,438,077	1,711,299	0.039
Commission recapture income	–	(1,191,000)	–
Total	375,395,916	$ 10,029,085	$ 0.027

* *Approximate figures provided by State Street.*

Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % Of Total Portfolio*
	Equities		
Deutsche Asset Mgt. (Bankers Trust)	Passive (Index)	July 1985	24.34%
Fayez Sarofim & Company, Inc.	Active – Large Cap Growth	August 1980	9.14
J.P. Morgan Investment Management	Enhanced Index – Large Cap Value	January 1998	9.89
Morgan Stanley Dean Witter	Active – Mid Cap Growth	July 1999	3.14
Lombard Odier International	International – Europe	December 1996	3.49
Zurich Scudder Investments	International – EAFE	Apri1 1991	3.40
Lazard Asset Management	International – EAFE	October 1991	3.78
Putnam Investments	International – Pacific Basin	December 1996	2.25
GeoCapital Corporation	Active-Small Cap Growth	November 1998	1.72
Boston Partners Asset Management	Active-Mid Cap Value	January 1998	2.95
Thomson, Horstmann, & Bryant	Active – Small Cap Value	January 1998	1.68
Lazard Asset Management	International – Emerging Mkts.	April 1998	0.88
Sub Total			66.66%
	Bonds		
Barclays Global Investors	Passive (Index)	September 1986	13.13%
Mellon Bond Associates	Passive (Index)	November 1989	8.06
Pacific Investment Management Company	Active	August 1983	5.30
Brinson Partners, Inc.	Active	August 1991	3.09
Deutsche Asset Mgt. (Morgan Grenfell)	Active	August 1991	3.05
Conseco Capital Management Inc.	Active	October 2000	0.71
Sub Total			33.34%
Total			100.00%

* Includes cash and cash equivalents



Investment Summary
Pension Trust Funds
For The Year Ended June 30, 2001

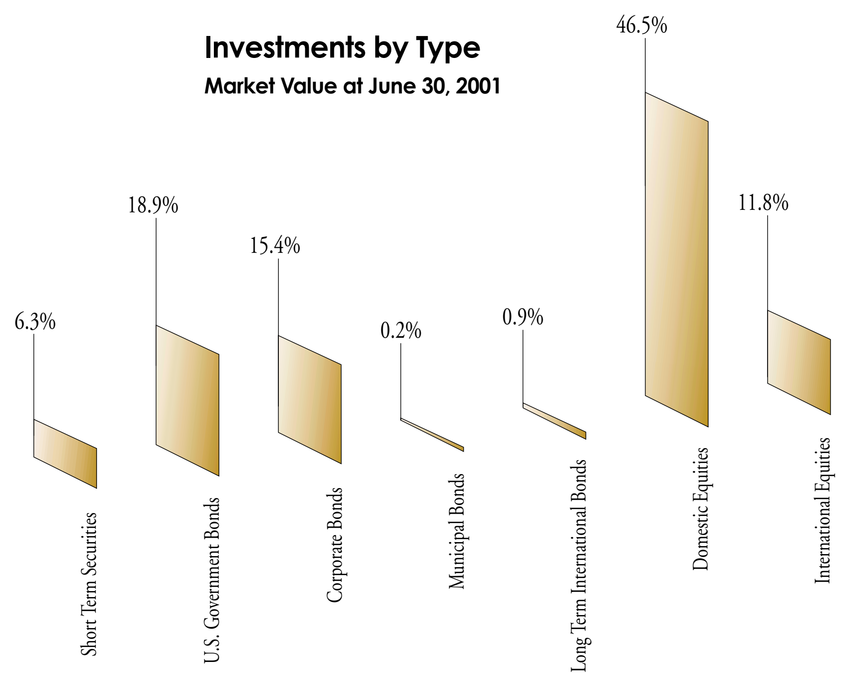
(In Thousands)

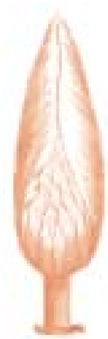
	July 1, 2000				June 30, 2001			
	Beginning Historical Cost*	Beginning Fair Value*	Purchases	Sales and Maturities	Ending Historical Cost**	Ending Fair Value**	% of Total Fair Value	Annual Rate of Return***
Short Term Securities	$ 1,234,966	$ 1,238,883	$38,400,821	$38,548,392	$ 1,087,395	$ 1,090,753	6.3%	7.1%
U.S. Government Bonds	2,888,440	2,885,637	11,346,374	11,056,286	3,178,528	3,251,531	18.9	
Corporate Bonds	2,423,970	2,370,700	2,287,184	2,071,781	2,639,373	2,663,689	15.4	
Municipal Bonds	45,039	45,165	17,981	21,911	41,109	42,851	0.2	11.3%
Long Term Int'l Bonds	130,391	126,456	55,385	41,172	144,604	147,964	0.9	
Domestic Equities	4,709,825	8,933,540	3,981,825	3,838,886	4,852,764	8,008,840	46.5	(10.4)%
International Equities	2,378,859	2,845,595	1,947,472	2,046,867	2,279,464	2,034,953	11.8%	(26.7)%
Total	$ 13,811,490	$18,445,976	$58,037,042	$57,625,295	$14,223,237	$17,240,581	100.0%	(7.1)%

* Includes investment securities on loan to broker-dealers with a historical cost of $1,629,755 and a fair value of $1,748,528. It also includes the securities purchased with the cash collateral received in the lending program with a historical cost of $1,818,325 and a fair value of $1,819,748. 9.5% of the total fair value of investments are on loan to broker-dealers. To arrive at the net asset value of investments of $16.7 billion, the fair value total must be adjusted by ($1.7 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 historical cost of $1,689,149 and a market value of $1,657,289. It also includes the securities purchased with the cash collateral received in the lending program with a historical cost of $1,724,838 and a fair value of $1,730,414. 9.6% of the total fair value of investments are on loan to broker-dealers. To arrive at the net asset value of investments of $15.4 billion, the fair value total must be adjusted by ($1.8 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.

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





Actuarial

BUCK CONSULTANTS®
A Mellon Consulting Company
One Pennsylvania Plaza
New York, New York 10119-4798

October 31, 2001

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 Public Employees' Retirement System of Mississippi (PERS) is to establish and receive contributions which

(1) when expressed in terms of 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, 2001. This valuation indicates that the contribution rates, for benefits then in effect, meet the basic financial objective. The contribution rates are 9.75% of payroll for employers and 7.25% of payroll for active members. There are 151,080 active members as of June 30, 2001.

The actuarial valuation is based upon financial and participant data which is prepared by 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 1996 to 2000. 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. A change made since the previous valuation is as follows:

The benefit formula was increased from 1.875% to 2% for years of service between 5 and 10 years.

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 Public Employees' Retirement System of Mississippi continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh, F.S.A.
Principal & Consulting Actuary

Philip Bonanno, E.A.
Associate Consulting Actuary

TJC/PB:cj

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
VALUATION BALANCE SHEET

As of Most Recent Actuarial Valuation at June 30, 2001

Assets	
Current assets	
Annuity savings account	$ 3,061,697,244
Annuity reserve	1,140,387,468
Employer's accumulation account	11,989,546,288
Total current assets	$ 16,191,631,000
Future member contributions to annuity savings account	$ 2,367,485,046
Prospective contributions to employer's accumulation account	
Normal contributions	$ 1,329,057,229
Accrued liability contributions	2,302,576,275
Total prospective employer contributions	$ 3,631,633,504
Total assets	$ 22,190,749,550
Liabilities	
Present value of benefits payable on account of present retired members and beneficiaries	$ 7,856,268,257
Present value of benefits payable on account of active and inactive members	$ 14,334,481,293
Total liabilities	$ 22,190,749,550

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One Pennsylvania Plaza
New York, New York 10119-4798

October 31, 2001

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 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, 2001. This valuation indicates that the contribution rates, for benefits then in effect, meet the basic financial objective. These contribution rates are 26.16% of payroll for employers and 6.50% of payroll for active members. There are 599 active members as of June 30, 2001.

