2003 Comprehensive Annual Financial Report

PERS

Public Employees' Retirement System of Mississippi

Picturing Retirement

Every day of work puts you one step closer to retirement. And, with each day, your vision of retirement becomes more complete.

For more than 50 years, PERS has responsibly managed the retirement benefits of our state's public employees. At a time when more and more people are focusing on retirement and building nest-eggs for the future, we are helping thousands of Mississippians turn their retirement dreams into reality.

Paycheck by paycheck. Month by month. Year by year.

PERS

Public Employees' Retirement System of Mississippi

2003 Comprehensive Annual Financial Report
A Component Unit of the State of Mississippi

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

Table of Contents

Introductory Section

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

Frank Ready
Executive Director

PROGRAMS ADMINISTERED
Public Employees' Retirement System Of Mississippi
Mississippi Highway Safety Patrol Retirement System
Government Employees' Deferred Compensation Plan
Mississippi Municipal Retirement Systems
Supplemental Legislative Retirement Plan
Retiree Group Life & Health Benefits
Optional Retirement Plan For Institutions of Higher Learning

December 16, 2003

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, 2003. During our years of operation, we have seen significant advances, continued to meet new challenges and celebrated numerous successes.

We trust that you and the other members will find this CAFR helpful in understanding your public 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 and public education employees, sworn officers of the State highway patrol, other public employees whose employers have elected to participate and elected members of the State Legislature and the president of the Senate. 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; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987.

During the fiscal year, we continued to develop and refine the System's Strategic Plan, which focuses on providing secure and comprehensive retirement benefits, quality customer service, and effective and efficient administration.

The System funded its first real estate investment in late June, 2003. Participation in this new asset classification will more broadly diversify the investment portfolio and enhance the System's ability to maintain a strong financial position in an ever changing financial climate.

The System opted for early implementation of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, as presented in the notes to the basic financial statements of this report. This statement establishes and modifies disclosure requirements related to investment risks and deposit risks.

In 2002, the System relocated to the AmSouth Plaza Building while the PERS Building is being expanded and remodeled to meet the needs of the staff and members. It is estimated that this project will be completed in the Summer of 2004.

Financial Information

System management has prepared the financial statements included in this CAFR for the 2002-03 fiscal year, and is responsible for the integrity and fairness of the data presented. The accounting policies followed in preparation of these financial statements conform to generally accepted accounting principles. Financial information presented throughout this CAFR is consistent with the financial statements.

Management is responsible for maintaining a system of adequate internal accounting controls. The controls are designed to provide reasonable assurance that transactions are executed in accordance with management's authorization and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes written policies and procedures and an internal audit department that reports to the Board. Discussion and analysis of net assets and related additions and deductions is presented in Management's Discussion & Analysis (MD&A) beginning on page 14.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

Report Contents and Structure

The System is considered a component unit of the state of Mississippi for financial reporting purposes and, as such, the financial statements contained in this report are also included in the State of Mississippi Comprehensive Annual Financial Report. The report is divided into the following five sections:

- The Introductory Section, which contains the letter of transmittal, identification of the System's administrative organization and professional consultants;

- The Financial Section, which contains the opinion of the independent auditors, management's discussion and analysis, the financial statements, schedules, and supplementary financial information regarding 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.

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 six-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.

Investment Activity

Proper funding and healthy long-term investment returns are essential to the financial soundness of the System. To this end, the System maintains a broadly diversified portfolio designed to minimize risk and maximize return over the long term.

The System's investment portfolio produced a total return of 3.5 percent for the year ended June 30, 2003. For the cumulative five and ten year periods, the System has annualized returns of 1.6 percent and 7.8 percent, respectively.

At fair value, the investment portfolio mix at the end of fiscal year 2003 was 38.1 percent fixed income, 45.4 percent domestic equities, 15.0 percent international equities, 1.2 percent real estate and 0.3 percent cash and 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.

The Board utilizes external portfolio managers employing both passive (indexed) and active strategies. The portfolio is broadly diversified between equities and debt securities with additional diversification achieved through real estate, domestic and international investing.

See MD&A and Investment Section for more detailed analysis and information.

Funding

Funds are derived from the excess of additions, which include contributions and investment earnings, over deductions, which are comprised of benefits and administrative expenses. Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net assets held in trust for pension benefits" in the Statement of Fiduciary Net Assets in the Financial Section of this report. The actuarial accrued liability is not disclosed in the basic financial statements but is disclosed in the required supplementary information schedules immediately following the notes to the financial statements. These schedules show the actuarial value of assets, which 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, 2003, the funded ratio of PERS, which covers 326,931 participants, decreased from 83.4 percent to 79.0 percent. The funded ratio of SLRP, which covers 313 participants, decreased from 85.9 percent to 83.4 percent. The decreases in the funded ratios of these plans were primarily the result of the five-year smoothing effect of unfavorable investment returns from 2001 and 2002 on an actuarial basis. The funded ratio of MHSPRS, which covers 1,175 participants, decreased from 92.2 percent to 86.0 percent. The funded ratio of MRS, which is based on valuation information as of September 30, 2002, decreased from 68.7 percent to 66.1 percent. MRS covers 2,395 participants. The funded ratio decreases for all systems were the result of investment returns below the investment return assumption of 8 percent for the last two years.

At June 30, 2003, the Systems' unfunded actuarial accrued liability had increased to $4.7 billion from $3.5 billion at June 30, 2002. This is a net change in the unfunded actuarial accrued liability of $1.2 billion for the year. At June 30, 2003, the difference between the actuarial value of assets and market value of assets was $3.1 billion in actuarially deferred losses as compared to $3.1 billion in actuarially deferred losses at June 30, 2002. These actuarially deferred losses will be recognized by the actuary over the next four years leading to probable increases in contribution rates.

Conclusion

This report is a product of the combined efforts of the System's staff and advisors functioning under your leadership. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions and determining responsible stewardship for the assets contributed by the System's members and their employers. 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 13.

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,

P. Robertson

Pat Robertson, CPA
Deputy Director, Administrative Services

Frank Ready

Frank Ready
Executive Director

Frank Ready

- Executive Director

From Left to Right: Deborah F. Giles • Richard C. Miller, M.D. • Virgil F. Belue • Edward Lee Childress • Jan Larsen
Doug Hague • Ed LeGrand, III • Marshall G. Bennett • Fred M. Walker • Jeanne R. Walker

2003 Board of Trustees

Professional Consultants

Fixed Income Advisors

Mellon Bond Associates
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258-0001
Telephone: (412) 234-0168

Pacific Investment Management Co.
840 Newport Center Dr., Suite 360
Newport Beach, California 92660
Telephone: (949) 720-6000

Barclays Global Investors, N.A.
45 Fremont Street, 17th Floor
San Francisco, California 94105
Telephone: (415) 597-2000

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

Deutsche Asset Management, Inc.
1325 Avenue of the Americas
New York, New York 10019
Telephone: (646) 557-1116

Conseco Capital Management
11825 North Pennsylvania
Carmel, Indiana 46032
Telephone: (317) 817-2552

Equity Advisors

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

Fayez Sarofim & Company
Two Houston Center, Suite 2907
Houston, Texas 77010
Telephone: (713) 654-4484

J.P. Morgan Fleming Asset Management
522 Fifth Avenue
New York, New York 10036
Telephone: (212) 483-2323

The Boston Company Asset
Management, LLC
One Boston Place, Suite 024-0131
Boston, Massachusetts 02108
Telephone: (617) 722-7322

Aeltus Investment Management, Inc.
10 Statehouse Square
Hartford, Connecticut 06103
Telephone: (860) 275-4642

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

Delaware Investments
2005 Market Street
Philadelphia, Pennsylvania 19103
Telephone: (215) 255-1200

Artisan Partners Limited Partnership
1000 North Water Street
Milwaukee, Wisconsin 53202
Telephone: (414) 390-6100

Dimensional Fund Advisors, Inc.
1299 Ocean Avenue
Santa Monica, California 90401
Telephone: (310) 395-8005

International Equity Advisors

Deutsche Asset Management, Inc.
1325 Avenue of the Americas
New York, New York 10019
Telephone: (646) 557-1207

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

Lombard Odier Darier Hentsch, Inc.
12 East 49th Street, 17th Floor
New York, New York 10017-1004
Telephone: (212) 753-4400

Putnam Investments
One Post Office Square
Boston, Massachusetts 02109
Telephone: (617) 292-1000

Real Estate Advisors

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

RREEF
875 North Michigan Avenue
Chicago, Illinois 60611
Telephone: (312) 266-9300

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

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

Custodian - Investment Funds

State Street Bank & Trust Company
One Enterprise Drive
North Quincy, Massachusetts 02171-2197
P. O. Box 1992
Boston, Massachusetts 02105-1992
Telephone: (617) 985-6589

Actuary

Mellon Human Resources
& Investor Solutions
One Pennsylvania Plaza
New York, New York 10119-4798
Telephone: (212) 330-1000

Auditor

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

Funds Evaluation Services and Asset Allocation/Investment Policy Study

Callan Associates, Inc.
Six Concourse Parkway, Suite 2900
Atlanta, Georgia 30328
Telephone: (800) 522-9782

Legal Council

Office of the Attorney General
Margo Bowers
Special Assistant
450 High Street
P. O. Box 220
Jackson, Mississippi 39205
Telephone: (601) 359-3680

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement System of Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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

President

Executive Director

Administrative Staff

EXECUTIVE DIRECTOR
Frank Ready

Donna J. Edwards, CRA
Deputy Director Special Programs

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

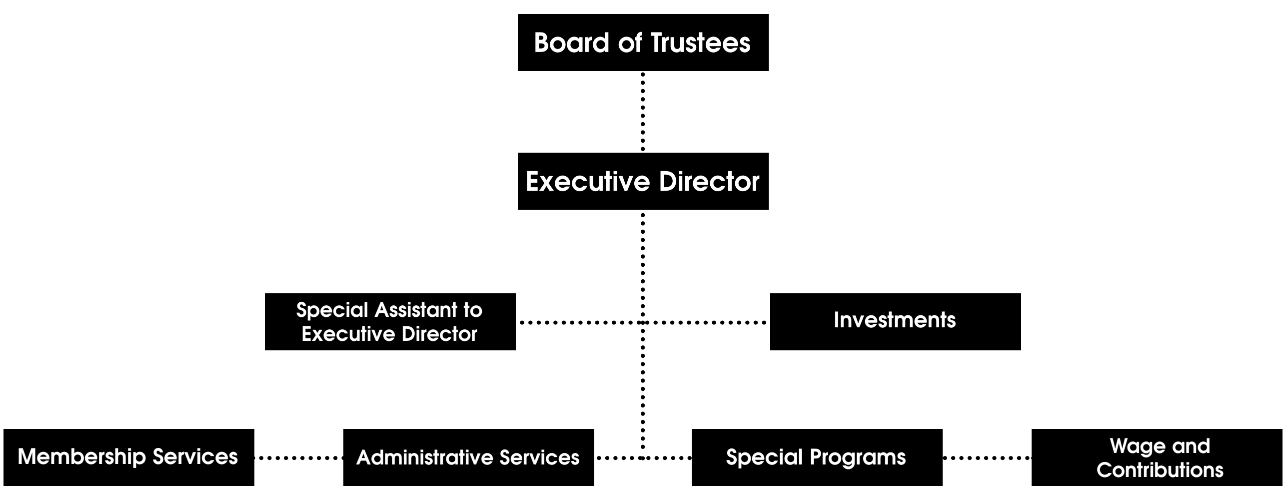
Robert J. Rhoads
Deputy Director Membership Services

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

Shirley Sessoms
Deputy Director Wage and Contributions

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

Organizational Chart



Financials

KPMG

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

Independent Auditors' Report

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

We have audited the accompanying statement of fiduciary net assets of the Public Employees' Retirement System of Mississippi (the System), a component unit of the state of Mississippi, as of June 30, 2003, and the related statement of changes in fiduciary net assets. These basic financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of fiduciary net assets of the System as of June 30, 2003, and the related statement of changes in fiduciary net assets for the year then ended, present fairly, in all material respects, the plan net assets of the System as of June 30, 2003, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2003, 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.

The management's discussion and analysis on pages 14 through 22 and the schedules of funding progress and employer contributions (pages 40 to 43) are not required parts of the basic financial statements but are supplementary information required by accounting standards generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 6 on pages 44 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

November 17, 2003

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Public Employees' Retirement Systems' (System) financial position and performance for the year ended June 30, 2003. It is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal, included in the Introductory Section, and the financial statements and other information which are presented in the Financial Section of this Comprehensive Annual Financial Report.

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

Financial Highlights

- The combined net assets of the defined benefit plans administered by the System increased by $ 199 million, or 1.4 percent. The increase was primarily the result of favorable investment returns.

- The rate of return on investments of the defined benefit plans administered by the System during fiscal year 2003 was 3.5 percent compared with fiscal year 2002 rate of return of negative 6.6 percent. The domestic equity portfolio returned 0.6 percent for the year, while the fixed income return was 10.9 percent, accounting in large part for the overall performance.

- The defined benefit plans administered by the System were actuarially funded at an average of 78.63 percent as of June 30, 2003, a decrease from the comparative average of 87.4 percent as of June 30, 2002. The decrease in average percent funding was primarily due to unfavorable actuarial experience. Assumption changes during the year also impacted the actuarial experience during the year. The effects of the actuarial experience and the change in assumptions on the funding levels are presented in note 7 of the basic financial statements.

- The GEDCP net assets increased $49.5 million during fiscal year 2003 primarily because of investment gains due to favorable investment returns and increase in participant contributions.

- The GEDCP rates of return for investment options ranged from a high of 14.68 percent to a low of negative 8.33 percent compared to prior year investment option returns of a high of 8.2 percent and a low of negative 30.4 percent.

Overview of the Financial Statements

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

(1) basic financial statements,

(2) notes to the basic financial statements,

(3) required supplementary information, and

(4) other supplementary schedules.

Collectively, this information presents the net assets held in trust for pension benefits for each of the funds administered by the System as of June 30, 2003. This financial information also summarizes the changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

(1) **Basic Financial Statements.** As of June 30, 2003, financial statements are presented for the fiduciary funds administered by the System. Fiduciary funds are used to account for resources held for the benefit of parties outside of the System. Fiduciary funds include pension trust funds such as PERS, MHSPRS, MRS, SLRP and GEDCP, as well as an agency fund, the FBCP. A Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets are presented for the fiduciary funds as of June 30, 2003 and for the year then ended. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, as of year-end, as well as the changes in those resources during the year.

(2) **Notes to the Basic Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Information in the notes to the basic financial statements is described below.

- Note 1 provides a general description of the System, as well as a concise description of each of the funds administered by the System. Information regarding employer and member participation in the pension plans administered by the System is also provided.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, investment accounting policies, management's use of estimates, information regarding the implementation of new accounting pronouncements, and other significant accounting policies.
- Note 3 describes investments, including investing authority and policies, investment risk discussion, and additional information about cash, securities lending, and derivatives.
- Note 4 provides a summary of the property and equipment of the System including depreciation and net holding amounts.
- Note 5 provides a summary of due to / due from other funds.
- Note 6 provides information about the funding status and progress for the defined benefit plans administered by the System.
- Note 7 provides information about contributions to the defined benefit systems administered by the System.
- Note 8 describes required supplementary information.

(3) **Required Supplementary Information.** The required supplementary information consists of two schedules and related notes concerning actuarial information, funded status and required contributions of the defined benefit pension systems administered by the System.

(4) **Other Supplementary Schedules.** Other schedules include detailed information on administrative expenses incurred by the System, investment and other professional services expenses incurred, as well as, the due to balances for the individual municipal retirement plans.

Financial Analysis of the Systems – Defined Benefit Plans

Investments

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

Systems Total Investments

At June 30, 2003, the System's total investments approximated $14.6 billion, an increase of $452 million from fiscal year 2002 investment totals. The combined investment portfolio experienced a return of 3.5 percent compared with median large public plan return of 3.4 percent.* Investment results over time compared with the System benchmarks are presented on page 54 in the Investment Section.

**Callan Associates Public Plan Sponsor Large Fund Universe*

Equity Securities

At June 30, 2003, the System held $8.6 billion in U.S. and international equity securities, an increase of $32.5 million from fiscal year 2002. U.S. equity and international equity securities had returns of 0.6 percent and negative 6.1 percent respectively, for the 2003 fiscal year, compared to the System benchmark returns of 0.8 percent and negative 6.5 percent respectively.

Fixed Income Securities

At June 30, 2003, the System held $5.5 billion in U.S. fixed income securities, an increase of 3.2 million from fiscal year 2002. Fixed income securities returned 10.9 percent compared with the System benchmark return of 10.4 percent.

Real Estate

The System adopted the inclusion of real estate as part of the System's long-term asset allocation in October 2002 and funded the first real estate investments in June 2003. The initial portfolio was divided between core commingled real estate fund investments, which directly invest in properties, and managed portfolios of REITs. REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. At June 30, 2003, holdings in real estate totaled $166.4 million.

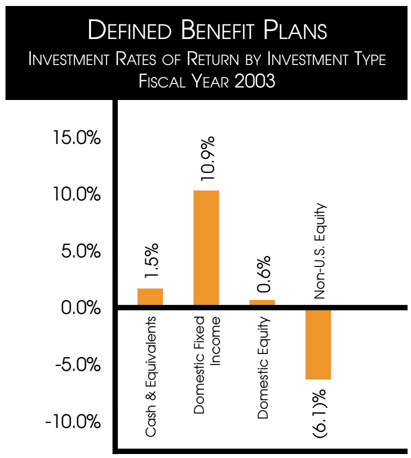
While the System was rather late in the fiscal year in getting into the asset class, real estate investments in general experienced relatively strong returns for the year end. The NCREIF Index, the benchmark for the System's core commingled fund investments, saw returns of 7.6 percent for the year ended June 30, 2003, while the NAREIT Index, used to benchmark the REIT investments, had returns of 4.0 percent for the same period.