The actuarial valuation is based upon financial and participant data which is prepared by 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 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 HSPRS during the years 1996 to 2000. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. There were no changes to the benefit structure since the last valuation.

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

Based upon the valuation results, it is our opinion that the Mississippi Highway Safety Patrol Retirement System continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh, F.S.A.
Principal & Consulting Actuary

Philip Bonanno, E.A.
Associate Consulting Actuary

TJC/PB:cj

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM
VALUATION BALANCE SHEET

As of Most Recent Actuarial Valuation at June 30, 2001

Assets

Current assets		
Annuity savings account	$	16,079,665
Annuity reserve		11,874,908
Employer's accumulation account		231,758,427
Total current assets	$	259,713,000
Future member contributions to annuity savings account	$	13,363,282
Prospective contributions to employer's accumulation account		
Normal contributions	$	37,129,370
Accrued liability contributions		(9,092,205)
Total prospective employer contributions	$	28,037,165
Total assets	$	301,113,447

Liabilities

Present value of benefits payable on account of present retired members and beneficiaries	$	152,527,506
Present value of benefits payable on account of active and inactive members	$	148,585,941
Total liabilities	$	301,113,447

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One Pennsylvania Plaza
New York, New York 10119-4798

October 31, 2001

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 annual actuarial valuations performed. The valuations (i) measure present financial position, and (ii) establish contribution rates that provide for the amortization of unfunded total actuarial liabilities over a closed period. The latest completed actuarial valuations were based upon data and assumptions as of September 30, 2000. These valuations indicate that the 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 are 214 active members as of September 30, 2000.

The actuarial valuations are based upon financial and participant data which is prepared by 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 1994 to 1998. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions 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 structures are outlined in the Actuarial Section. The changes made since the previous valuation are:

- The annual cost-of-living adjustment paid to retirees and beneficiaries of Hattiesburg was increased to a maximum of 25% of the annual base benefit.
- The minimum monthly benefit was increased to $500 for retirees and beneficiaries of Vicksburg.
- Members of Tupelo who have been retired for at least 1 full fiscal year as of September 30, 2000 received an ad-hoc increase of 3% in allowances.

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 accordance with actuarial principles and requirements of State law. However, given the constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the Funds under 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,

Thomas J. Cavanaugh, F.S.A.
Principal & Consulting Actuary

Philip Bonanno, E.A.
Associate Consulting Actuary

TJC/PB:cj

MISSISSIPPI MUNICIPAL RETIREMENT SYSTEMS
VALUATION BALANCE SHEET

As of Most Recent Actuarial Valuation at September 30, 2000

Assets

Current assets		
Annuity savings account	$	10,208,991
Employer's accumulation account		243,504,013
Total current assets	$	253,713,004
Future member contributions to annuity savings account	$	2,770,768
Prospective contributions to employer's accumulation account	$	123,081,882
Total assets	$	379,565,654

Liabilities

Present value of benefits payable on account of present retired members and beneficiaries	$	317,955,045
Present value of benefits payable on account of active members	$	61,610,609
Total liabilities	$	379,565,654

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New York, New York 10119-4798

October 31, 2001

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 Supplemental Legislative Retirement Plan (SLRP) is to establish and receive contributions which

(1) when expressed in terms of 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, 2001. This valuation indicates that the contribution rates, for benefits then in effect, meet the basic financial objective. These contribution rates are 6.33% of payroll for employers and 3.00% of payroll for active members. There are 175 active members as of June 30, 2001.

The actuarial valuation is based upon financial and participant data which is prepared by 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 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 SLRP during time years 1996 to 2000. 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. A change made since the previous valuation is as follows:

The benefit formula was increased from .9375% to 1% for years of service between 5 and 10 years.

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, it is our opinion that the Mississippi Supplemental Legislative Retirement Plan continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh, F.S.A.
Principal & Consulting Actuary

Philip Bonanno, E.A.
Associate Consulting Actuary

TJC/PB:cj

MISSISSIPPI SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN
VALUATION BALANCE SHEET

As of Most Recent Actuarial Valuation at June 30, 2001

Assets

Current assets	
Annuity savings account	$ 1,665,519
Annuity reserve	347,846
Employer's accumulation account	7,110,635
Total current assets	$ 9,124,000
Future member contributions to annuity savings account	$ 1,472,684
Prospective contributions to employer's accumulation account	
Normal contributions	$ 1,732,858
Accrued liability contributions	1,178,034
Total prospective employer contributions	$ 2,910,892
Total assets	$ 13,507,576

Liabilities

Present value of benefits payable on account of present retired members, beneficiaries and deferred vested members	$ 4,979,976
Present value of benefits payable on account of active and inactive members	$ 8,527,600
Total liabilities	$ 13,507,576

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Statement of Actuarial Assumptions and Methods

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

Sample	Withdrawal	Death**			Service Retirement***	
Ages	and Vesting*	Male	Female	Disability**	Service	Rate
20	15.0%	0.02%	0.01%	0.01%	4	50.0%
25	11.0	0.03	0.02	0.02	5	20.0
30	10.0	0.04	0.02	0.02	10	20.0
35	8.0	0.05	0.03	0.05	15	20.0
40	6.0	0.08	0.04	0.11	20	20.0
45	5.0	0.13	0.06	0.18	25	50.0
50	5.0	0.17	0.10	0.30	30	15.0
55	5.0	0.20	0.15	0.48	35	15.0
60	5.0	0.30	0.25	0.35	40	20.0
65	5.0	0.48	0.43	–	–	–
70	5.0	0.81	0.72	–	–	–
74	5.0	1.20	1.26	–	–	–

*For all ages, rates of 40% 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 one-half 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 1971 Group Annuity Mortality Table, unadjusted for men and set back two 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: Entry age normal cost method. Entry age is established on an individual basis.

Asset Valuation Method: Market value – 5 year smoothing.

BUCK CONSULTANTS

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

Statement of Actuarial Assumptions and Methods

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

Sample Ages	Withdrawal	Death	Disability Non-Duty	Disability Duty	Service	Service Retirement*
25	7.3%	0.05%	0.09%	0.01%	5	5.0%
30	2.6	0.08	0.12	0.02	10	5.0
35	1.1	0.10	0.16	0.04	15	5.0
40	0.7	0.15	0.20	0.07	20	25.0
45	0.6	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	15.0
60	–	–	–	–	–	100.0

*The annual rate of service retirement is 100% at age 60.
It is assumed that a member will be granted 1 1/2 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

Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
25	3.3%	4.0%	7.3%
30	2.5	4.0	6.5
35	2.5	4.0	6.5
40	2.5	4.0	6.5
45	2.0	4.0	6.0
50	1.5	4.0	5.5
55	1.5	4.0	5.5

Asset Valuation Method: Market value – 5 year smoothing.

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 1971 Group Annuity Mortality Table for males adjusted at certain ages, and the 1983 Group Annuity Mortality Table Projected to 1989 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.

BUCK CONSULTANTS

Statement of Actuarial Assumptions and Methods

Interest Rate: 8 percent per annum, compounded annually (net after investment expenses).

Salary Increases: 5 percent per annum. No increase in total active member payroll assumed due to closed membership.

Death After Retirement: According to the 1983 Group Annuity Mortality Table (without projection), set forward one year for men and two years for women. Special mortality tables are used for the period after disability retirement.

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

Annual Rates of

	Death		Disability		
Age	Non-Duty	Duty	Non-Duty	Duty	Withdrawal
20	0.04%	0.02%	0.08%	0.06%	3.55%
25	0.05	0.03	0.12	0.12	2.88
30	0.08	0.04	0.18	0.26	2.29
35	0.11	0.05	0.24	0.52	1.62
40	0.15	0.07	0.36	0.60	0.99
45	0.22	0.09	0.64	0.54	0.48
50	0.34	0.14	1.10	0.88	0.08
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	Annual Rate of Retirement
20	45.0%
21 - 29	17.5
30 and over	35.0
Age 65	100.0

Asset Valuation Method: Market Value – 5 year smoothing.

Salary Increases: 5.0% at all ages, comprised of 1.0% 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.

BUCK CONSULTANTS

SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

Statement of Actuarial Assumptions and Methods

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 Rate of		
Sample	Death*		
Ages	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	–	–	–

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

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%.

Asset Valuation Method: Market value – 5 year smoothing.

Withdrawal and Vesting: 10% in an election year, 2.5% in a non-election year.

Service Retirement: 25% in an election year, none in a non-election year.
It is assumed that a member will be granted 2 years of service credit for unused leave at termination of employment.

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 1971 Group Annuity Mortality Table set back one year. 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.

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PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

Summary of Main System Provisions As Interpreted For Valuation Purposes

Summary of Benefit and Contribution Provisions – PERS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2001, 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	–	9.75	125,000	7.25	125,000

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

BENEFITS

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least 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) above is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to $1\frac{7}{8}$% of his average compensation for each of the first 5 years of creditable service, plus 2% for each year of creditable service from 5 through 25 years, plus $2\frac{1}{4}$% for each year of creditable service over 25 years.

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

The annual retirement allowance payable to the spouse of a member who dies under condition (c) above is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by 3 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.

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 4-C, 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 who dies between July 1 and December 1, in those cases where no more monthly benefits will be paid after the member's or beneficiary's death.

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

Summary of Main System Provisions As Interpreted For Valuation Purposes

Summary of Benefit and Contribution Provisions – MHSPRS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2001, 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	–	26.16	–	6.50	–

*Maximum covered earnings equals wages paid.

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 members attain 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 2½ percent of his average compensation for each year of membership service, plus
3. A prior service annuity equal to 2½ percent of average compensation for each year of prior service.

The aggregate amounts of (2) and (3) above shall not exceed 100% or 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 10 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 may elect 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, 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 4-C, 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 a thirteenth check in the amount of 2½ percent of the annual retirement allowance for each full fiscal year of retirement.

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 who dies between July 1 and December 1 in those cases where no more monthly benefits will be paid after the member's or beneficiary's death.

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

MISSISSIPPI MUNICIPAL RETIREMENT SYSTEMS

Summary of Main System Provisions As Interpreted For Valuation Purposes

Summary of Benefit and Contribution Provisions – MRS

The following summary presents the main benefit provisions of the Systems in effect September 30, 2000, 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 amounts of (1) and (2) above shall not exceed 66⅔ 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.

Amount of Benefits

The annual benefit payable, under all conditions in the case of firemen and policemen and under other than condition (c) in the case of general employees is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of $66^2/_3$ percent 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 retirements and death benefits are:

Biloxi: $600	Columbus: $300
Gulfport: $500	Hattiesburg: $500
Jackson: $500	Meridian: $600
Tupelo: $300	Vicksburg: $200

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: 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 $2^1/_2$ percent per year for all retirees and beneficiaries.

Clinton: maximum of $2^1/_2$ percent per year (not to exceed 10 percent) for service retirements only.

Columbus: maximum of $2^1/_2$ percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Greenville: maximum of $2^1/_2$ percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Hattiesburg: maximum of $2^1/_2$ percent per year (not to exceed $16\ ^2/_3$ percent) for all retirees and beneficiaries.

Jackson: maximum aggregate increase of 12 percent for service and disability retirements only.

McComb: maximum of $2^1/_2$ percent per year for all retirees and beneficiaries.

Pascagoula: maximum of $2^1/_2$ percent per year (not to exceed 15 percent) for all retirees and beneficiaries.

Vicksburg: maximum of $2^1/_2$ percent per year for all retirees and beneficiaries.

Yazoo City: maximum of $2^1/_2$ percent per year (not to exceed 25%) for all retirees and beneficiaries.

Post-retirement adjustments are included in System liabilities for future increases for Biloxi, Clinton, Columbus, Greenville, Hattiesburg, Jackson, 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.

SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN OF MISSISSIPPI

Summary of Main System Provisions As Interpreted For Valuation Purposes

Summary of Main Benefit and Contribution Provisions – SLRP

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2001, 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	–	6.33	125,000	3.00	125,000

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 $^{15}/_{16}$ percent of his average compensation for each of the first 5 years of credited service plus 1 percent for each year of credited service between 5 and 25 years plus $1^{1}/_{8}$ percent for each year of credited service over 25 years.

The minimum allowance is $60 for each year of creditable service. The maximum allowance, when added to any PERS allowance payable, is 100 percent of average compensation.

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 credited 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 20 percent of average compensation, or (b) the member's accrued allowance.

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

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 is equal to 25 percent of average compensation payable to the spouse and 12½ 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 4-C, 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 estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but who dies between July 1 and December 1, in those cases where no more monthly benefits will be paid after the member's or beneficiary's death.

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.

Contributions Required and Contributions Made

Employer contribution rates are set by Mississippi statute for PERS, MHSPRS, and SLRP. 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. Employer contributions have met or exceeded the required contributions each year for PERS, MHSPRS, and SLRP since 1991. 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
1991-92	1991	$18,299	$14,108	$4,191	77.1%
1992-93	1992	18,466	15,123	3,343	81.9
1993-94	1993	23,045	16,531	6,514	71.7
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	15,308	(581)	103.9
1998-99	1998	13,803	13,770	33	99.8
1999-00	1999	12,364	14,162	(1,798)	114.5

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							
6/30/92	$1,480,154	$ 2,849,290	$ 3,715,679	$ 5,084,398	100%	100%	20.3%
6/30/93	1,599,349	3,136,142	3,828,159	5,612,666	100	100	22.9
6/30/94	1,801,207	3,410,883	4,299,042	6,084,020	100	100	20.3
**6/30/95	1,962,679	3,720,546	4,335,287	6,972,743	100	100	29.7
**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
Mississippi Highway Safety Patrol Retirement System							
6/30/92	$ 8,661	$ 76,762	$ 41,371	$ 104,316	100%	100%	45.7%
6/30/93	10,057	80,608	45,289	114,630	100	100	52.9
6/30/94	11,028	84,807	51,708	121,952	100	100	50.5
**6/30/95	12,165	96,319	57,817	134,659	100	100	45.3
**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
Municipal Retirement Systems*							
9/30/91	$ 21,617	$ 157,327	$ 99,779	$ 87,398	100%	41.8%	00.0%
9/30/92	20,813	177,643	91,669	94,009	100	41.2	00.0
9/30/93	20,515	211,270	108,917	100,265	100	37.7	00.0
**9/30/94	18,045	236,831	91,877	107,573	100	37.8	00.0
**9/30/95	15,496	261,830	77,869	117,406	100	38.9	00.0
**9/30/96	14,147	277,193	67,363	130,425	100	41.9	00.0
**9/30/97	13,402	286,110	58,916	197,815	100	64.5	00.0
**9/30/98	12,453	296,554	54,605	213,591	100	67.8	00.0
**9/30/99	11,091	308,890	49,137	235,221	100	72.6	00.0
**9/30/00	10,209	317,955	45,320	253,713	100	76.6	00.0
Supplemental Legislative Retirement Plan							
6/30/92	$ 403	$ 587	$ 2,724	$ 1,377	100%	100%	14.2%
6/30/93	487	1,244	3,239	1,787	100	100	1.7
6/30/94	537	1,364	3,091	2,265	100	100	11.8
**6/30/95	683	1,395	3,432	2,876	100	100	23.3
**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

* 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.