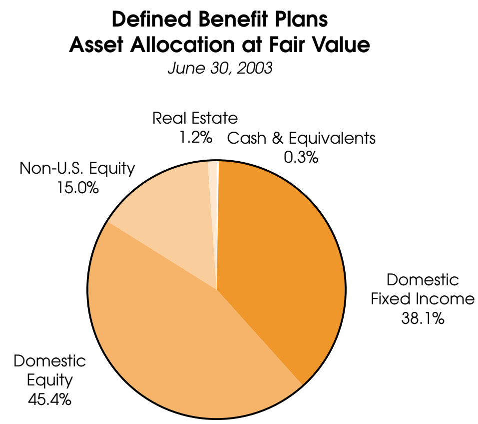
Short-Term Securities

At June 30, 2003, the System held $366.6 million in short-term investments, an increase of $242.3 million from fiscal year 2002. Short-term investments returned 1.5 percent for the 2003 fiscal year.

Securities Lending

The System earns additional investment income by lending investment securities to broker-dealers. This is done on a pooled basis by the System's custodial bank, State Street Bank and Trust Company (SSB). The broker-dealers provide collateral to SSB and generally use the borrowed securities to cover short sales and failed trades. SSB invests the cash collateral in order to earn interest. For the 2003 fiscal year, net securities lending income to the System amounted to $5.1 million, a decrease of $3.1 million from fiscal year 2002. The decrease in securities lending revenue for fiscal year 2003 represents mainly a decrease in demand by broker-dealers to borrow available securities.





Analysis of Individual Systems – Defined Benefit Plans

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) provides retirement benefits to all State of Mississippi public employees, public education employees, other public employees whose employers have elected to participate, and elected members of the State Legislature and the president of the Senate. Benefits of the System are funded by member and employer contributions and by earnings on investments. The System net assets held in trust for benefits at June 30, 2003 amounted to $14.0 billion, an increase of $211 million (1.5 percent) over $13.8 billion at June 30, 2002.

Additions to PERS net assets held in trust for benefits include employer and member contributions and investment income. For the 2003 fiscal year, member and employer contributions increased from those of fiscal year 2002 from $745.7 million to $781.6 million or an increase of $ 35.9 million (4.8 percent). Contributions increased because the number of active members increased. PERS recognized a net investment income of $452.2 million for the 2003 fiscal year, compared with a net investment loss of $973.7 million for the 2002 fiscal year.

Deductions from PERS net assets held in trust for benefits include mainly retirement and beneficiary benefits, and administrative expenses. For the 2003 fiscal year, benefits amounted to $951.2 million, an increase of $103.5 million (12.2 percent) over the 2002 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients. For the 2003 fiscal year, the costs of administering the System amounted to $9.8 million, an increase of $1.5 million (18.1 percent) over fiscal year 2002. The increase in administrative expenses was due to increased expenditures in contractual services and personal services.

An actuarial valuation of PERS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2003, the funded status of the System decreased to 79.0 percent from 83.4 percent at June 30, 2002. The amount by which the PERS actuarial assets were less than actuarial benefit liabilities was $4.5 billion at June 30, 2003, compared with $3.4 billion at June 30, 2002. The decrease in funded status relates primarily to unfavorable actuarial experience as a result of poor investment returns on an actuarial basis, pay increases for active members that were more than assumed and an increase in the number of active members.

Net Assets – Defined Benefit Plans
June 30
(In Thousands)

	PERS		MHSPRS	
	2003	2002	2003	2002
Assets:				
Cash, cash equivalents, and receivables	$ 813,187	$ 1,123,464	$ 11,385	$ 16,617
Investments at fair value	14,165,990	13,716,300	216,031	214,765
Invested securities lending collateral	2,021,636	1,922,947	31,002	30,295
Capital assets	7,424	4,251	–	–
Total assets	17,008,237	16,766,962	258,418	261,677
Liabilities:				
Investment accounts and other payables	992,468	1,054,175	15,035	16,477
Securities lending liability	2,003,586	1,912,071	30,726	30,124
Total liabilities	2,996,054	2,966,246	45,761	46,601
Total net assets	$ 14,012,183	$ 13,800,716	$ 212,657	$ 215,076

Changes in Net Assets – Defined Benefit Plans
Year Ended June 30
(In Thousands)

	PERS		MHSPRS	
	2003	2002	2003	2002
Additions:				
Contributions	$ 781,560	$ 745,685	$ 7,025	$ 7,128
Investment income (loss)	452,183	(973,690)	6,934	(15,340)
Other revenues	607	598	–	–
Total additions	1,234,350	(227,407)	13,959	(8,212)
Deductions:				
Pension benefits	951,158	847,655	16,164	16,558
Refunds	61,923	62,126	101	66
Administrative and other expenses	9,802	8,294	113	114
Total deductions	1,022,883	918,075	16,378	16,738
Increase (decrease) in net assets	$ 211,467	$(1,145,482)	$ (2,419)	$ (24,950)

Mississippi Highway Safety Patrol Retirement System

The Mississippi Highway Safety Patrol Retirement System (MHSPRS) provides retirement benefits to sworn officers of the Mississippi Highway Safety Patrol. Benefits of the system are funded by member and employer contributions and by earnings on investments. MHSPRS net assets held in trust for benefits at June 30, 2003 amounted to $212.7 million, a decrease of $2.4 million (1.1 percent) from $215.1 million at June 30, 2002.

Additions to MHSPRS net assets held in trust for benefits include employer and member contributions and investment income. For the 2003 fiscal year, member and employer contributions decreased $103 thousand (1.4 percent) from those of fiscal year 2002 from $7.1 million to $7.0 million. Contributions decreased because the number of active members decreased. MHSPRS recognized a net investment income of $6.9 million for the 2003 fiscal year compared with net investment loss of $15.3 million for the 2002 fiscal year.

Net Assets – Defined Benefit Plans
June 30
(In Thousands)

MRS 2003	MRS 2002	SLRP 2003	SLRP 2002	Eliminations 2003	Total Defined Benefit Pension Plans 2003	Total Defined Benefit Pension Plans 2002	Total Percent Change
$ 11,699	$ 17,437	$ 455	$ 618	$ (8)	$ 836,718	$ 1,158,129	(27.8)%
213,321	220,374	8,633	7,993	–	14,603,975	14,159,432	3.1%
30,613	31,088	1,239	1,127	–	2,084,490	1,985,457	5.0%
–	–	–	–	–	7,424	4,251	74.6%
255,633	268,899	10,327	9,738	(8)	17,532,607	17,307,269	1.3%
14,858	16,872	601	615	(8)	1,022,954	1,088,132	(6.0)%
30,339	30,911	1,228	1,121	–	2,065,879	1,974,227	4.6%
45,197	47,783	1,829	1,736	(8)	3,088,833	3,062,359	0.9%
$ 210,436	$ 221,116	$ 8,498	$ 8,002	$ –	$ 14,443,774	$ 14,244,910	1.4%

Changes in Net Assets – Defined Benefit Plans
Year Ended June 30
(In Thousands)

MRS 2003	MRS 2002	SLRP 2003	SLRP 2002	Eliminations 2003	Total Defined Benefit Pension Plans 2003	Total Defined Benefit Pension Plans 2002	Total Percent Change
$ 14,873	$ 14,852	$ 615	$ 560	$ –	$ 804,073	$ 768,225	4.7%
6,847	(15,741)	277	(570)	–	466,241	(1,005,341)	146.4%
7	–	–	–	(510)	104	69	50.7%
21,727	(889)	892	(10)	(510)	1,270,418	(237,047)	635.9%
31,979	30,964	388	386	–	999,689	895,563	11.6%
39	–	–	1	–	62,063	62,193	(0.2)%
389	407	8	8	(510)	9,802	8,294	18.2%
32,407	31,371	396	395	(510)	1,071,554	966,050	10.9%
$ (10,680)	$ (32,260)	$ 496	$ (405)	$ –	$ 198,864	$ (1,203,097)	116.5%

Deductions from MHSPRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2003 fiscal year, benefits amounted to $16.2 million, a decrease of $394 thousand (2.4 percent) from the 2002 fiscal year. For the 2003 fiscal year, MHSPRS transferred $113 thousand to PERS to offset the cost of administration, a decrease of $1.0 thousand (0.9 percent) from fiscal year 2002.

An actuarial valuation of MHSPRS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2003, the funded status of the system decreased to 86.0 percent from 92.2 percent at June 30, 2002. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $42.4 million at June 30, 2003, compared with $22.3 million at June 30, 2002. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis, as well as, actuarial losses related to changes in actuarial assumptions.

Municipal Retirement Systems

Two municipal retirement systems and seventeen fire and police disability and relief systems comprise the Municipal Retirement Systems (MRS). Seventeen of these separate systems provide retirement benefits to municipal employees, fire fighters and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Membership in the other two systems was extended until July 1, 1987. The financial positions of these systems have been aggregated for financial reporting purposes. Individual system information is included with the specific municipality's comprehensive annual financial report. Benefits of MRS are funded by member and employer contributions, and by earnings on investments. The system net assets held in trust for benefits at June 30, 2003 amounted to $210.4 million, a decrease of $10.7 million (4.8 percent) from $221.1 million at June 30, 2002.

Additions to MRS net assets held in trust for benefits consist of employer and member contributions and investment income. For the 2003 fiscal year, member and employer contributions of $14.9 million remained the same as those of fiscal year 2002. MRS recognized a net investment income of $6.8 million for the 2003 fiscal year compared with a net investment loss of $15.7 million for the 2002 fiscal year.

Deductions from MRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2003 fiscal year, benefits amounted to $32.0 million, an increase of $1.0 million (3.3 percent) over the 2002 fiscal year. The increase in benefit payments was due to benefit enhancements. For the 2003 fiscal year, MRS transferred $389 thousand to PERS to offset the cost of administration, a decrease of $18 thousand (4.4 percent) from fiscal year 2002.

An actuarial valuation of MRS assets and benefit obligations is performed annually as of September 30. The funded status of MRS, as of September 30, 2002, decreased to 66.1 percent from 68.7 percent at September 30, 2001. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $133.4 million at September 30, 2002, compared with $119.5 million at September 30, 2001. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis, as well as, actuarial losses related to changes in actuarial assumptions and plan amendments.

Supplemental Legislative Retirement Plan

The Supplemental Legislative Retirement Plan (SLRP) provides supplemental retirement benefits to all elected members of the State Legislature and the president of the Senate. Benefits of the system are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at June 30, 2003 amounted to $8.5 million, an increase of $496 thousand (6.2 percent) over $8.0 million at June 30, 2002.

Additions to SLRP net assets held in trust for benefits include employer and member contributions and investment income. For the 2003 fiscal year, member and employer contributions increased $55 thousand (9.8 percent) over those of fiscal year 2002 from $560 thousand to $615 thousand. Contributions increased because active member salaries increased. SLRP recognized a net investment income of $277 thousand for the 2003 fiscal year, compared with a net investment loss of $570 thousand for the 2002 fiscal year.

Deductions from SLRP net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2003 fiscal year, benefits amounted to $388 thousand, an increase of $2 thousand (0.5 percent) over the 2002 fiscal year. The increase in benefit payments was due to the increase in COLA payments. For the 2003 fiscal year, SLRP transferred $8 thousand to PERS to offset the cost of administration, the same amount as transferred in fiscal year 2002.

An actuarial valuation of SLRP assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2003, the funded status of the system decreased to 83.4 percent from 85.9 percent at June 30, 2002. The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $2.0 million at June 30, 2003, compared with $1.6 million at June 30, 2002. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis.

Actuarial Valuations and Funding Progress

An actuarial valuation of each of the defined benefit plans administered by the System is performed annually as of June 30, with the exception of MRS, which is performed as of September 30. The funded status of each of the systems is shown in the Schedule of Funding Progress on pages 40 and 41. This table shows the funding ratios for the last ten fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial benefit liabilities.

As of June 30, 2003, funding ratios range from a high 86.0 percent to a low of 66.1 percent, as compared to 92.2 percent and 68.7 percent for June 30, 2002. The average funding ratio decreased from 82.6 percent to 78.6 percent during the fiscal year. The funded ratio decreases for all systems was the result of investment returns below the investment return assumption of 8 percent for the last two years.

At June 30, 2003, the Systems' unfunded actuarial accrued liability had increased to $4.7 billion from $3.5 billion at June 30, 2002. This is a net change in the unfunded actuarial accrued liability of $1.2 billion for the year. At June 30, 2003, the difference between the actuarial value of assets and market value of assets was $3.1 billion in actuarially deferred losses as compared to $3.1 billion in actuarially deferred losses at June 30, 2002. These actuarially deferred losses will be recognized by the actuary over the next four years leading to probable increases in contribution rates.

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

	IRC 457 Plan GEDCP 2003	IRC 457 Plan GEDCP 2002	Percent Change
Assets:			
Cash, cash equivalents, and receivables	$ 4,652	$ 5,368	(13.3)%
Investments at fair value	627,325	577,079	8.7%
Total assets	631,977	582,447	8.5%
Liabilities:			
Investment accounts and other payables	169	169	0.0%
Total liabilities	169	169	0.0%
Total net assets	$ 631,808	$ 582,278	8.5%

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

	IRC 457 Plan GEDCP 2003	IRC 457 Plan GEDCP 2002	Percent Change
Additions:			
Contributions	$ 61,620	$ 51,417	19.8 %
Investment income (loss)	16,208	(51,750)	131.3%
Total additions	77,828	(333)	23,471.8%
Deductions:			
Pension benefits	28,298	23,807	18.9%
Total deductions	28,298	23,807	18.9%
Increase (decrease) in net assets	$ 49,530	$ (24,140)	305.2%

Defined Contribution Plans

457 Defined Contribution Plan

The 457 Plan is established under Section 457 of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by contributions and by investment earnings. Net assets held in trust for benefits at June 30, 2003 amounted to $631.8 million, an increase of $49.5 million (8.5 percent) over net assets of $582.3 million at June 30, 2002.

Additions to the 457 Plan net assets held in trust for benefits include contributions and investment income. For the 2003 fiscal year, contributions increased from those of the 2002 fiscal year from $51.4 million to $61.6 million or an increase of $10.2 million (19.8 percent). Contributions increased because of increased participation from 33,691 in 2002 to 35,074 in 2003. The plan recognized net investment income of $16.2 million for the 2003 fiscal year compared with a net investment loss of $51.8 million for the 2002 fiscal year.

Deductions from the 457 Plan net assets include payments to participants and beneficiaries. For the 2003 fiscal year, payments amounted to $28.3 million, an increase of $4.5 million (18.9 percent) over the 2002 fiscal year. The increase in payments was due to an increase in the number of withdrawals for the year.

Benefit obligations of the 457 Defined Contribution Plan are equal to the member account balances, which are equal to net assets of the plan.

Requests For Information

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

Public Employees' Retirement System of Mississippi
Statement of Fiduciary Net Assets – June 30, 2003

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds	Agency Funds	Total 2003
Assets										
Cash and cash equivalents (note 3)	$ 341,942	$ 4,996	$ 4,932	$ 200	$ –	$ 352,070	$ 1,528	$ 353,598	$10	$ 353,608
Receivables:										
Employer	28,783	–	422	–	–	29,205	–	29,205	–	29,205
Employee	21,403	–	36	–	–	21,439	2,944	24,383	–	24,383
Investment proceeds	350,545	5,346	5,278	214	–	361,383	–	361,383	–	361,383
Interest and dividends	68,386	1,043	1,029	41	–	70,499	180	70,679	–	70,679
Other receivables	2,119	–	2	–	–	2,121	–	2,121	5	2,126
Total receivables	471,236	6,389	6,767	255	–	484,647	3,124	487,771	5	487,776
Investments, at fair value (note 3):										
Short-term securities	355,583	5,423	5,355	217	–	366,578	10,449	377,027	–	377,027
Fixed income securities	5,324,321	81,196	80,177	3,245	–	5,488,939	20,298	5,509,237	–	5,509,237
Equity securities	8,324,631	126,950	125,358	5,073	–	8,582,012	212,164	8,794,176	–	8,794,176
Real estate	161,455	2,462	2,431	98	–	166,446	–	166,446	–	166,446
Balanced asset fund	–	–	–	–	–	–	27,264	27,264	–	27,264
Fixed and variable investments	–	–	–	–	–	–	356,542	356,542	–	356,542
Life insurance contracts	–	–	–	–	–	–	608	608	–	608
Total investments before lending activities	14,165,990	216,031	213,321	8,633	–	14,603,975	627,325	15,231,300	–	15,231,300
Securities lending:										
Short-term securities	1,086,527	16,662	16,453	666	–	1,120,308	–	1,120,308	–	1,120,308
Fixed income securities	935,109	14,340	14,160	573	–	964,182	–	964,182	–	964,182
Total securities lending	2,021,636	31,002	30,613	1,239	–	2,084,490	–	2,084,490	–	2,084,490
Total investments	16,187,626	247,033	243,934	9,872	–	16,688,465	627,325	17,315,790	–	17,315,790
Due from (to) other funds (note 5)	9	–	–	–	(8)	1	–	1	–	1
Capital assets, at cost, net of accumulated depreciation (note 4)	7,424	–	–	–	–	7,424	–	7,424	–	7,424
Total assets	17,008,237	258,418	255,633	10,327	(8)	17,532,607	631,977	18,164,584	15	18,164,599
Liabilities										
Accounts payable and accrued expenses	991,330	15,035	14,850	601	–	1,021,816	168	1,021,984	15	1,021,999
Obligations under securities lending	2,003,586	30,726	30,339	1,228	–	2,065,879	–	2,065,879	–	2,065,879
Due to other funds	–	–	8	–	(8)	–	1	1	–	1
Funds held for others	1,138	–	–	–	–	1,138	–	1,138	–	1,138
Total liabilities	2,996,054	45,761	45,197	1,829	(8)	3,088,833	169	3,089,002	15	3,089,017
Net assets held in trust for pension benefits (A schedule of funding progress for each plan is presented on page 40.)	$14,012,183	$212,657	$210,436	$8,498	$ –	$14,443,774	$631,808	$15,075,582	$ –	$15,075,582