** Valuation assets based on a smoothed fair value basis.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Employers	Active Members: Number of Employees	Active Members: Annual Payroll	Active Members: Annual Average Pay	Active Members: % Increase In Average Pay
Public Employees' Retirement System					
1992	741	134,262	$ 2,493,314,600	$ 18,571	(1.9)%
1993	740	135,117	2,608,206,884	19,303	3.9
1994	768	138,926	2,864,807,360	20,621	6.8
1995	751	140,054	2,979,260,348	21,272	3.2
1996	753	144,003	3,185,289,397	22,120	4.0
1997	764	145,651	3,294,731,368	22,621	2.3
1998	837	145,321	3,450,175,500	23,742	5.0
1999	813	148,611	3,711,679,688	24,976	5.2
2000	820	151,790	4,090,596,398	26,949	7.9
2001	851	151,080	4,112,237,738	27,219	1.0
Mississippi Highway Safety Patrol Retirement System					
1992	1	550	$ 14,376,607	$ 26,139	(1.6)%
1993	1	530	14,304,940	26,990	3.3
1994	1	574	16,882,905	29,413	9.0
1995	1	576	18,991,782	32,972	12.1
1996	1	585	19,765,656	33,787	2.5
1997	1	572	19,459,850	34,021	0.7
1998	1	550	19,531,062	35,511	4.4
1999	1	554	19,807,708	35,754	0.7
2000	1	565	21,314,418	37,725	5.5
2001	1	599	21,971,870	36,681	(2.8)
Municipal Retirement Systems					
9/30/91	17	968	$ 25,556,235	$ 26,401	4.9%
9/30/92	17	849	23,069,704	27,173	2.9
9/30/93	17	761	21,617,687	28,407	4.5
9/30/94	17	615	18,138,782	29,494	3.8
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
Supplemental Legislative Retirement Plan					
1992	5	174	$ 4,761,489	$ 27,365	2.9%
1993	5	175	4,910,268	28,059	2.5
1994	5	175	4,340,739	24,804	(11.6)
1995	5	175	4,503,900	25,737	3.8
1996	5	175	4,321,657	24,695	(4.0)
1997	5	173	5,276,546	30,500	23.5
1998	5	175	5,853,467	33,448	9.7
1999	4	175	5,893,506	33,677	0.7
2000	4	175	5,855,775	33,462	(0.6)
2001	4	175	5,941,332	33,950	1.5

SCHEDULE OF RETIRANTS ADDED TO AND REMOVED FROM ROLLS

Last Ten Fiscal Years

		PERS	MHSPRS	MRS*	SLRP
June 30, 1991		33,336	417	1,792	2
	Added	3,834	16	93	14
FY 1992					
	Removed	(1,381)	(15)	(31)	–
June 30, 1992		35,789	418	1,854	16
	Added	3,315	32	130	12
FY 1993					
	Removed	(1,217)	(15)	(56)	(1)
June 30, 1993		37,887	435	1,928	27
	Added	3,647	20	127	3
FY 1994					
	Removed	(1,976)	(4)	(67)	–
June 30, 1994		39,558	451	1,988	30
	Added	4,240	28	177	1
FY 1995					
	Removed	(2,514)	(10)	(60)	(1)
June 30, 1995		41,284	469	2,105	30
	Added	4,698	33	159	10
FY 1996					
	Removed	(2,740)	(18)	(57)	(1)
June 30, 1996		43,242	484	2,207	39
	Added	5,310	40	114	4
FY 1997					
	Removed	(3,163)	(15)	(76)	–
June 30, 1997		45,389	509	2,245	43
	Added	4,935	34	92	8
FY 1998					
	Removed	(3,238)	(17)	(81)	(1)
June 30, 1998		47,086	526	2,256	50
	Added	3,811	34	76	2
FY 1999					
	Removed	(2,131)	(20)	(74)	–
June 30, 1999		48,766	540	2,258	52
	Added	4,313	28	94	24
FY 2000					
	Removed	(1,999)	(16)	(96)	–
June 30, 2000		51,080	552	2,256	76
	Added	4,584	35	72	10
FY 2001					
	Removed	(1,999)	(14)	(58)	(2)
June 30, 2001		53,665	573	2,270	84

*Totals for MRS are based on actuarial valuations performed as of September 30.

ANALYSIS OF FINANCIAL EXPERIENCE *

Gains & Losses in Accrued Liabilities for the Year Ended June 30, 2001 Resulting from Differences Between Assumed Experience & Actual Experience ($ 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.	$ 83,400	$ 205.7	$ 752.8	$ 100.5
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	1,300	(27.9)	11.2	8.3
Death-in Service Retirements. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	(10,100)	(149.1)	23.1	(54.9)
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	101,100	(64.9)	421.3	(75.5)
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	886,600	7,763.2	(1,291.8)	125.9
New Members. Additional unfunded accrued liability will produce a loss.	(144,100)	(256.9)	–	1.2
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	209,100	4,182.0	14,498.6	84.0
Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	(22,700)	(291.6)	(1,638.7)	(28.7)
Other. Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	(169,000)	639.9	(69.5)	201.4
Gain (or Loss) During Year From Financial Experience.	935,600	12,000.4	12,707.0	362.2
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	(115,000)	2,915.7	(1,165.7)	208.4
Composite Gain (or Loss) During Year	$ 820,600	$ 14,916.1	$ 11,541.3	$ 570.6

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

Statistics

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							
1992	$193,571	7.25%	$ 246,557	9.75%	$ 412,596	$ 612	$ 853,336
1993	189,031	7.25	260,285	9.75	433,398	514	883,228
1994	189,344	7.25	298,822	9.75	367,095	521	855,782
1995	226,495	7.25	305,623	9.75	1,151,763	560	1,684,441
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)
Mississippi Highway Safety Patrol Retirement System							
1992	$ 931	6.5%	$ 3,745	26.16%	$ 7,785	$ –	$ 12,461
1993	1,554	6.5	8,599	26.16	7,678	1	17,832
1994	1,054	6.5	4,312	26.16	10,052	–	15,418
1995	1,499	6.5	4,884	26.16	19,559	23	25,965
1996	1,323	6.5	5,325	26.16	22,448	28	29,124
1997	1,289	6.5	5,185	26.16	33,324	–	39,798
1998	1,295	6.5	5,223	26.16	37,497	–	44,015
1999	1,081	6.5	5,359	26.16	25,562	–	32,002
2000	1,404	6.5	5,649	26.16	20,258	–	27,311
2001	1,458	6.5	5,835	26.16	(18,868)	28	(11,547)
Municipal Retirement Systems							
1992	$ 2,433	**	$ 13,909	**	$ 7,209	–	$ 23,551
1993	2,233	**	15,004	**	7,150	–	24,387
1994	1,996	**	16,192	**	9,407	–	27,595
1995	1,677	**	18,144	**	18,413	–	38,234
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)
Supplemental Legislative Retirement Plan							
1992	$ 129	3.0%	$ 272	6.33%	$ 101	$ –	$ 502
1993	124	3.0	261	6.33	124	–	509
1994	130	3.0	275	6.33	182	–	587
1995	135	3.0	285	6.33	522	–	942
1996	135	3.0	284	6.33	541	–	960
1997	160	3.0	337	6.33	890	–	1,387
1998	176	3.0	370	6.33	1,088	–	1,634
1999	177	3.0	373	6.33	800	–	1,350
2000	138	3.0	411	6.33	674	–	1,223
2001	181	3.0	382	6.33	(661)	–	(98)

* 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					
1992	$ 270,641	$ 39,174	$ 5,065	–	$ 314,880
1993	309,793	40,494	4,673	–	354,960
1994	342,356	36,915	5,157	–	384,428
1995	362,451	41,864	6,120	–	410,435
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
Mississippi Highway Safety Patrol Retirement System					
1992	$ 7,091	$ 24	$ –	$ 75	$ 7,190
1993	7,385	56	–	77	7,518
1994	7,960	50	–	86	8,096
1995	8,114	37	–	102	8,253
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
Municipal Retirement Systems					
1992	$ 16,078	$ 113	$ –	$ 278	$ 16,469
1993	17,531	52	–	300	17,883
1994	19,560	77	–	324	19,961
1995	21,997	30	–	363	22,390
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
Supplemental Legislative Retirement Plan					
1992	$ 23	$ 3	$ –	$ 5	$ 31
1993	83	11	–	5	99
1994	102	2	–	5	109
1995	108	–	–	6	114
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

RETIRANT, DISABILITY AND BENEFICIARY DATA
LAST TEN FISCAL YEARS

Public Employees' Retirement System

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
1992	29,873	1,996	3,920	35,789
1993	31,353	2,253	4,281	37,887
1994	32,490	2,476	4,592	39,558
1995	33,632	2,707	4,945	41,284
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

Schedule of Benefits by Type
(In Thousands)

1992	$ 235,522	$ 12,941	$ 22,178	$ 270,641
1993	268,434	16,116	25,243	309,793
1994	302,624	18,253	21,479	342,356
1995	317,879	21,462	23,110	362,451
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

Mississippi Safety Highway Patrol Retirement System

Retired Members by Type of Benefits

1992	290	28	100	418
1993	296	27	112	435
1994	310	27	114	451
1995	325	25	119	469
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

Schedule of Benefits by Type
(In Thousands)

1992	$ 6,177	$ 302	$ 612	$ 7,091
1993	6,386	281	718	7,385
1994	6,988	289	683	7,960
1995	7,135	267	712	8,114
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

RETIRANT, DISABILITY AND BENEFICIARY DATA (CONTINUED)
LAST TEN FISCAL YEARS

Municipal Retirement System*

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
1992	1,183	181	490	1,854
1993	1,263	186	479	1,928
1994	1,318	183	487	1,988
1995	1,438	178	489	2,105
1996	1,535	172	500	2,207
1997	1,573	161	511	2,245
1998	1,582	154	520	2,256
1999	1,586	150	522	2,258
2000	1,584	146	526	2,256
2001	1,588	142	540	2,270

Schedule of Benefits by Type**
(In Thousands)

1992	$ 13,425	$ 1,147	$ 2,524	$17,096
1993	14,727	1,146	2,635	18,508
1994	17,061	1,184	2,877	21,122
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

Supplemental Legislative Retirement Plan

Retired Members by Type of Benefits

1992	14	–	2	16
1993	24	–	3	27
1994	26	1	3	30
1995	25	1	4	30
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

Schedule of Benefits by Type
(In Thousands)

1992	$ 19	$ –	$ 4	$ 23
1993	77	–	6	83
1994	92	4	6	102
1995	100	4	4	108
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

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

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFITS

June 30, 2001

Amount Monthly Benefit**	Number of Retirants	Type of Retirement* 1	2	3	Option Selected# Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4A	Opt. 4B	Opt. 4C***	Opt. 5
Public Employees' Retirement System of Mississippi												
$ 1 - $100	1,874	1,461	22	391	1,400	71	279	2	15	86	6	21
101 - 200	6,037	4,519	180	1,338	4,492	379	691	2	78	246	15	149
201 - 300	5,855	4,199	350	1,306	4,378	349	621	5	122	220	26	160
301 - 400	4,576	3,289	393	894	3,371	315	472	10	110	184	29	114
401 - 500	3,822	2,797	386	639	2,675	279	453	4	127	169	46	115
501 - 600	2,949	2,209	317	423	2,015	208	389	11	101	128	73	97
601 - 700	2,648	2,046	263	339	1,755	172	368	3	127	115	116	108
701 - 800	2,262	1,786	203	273	1,442	183	310	5	108	89	123	125
801 - 900	2,098	1,686	191	221	1,292	158	326	4	110	101	130	107
901 - 1,000	2,065	1,675	204	186	1,291	159	306	6	115	92	135	96
over 1,000	19,479	17,450	1,022	1,007	11,062	1,270	3,724	81	1,758	937	2,094	647
Totals	53,665	43,117	3,531	7,017	35,173	3,543	7,939	133	2,771	2,367	2,793	1,739
Mississippi Highway Safety Patrol Retirement System												
$ 1- $100	1	–	–	1	1	–	–	–	–	–	–	–
101- 200	5	–	–	5	5	–	–	–	–	–	–	–
201- 300	7	–	–	7	7	–	–	–	–	–	–	–
301- 400	50	2	1	47	47	–	1	–	2	–	–	–
401- 500	19	–	4	15	15	–	–	–	4	–	–	–
501- 600	18	5	–	13	13	–	–	–	5	–	–	–
601- 700	22	11	3	8	8	1	1	–	11	1	–	–
701- 800	23	5	1	17	17	–	1	–	5	–	–	–
801- 900	22	5	2	15	15	–	–	–	7	–	–	–
901- 1,000	17	4	2	11	11	–	–	–	6	–	–	–
over 1,000	389	360	7	22	32	–	38	1	313	5	11	–
Totals	573	392	20	161	171	1	41	1	353	6	11	–
Supplemental Legislative Retirement Plan of Mississippi												
$ 1- $100	10	9	–	1	4	–	3	–	–	2	–	1
101- 200	13	7	–	6	7	1	4	–	–	–	–	1
201- 300	27	21	–	6	14	–	8	1	1	2	–	1
301- 400	15	14	1	–	4	1	6	–	1	1	–	2
401- 500	3	3	–	–	1	–	1	–	–	1	–	–
501- 600	5	3	–	2	2	–	1	–	–	1	–	1
601- 700	6	6	–	–	2	–	2	–	–	2	–	–
701- 800	3	2	–	1	1	–	–	–	–	1	–	1
801- 900	2	2	–	–	1	–	–	–	–	1	–	–
901- 1,000	–	–	–	–	–	–	–	–	–	–	–	–
over 1,000	–	–	–	–	–	–	–	–	–	–	–	–
Totals	84	67	1	16	36	2	25	1	2	11	–	7
Municipal Retirement Systems												
$ 1- $100	7	–	1	6								
101- 200	25	2	3	20								
201- 300	73	16	6	51								
301- 400	58	31	3	24								
401- 500	236	80	25	131								
501- 600	286	106	46	134								
601- 700	120	78	18	24								
701- 800	158	119	11	28								
801- 900	130	100	8	22								
901- 1,000	155	129	8	18								
over 1,000	1,022	927	13	82								
Totals	2,270	1,588	142	540								