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

Public Employees' Retirement System of Mississippi
Statement of Changes in Fiduciary Net Assets – For the Year Ended June 30, 2003

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds 2003
Additions:								
Contributions:								
Employer	$ 448,263	$ 5,627	$ 14,310	$ 417	$ –	$ 468,617	$ –	$ 468,617
Employee	333,297	1,398	563	198	–	335,456	61,620	397,076
Total contributions	781,560	7,025	14,873	615	–	804,073	61,620	865,693
Net investment income:								
Net appreciation in fair value	20,630	316	312	13	–	21,271	14,077	35,348
Interest and dividends	446,360	6,845	6,759	274	–	460,238	2,131	462,369
Total before lending activities	466,990	7,161	7,071	287	–	481,509	16,208	497,717
Securities lending:								
Net appreciation in fair value	10,493	161	159	6	–	10,819	–	10,819
Interest and dividends	20,378	313	309	12	–	21,012	–	21,012
Interest expense	(23,861)	(366)	(361)	(15)	–	(24,603)	–	(24,603)
Program fees	(2,088)	(32)	(32)	(1)	–	(2,153)	–	(2,153)
Net income from securities lending	4,922	76	75	2	–	5,075	–	5,075
Managers' fees and trading costs	(19,729)	(303)	(299)	(12)	–	(20,343)	–	(20,343)
Net investment income	452,183	6,934	6,847	277	–	466,241	16,208	482,449
Other additions:								
Rent income	97	–	–	–	–	97	–	97
Administrative fees	510	–	–	–	(510)	–	–	–
Other	–	–	7	–	–	7	–	7
Total other additions	607	–	7	–	(510)	104	–	104
Total	1,234,350	13,959	21,727	892	(510)	1,270,418	77,828	1,348,246
Deductions:								
Retirement annuities	951,158	16,164	31,979	388	–	999,689	28,298	1,027,987
Refunds to terminated employees	61,923	101	39	–	–	62,063	–	62,063
Total	1,013,081	16,265	32,018	388	–	1,061,752	28,298	1,090,050
Administrative expenses:								
Personal services:								
Salaries, wages and fringe benefits	5,764	–	–	–	–	5,764	–	5,764
Travel and subsistence	72	–	–	–	–	72	–	72
Contractual services	3,407	–	–	–	–	3,407	–	3,407
Commodities	335	–	–	–	–	335	–	335
Total administrative expenses	9,578	–	–	–	–	9,578	–	9,578
Depreciation	219	–	–	–	–	219	–	219
Loss on disposal of equipment	5	–	–	–	–	5	–	5
Administrative fees	–	113	389	8	(510)	–	–	–
Total	1,022,883	16,378	32,407	396	(510)	1,071,554	28,298	1,099,852
Net increase (decrease)	211,467	(2,419)	(10,680)	496	–	198,864	49,530	248,394
Net assets held in trust for pension benefits:								
Beginning of year	13,800,716	215,076	221,116	8,002	–	14,244,910	582,278	14,827,188
End of year	$14,012,183	$212,657	$210,436	$8,498	$ –	$14,443,774	$631,808	$15,075,582

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

1. Plan Description

(a) General

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

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

**Closed to new members*

The System's purpose is to provide pension benefits for all State and public education employees, 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	TOTAL
Employers:					
State agencies	112	2	–	5	119
State universities	9	–	–	–	9
Public schools	150	–	–	–	150
Community/junior colleges	15	–	–	–	15
Counties	82	–	–	–	82
Municipalities	224	–	17	–	241
Other political subdivisions	241	–	–	–	241
Total employers	833	2	17	5	857
Members:					
Active vested	103,692	433	117	144	104,386
Active nonvested	51,180	110	28	31	51,349
Total active members	154,872	543	145	175	155,735
Inactive vested	17,024	10	1	43	17,078
Inactive nonvested	95,588	23	3	10	95,624
Total inactive members	112,612	33	4	53	112,702
Retirees and beneficiaries	59,447	599	2,246	85	62,377
Total retired/inactive members	172,059	632	2,250	138	175,079
Total members	326,931	1,175	2,395	313	330,814
Active members by employer:					
State agencies	33,486	543	–	175	34,204
State universities	16,876	–	–	–	16,876
Public schools	59,851	–	–	–	59,851
Community/junior colleges	6,130	–	–	–	6,130
Counties	13,496	–	–	–	13,496
Municipalities	17,742	–	145	–	17,887
Other political subdivisions	7,291	–	–	–	7,291
Total active members	154,872	543	145	175	155,735

**Information furnished for MRS is as of September 30, 2002.*

(b) Membership and Benefit Provisions

(1) Public Employees' Retirement System of Mississippi

Membership in PERS is a condition of employment for those who qualify; eligibility is granted upon hiring for qualifying employees and officials of the State of Mississippi (the "State"), State universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. If approved, membership is a condition of employment and eligibility is granted to those who qualify upon hiring. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

Participating employees who retire at or after age 60 with 4 or more years of membership service or those who retire regardless of age with at least 25 years of credited service are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 25 years, plus 2 1/2 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the 4 highest compensated years of credited service. A member may elect a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of 4 years of membership service. PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2003, the total additional annual payments were $173,934,000.

(2) Mississippi Highway Safety Patrol Retirement System

Membership in MHSPRS is a condition of employment; eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as sworn officers of the highway patrol in the enforcement of the laws of the State of Mississippi.

Participating employees who withdraw from service at or after age 55 with at least 5 years of membership service, or after reaching age 45 with at least 20 years of credited service, or with 25 years of service at any age are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5 percent of their average compensation during the 4 highest consecutive years of earnings reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest. Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 60. For the year ended June 30, 2003, the total additional annual payments were $4,094,000.

(3) Municipal Retirement Systems

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

Participating employees who retire regardless of age with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66 2/3 percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement

Systems and for the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS also provides certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Statutes may be amended only by the State of Mississippi Legislature.

The retirees and beneficiaries of Municipal plans with provisions for additional payments, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to an additional payment. This payment is equal to the annual percentage change of the Consumer Price Index not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain Municipal plans may adopt an annual adjustment other than one linked to the change in the Consumer Price Index. These additional payments will only be made when funded by the employers. For the year ended June 30, 2003, the total additional annual payments were $2,630,000.

(4) Supplemental Legislative Retirement Plan

Membership in SLRP is composed of all elected members of the State Legislature and the president of the Senate. This plan is designed to supplement the provisions of PERS. Those serving when SLRP became effective on July 1, 1989, had 30 days to waive membership. Those elected after July 1, 1989, automatically become members.

The retirement allowance is 50 percent of an amount equal to the retirement allowance payable by PERS determined by credited service as an elected senator or representative in the State Legislature or as president of the Senate. Benefits vest upon completion of 4 years of membership service in PERS. SLRP also provides certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature.

Retirees and beneficiaries of SLRP may receive additional amounts calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2003, the total additional annual payments were $56,000.

(5) Government Employees' Deferred Compensation Plan

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

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

The System has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. At June 30, 2003, total plan assets aggregated $631,977,000.

(6) Flexible Benefits Cafeteria Plan

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

(c) Employee and Employer Obligations to Contribute

Employees covered by PERS are required to contribute 7.25 percent of their salary. Employees covered by MHSPRS are required to contribute 6.5 percent of their salary. Members of SLRP are required to contribute 3 percent of their compensation in addition to the 7.25 percent required by PERS. If an employee covered by PERS, MHSPRS, or SLRP leaves employment, accumulated employee contributions plus interest are refunded to the employee upon request. The interest paid on employee accounts was 3.5 percent in 2003. 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 reporting entity for the System and its component units consists of five pension trust funds and one agency fund. The pension trust funds are PERS, MHSPRS, MRS, SLRP, and GEDCP. These financial statements are included in the financial statements of the State of Mississippi. The agency fund is the FBCP. The component units of the System are included in the System's reporting entity due to their financial relationships. Although the component units are legally separate from the System, they are reported as if they were part of the System because the governing boards of each are identical. The System is considered a component unit of the State of Mississippi reporting entity in accordance with GASB 14, *The Financial Reporting Entity*.

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

(b) Basis of Presentation - Fund Accounting

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

(c) Basis of Accounting

PERS, MHSPRS, MRS, SLRP, and GEDCP use the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized as revenue when due pursuant to formal commitments, as well as statutory requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when incurred. Investments for PERS, MHSPRS, MRS, SLRP, and GEDCP are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. The fair value of real estate investments is based on independent appraisals, while REITs traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For individual investments where no readily ascertainable fair value exists, the System, in consultation with its investment advisors and custodial bank, has determined the fair values.

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) Capital Assets

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

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

(f) Accumulated Personal Leave and Major Medical Leave

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

(g) Derivatives

In accordance with authorized investment laws and policies, the System invests in various derivative securities, such as asset-backed securities, 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 Statement of Fiduciary Net Assets. The System has no other derivative financial instruments.

(h) Accounting Change

The System opted for early implementation of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, issued in March, 2003. This pronouncement has no impact on the System's net assets, but required additional disclosure which is presented in note 3.

(i) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2003, and the reported amounts of additions to and deductions from net assets during the year then ended. Actual results could differ from those estimates.

3. Cash, Cash Equivalents and Investments

(a) Legal Provisions
The System is authorized by Section 25-11-121, Mississippi Code Ann. (1972), to invest in the following:

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

- School district bonds of the State.

- Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi.

- Highway bonds of the State.

- Corporate bonds of 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, 2003 the System had no deposits in foreign demand deposit accounts.

(b) Cash and Cash Equivalents

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

The amount of the System's total cash and cash equivalents at June 30, 2003, was $353,608,000. Cash deposits in bank accounts totaled $11,438,000 which were covered by federal depository insurance. At June 30, 2003, the System held $339,942,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into bank sponsored short-term investment funds. These funds are custodial bank sponsored commingled funds which are invested in short-term securities backed by the U.S. government and its agencies. The credit quality rating of the fund was A-1+ at June 30, 2003.

As of June 30, 2003, the System's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ –
Uninsured and collateral held by custodial bank not in the System's name	339,942,000
Total	$ 339,942,000

(c) Investments

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

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

The Board of Trustees adopted real estate in October 2002 as part of the System's long-term asset allocation. The Mississippi Code Section 25-11-121 allows the System to invest up to 5 percent of the total portfolio in real estate only via real estate securities and commingled funds. Direct ownership of real estate assets is prohibited. The System funded its first real estate investments in June 2003. The initial portfolio was divided between core commingled real estate fund investments, which directly invest in properties, and in managed portfolios of REITs. REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. Fair values of commingled fund properties are based on the most recent independent appraisal values. Independent appraisal firms which are Members of Appraisal Institute (MAI) are required to conduct valuations at least annually.

The following table presents the fair value of investments by type at June 30, 2003 (in thousands):

Investment type:	Fair Value
Commercial paper	$615,626
Repurchase agreements	106,877
U.S. Treasury bills	899
Certificates of deposit	9,900
International currency	17,654
U.S. Government agency obligations	1,100,467
U.S. Treasury obligations	1,375,484
U.S. Treasury interest strips	38,933
Commercial mortgage backed securities	141,758
Collateralized mortgage obligations	478,939
Corporate bonds	1,726,126
Mortgage pass-throughs	1,270,177
Municipals	64,433
Asset backed securities	854,684
Yankee bonds	138,050
Domestic equity securities	6,587,172
International equity securities	2,098,726
Real estate	166,446
Money market fund	10,449
Fixed income fund	20,298
Balanced asset fund	27,264
Fixed and variable fund	356,542
Life insurance contracts	608
Equity fund	108,278
Total	$17,315,790

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a. the counterparty or b. the counterparty's trust department or agent but not in the government's name. The Mississippi Code of 1972, Section 25-11-121, requires that all investments be clearly marked as to ownership and to the extent possible, shall be registered in the name of the System.

Of the pension fund's $16.7 billion in investments at June 30, 2003, $2.1 billion were cash collateral reinvestment securities acquired by the custodian, whom is also the lending agent/counterparty. This is consistent with the System's securities lending agreement in place with the custodian.

The fair value of cash collateral securities as of June 30, 2003, are presented by type below (in thousands):

	Fair Value
Commercial paper	$599,036
U.S. Government agency obligations	301,293
Repurchase agreements	60,148
Corporate bonds	463,204
Asset backed securities	629,799
Commercial mortgage backed securities	31,010
Total	$2,084,490

Interest Rate Risk

As of June 30, 2003, the System had the following investments and maturities:

Investment Type:	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
Commercial paper	$615,626	$615,626	–	–	–
Repurchase agreements	106,877	106,877	–	–	–
U.S. Treasury bills	899	899	–	–	–
Certificates of deposit	9,900	9,900	–	–	–
U.S. Government agency obligations	1,100,467	564,084	259,997	136,860	139,526
U.S. Treasury obligations	1,375,484	47,832	539,992	304,433	483,227
U.S. Treasury interest strips	38,933	–	–	–	38,933
Commercial mortgage backed securities	141,758	–	–	18,310	123,448
Collateralized mortgage obligations	478,939	61,000	30,524	18,399	369,016
Corporate bonds	1,712,054	171,931	712,053	487,534	340,536
Mortgage pass-throughs	1,270,177	312	4,201	53,107	1,212,557
Municipals	64,433	5,777	7,124	4,867	46,665
Asset backed securities	854,684	681,946	35,072	43,486	94,180
Yankee bonds	138,050	5,527	65,720	25,911	40,892
Totals	$7,908,281	$2,271,711	$1,654,683	$1,092,907	$2,888,980

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

Market or interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. Derivative securities, variable rate investments with coupon multipliers greater than one, and securities with long terms to maturity are examples of investments whose fair values may be highly sensitive to interest rate changes. These securities are reported at fair value in the statement of fiduciary net assets. Inverse floaters and variable rate investments with coupon multipliers greater than one are prohibited under the System's derivatives policy.

Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System. Additionally, the System adopted a formal policy in February 1996 which established guidelines for investing in derivatives. During fiscal year 2003, the investments in derivatives by the System were exclusively in asset/liability based derivatives such as interest-only (IO) strips, principal-only (PO) strips, collateralized mortgage obligations, and asset-backed securities. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields.

Interest-only and principal-only strips are transactions which involve the separation of the interest and principal components of a security. They are sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The System held one IO valued at $48,000 at fiscal year end. The System's derivatives policy limits IO and PO strips to 3 percent of the investment portfolio.

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. 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. The System held $621 million in CMOs at June 30, 2003. Of this amount, $118 million were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the System's derivatives policy.

Asset-backed securities (ABS) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, asset-backed securities have been structured as pass-throughs and as structures with multiple bond classes. Of the $855 million in ABS that the System held at June 30, 2003, $72 million are highly sensitive to changes in interest rates. ABS which are leveraged structures or residual interests are prohibited by the System's derivatives policy.

At June 30, 2003, the System has invested in $1.3 billion in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

Credit Risk

The System's exposure to credit risk as of June 30, 2003 is as follows:

Rating	Fair Value (in thousands)
A	$334,894
A-	181,784
A+	572,539
A-1	372,825
A-1+	299,688
A-2	16,491
A-3	906
AA	141,357
AA-	159,774
AA+	16,066
AA1	3,548
AA2	6,491
AA3	836
AAA	3,985,959
BAA2	576
B	3,251
BBB	132,166
BBB-	16,742
BBB+	115,815
CAA3	395
CC	911
CCC-	1,296
CCC+	1,490
SP-1	5,243
Total	$6,371,043

State law requires a minimum quality rating of A-3 by Standard and Poor's or P-3 by Moody's for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by Standard and Poor's or Moody's, with bonds rated BAA/BBB not to exceed 5% of total fixed income investments.

PERS' Board of Trustees has adopted a short-term investment policy which further restricts commercial paper to be of corporations with long-term debt to be rated A or better by Standard and Poor's or Moody's, and whose short-term obligations are of A-2 or P-2 or better ratings by Standard and Poor's and Moody's, respectively. This applies to all short-term investments of the System.

In addition to the short-term investment policy, a policy adopted for the internally-managed short-term account requires that for any amount above the established core of $30 million, no more than 25% be invested in any issue having a rating lower than AA or A1P1.

Credit risk for derivatives held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. The System's policy requires that the credit quality of the underlying asset must be rated A or better by Moody's or Standard and Poor's.

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

Concentration of Credit Risk

The Mississippi Code limits investment holdings in Veterans' Home Purchase Board notes or certificates to no more than 5 percent of total investment holdings. The System's formal short-term investment policy limits investments in any corporate entity to not more than 5 percent of the market value of the account for both the internally and externally-managed portfolios. For the internally-managed fund, any amount over the $30 million core shall have no more than $5 million invested in any one corporation at any given time. The System has no other policy limiting its exposure to any one issuer.

The System has the following investments that represent more than 5 percent of the System's net assets:

Federal Home Loan Mortgage Corporation	6.6%
Federal National Mortgage Association	7.7%

Foreign Currency Risk

The System's exposure to foreign currency risk at June 30, 2003, was as follows:

Currency	%	Fair Value (in thousands)
Australian Dollar	4.25%	$78,260
Canadian Dollar	0.89%	16,344
Swiss Franc	9.40%	173,322
Danish Krone	0.60%	11,150
Euro	33.43%	616,133
Pound Sterling	25.65%	472,792
Hong Kong Dollar	1.36%	25,080
Japanese Yen	21.14%	389,622
New Zealand Dollar	0.09%	1,728
Norwegian Krone	0.12%	2,300
Swedish Krona	1.71%	31,483
Singapore Dollar	1.36%	25,153
Total	100.00%	$1,843,367

All foreign currency-denominated investments are in equities and foreign cash. The System's investment asset allocation policy limits non-U.S. investments to 15 percent. The current position is 15 percent.

(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, 2003 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Interest income	$ 20,378	$ 313	$ 309	$ 12	$ 21,012
Net appreciation	10,493	161	159	6	10,819
Income from securities lending	30,871	474	468	18	31,831
Less:					
Interest expense	23,861	366	361	15	24,603
Program fees	2,088	32	32	1	2,153
Expenses from securities lending	25,949	398	393	16	26,756
Net income from securities lending	$ 4,922	$ 76	$ 75	$ 2	$ 5,075

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, 2003 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 loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was 86 days at June 30, 2003. 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 corporate 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, 2003, was 438 days with a duration (calculation based on timing of expected future cash flows) of 63 days.

Securities lent at year-end for cash collateral are presented by type in note 3 (c); securities lent for securities collateral are classified according to the custodial credit risk category for the collateral. The investments purchased with the cash collateral are also presented in note 3 (c) in the discussion of custodial credit risk, since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year-end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2003 (in thousands):

Securities Lent	Fair Value	Accrued Income	Fair Value Plus Accrued Income	Cash Collateral Received/Noncash Collateral Value*
Lent for cash collateral:				
Fixed income securities	$ 1,314,271	$ 16,407	$ 1,330,678	$ 1,356,708
Domestic equities	380,123	421	$380,544	393,010
International equities	300,021	253	$300,274	316,160
Lent for noncash collateral:				
Domestic equities	253	-	253	265
International equities	122	-	122	135
Total securities lent	$ 1,994,790	$ 17,081	$ 2,011,871	$ 2,066,278

**The securities collateral value is based on the System's pro rata share of the value of the securities collateral maintained in bulk at State Street 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, 2003 were $1,862,000.

4. Capital Assets

The following is a summary of capital assets as of June 30, 2003 (in thousands):

Description	2003
Land	$ 508
Building	4,716
Improvements	25
Furniture and equipment	2,004
Construction in progress	3,268
Total capital assets	10,521
Less accumulated depreciation	3,097
Net capital assets	$ 7,424

The building owned by the System at 301 North President Street was completed in October 2002 with a total project cost of $1,088,000.

In March 2003, the System began renovation of the PERS building located at 429 Mississippi Street. The project is planned for completion in July 2004 at an estimated remaining cost of $13,165,000.

5. Due To/Due From Other Funds

The following is a summary of due to/due from other funds as of June 30, 2003 (in thousands):

Receivable Fund	Payable Fund	Amount
Due To Pension Trust Fund	Due From Other Trust & Agency Funds	
PERS	GEDCP	$ 1
Total		$ 1

6. Funding Status and Progress

(a) Actuarial Asset Valuation

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

The following table presents the actuarial change in asset valuation for the year ended June 30, 2003 (in thousands):

	PERS	MHSPRS	MRS	SLRP
Valuation assets June, 2002***	$ 16,823,185	$ 263,255	$ 262,260	$ 9,730
Contributions and other revenue	781,657	7,025	14,998	615
Benefit payments	(1,013,081)	(16,265)	(31,086)	(388)
Administrative expenses	(9,292)	(113)	(413)	(8)
Investment expenses*	(19,729)	(303)	(342)	(12)
Net new money	(260,445)	(9,656)	(16,843)	207
Expected total investment return for 2003 (8%)	1,355,955	20,989	20,662	799
Adjustment towards market (20%)**	(939,238)	(14,842)	(6,493)	(540)
Valuation assets June, 2003***	$ 16,979,457	$ 259,746	$ 259,586	$ 10,196

* *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 2003 fair values of net assets held in trust for pension benefits totaled $14,012,183; $212,657; $210,436; and $8,498, respectively. The current year unrecognized gains (losses) of $(707,236); $(11,000); $(28,840); and $(408), respectively, and prior year unrecognized gains (losses) of $(2,260,036); $(36,087); $(16,068); and $(1,292), respectively, will be used to calculate adjustment towards fair value over the next 4 consecutive years.*

****Information for MRS is presented as of September, 2001 and 2002, 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, 2002. As a result of this study, the Board of Trustees adopted new assumptions in regard to withdrawal rates, death-in-service rates and adjustment in rates of service retirement at certain years of service. Also, new assumptions for MHSPRS were adopted which adjusted rates of service retirement at certain years of service and decreased the rates of salary increases. No changes were adopted in actuarial assumptions for SLRP. Adjustments to rates of service retirement at certain years of service were adopted for MRS. These changes were used in the actuarial valuation of PERS and MHSPRS as of June 30, 2003. 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.

Required Contributions
(dollars in thousands)

	Contribution Requirements						Contributions Made				
	Normal Cost		Unfunded Cost				Member		Employer		
System	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Total Required Contributions	Total Actual Contributions	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Covered Payroll
PERS	$519,001	11.29%	$262,656	5.71%	$411,503	$781,657	$333,297	7.25%	$448,360	9.75%	$4,431,600
MHSP	5,384	25.03	1,641	7.63	5,321	7,025	1,398	6.50	5,627	26.16	21,052
SLRP	420	6.37	195	2.96	379	615	198	3.00	417	6.33	6,229
Total	$524,805	–	$264,492	–	$417,203	$789,297	$334,893	–	$454,404	–	$4,458,881

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, 2002, aggregate contributions for MRS were equivalent to 132.5 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 .11 to 8.84 mills, totaling $14,338,000 in actual contributions. The employee contribution rates ranged from 7 percent to 10 percent of covered payroll, totaling $660,239 in actual contributions.

(a) Effects of Current Year Changes in Plan Requirements

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

The following amendments were incorporated into the actuarial valuations:

PERS
– The rate of withdrawal was increased for the first year of employment.
– The rates of mortality for male and female active members were decreased.
– The rates of service retirement were adjusted at certain years of service.

MHSPRS
– The rates of service retirement were adjusted at certain years of service.
– The rates of salary increases were decreased at all ages.
– The rates of mortality were adjusted for service retirees.
– The employer contribution rate was increased from 26.26% of payroll to 28.16%, effective July 1, 2003.

SLRP
– There were no changes since the last valuation.

MRS
– The maximum COLA for Jackson retirees was increased to $19^{1}/_{2}$%.
– The minimum monthly benefit for retirees of Vicksburg was increased to $750.
– The minimum monthly benefit for retirees of Columbus was increased to $500.

Changes due to normal amortization and actuarial experience had the following effect on the unfunded accrued liability amortization period. The unfunded actuarial accrued liability for MRS is amortized on a closed basis as a level dollar amount over a period of 40 years in accordance with GASB 25 requirements.

	PERS	MHSPRS	SLRP
Previously reported period of years	22.5	27.3	13.1
Change due to:			
Normal amortization	(1.0)	(1.0)	(1.0)
Actuarial experience	15.7	16.9	5.0
Assumption changes	(4.5)	2.7	-
Plan amendments	-	-	-
Computed period of years	32.7	45.9	17.1

(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, 2003 (in thousands):

	PERS	MHSPRS	MRS*	SLRP
Annuity savings account	$ 3,400,765	$ 17,604	$ 7,806	$ 2,121
Annuity reserve	1,468,527	13,661	–	362
Employer's accumulation account	12,110,165	228,481	251,782	7,713
Unfunded actuarial accrued liability	4,506,381	42,388	133,423	2,024
Actuarial accrued liability	$21,485,838	$302,134	$393,011	$12,220

**The annuity reserve for MRS is reflected as of the September 30, 2002 valuation date.*

8. Ten-Year Historical Trend Information

Ten-year historical trends, as noted in required supplementary information, are designed to provide information about progress made by PERS, MHSPRS, MRS, and SLRP in accumulating sufficient assets to pay benefits when due. This information is presented on pages 40 and 41. Other supplementary information presented in succeeding sections of this report is for the benefit of statement users and is not a required part of the basic financial statements.

Required Supplementary Information
Schedules of Funding Progress – Last Ten Fiscal Years

(In Thousands)
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
Public Employees' Retirement System of Mississippi						
1994	$ 6,084,020	$ 9,511,132	$ 3,427,112	64.0%	$ 2,864,807	119.6%
1995	6,972,743	10,018,512	3,045,769	69.6	2,979,260	102.2
1996	8,025,533	10,572,035	2,546,502	75.9	3,185,289	79.9
1997	9,351,842	11,681,476	2,329,634	80.1	3,294,731	70.7
1998	11,058,602	13,004,063	1,945,461	85.0	3,450,176	56.4
1999	13,016,632	15,751,361	2,734,729	82.6	3,711,680	73.7
2000	14,899,074	18,052,096	3,153,022	82.5	4,090,596	77.1
2001	16,191,631	18,494,207	2,302,576	87.5	4,112,238	56.0
2002	16,823,185	20,180,347	3,357,162	83.4	4,220,539	79.5
2003	16,979,457	21,485,838	4,506,381	79.0	4,431,600	101.7
Mississippi Highway Safety Patrol Retirement System						
1994	$ 121,952	$ 147,543	$ 25,591	82.7%	$ 16,883	151.6%
1995	134,659	166,301	31,642	81.0	18,992	166.6
1996	149,448	178,005	28,557	84.0	19,766	144.5
1997	168,270	189,901	21,631	88.6	19,460	111.2
1998	192,433	201,861	9,428	95.3	19,531	48.3
1999	219,866	221,757	1,891	99.1	19,808	9.5
2000	244,331	251,937	7,606	97.0	21,314	35.7
2001	259,713	250,621	(9,092)	103.6	21,972	(41.4)
2002	263,255	285,548	22,293	92.2	20,339	109.6
2003	259,746	302,134	42,388	86.0	21,052	201.3
Municipal Retirement Systems*						
1993	$ 100,265	$ 340,702	$ 240,437	29.4%	$ 21,618	1,112.2%
1994	107,573	346,753	239,180	31.0	18,139	1,318.6
1995	117,406	355,195	237,789	33.1	15,105	1,574.2
1996	130,425	358,703	228,278	36.4	13,253	1,722.5
1997	197,815	358,428	160,613	55.2	11,874	1,352.6
1998	213,591	363,612	150,021	58.7	10,852	1,382.4
1999	235,222	369,118	133,896	63.7	9,440	1,418.4
2000	253,713	375,059	121,346	67.6	8,485	1,430.1
2001	262,260	381,782	119,522	68.7	7,350	1,626.1
2002	259,586	393,011	133,425	66.1	5,980	2,231.2
Supplemental Legislative Retirement Plan						
1994	$ 2,265	$ 4,992	$ 2,727	45.4%	$ 4,341	62.8%
1995	2,876	5,510	2,634	52.2	4,504	58.5
1996	3,564	5,846	2,282	61.0	4,322	52.8
1997	4,482	6,970	2,488	64.3	5,277	47.1
1998	5,637	7,907	2,270	71.3	5,853	38.8
1999	6,954	8,931	1,977	77.9	5,894	33.6
2000	8,199	9,973	1,774	82.2	5,856	30.3
2001	9,124	10,302	1,178	88.6	5,941	19.8
2002	9,730	11,328	1,598	85.9	5,988	26.7
2003	10,196	12,220	2,024	83.4	6,229	32.5

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

See Notes to Required Supplementary Schedules.

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

(In Thousands)
(Unaudited)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
Public Employees' Retirement System of Mississippi		
1994	$ 254,300	100.00%
1995	279,319	100.00
1996	290,478	100.00
1997	310,566	100.00
1998	321,236	100.00
1999	336,392	100.00
2000	361,889	100.00
2001	398,833	100.00
2002	400,943	100.00
2003	411,503	100.00
Mississippi Highway Safety Patrol Retirement System		
1994	$ 3,742	100.00%
1995	4,417	100.00
1996	4,968	100.00
1997	5,171	100.00
1998	5,091	100.00
1999	5,109	100.00
2000	5,182	100.00
2001	5,576	100.00
2002	3,452	100.00
2003	5,321	100.00
Municipal Retirement Systems*		
1993	$ 18,466	81.90%
1994	23,045	71.70
1995	22,205	81.30
1996	21,681	93.80
1997	20,674	345.10
1998	14,727	96.40
1999	13,803	99.80
2000	12,364	114.50
2001	11,276	125.90
2002	10,823	132.50
Supplemental Legislative Retirement Plan		
1994	$ 311	100.00%
1995	275	100.00
1996	285	100.00
1997	274	100.00
1998	334	100.00
1999	371	100.00
2000	373	100.00
2001	371	100.00
2002	376	100.00
2003	379	100.00

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

See Notes to Required Supplementary Schedules.

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.

The Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27 require a maximum acceptable amortization period for the total unfunded actuarial liability of not more than 40 years through fiscal year 2007. The fiscal year 2003 actuarial valuation for MHSPRS resulted in an UAL period of 45.9 years. This exceeds the maximum acceptable amortization period. As a result and in compliance, the annual required contribution (ARC) of the employer as a percentage of payroll is shown below. The accrued liability rate is based on amortization of the unfunded accrued liability of $42,387,926 over a 40 year period from the valuation date for MHSPRS.

2003/2004 Fiscal Year
Annual Required Contribution (ARC) – Based on the Valuation as of June 30, 2003

Annual Required Contribution (ARC)	Rate
Normal	18.75%
Accrued liability	9.95
Total	28.70%*

**The current scheduled employer contribution rate for the 2003/2004 fiscal year is 28.16%*

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, 2003	June 30, 2003	September 30, 2002	June 30, 2003
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	32.7 years	45.9 years	32 years	17.1 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	1.0-14.0%	5.0-10.52%	6.0%	5.0%
Wage inflation rates	4.0%	4.0%	4.0%	4.0%
Increase in benefits after retirement	3.0%[1]	3.0%[2]	2.0-3.75%[3]	3.0%[1]

[1] *Calculated 3% simple interest to age 55, compounded each year thereafter.*

[2] *Calculated 3% simple interest to age 60, compounded each year thereafter.*

[3] *Varies depending on municipality.*

Schedule of Administrative Expenses and Depreciation – For the Year Ended June 30, 2003

(In Thousands)

	Amount
Administrative expenses:	
Personal services:	
Salaries and wages	$ 4,613
Employee benefits	1,151
Travel and subsistence	72
Total personal services	5,836
Contractual services:	
Professional services (See Schedule 3)	950
Rent of building space and office equipment	807
Communications	729
Data processing installation, training, and licensing	485
Bank charges	115
Utilities	101
Repair and maintenance of equipment	81
Insurance	42
Education	36
Building and grounds expense	32
Other contractual services	29
Total contractual services	3,407
Commodities:	
Office equipment (not capitalized)	120
Office supplies and expendable repair parts	112
Printing, binding and padding	89
Other commodities	14
Total commodities	335
Total administrative expenses	9,578
Depreciation:	
Furniture and equipment	132
Building	86
Improvements other than building	1
Total depreciation	219
Total administrative expenses and depreciation	$ 9,797

SCHEDULE OF ADMINISTRATIVE EXPENDITURES/EXPENSES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – FOR THE YEAR ENDED JUNE 30, 2003

(In Thousands)

Budget Comparisons

	2003		Variance Favorable
	Budget	Actual	(Unfavorable)
Administrative expenditures:			
Personal services:			
Salaries, wages, and fringe benefits	$ 5,756	$ 5,745	$ 11
Travel and subsistence	72	71	1
Contractual services	3,739	3,693	46
Commodities	343	216	127
Capital outlays – Other than equipment*	11,816	2,601	9,215
Capital outlays	325	320	5
Subsidies, loans, and grants	–	–	–
Total	$ 22,051	$ 12,646	$ 9,405

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, 2003.