* 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 Members' Annuity; Opt. 2 - 100% Survivorship; Opt. 3 - 50%/50% Dual Survivorship; Opt. 4A - 50% Survivorship; Opt. 4B - Years Certain and Life; Opt. 4C - Social Security Leveling***; Opt. 5 - Pop-Up
** Excluding 13th check
*** Included in other options

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

Retirement Effective Dates: July 1, 1995 to June 30, 2001	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, 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
July 1, 1998 to June 30, 1999									
Average Monthly Benefit $	350.32	267.35	367.49	563.22	841.77	1,132.79	1,340.86	1,589.15	1,931.45
Average Final Salary $	18,069.26	17,659.55	19,206.43	22,245.67	25,409.55	29,741.26	32,505.83	35,165.18	37,379.73
Number of Active Retirants	115	390	525	437	433	398	634	176	703
July 1, 1997 to June 30, 1998									
Average Monthly Benefit $	235.10	183.77	327.10	506.57	706.94	1,111.47	1,235.40	1,536.50	1,781.71
Average Final Salary $	13,682.41	14,290.79	19,007.24	21,348.27	22,732.91	28,831.14	29,926.39	33,296.67	34,090.97
Number of Active Retirants	52	537	583	535	542	392	1,009	219	1,066
July 1, 1996 to June 30, 1997									
Average Monthly Benefit $	182.17	193.89	310.78	492.16	674.09	1,087.38	1,216.67	1,494.47	1,752.22
Average Final Salary $	13,230.07	15,293.36	17,972.57	20,168.82	21,717.79	29,032.79	29,783.37	32,121.63	33,837.25
Number of Active Retirants	63	530	581	579	612	413	1,028	252	1,252
July 1, 1995 to June 30, 1996									
Average Monthly Benefit $	227.40	197.83	296.09	447.88	661.90	1,027.83	1,192.16	1,365.24	1,671.56
Average Final Salary $	14,230.99	16,090.37	16,850.70	19,239.53	21,752.36	27,804.16	29,430.78	29,819.85	32,530.08
Number of Active Retirants	46	448	524	560	548	393	855	233	1,091

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

(continued)

Retirement Effective Dates: July 1, 1995 to June 30, 2001		Years Credited Service								
		0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Mississippi Highway Safety Patrol Retirement System										
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
July 1, 1998 to June 30, 1999										
Average Monthly Benefit	$	–	–	186.15	646.78	1,311.65	1,477.04	1,904.48	2,521.63	1,983.15
Average Final Salary	$	–	–	19,486.11	23,238.19	36,662.70	31,036.52	37,902.90	42,373.40	33,856.61
Number of Active Retirants		–	–	2	3	4	3	9	1	12
July 1, 1997 to June 30, 1998										
Average Monthly Benefit	$	–	–	294.02	250.00	1,242.05	1,948.94	1,740.72	2,163.71	3,083.24
Average Final Salary	$	–	–	15,107.97	4,489.00	39,870.81	41,736.44	37,940.81	39,049.40	48,020.59
Number of Active Retirants		–	–	2	1	3	3	10	5	10
July 1, 1996 to June 30, 1997										
Average Monthly Benefit	$	–	–	–	1,299.05	1,474.11	2,122.33	1,989.44	2,654.70	2,441.08
Average Final Salary	$	–	–	–	31,177.12	36,019.79	41,911.47	39,476.09	44,254.23	37,076.80
Number of Active Retirants		–	–	–	1	6	7	10	4	12
July 1, 1995 to June 30, 1996										
Average Monthly Benefit	$	–	–	198.96	426.11	781.52	1,868.85	1,763.53	2,388.42	1,659.13
Average Final Salary	$	–	–	8,428.80	11,510.38	20,693.71	39,659.53	35,995.55	39,317.70	29,258.74
Number of Active Retirants		–	–	1	2	6	4	8	4	8

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

(continued)

Retirement Effective Dates:	Years Credited Service								
July 1, 1995 to June 30, 2001	0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Supplemental Legislative Retirement System									
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
July 1, 1998 to June 30, 1999									
Average Monthly Benefit $	–	–	309.88	–	–	–	550.16	–	–
Average Final Salary $	–	–	23,508.24	–	–	–	27,923.25	–	–
Number of Active Retirants	–	–	1	–	–	–	1	–	–
July 1, 1997 to June 30, 1998									
Average Monthly Benefit $	–	126.33	255.00	266.50	–	–	250.00	–	–
Average Final Salary $	–	24,353.08	25,797.02	22,910.67	–	–	25,347.00	–	–
Number of Active Retirants	–	3	2	2	–	–	1	–	–
July 1, 1996 to June 30, 1997									
Average Monthly Benefit $	–	137.16	–	290.47	–	–	–	–	–
Average Final Salary $	–	24,689.00	–	23,772.97	–	–	–	–	–
Number of Active Retirants	–	3	–	1	–	–	–	–	–
July 1, 1995 to June 30, 1996									
Average Monthly Benefit $	55.73	62.66	200.51	–	393.63	–	483.82	–	582.78
Average Final Salary $	23,224.50	22,522.82	25,104.11	–	26,183.52	–	25,347.00	–	24,587.48
Number of Active Retirants	1	3	3	–	1	–	1	–	1

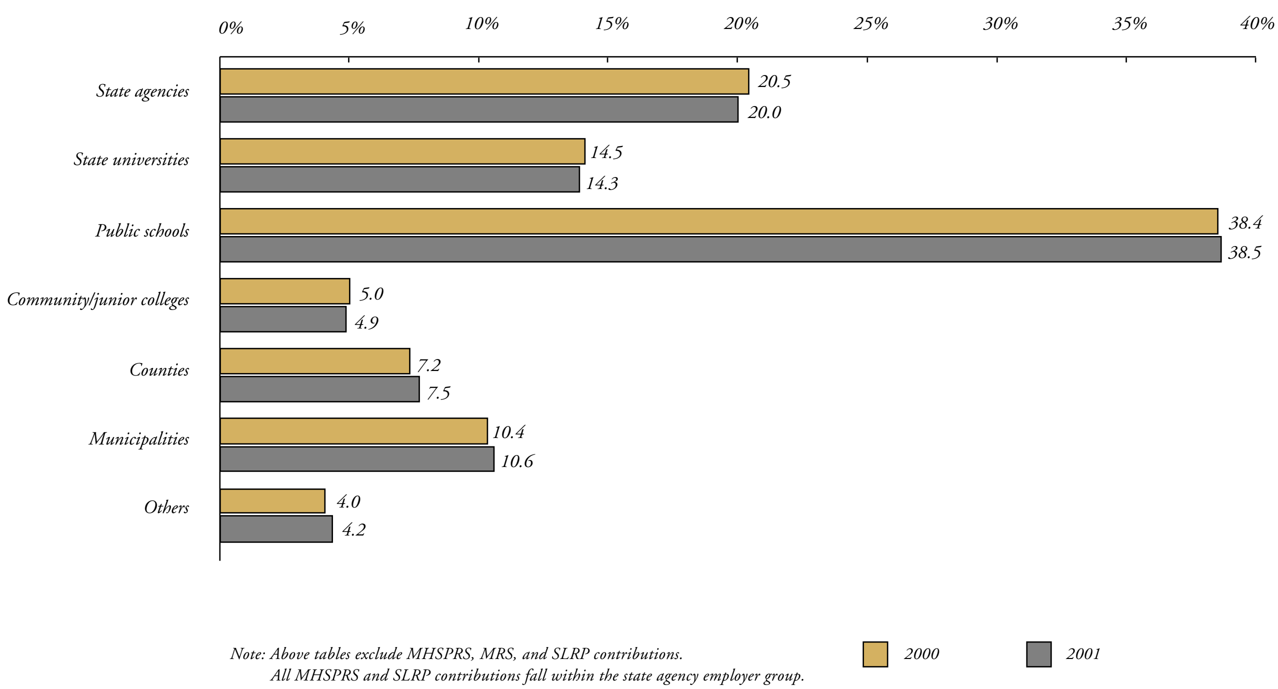
ANALYSIS OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS FOR FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Employee		Total	
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
2001						
State agencies	114	$ 83,610	33,041	$ 61,859	$ 145,469	20.0%
State universities	9	59,866	16,297	44,291	104,157	14.3
Public schools	151	161,440	58,740	119,442	280,882	38.5
Community/junior colleges	15	20,456	5,821	15,135	35,591	4.9
Counties	82	31,547	13,014	23,340	54,887	7.5
Municipalities	265	43,936	17,342	33,297	77,233	10.6
Others	215	17,426	6,825	12,893	30,319	4.2
Total	851	$ 418,281	151,080	$ 310,257	$ 728,538	100.0%
2000						
State agencies	114	$ 83,873	33,326	$ 61,929	$ 145,802	20.5%
State universities	9	59,240	16,448	43,738	102,978	14.5
Public schools	151	156,675	59,445	115,676	272,351	38.4
Community/junior colleges	15	20,311	5,771	14,997	35,308	5.0
Counties	82	29,326	12,652	21,652	50,978	7.2
Municipalities	219	41,861	17,387	31,852	73,713	10.4
Others	230	16,309	6,761	12,041	28,350	4.0
Total	820	$ 407,595	151,790	$ 301,885	$ 709,480	100.0%

Percent of Total Contributions by Agency Type



Note: Above tables exclude MHSPRS, MRS, and SLRP contributions.
All MHSPRS and SLRP contributions fall within the state agency employer group.
All MRS contributions fall within the municipalities employer group.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
TOTAL ACTIVE MEMBERS AS OF JUNE 30, 2001
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date 0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals Number	Totals Valuation Payroll
Under 20	755	–	–	–	–	–	–	755	$ 11,191,698
20-24	6,520	93	–	–	–	–	–	6,613	121,872,531
25-29	11,300	3,072	70	–	–	–	–	14,442	336,838,087
30-34	11,557	6,328	2,215	78	–	–	–	20,178	481,308,431
35-39	8,827	5,565	4,376	2,082	109	–	–	20,959	522,285,723
40-44	6,814	5,146	4,278	3,685	2,503	68	–	22,494	613,156,868
45-49	5,502	4,356	4,008	3,029	4,069	2,120	29	23,113	696,256,316
50-54	4,027	3,476	3,344	2,789	2,674	3,042	1,327	20,679	665,225,475
55-59	2,365	2,013	1,999	1,757	1,713	1,271	1,472	12,590	402,007,564
60	344	285	284	263	225	170	216	1,787	55,888,062
61	270	262	261	237	206	163	177	1,576	47,259,714
62	237	205	197	158	143	113	127	1,180	35,271,620
63	198	196	159	123	103	80	92	951	27,685,640
64	163	127	132	106	78	51	85	742	21,939,551
65	128	119	104	89	60	53	48	601	15,460,422
66	103	112	86	74	50	47	32	504	13,441,149
67	88	65	58	59	36	24	31	361	9,718,613
68	76	56	56	35	19	13	25	280	6,717,467
69	64	41	39	31	28	18	18	239	5,726,877
70 & Over	257	211	182	156	84	58	88	1,036	22,985,930
Totals	59,595	31,728	21,848	14,751	12,100	7,291	3,767	151,080	$ 4,112,237,738

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

Age: 42.8 years
Service: 9.7 years
Annual Pay: $27,219

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM
TOTAL ACTIVE MEMBERS AS OF JUNE 30, 2001
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 Plus	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	20	–	–	–	–	–	–	20	498,981
25-29	65	14	–	–	–	–	–	79	2,171,541
30-34	46	62	4	–	–	–	–	112	3,347,450
35-39	8	31	50	5	–	–	–	94	3,324,258
40-44	5	5	32	68	24	–	–	134	5,375,091
45-49	1	1	17	30	53	5	–	107	4,646,398
50-54	1	–	–	5	14	15	6	41	2,006,725
55-59	–	–	–	–	–	6	2	8	407,845
60 & Over	–	1	–	–	–	2	1	4	193,581
Totals	146	114	103	108	91	28	9	599	$ 21,971,870

While not used in the financial computations, the following <u>group averages</u> are computed and shown because of their general interest.
Age: 39.5 years
Service: 12.4 years
Annual Pay: $36,681

MUNICIPAL RETIREMENT SYSTEMS
TOTAL ACTIVE MEMBERS AS OF SEPTEMBER 30, 2000
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 Plus	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	–	–	–	–	–	–	–	–	–
25-29	–	–	–	–	–	–	–	–	–
30-34	–	–	–	–	–	–	–	–	–
35-39	–	–	4	17	1	–	–	22	737,516
40-44	–	–	1	15	11	3	–	30	1,124,096
45-49	–	–	2	7	9	35	–	54	2,127,438
50-54	–	–	–	–	4	53	5	62	2,664,791
55-59	–	–	–	–	1	16	8	25	1,021,842
60 & Over	–	–	–	–	–	4	17	21	809,043
Totals	–	–	7	39	26	112	30	214	$ 8,484,726

While not used in the financial computations, the following <u>group averages</u> are computed and shown because of their general interest.
Age: 50.0 years
Service: 25.3 years
Annual Pay: $39,648

SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN
TOTAL ACTIVE MEMBERS AS OF JUNE 30, 2001
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 Plus	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	–	–	–	–	–	–	–	–	–
25-29	2	2	–	–	–	–	–	4	128,395
30-34	3	4	–	–	–	–	–	7	217,445
35-39	6	7	–	–	–	–	–	13	463,215
40-44	6	12	–	2	–	–	–	20	646,795
45-49	5	17	2	4	6	–	–	34	1,207,254
50-54	7	10	2	2	4	–	–	25	825,848
55-59	6	17	2	1	4	1	–	31	1,044,906
60	1	–	–	–	–	–	–	1	32,474
61	1	–	1	1	–	–	–	3	102,916
62	–	2	1	1	–	–	–	4	133,644
63	–	2	–	–	–	–	–	2	62,206
64	–	2	–	2	1	1	–	6	203,862
65	–	2	1	–	1	–	1	5	165,763
66	–	–	–	1	1	–	–	2	79,351
67	–	–	1	1	–	–	–	2	68,922
68	2	2	2	–	–	1	–	7	233,949
69	–	–	1	–	1	–	–	2	63,208
70 & Over	1	1	2	–	–	2	1	7	261,179
Totals	40	80	15	15	18	5	2	175	$ 5,941,332