**Capital Outlays – Other Than Equipment budget of $11,816,000 is for the PERS building renovation projects which will extend over several years.*

Reconciliation of Budgetary Basis Administrative Expenditures to GAAP Basis Administrative Expenses

	Amount
Administrative expenditures (Budgetary Basis)	$ 12,646
Adjustments:	
Compensated leave accrual	34
Bank service charges	112
Capital asset purchases recorded as expenditures for budgetary purposes	(3,174)
Fiscal year 2003 budget expenditures paid during lapse period; expenses recorded in fiscal year 2004	(1,499)
Fiscal year 2003 accruals to GAAP Basis	1,459
Administrative expenses (GAAP Basis)	$ 9,578

Schedule of Managers' Fees, Investment Global Out-of-Pocket and Custodial Fees, and Professional Service Fees – For the Year Ended June 30, 2003

(In Thousands)

	Amount
Investment managers' fees:	
Fayez Sarofim & Company	$ 1,966
J. P. Morgan Fleming Asset Management	1,880
Pacific Investment Management Company	1,445
Deutsche Asset Management--International Equity	1,331
The Boston Company Asset Management	1,159
Lazard Asset Management	1,152
Artisan Partners Limited Partnership	1,105
Wellington Asset Management--Mid-Cap	962
Putnam Investments--EAFE & EM	955
Delaware Investments	928
UBS Global Asset Management	836
Putnam Investments--Pacific Basin	835
Deutsche Asset Management--Fixed Income	830
Wellington Asset Management--Small-Cap	815
Lombard Odier Darier Hentsch	791
Barclays Global Investors	681
Aeltus Investment Management	665
Dimensional Fund Advisors	593
Northern Trust Global Investment	324
Mellon Bond Associates	298
Conseco Capital Management	177
Morgan Stanley Dean Witter	167
Thomson, Horstmann, & Bryant	41
GeoCapital Corporation	29
RREEF--real estate	20
Wellington Asset Management--real estate	17
Total	20,002
Custodial and global out-of-pocket fees–State Street Bank	341
Total managers' fees, out-of-pockets, and custodial fees	$ 20,343
Securities lending fees–State Street Bank	$ 2,153
Professional service fees:	
Medical fees-Clinics, Labs	$ 214
Actuary-Buck Consultants	189
Fund evaluation-Callan Associates	187
Legal-State of Mississippi-Office of the Attorney General	177
Audit-KPMG LLP, Department of Audit	84
Mailing services-Direct Mail, Postage Savers	37
Graphic design-Marris, West & Baker, Inc.	25
Personnel fees	19
Temporary personnel	18
Total professional service fees	$ 950

Summary Schedule of Cash Receipts and Disbursements
Pension Trust Funds – For the Year Ended June 30, 2003

(In Thousands)

	Amount
Cash balance at beginning of year	$ 453,561
Receipts:	
Contributions:	
Employee	397,720
Employer	468,703
Total contributions	866,423
Investments:	
Securities lending and reverse repurchase agreements	34,918,389
Investments matured and sold	28,412,441
Investment income	131,208
Total investments	63,462,038
Administrative receipts	942
Other receipts	8,799
Total cash receipts	64,338,202
Disbursements:	
Annuities and refunds:	
Retirement annuities	1,028,647
Refunds to terminated employees	62,063
Total annuities and refunds	1,090,710
Investments:	
Securities lending and reverse repurchase agreements	34,929,185
Investments purchased	28,358,024
Investment expenses	47,478
Total investments	63,334,687
Administrative expenses	12,391
Other disbursements	377
Total cash disbursements	64,438,165
Cash balance at end of year	$ 353,598

Schedule of Investments Due to MRS from PERS – June 30, 2003

(In Thousands)

	Amount
Due to MRS:	
Biloxi Municipal	$ 5,448
Biloxi Fire and Police	1,812
Clarksdale Fire and Police	1,052
Clinton Fire and Police	7,023
Columbus Fire and Police	1,315
Greenville Fire and Police	5,166
Greenwood Fire and Police	2,881
Gulfport Fire and Police	9,324
Hattiesburg Fire and Police	21,328
Jackson Fire and Police	109,428
Laurel Fire and Police	3,299
McComb Fire and Police	1,480
Meridian Municipal	408
Meridian Fire and Police	9,188
Natchez Fire and Police	1,277
Pascagoula Fire and Police	8,897
Tupelo Fire and Police	8,816
Vicksburg Fire and Police	10,973
Yazoo City Fire and Police	877
Total investments due to MRS	$ 209,992

Schedule 6

Public Employees' Retirement System of Mississippi
Statement of Changes in Assets and Liabilities – Agency Funds – June 30, 2003

(In Thousands)

Flexible Benefits Cafeteria Plan	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
Assets:				
Cash	$ 4	$ 66	$ 60	$ 10
Accounts Receivable	–	5	–	5
Total assets	$ 4	$ 71	$ 60	$ 15
Liabilities:				
Accounts Payable	$ –	$ 15	$ -	$ 15
Due to other funds	10	–	10	–
Funds held for others	(6)	56	50	–
Total liabilities	$ 4	$ 71	$ 60	$ 15

Investments

Defined Benefit Plans – Report on Investment Activity

Prepared by Lorrie Tingle, CFA

Chief Investment Officer

As we begin to emerge from the shadows of three of the most challenging years in investment history, we are reminded that 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 maintaining a broadly diversified portfolio designed to minimize risk and maximize return over the long term, the System's investment program works to ensure that adequate funding for all current and future pension obligations is available.

Fiscal Year Recap

In the first quarter of fiscal year 2003 investors were overwhelmed by geopolitical concerns, while corporations struggled with high inventories and worries about strong foreign competition. Investors' fears centered around the impending war, the continued threat of terrorist activity, and the likelihood of a double-dip recession in the U.S. These psychological barriers kept equities worldwide in negative territory for the quarter. Fixed income markets provided investors a safehaven during this period of market uncertainties. As a result, domestic investors continued to move out of equities and into the bond market, bolstering its returns for the quarter.

The close of 2003 was marked by a roller coaster ride in the equity markets. October 9, 2002 marked what was to be the low point in the equity markets to date. From a Dow Jones Industrial Average low of 7286, equity markets worldwide began their slow climb out of the dark depths of the past three years. Investor confidence gained momentum as economic signs of improvement slowly began. Even in the face of implied threats from North Korea, and new terrorist attacks in Bali, investors began to move back into the equity markets. Further, the dollar began to weaken during the quarter, providing a tailwind for dollar based non-U.S. equity investors. Emerging market equity investments led both the developed international and U.S. equity markets. Overall equities worldwide finished the quarter with positive returns, while U.S. core fixed income returns declined.

Just as it appeared the markets were finally gaining solid footing, the United States officially declared war on Iraq, and market jitters worldwide resumed. Initially, the equity markets' reactions were favorable as the bombs began to rain down on Iraq, but in the last week of the quarter, as the first of the "martyr attacks" began to occur at U.S. checkpoints, investor bravado began to fade. Oil prices rose during the quarter negatively impacting both consumer and corporate spending. A prolonged slowdown in the economic recovery was again feared, and investors looked for alternatives to the equity markets. Returns for equities worldwide were back in negative territory, while fixed income investments offered only small positive returns.

Finally, in the fourth quarter the clouds once again began to part, and a few bright rays of light began to break through. The war with Iraq symbolically ended with the toppling of Saddam Hussein's statue by U.S. troops on April 9th. The threat of a global SARS epidemic seemed to be abating, and investors seemed to be gaining confidence enough to move off the investment sidelines and into the equity markets once more. As a result, globally, the equity markets finished the quarter with double-digit positive returns for the first time since December 1998. In addition, during the quarter, credit spreads narrowed and the dollar continued its decline against other major currencies, resulting in U. S. core fixed income returns experiencing a slight improvement over the previous quarter.

Overall the final quarter of fiscal year 2003 turned out to be an encouraging one for investors. Combine the fact that the war against Iraq is essentially behind us and corporate balance sheets are improving, with steady improving economic statistics; and the results are world markets that appear poised for a near normal economic recovery and for steadily growing market returns in 2004.

2003 Plan Overview

As of June 30, the market value of the portfolio for all plans was $14.6 billion. This was an increase of $452 million over last year's valuation. It should be noted that as a mature pension plan, the System's annual distributions exceed the annual contributions being made by employees and employers. This year $258 million more was paid out to participants than was paid in as contributions. The $452 million portfolio value increase was net of that distribution.

The investment portfolio, excluding investments purchased with securities lending cash collateral, was composed of 45.4 percent domestic and 15.0 percent international equities, 38.1 percent fixed income, 1.2 percent real estate investments, and 0.3 percent cash and cash equivalents at fiscal year end. Especially important this year, in light of continued corporate debt downgrades, the System continued to maintain a high quality fixed income portfolio as evidenced by the fact that 78 percent of the System's bond investments carried an AAA rating. This includes 63 percent of the fixed income portfolio, which was invested in U.S. Treasury and government agency bonds.

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

The System's Securities Lending Program is managed by State Street Bank and Trust Company. This program generates ancillary income by lending securities in the System's portfolio to securities dealers in return for a premium payment on non-cash loans and earnings generated by the investment of cash collateral. All loans are secured by the receipt of collateral valued at 102-105% of the value of the loaned security. In fiscal year 2003 the program generated $5.6 million* in additional earnings for the PERS investment program.

At year end, 21 firms were managing 26 different investment portfolios for PERS. The chart on page 62 identifies each firm, and the percentage of the total portfolio represented by each. Portfolio performance is monitored quarterly by the Board of Trustees with the assistance of Callan Associates, Inc.

**$5.6 million was the earnings distributed for the fiscal year; $5.1 million was the reported net income as required by GASB 28.*

Performance

The System experienced a negative 8.8 percent return for the first quarter, but rebounded during the second quarter as the markets began to regain confidence. Second quarter portfolio returns were 5.0 percent, while the third quarter saw investor confidence again wane as the war with Iraq progressed. As a result the portfolio had a negative 2.2 percent return for the third quarter. The end of the war, continued low interest rates, a weakening dollar, and improving economic data all played a role in the fourth quarter portfolio returns of 10.5 percent. These experiences resulted in the first positive returns for the portfolio in two fiscal years. The System was up 3.5 percent for the fiscal year ended June 30, 2003. Due primarily to the negative impact of the last two fiscal years, returns for the 5-year and 10-year periods ended June 30th were 1.6 percent and 7.8 percent, respectively.

Short Term Portfolio

Cash flows generated by the contributions to the System, and from other incremental income activities, are managed and invested by the System's investment staff. The return on the internally managed short-term investment program for the year was 1.5 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

With the geopolitical threats and overall investor uneasiness experienced in world equity markets, the System's equity portfolio had a very volatile year, which ended on a significantly better note than it began. During the fiscal year, the S&P 500 Index experienced returns ranging from a negative 17.3 percent for the first quarter to a positive 15.4 percent return in the fourth quarter. This roller coaster ride ultimately resulted in a positive 0.3 percent index return for the year. The NASDAQ composite fared much better as mid and smaller sized companies led the market rally ending the year with an 11.5 percent return. The Russell 3000 Index, which is the System's broad domestic equity benchmark, returned only 0.8 percent for the year. This is not surprising since the Russell 3000 Index consists predominantly of large capitalization stocks. The System's domestic equity portfolio returned 0.6 percent for the year. For the 5-year period ended June 30, 2003, the System's domestic equities showed a return of negative 1.1 percent, while the Russell 3000 returned a negative 1.1 percent. For the ten years ended June 30, the System's domestic equity return was 10.0 percent while the Index returns for the period were 9.7 percent.

Overseas markets experienced negative returns for the year, and suffered more severely than U.S. markets as the impact of the economic recovery that appears to have begun in the United States was felt more slowly in other developed equity markets. The international portfolio benchmark, the MSCI-EAFE Index, returned negative 6.5 percent, while the System experienced a return of negative 7.0 percent for its developed markets program, and positive 6.9 percent in emerging markets. The overall international portfolio ended the year with a return of negative 6.1 percent. The slight international portfolio outperformance relative to the EAFE Index was led by the emerging market portfolio. For the 5-year period ended June 30, 2003, the System's international equities experienced a negative 3.8 percent return, while the MSCI-EAFE Index returned a negative 4.0 percent.

Even with the disappointing investment experiences of the equity markets during the last three years, the System retains the belief that over the long term significant exposure to the world equity markets will provide the greatest returns on its investments. For fiscal year 2003, the System allocated 45.4 percent of the total portfolio to domestic equities and 15.0 percent to international equities. The domestic equity portfolio was well diversified having 80 percent large, 12 percent mid, and 8 percent small capitalization securities, which correlates closely with the weighting found in the Russell 3000 Index.

Real Estate

The System funded its first real estate investments in June 2003. The initial portfolio was divided between core commingled real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trust securities (REITs). REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. While the System was rather late in the fiscal year in getting into the asset class, real estate investments in general experienced relatively strong returns for the year end. The NCREIF Index, the benchmark for the System's core commingled fund investments, saw returns of 7.6 percent for the year ended June 30, 2003, while the NAREIT Index, used to benchmark the REIT investments, had returns of 4.0 percent for the same period.

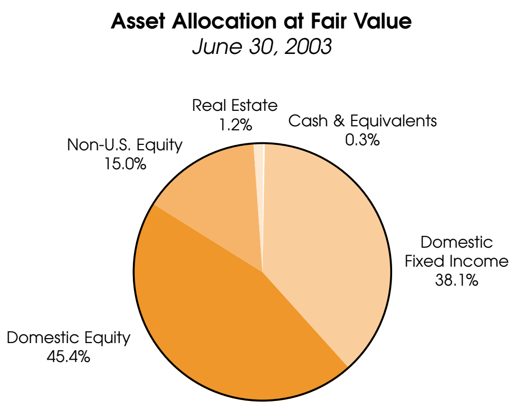
Bond Portfolio

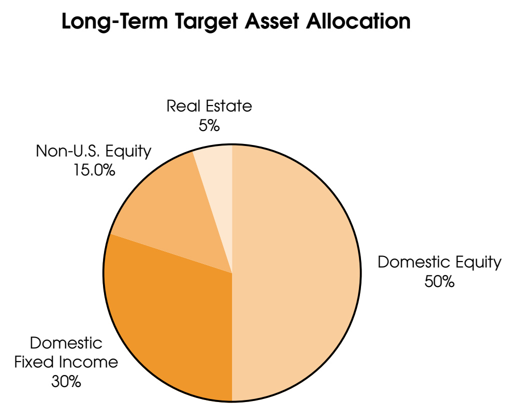
As has been the case in fiscal year 2001 and 2002, the best returns experienced in fiscal year 2003 were those of the fixed income portfolio. As investors fled the equity markets to seek safety in the U.S. fixed income markets, particularly during the first and third quarters of the fiscal year, bond returns outpaced those of the equity markets. Fixed income investments comprised 38.1 percent of the total portfolio, and returned 10.9 percent for the year. The System's fixed income benchmark, the Lehman Aggregate Index, returned 10.4 percent. The fixed income return for the 5 years ended June 30, 2003 was 7.7 percent for the System and 7.5 percent for the Lehman Aggregate Index. For the 10 year period ended June 30, the System had a return of 7.4 percent verses 7.2 percent for the Lehman Aggregate Index.

Asset Allocation

One of the most critical decisions made by the Board of Trustees is that of the long-term asset allocation policy for the investment portfolio. The System's investment consultant conducts periodic asset/liability allocation studies which include consideration of projected future liabilities of the System, projected risk and return for various asset classes, and the System's statutory investment restrictions. The last study, concluded in fiscal year 2003, resulted in the adoption of a long-term policy asset allocation target consisting of 50 percent domestic equities, 15 percent international equities, 30 percent core domestic fixed income investments, and 5 percent real estate.

Defined Benefit Plans





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

Investment Policies

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

Types of Investments

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

Asset Allocation

The current long-term asset allocation was adopted by the Board of Trustees in October 2002. Asset allocation studies are conducted by the System every four to five years, or more frequently should significant liability changes occur.

Performance

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

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

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

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

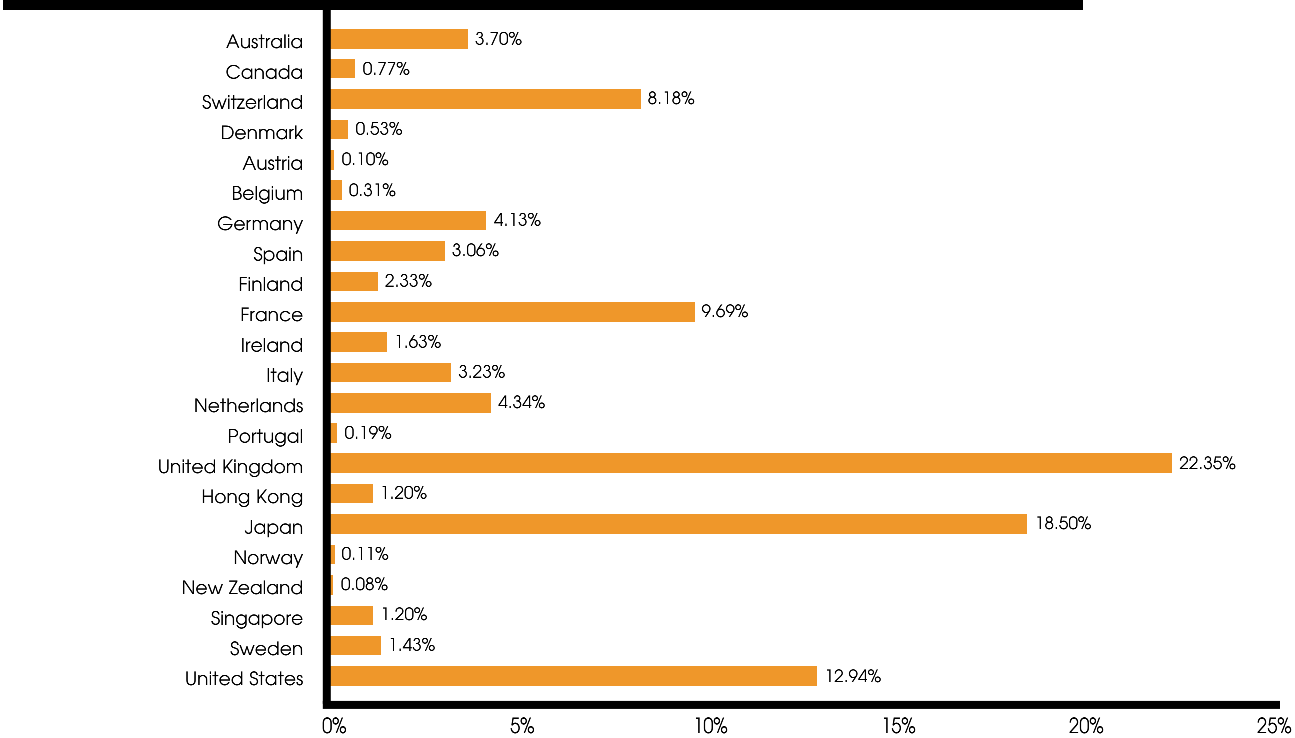
Summary

Overall fiscal year 2003 was a volatile ride for investors. Fear and anxiety over world events continued to impact investor confidence. As a result, the equity markets waffled between panic and confidence from one quarter to the next. These experiences might cause one to question, "What is being done to ensure the financial soundness of the System?"