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

Age: 52.3 years
Service: 10.0 years
Annual Pay: $33,950

BENEFIT PAYMENTS BY COUNTY

June 30, 2001

County	Number of Payments[1]	Amount Paid[2]
Adams	762	$ 10,542,817
Alcorn	584	7,082,198
Amite	224	2,494,865
Attala	566	6,599,321
Benton	175	1,851,029
Bolivar	748	11,589,051
Calhoun	260	3,299,660
Carroll	237	3,380,140
Chickasaw	354	5,150,689
Choctaw	232	2,977,742
Claiborne	201	3,138,701
Clarke	316	4,023,976
Clay	397	5,633,566
Coahoma	771	11,669,530
Copiah	530	7,404,116
Covington	437	5,714,046
DeSoto	489	5,553,087
Forrest	1,182	16,578,781
Franklin	175	1,931,508
George	298	3,943,496
Greene	161	1,931,508
Grenada	413	5,070,210
Hancock	375	4,345,894
Harrison	2,412	34,606,193
Hinds	6,620	110,417,900
Holmes	452	5,955,484
Humphreys	195	2,897,263
Issaquena	18	241,439
Itawamba	373	4,828,771
Jackson	1,757	26,316,802
Jasper	342	3,621,578
Jefferson	215	3,219,181
Jefferson Davis	265	3,138,701
Jones	1,533	19,395,564
Kemper	223	2,655,824
Lafayette	1,130	18,429,810
Lamar	1,066	18,349,330
Lauderdale	1,565	21,166,113
Lawrence	331	4,023,976
Leake	451	5,392,128
Lee	1,199	18,027,412
Leflore	765	11,991,448
Lincoln	557	7,967,472
Lowndes	1,106	15,613,027
Madison	1,334	$ $22,695,223
Marion	495	6,599,321
Marshall	372	4,989,730
Monroe	550	7,162,677
Montgomery	359	4,506,853
Neshoba	443	5,553,087
Newton	636	8,369,870
Noxubee	216	2,494,865
Oktibbeha	1,605	30,421,257
Panola	628	7,565,075
Pearl River	696	8,047,952
Perry	215	2,575,345
Pike	779	10,542,816
Pontotoc	388	5,231,169
Prentiss	620	8,047,952
Quitman	206	2,494,865
Rankin	2,572	40,239,758
Scott	542	6,760,280
Sharkey	134	2,011,988
Simpson	655	7,404,116
Smith	316	3,299,660
Stone	311	4,909,251
Sunflower	613	8,530,829
Tallahatchie	249	2,897,263
Tate	428	5,633,566
Tippah	442	4,828,771
Tishomingo	345	3,863,017
Tunica	108	1,448,631
Union	527	6,599,321
Walthall	245	3,138,701
Warren	739	10,703,776
Washington	992	13,842,477
Wayne	273	3,138,701
Webster	257	3,299,660
Wilkinson	183	2,253,427
Winston	439	5,875,005
Yalobusha	361	4,828,771
Yazoo	522	7,243,157
Mississippi	53,257	760,209,530
Out-of-State	3,722	44,344,214
Out-of-Country	19	241,439
Total	56,998	$ 804,795,183

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

Aberdeen
Ackerman
Algoma
Amory
Anguilla
Arcola
Artesia
Ashland
Baldwyn
Batesville
Bay Springs
Bay St. Louis
Beaumont
Belzoni
Benoit
Bentonia
Beulah
Biloxi
Blue Mountain
Booneville
Boyle
Brandon
Brookhaven
Brooksville
Bruce
Bude
Burnsville
Byhalia
Caledonia
Calhoun City
Canton
Centreville
Charleston
Clarksdale
Cleveland
Clinton
Coffeeville
Coldwater
Collins
Columbia
Columbus
Como
Corinth
Crawford
Crosby
Crystal Springs
Decatur
DeKalb
Derma
D'Iberville
Drew
Duck Hill
Durant
Ecru
Edwards
Ellisville
Enterprise
Ethel
Eupora
Falcon
Falkner
Flora
Florence
Flowood
Forest
Fulton
Gautier
Gloster
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
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
Monticello
Moorhead
Morton
Metcalf
Moss Point
Mount Olive
Natchez
New Albany
New Augusta
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
Ripley
Rolling Fork
Rosedale
Roxie
Ruleville
Saltillo
Sandersville
Sardis
Sebastopol
Seminary
Senatobia
Shannon
Shaw
Sherman
Shubuta
Shuqualak
Silver City
Sledge
Smithville
Soso
Southaven
Starkville
State Line
Stonewall
Sturgis
Summit
Sumner
Sumrall
Sunflower
Taylorsville
Tchula
Tishomingo
Tunica
Tupelo
Tutwiler
Tylertown
Union
Vaiden
Vardaman
Verona
Vicksburg
Walnut Grove
Walnut
Walthall
Water Valley
Waveland
Waynesboro
Weir
Wesson
West Point
West
Wiggins
Winona
Woodville
Yazoo City

Juristic Entities

Adams County Soil and Water Conservation District
Adams County Airport Commission
Biloxi Port Commission
Bogue Phalia Drainage District
Broad Slough 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
Corinth - Alcorn Airport Board
Covington County Soil & Water Conservation District
Culkin Water District
Delta City Drainage District
Diamondhead Fire Protection District
East LeFlore County Water and Sewer District
Emergency Management District
Forrest County Soil & Water Conservation District
Gautier Utility District of Jackson County
George County Soil & Water Conservation District
Golden Triangle Cooperative Service
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
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 Soil & Water Conservation District
Lauderdale County Emergency Medical Service District
Lauderdale County Soil & Water Conservation District
Laurel Airport Authority
Lawrence County Soil & Water Conservation District
Lee County Soil & Water Conservation District
Lowndes 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 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)

Juristic Entities cont'd.

Meridian Airport Authority

Meridian Transportation Commission

Mid-Mississippi Development District

Mississippi Coast Coliseum & Convention Center

Mississippi Hospital Equipment & Facilities Authority

Mississippi Levee Commissioners

Moss Point Park Commission

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 Economic Development Authority

Noxubee County Soil 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

Recreation Commission of the City of Columbus & Lowndes County

Reservoir Fire Protection District

Richland Water & Sewer 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

Starkville Urban Renewal

Stone County Soil & Water Conservation District

Tennessee-Tombigbee Waterway Development Authority

Tunica County Tourism Commission

Tupelo Airport Authority

Union County Soil & Water Conservation District

Vicksburg Convention & Visitors Bureau

Warren County Soil & Water Conservation District

Wathall County Soil & Water Conservation District

Winston County Economic Development District

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
Batesville
Bay St. Louis
Biloxi
Canton
Clarksdale
Columbus
Corinth
Forest
Greenwood
Hattiesburg
Hazlehurst
Holly Springs
Itta Bena
Iuka
Jackson
Laurel
Long Beach
Louisville
Lumberton
McComb
Meridian
MS Reg. IV-Columbus
MS Reg. V-Newton
MS Reg. VI-Jackson
MS Reg. VIII-Gulfport
Mound Bayou
Natchez
Oxford
Pascagoula
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
Lawrence County
Magnolia Regional Health Center
Methodist of Marion County
Montfort Jones Memorial
Natchez Regional Medical Center
North Sunflower County
Simpson General
Singing River
South Panola County Community
South Sunflower County
Tippah County
Tyler Holmes Memorial
W.S. Witte Memorial

Local Libraries

Amory Municipal
Benton County
Bolivar County
Carnegie Public
Carroll County
Central MS Regional
Columbus-Lowndes Public
Copiah-Jefferson Regional
Dixie Regional
Elizabeth Jones
Evans Memorial
First Regional
Greenwood-Leflore Public
Hancock County
Harriette Person Memorial
Harrison County
Hattiesburg-Petal-Forrest County
Homochitto Valley
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
Neshoba County Public
Northeast Regional
Noxubee County
Oakland Public
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
Water Valley-Oakland
Waynesboro-Wayne County
Yazoo Library Association

PERS

Public Employees' Retirement System of Mississippi

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