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

While the past few years have admittedly been difficult ones for all investors, the System continues to believe in the ability of the U.S. economy to lead world markets, and current economic signals indicate that short of any unforeseen geopolitical shocks to the system, the worst is probably behind us. As a "perpetual" investor, the System will continue to adhere to sound investment principles, and will continue to steadfastly work to successfully overcome all investment challenges the future might present.

DEFINED BENEFIT PLANS – INTERNATIONAL EQUITY INVESTMENTS BY COUNTRY
FAIR VALUE AT JUNE 30, 2003



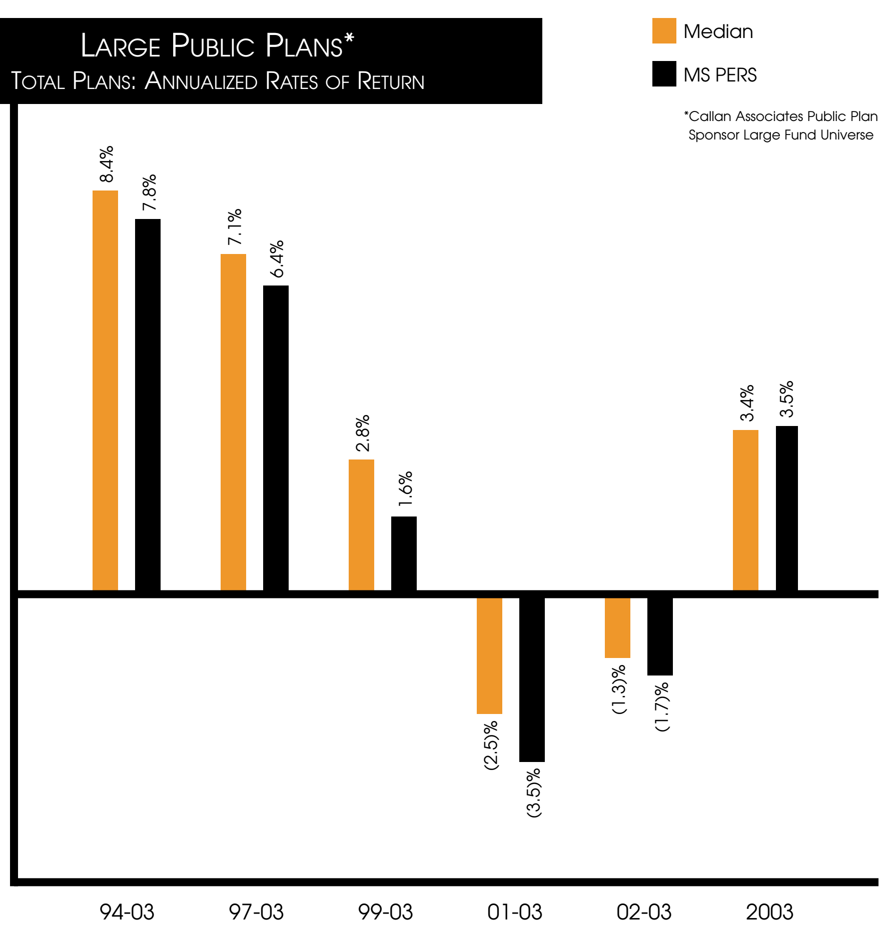
DEFINED BENEFIT PLANS – PERFORMANCE SUMMARY FOR FISCAL YEARS ENDED JUNE 30, 2003

	Current Year	Annualized 3-year	Annualized 5-year
Total Plans:			
MS PERS Combined Return*	3.5%	(3.5)%	1.6%
Callan Associates Plan Sponsor – Large Funds	3.4	(2.5)	2.8
Domestic Fixed Income:			
Fixed Income Managers Composite*	10.9	10.5	7.7
Lehman Brothers Aggregate Bond Index	10.4	10.1	7.5
Domestic Equity:			
Domestic Equity Managers Composite*	0.6	(8.8)	(1.1)
Russell 3000 Index	0.8	(10.5)	(1.1)
International Equity:			
International Equity Managers Composite*	(6.1)**	(14.9)	(3.8)
MSCI EAFE Index	(6.5)	(13.5)	(4.0)
MSCI Emerging Markets Free	6.7	(7.0)	2.5

**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.*

Note: Returns are not available for real estate due to funds being invested in the program for less than one month.

LARGE PUBLIC PLANS*
TOTAL PLANS: ANNUALIZED RATES OF RETURN



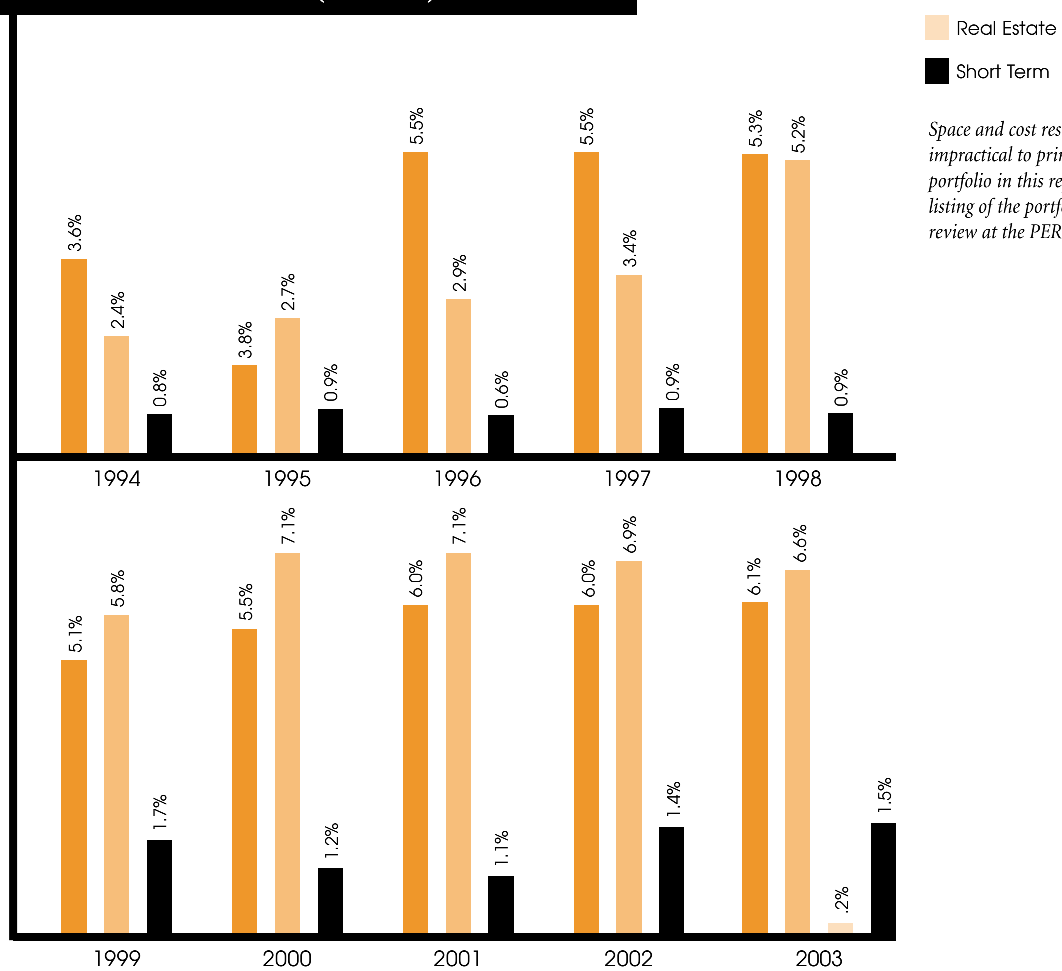
Defined Benefit Plans – Investment Portfolio
Last Ten Fiscal Years

(In Thousands)

Fiscal	Bonds		Equities		Real Estate		Short-Term		Total*	
Year	Historical Cost	Fair Value	Historical Cost	Fair Value	Historical Cost	Fair Value	Historical Cost	Fair Value	Historical Cost	Fair Value
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
2002	6,031,667	6,225,252	6,881,832	8,549,475	–	–	1,364,600	1,370,162	14,278,099	16,144,889
2003	6,121,418	6,453,121	6,651,956	8,582,012	167,547	166,446	1,483,996	1,486,886	14,424,917	16,688,465

**Includes investment securities on loan to broker/dealers with a historical cost of $1,905,777 and a fair value of $1,994,790. It also includes the securities purchased with the cash collateral received in the lending program with a historical cost of $2,080,794 and a fair value of $2,084,490. To arrive at the net asset value of investments of $14.4 billion, the fair value total must be adjusted by ($2.3 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 – 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.

Defined Benefit Plans – Domestic Equity Portfolio Summary

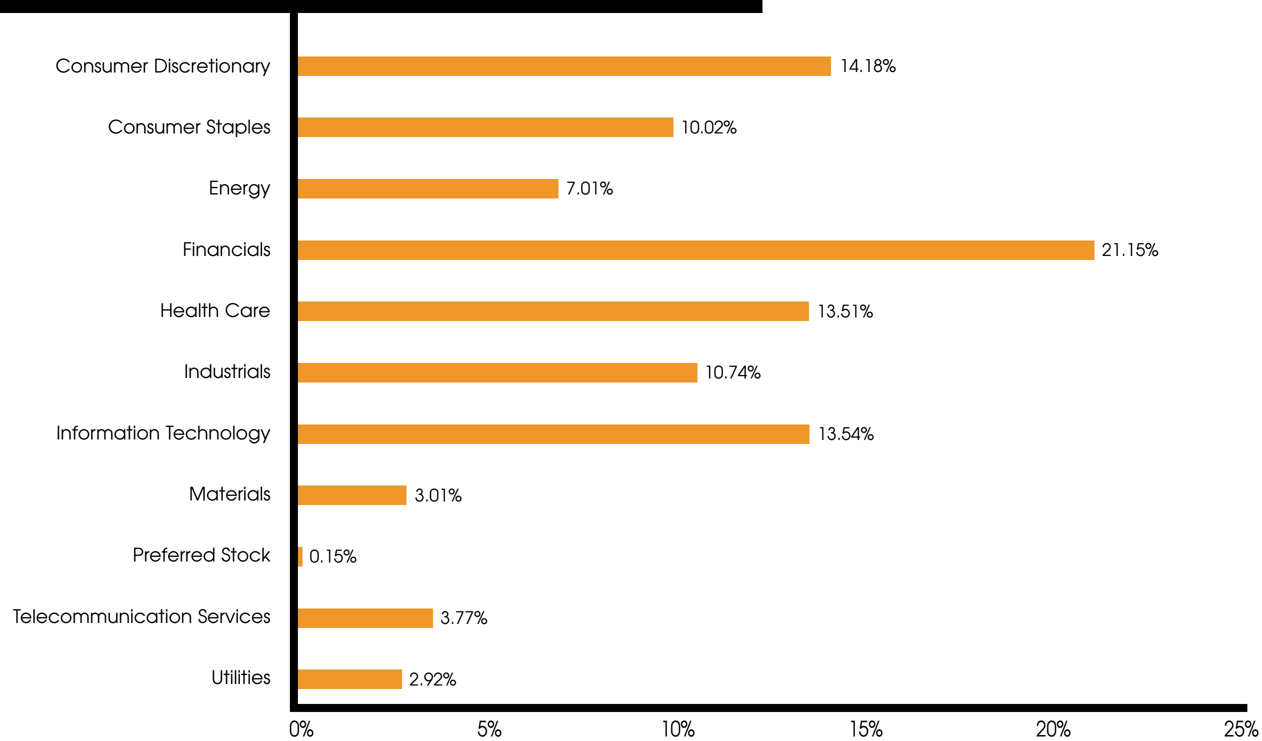
	Historical Cost	Fair Value
Total Equity Securities	$4,566,314,889	$6,483,286,030
Total Number of Shares of Equity Securities Held	239,841,040	
Total Number of Issues of Equity Securities Held	1,567	

Ten Largest Domestic Common Stock Holdings

	Shares	Historical Cost	Fair Value
Exxon Mobil Corporation	5,109,631	$ 94,798,761	$ 183,486,849
Citigroup, Inc.	4,024,553	73,840,077	172,250,868
Pfizer, Inc.	5,020,363	38,267,123	171,445,397
General Electric Company	5,255,405	38,993,627	150,725,015
Microsoft Corporation	4,406,262	57,931,251	112,844,370
Wal-Mart Stores, Inc.	2,025,442	22,179,795	108,705,472
The Coca-Cola Company	2,320,798	33,602,483	107,708,235
Merck & Company, Inc	1,728,619	34,175,948	104,667,881
Altria Group, Inc.	2,301,661	36,624,012	104,587,476
Procter & Gamble Company	1,042,701	33,182,038	92,988,075
Totals	33,235,435	$463,595,115	$1,309,409,638

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

Domestic Equity Investments by Industry Type
Fair Value at June 30, 2003



Defined Benefit Plans – International Equity Investment Portfolio Summary

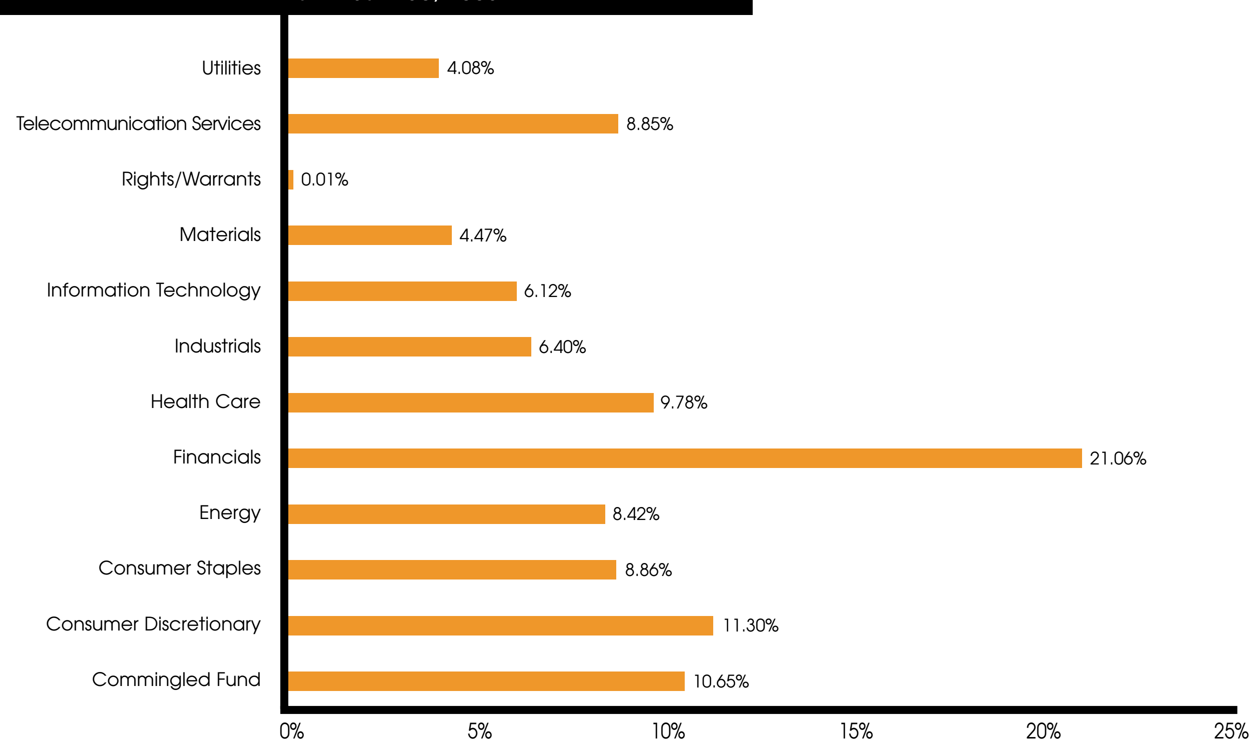
	Historical Cost	Fair Value
Total Equity Securities	$2,085,640,908	$2,098,726,403
Total Number of Shares of Equity Securities Held	185,278,253	
Total Number of Issues of Equity Securities Held	275	

Ten Largest International Stock Holdings

	Shares	Historical Cost	Fair Value
Canon Incorporated	819,000	$ 28,255,884	$ 37,582,261
NTT Docomo	16,038	45,466,642	34,727,295
Toyota Motor Corporation	1,150,700	37,996,409	29,803,681
Nissan Motor Company	2,284,200	13,174,625	21,838,531
Takeda Chemicals Industries	559,900	25,729,608	20,656,731
Kao Corporation	961,000	21,483,391	17,887,445
Tokyo Gas Company	4,519,000	13,222,407	12,984,010
Nomura Holdings	1,010,000	17,531,314	12,818,988
Honda Motor Company	324,900	12,274,837	12,311,430
Fuji Photography and Film Company	426,000	13,896,387	12,310,806
Totals	12,070,738	$229,031,504	$212,921,178

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

International Equity Investments by Industry Type
Fair Value at June 30, 2003



Defined Benefit Plans – Bond Portfolio Summary*

	Historical Cost	Fair Value
Total Bond Investments	$6,121,418,398	$6,453,121,190
Total Par of Bond Investments Held	$6,006,970,129	
Total Number of Bond Issues Held	2,856	

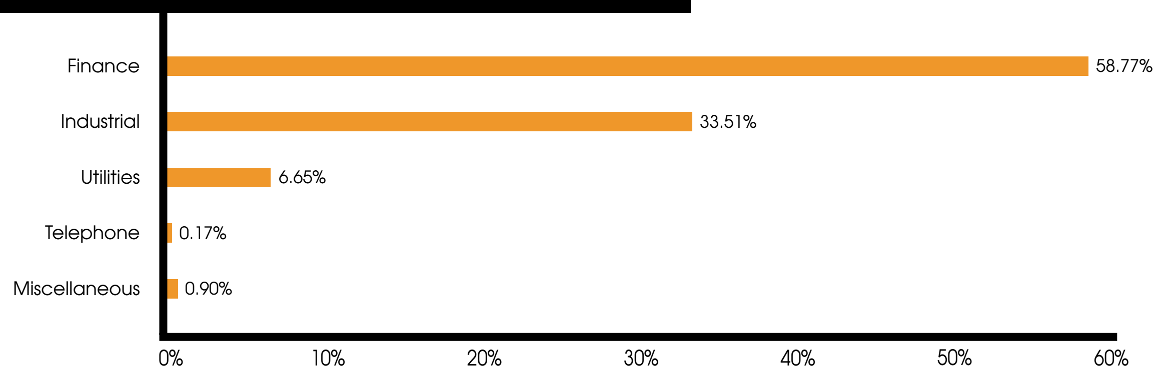
Ten Largest Long Term Corporate Bond Holdings*

	Par	Historical Cost	Fair Value
Citigroup Incorporated	$ 55,000,000	$ 55,023,170	$ 55,066,545
National City Bank of Indiana	50,000,000	49,965,241	49,994,095
J P Morgan Chase & Company	35,000,000	35,000,000	35,091,420
Bank of America Corporation	30,000,000	30,000,000	30,000,000
Wells Fargo & Company	30,000,000	30,000,000	30,020,997
General Electric Capital Corporation MTN	25,000,000	25,000,000	25,042,148
US Bank National Association Cincinnati OH	25,000,000	24,976,953	24,987,872
Bank of Scotland Treasury Services	20,000,000	19,991,190	19,997,778
Verizon Global Funding Corporation	16,895,000	18,215,859	20,352,153
Toyota Motor Credit Corporation MTN	15,000,000	14,994,213	14,993,593
Totals	$301,895,000	$303,166,626	$305,546,601

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

Corporate Bond Investments by Industry Type*

Fair Value at June 30, 2003



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

Defined Benefit Plans - Real Estate Investment Portfolio Summary

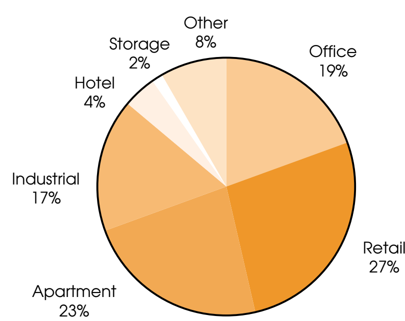
	Historical Cost	Fair Value
Total Real Estate Investments	$167,546,985	$166,446,431
Total Number of Shares* of Real Estate Investments Held	30,843,090	
Total Number of Issues of REITs Held	45	

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

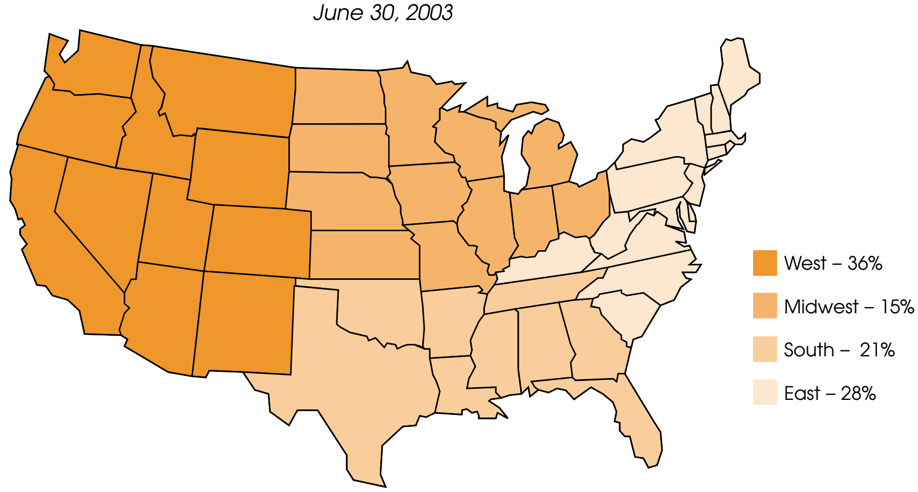
Ten Largest REIT Holdings

	Shares	Historical Cost	Fair Value
Simon Property Group Incorporated New	190,400	$ 7,507,474	$ 7,431,312
Prologis	254,600	7,133,626	6,950,580
General Growth Properties Incorporated	103,000	6,352,251	6,431,320
Rouse Company	120,400	4,676,914	4,587,240
Kimco Realty Corporation	114,400	4,402,624	4,335,760
Chelsea Property Group Incorporated	106,500	4,478,579	4,293,015
Boston Properties Incorporated	86,800	3,816,748	3,801,840
Archstone Smith Trust	150,100	3,691,974	3,602,400
AvalonBay Communities Incorporated	80,200	3,513,929	3,419,728
Equity Residential	126,600	3,485,610	3,285,270
Totals	1,333,000	$49,059,729	$48,138,465

Portfolio Distribution by Property Type
June 30, 2003



Portfolio Distribution by Geographic Location
June 30, 2003

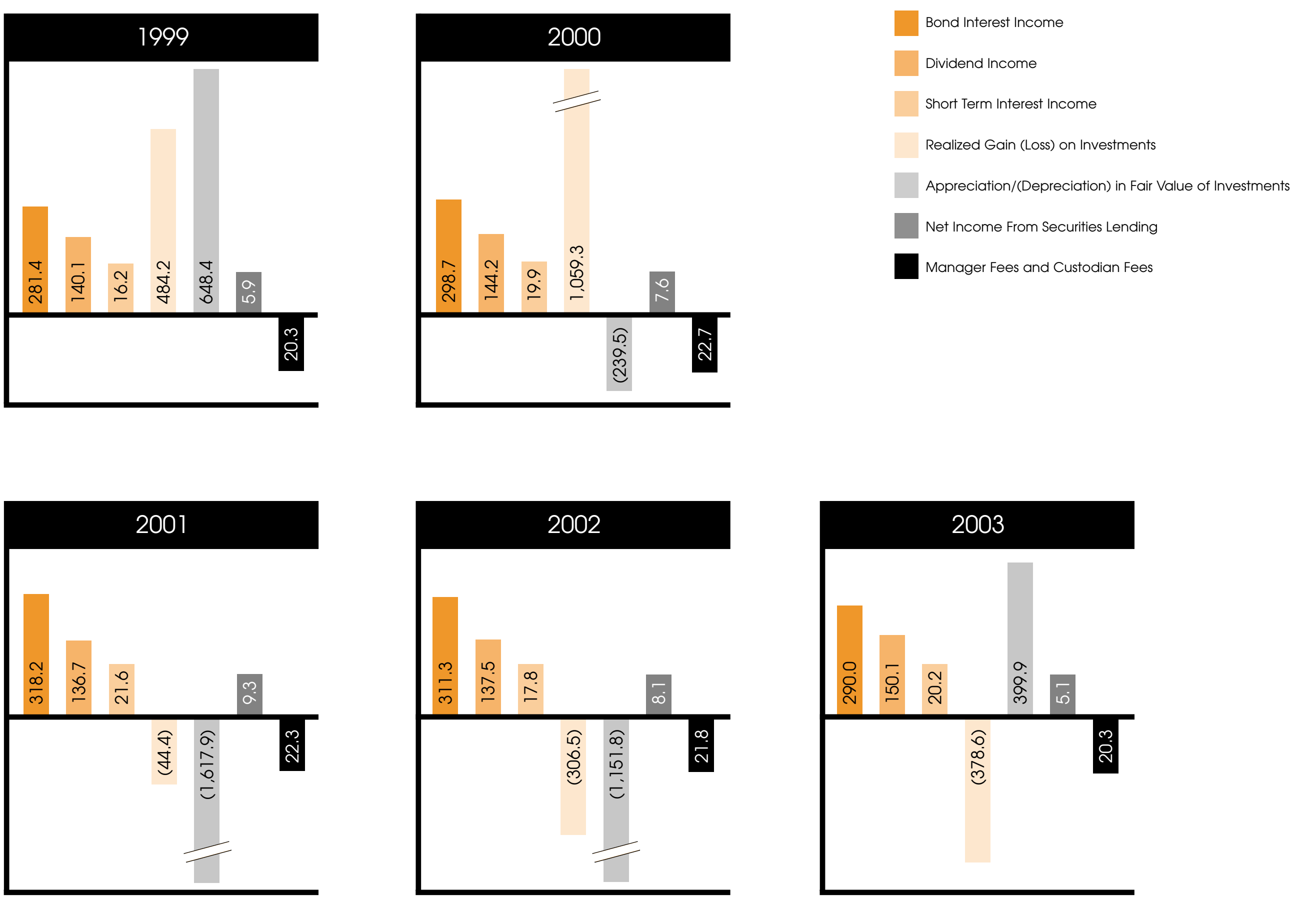


Defined Benefit Plans – Net Investment Income by Source
Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Bond 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/ (Loss)	Manager Fees And Custodian Fees	Net Income/ (Loss) From Investments
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)
2002	311,341	137,498	17,760	(306,488)	(1,151,762)	8,137	(983,514)	(21,827)	(1,005,341)
2003	289,976	150,103	20,159	(378,619)	399,890	5,075	486,584	(20,343)	466,241

Defined Benefit Plans – Summary of Net Investment Income by Source
Last Five Years (in Millions)



Defined Benefit Plans – Investment Fees and Commissions
For the Year Ended June 30, 2003

Investment managers' fees:	Assets Under Management	Fees
Domestic equity managers	$6,523,135,263	$10,632,654
International equity managers	2,142,192,315	5,064,196
Fixed income managers	5,424,521,644	4,268,046
Real estate managers	173,975,626	36,829
Total investment managers	$14,263,824,848	$20,001,725
Other investment service fees:		
Securities lending agent/cash management fees		$ 2,152,858
Custodian fees		323,605
Investment consultant fees		187,000
Global out-of-pocket expenses		17,452
Total investment service fees		$ 2,680,915

Brokerage Commissions Paid*

Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
Merrill Lynch Pierce Fenner	51,960,694	$1,291,509	$0.025
Lehman Brothers	32,599,813	1,080,674	0.033
Goldman Sachs & Company	45,160,828	1,016,936	0.023
Instinet	23,674,100	924,745	0.039
UBS AG	32,518,981	900,959	0.028
Morgan Stanley and Company	28,756,910	763,692	0.027
CS First Boston	22,260,743	652,583	0.029
Salomon Smith Barney Holdings	18,566,480	492,537	0.027
Deutsche Bank	9,510,659	335,198	0.035
Bear Stearns	11,167,190	310,256	0.028
Investment Technology Group	15,339,928	297,665	0.019
Capital Institutional Services	6,400,562	287,720	0.045
J P Morgan Securities	8,047,183	257,129	0.032
Banc America Security	7,307,608	221,392	0.030
Morgan Keegan, Inc.	4,973,413	197,635	0.040
Jefferies Company, Inc.	4,014,465	182,601	0.045
Weeden & Co. LP	3,903,400	181,538	0.047
ABN Amro	7,377,129	173,968	0.024
Cazenove Inc.	10,875,683	172,329	0.016
Donaldson and Company, Inc.	3,325,800	148,166	0.045
Citigroup Global Markets, Inc.	8,267,877	142,832	0.017
Sanford C. Bernstein Co., LLC	3,937,675	137,416	0.035
Prudential Securities, Inc.	3,107,900	135,211	0.044
Credit Agricole Indosuez	3,133,474	128,916	0.041
SG Cowen	3,009,591	128,881	0.043
Robert W. Baird & Company	2,865,240	126,088	0.044
Fox Pitt Kelton, Inc.	4,360,423	123,480	0.028
Thomas Weisel Partners	2,450,862	116,346	0.047
US Bancorp	2,462,100	106,748	0.043
Wachovia Securities, Inc.	2,077,900	94,566	0.046
Legg Mason Wood Walker	1,765,150	85,152	0.048
Jones and Associates	2,286,600	85,114	0.037
Cantor Fitzgerald	1,940,140	77,775	0.040
Raymond James and Associates, Inc.	1,607,100	73,493	0.046
Others (less than $70,000)	77,696,452	2,159,388	0.028
Commission recapture income	–	(1,862,000)	–
Total	468,710,053	$11,748,638	$0.025

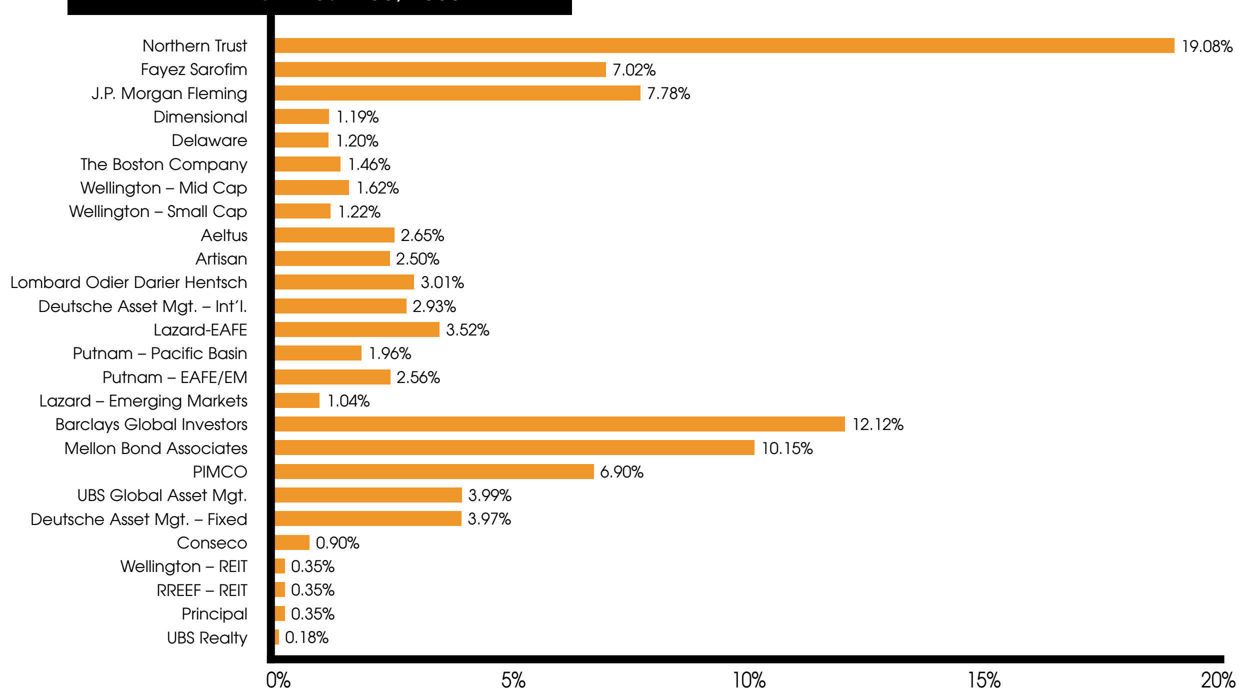
**Approximate figures provided by State Street.*

Defined Benefit Plans – Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
	Equities		
Northern Trust Global Investment	Passive (Index)	July 1985	19.08%
J.P. Morgan Fleming Asset Management	Enhanced Index-Large Cap Value	January 1998	7.78%
Fayez Sarofim & Company, Inc.	Active - Large Cap Growth	August 1980	7.02%
Lazard Asset Management, LLC	International-EAFE	October 1991	3.52%
Lombard Odier Darier Hentsch, Inc.	International-Europe	December 1996	3.01%
Deutsche Asset Management, Inc.	International-EAFE	April 1991	2.93%
Aeltus Investment Management, Inc.	Enhanced-Large Cap Core	October 2001	2.65%
Putnam Investments-EAFE/EM	International-EAFE & Emerging Mkts.	October 2001	2.56%
Artisan Partners Limited Partnership	Active - Mid Cap Growth	September 2002	2.50%
Putnam Investments-Pacific Basin	International-Pacific Basin	December 1996	1.96%
Wellington Management Company, LLP	Active-Mid Cap Value	October 2001	1.62%
The Boston Company Asset Management, LLC	Active-Mid Cap Value	October 2001	1.46%
Wellington Management Company, LLP	Active-Small Cap Core	July 2002	1.22%
Delaware Investments	Active-Small Cap Growth	July 2002	1.20%
Dimensional Fund Advisors, Inc.	Active-Small Cap Value	July 2002	1.19%
Lazard Asset Management, LLC	International-Emerging Mkts.	April 1998	1.04%
Sub Total			60.74%
	Bonds		
Barclays Global Investors, N.A.	Passive (Index)	September 1986	12.12%
Mellon Bond Associates	Passive (Index)	November 1989	10.15%
Pacific Investment Management Company	Active-Core	August 1983	6.90%
UBS Global Asset Management	Active-Core	August 1991	3.99%
Deutsche Asset Management, Inc.	Active-Core	August 1991	3.97%
Conseco Capital Management	Active-Core	October 2000	0.90%
Sub Total			38.03%
	Real Estate		
Wellington Management Company, LLP	REITs	June 2003	0.35%
RREEF	REITs	June 2003	0.35%
Principal Global Investors	Commingled Fund-Core	June 2003	0.35%
UBS Realty Investors, LLC	Commingled Fund-Core	June 2003	0.18%
Sub Total			1.23%
Total			100.00%

**Includes cash and cash equivalents.*

Percent of Portfolio
Fair Value at June 30, 2003



Defined Benefit Plans – Investment Summary
For The Year Ended June 30, 2003

(In Thousands)

	July 1, 2002				June 30, 2003			
	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	$ 1,364,600	$ 1,370,162	$ 45,190,311	$ 45,070,915	$ 1,483,996	$ 1,486,886	8.9%	1.5%
Fixed Income Securities	6,031,667	6,225,252	12,416,341	12,326,590	6,121,418	6,453,121	38.7%	10.9%
Domestic Equities	4,578,628	6,344,233	3,452,645	3,464,958	4,566,315	6,483,286	38.8%	0.6%
International Equities	2,303,204	2,205,242	1,310,794	1,528,357	2,085,641	2,098,726	12.6%	(6.1)%
Real Estate	–	–	167,862	315	167,547	166,446	1.0%	–
Total	$ 14,278,099	$ 16,144,889	$ 62,537,953	$ 62,391,135	$ 14,424,917	$ 16,688,465	100.0%	3.5%

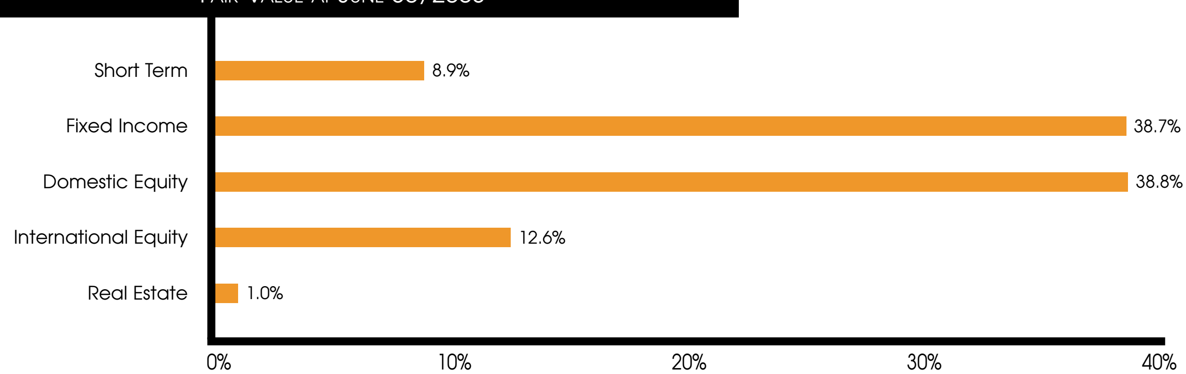
* *Includes investment securities on loan to broker-dealers with a historical cost of $1,944,209 and a fair value of $1,870,836. It also includes the securities purchased with the cash collateral received in the lending program with a historical cost of $1,978,512 and a fair value of $1,985,457. 11.3% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $14.2 billion, the fair value total must be adjusted by ($1.9 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 $1,905,777 and a fair value of $1,994,790. It also includes the securities purchased with the cash collateral received in the lending program with a historical cost of $2,080,794 and a fair value of $2,084,490. 12% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $14.4 billion, the fair value total must be adjusted by ($ 2.3 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.*

Note: Returns are not available for real estate due to the funds being invested in the program for less than one month.

Defined Benefit Plans – Investments by Type
Fair Value at June 30, 2003



Defined Contribution Plan – Investment Summary
For the Year Ended June 30, 2003

Fund Name	Market Value of Assets	Annual Rate of Return
Fayez Sarofim Common Stock Fund	$ 103,885,878.10	(1.55)%
Barclay's Money Market Fund	10,449,395.00	1.62%
Barclay's Equity Index Fund	29,866,081.84	0.27%
Barclay's Intermediate Government/Corporate Bond Fund	20,297,842.18	10.42%
Fidelity Asset Allocation Fund	27,264,230.71	9.11%
ING Fixed Account	258,825,234.79	5.47%
ING VP Growth & Income Portfolio	68,647,787.06	(5.93)%
ING Guaranteed Accumulation Account and Long-term Option Account*	251.87	N/A
Nationwide Fixed Account	29,069,069.91	5.65%
Conseco Life Insurance Company	607,811.61	N/A
T. Rowe Price International Stock Fund	18,346,303.75	(8.33)%
Boston Company Premier Value Fund	54,399,324.82	14.68%
GE Institutional Value Equity Fund	5,665,956.18	(1.36)%
Total	$ 627,325,167.82	

** Closed to new investment April 1, 1997.*

ACTUARIAL

Mellon Human Resources & Investor Solutions

October 21, 2003

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, 2003. 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 154,872 active members as of June 30, 2003.

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 1998 to 2002. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

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

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

Based upon the valuation results 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.
Senior Consultant & Actuary

TJC/PB:cj
L00010TC03-PERS

October 21, 2003

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, 2003. This valuation indicates that the current contribution rates, for benefits then in effect, do not meet the basic financial objective. These contribution rates are 28.16% of payroll (effective July 1, 2003) for employers and 6.50% of payroll for active members. As an example, in order to meet the funding objective of a reasonable period over which the unfunded actuarial accrued liability is amortized (defined as no more than 40 years by the Governmental Accounting Standards Board) the employer contribution rate would have to be increased to 28.70% of payroll. There are 543 active members as of June 30, 2003.

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 1998 to 2002.

Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

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

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

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

Respectfully submitted,

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

Philip Bonanno, E.A.
Senior Consultant & Actuary

TJC/PB:cj
L00009TC03-HSPRS

Mellon

Human Resources & Investor Solutions

October 21, 2003

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, 2002. 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 were 145 active members as of September 30, 2002.

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 1998 to 2002. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions 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 maximum COLA for Jackson retirees was increased to 19 1/2%.
- The minimum monthly benefit for retirees of Vicksburg was increased to $750.
- The minimum monthly benefit for retirees of Columbus was increased to $500.

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

Based upon the valuation results it is our opinion that the Municipal Retirement Systems of Mississippi continue in sound condition in accordance with 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.
Senior Consultant & Actuary

TJC/PB:cj
L00011TC-MRS.doc

October 21,2003

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, 2003. 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, 2003.

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 current assumptions were adopted by the Board of Trustees and were based upon actual experience of SLRP during the years 1996 to 2000. The experience investigation for the years 1998 to 2002 yielded no recommended changes to those assumptions.

Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

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

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the 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.
Senior Consultant & Actuary

TJC/PB:cj
L00008TC03-SLRP

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

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

Annual Rates of

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

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

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

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

Annual Rates of						
			Disability			
Age	Withdrawal and Vesting	Death	Non-Duty	Duty	Service	Service Retirement*
25	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	10.0
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	20.0
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			
Age	Merit & Seniority	Base (Economy)	Increase Next Year
25	2.8%	4.0%	6.8%
30	2.0	4.0	6.0
35	2.0	4.0	6.0
40	2.0	4.0	6.0
45	1.5	4.0	5.5
50	1.0	4.0	5.0
55	1.0	4.0	5.0

Payroll Growth: 4.00% per annum, compounded annually.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table, set forward one year for males and set back one year for females. Special tables were used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 100% married with the husband three years older than his wife.

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

Asset Valuation Method: Market value – 5 year smoothing.

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

Service Retirement

Years of Service	Percent
20	45.0%
21 - 29	17.5
30 and over	35.0
Age 65	100.0

Salary Increases: 6.0% at all ages, comprised of 2.0% for merit and seniority and 4.0% for wage inflation.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table (without projection), set forward 1 year for men and 2 years for women. Special tables were used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 85% married with the husband three years older than his wife.

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

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

Expense Load: 2.0% of employer contributions.

Asset Valuation Method: Market Value – 5 year smoothing.

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 Rates of		
	Death		
Age	Male	Female	Disability*
20	0.02%	0.01%	0.04%
25	0.03	0.02	0.05
30	0.04	0.02	0.07
35	0.05	0.03	0.11
40	0.08	0.04	0.17
45	0.13	0.06	0.23
50	0.24	0.10	0.30
55	0.39	0.15	0.35
60	0.60	0.25	0.40
65	0.96	0.43	–
70	–	–	–

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

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. All members are assumed to retire no later than age 70. It is assumed that a member will be granted 2 years of service credit for unused leave at termination of employment.

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

Price Inflation: 3.75% per annum, compounded annually.

Payroll Growth: 4.00% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 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.

Asset Valuation Method: Market value – 5 year smoothing.

Summary of Benefit and Contribution Provisions – PERS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2003, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending on June 30. The maximum covered earnings for employers and employees over the years are as follows:

Employer and Employee Rates of Contribution and Maximum Covered Earnings

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

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

Benefits

Superannuation Retirement

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) is equal to:

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

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

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

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 10 percent of average compensation or $50 per month for each dependent child up to 3.

Disability Retirement

Condition for Retirement

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

Amount of Allowance

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

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

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

1. A temporary allowance equal to the greater of (a) 40 percent of average compensation plus 10 percent for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

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

The minimum allowance is $120 per year of creditable service.

2. A deferred allowance commencing when the temporary allowance ceases, equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 40 percent of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $120 per year of creditable service.

Accidental Disability Retirement

Condition for Retirement

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

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 50 percent of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

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

Amount of Allowance

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

Return of Contributions

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

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

Normal Form of Benefit

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

Optional Benefit

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

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

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

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

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

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

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both PERS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit.

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

A member who has at least 28 years of creditable service or is at least age 63 with 4 years of service can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55; provided, however, that the annual adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

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

Contributions

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

Summary of Benefit and Contribution Provisions – MHSPRS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2003, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four consecutive years of service producing the highest such average. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending on June 30.

Employer and Employee Rates of Contribution and Maximum Covered Earnings

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

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

Benefits

Superannuation Retirement

Condition for Retirement

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

Any member who has attained age 60 shall be retired forthwith. Effective January 1, 2000, the Commissioner of Public Safety is authorized to allow a member who has attained age 60 to continue in active service. Such continued service may be authorized annually until the member attains age 65.

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

Amount of Allowance

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

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

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

The minimum allowance for both service and disability retirement is $180 for each year of creditable service, reduced if necessary as indicated below.

The annual retirement allowance payable to a member who retires under condition (a) prior to age 55 is computed in accordance with the above formula except that the employer's annuity and prior service annuity are reduced 3 percent for each year of age below age 55, or 3 percent for each year of service below 25 years of creditable service, whichever is less.

Disability Retirement

Condition for Retirement

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least 5 years of creditable service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to the greater of 50 percent of his average salary for the two years immediately preceding retirement, or a retirement allowance as calculated under the provisions for superannuation retirement.

Death Prior to Retirement

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

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

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

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

Death After Retirement

Upon the death of a highway patrol officer who has retired for service or disability and who has not elected any other optional form of benefit, his widow is eligible for a benefit equal to 50 percent of his retirement allowance and each child (but not more than two) who has not attained age 19 (23 if a full-time student) is eligible for a benefit equal to 25 percent of his retirement allowance. The benefit to the widow is payable for life or until remarriage and to children until they attain age 19 (23 if a full-time student) or for life if they are totally and permanently disabled.

Refund of Contributions

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

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his death 50 percent of his benefit is payable to the spouse for the spouse's lifetime, and 25 percent of his benefit is payable to each dependent child (maximum of 2 children) under age 19 (23 if a full-time student).

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

Optional Benefit

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

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

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

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

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

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

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both MHSPRS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit.

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

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

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60, plus (b) 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 60.

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

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

Contributions

Members contribute 6.5 percent of compensation and the employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

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

Summary of Benefit and Contribution Provisions – MRS

The following summary presents the main benefit provisions of the Systems in effect September 30, 2002, as interpreted in preparing the actuarial valuations. As used in the summary, "average compensation" means the average compensation of a member during the six month period prior to receipt of an allowance.

Benefits

Service Retirement

Condition for Retirement

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

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

Amount of Allowance

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

1. 50 percent of average compensation, plus
2. 1.7 percent of average compensation for each year of credited service over 20.

The aggregate amount of (1) and (2) above shall not exceed $66^2/_3$ 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 retirement and death benefits are:

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

Post Retirement Adjustments in Allowances

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

Those adjustments are limited as follows:

Biloxi: 3% per year (not to exceed 30 percent) for each full fiscal year of retirement after June 30, 2000 for all retirees and beneficiaries. This is in addition to the previously granted maximum of 3 percent per year (not to exceed 9 percent) for all members who retired on or before December 31, 1995.

Clarksdale: maximum of 2.5 percent per year for all retirees and beneficiaries.

Clinton: maximum of 2.5 percent per year (not to exceed 10 percent) for service retirements only.

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

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

Gulfport: 2 percent per year (not to exceed 6 percent) for each fiscal year of retirement after June 30, 1999 for all retirees and beneficiaries.

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

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

McComb: maximum of 2.5 percent per year for all retirees and beneficiaries.

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

Vicksburg: maximum of 2.5 percent per year for all retirees and beneficiaries.

Yazoo City: maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

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

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

All Tupelo retirees and beneficiaries received an increase of 5 percent in allowances effective December 1, 1991. Additional 3 percent ad-hoc benefit increases were granted to members retired at least 1 full fiscal year as of September 30, 1995, as of September 30, 1997, as of September 30, 1998, and as of September 30, 2000. Furthermore, a 2 percent ad-hoc benefit increase was granted to members retired at least 1 full fiscal year as of September 30, 1999, and a 2.34 percent ad-hoc benefit increase was granted to members retired at least 1 full fiscal year as of September 30, 2001.

Contributions

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

Fiscal Year 10-1/9-30	Valuation Date 9-30	Annual Required Contribution (a)	Actual Contribution (b)	Difference (a-b)	Percentage Contributed
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	14,200	527	96.4
1998-99	1998	13,803	13,770	33	99.8
1999-00	1999	12,364	14,162	(1,798)	114.5
2000-01	2000	11,276	14,201	(2,925)	125.9
2001-02	2001	10,823	14,338	(3,515)	132.5

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, 2003, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending on June 30. "Eligibility service" is all service in PERS, including that credited for SLRP service. "Credited service" includes only SLRP service.

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
7/1/89	6/30/92	6.33%	$ 75,600	3.00%	$ 75,600
7/1/92	6/30/02	6.33	125,000	3.00	125,000
7/1/02	–	6.33	150,000	3.00	150,000

Benefits

Superannuation Retirement

Condition for Retirement

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

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

(c) Upon the death of a member who has completed at least four years of eligibility service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his spouse, if said spouse is named as his beneficiary and has been married to the member for not less than one year.

Amount of Allowance

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

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

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

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

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 5 percent of average compensation or $25 per month for each dependent child up to 3.

Disability Retirement

Condition for Retirement

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

Amount of Allowance

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

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

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

1. A temporary allowance equal to the greater of (a) 20 percent of average compensation plus 5 percent for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

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

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

2. A deferred allowance commencing when the temporary allowance ceases, equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 20 percent of average compensation, or (b) the member's accrued allowance.

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

Accidental Disability Retirement

Condition for Retirement

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

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 25 percent of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

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

Amount of Allowance

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

Return of Contributions

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

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

Normal Form of Benefit

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

Optional Benefit

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

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

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

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

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

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

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit.

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

A member who has at least 28 years of credited service or is at least age 63 with 4 years of service can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55; provided, however, that the annual adjustment will not be less than 4 percent of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

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

Contributions

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

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

The Mississippi Legislature ended the 2003 Legislative Session with minimal changes to the retirement laws. There was no legislation passed affecting Public Employees' Retirement System, Supplemental Legislative Retirement Plan or Mississippi Highway Safety Patrol Retirement System. The 2003 legislation pertains to the Municipal Retirement Systems and is found in House Bill Numbers 1579, 1636, 1656 – 1658, and 1660. All legislation is effective July 1, 2003, unless otherwise noted.

Municipal Retirement Systems

House Bill Number 1579 - Vicksburg

House Bill Number 1579 amends Chapter 899, Local and Private Laws of 1988, as last amended by Chapter 919, Local and Private Laws of 2002. The Bill increases the minimum benefits paid under the Fund to $1,000.00 per month, conditioned on the City transferring sufficient funds to cover the additional benefit. In addition, the Bill also amends the COLA provision to establish that the City may pay an amount equal to 2.5 percent of the annual retirement allowance for each full fiscal year that the member has been retired after June 30, 1991. This is contingent on the Actuary certifying that the Fund will remain actuarially sound.

House Bill Number 1636 - Vicksburg

House Bill Number 1636 was passed to authorize the continuation of surviving spouse benefits in the event the spouse remarries. The Bill also authorizes the spouses of deceased members of the Fund, whose benefits were terminated due to marriage, to make application to PERS for reinstatement of those benefits prospectively. The Bill requires that the Actuary certify that the fund is and will remain actuarially sound if this provision is implemented; and the City and the Advisory Board must adopt appropriate resolutions requesting such action and provide them to the Public Employees' Retirement System (PERS) Board of Trustees.

House Bill Number 1656 - Laurel

House Bill Number 1656 provides for a 2 percent compounded COLA for each full fiscal year retired after June 30, 2002. The maximum COLA is 6 percent with the first payment beginning at age 60. The Actuary must certify that the fund is and will remain actuarially sound if this provision is implemented; and the City and its Advisory Board must adopt appropriate resolutions requesting such action and provide them to the PERS Board of Trustees.

House Bill Number 1657 - Meridian

House Bill Number 1657 provides for creditable service at no cost to members of the General Employees and the Firemen's and Policemen's Disability and Relief Funds, for absences from employment due to military service. The period of absence may not exceed four years. The provision is applicable only to those employees retiring on or after the effective date of the Bill. The Actuary must certify that the fund is and will remain actuarially sound if this provision is implemented; and the City must adopt appropriate resolutions requesting such action and provide them to the PERS Board of Trustees.

House Bill Number 1658 - Hattiesburg

House Bill Number 1658 amends Chapter 907, Local and Private Laws of 1990, as last amended by Chapter 1022, Local and Private Laws of 1999. It guarantees a 2.5 percent COLA, that is cumulative up to 25 percent, and is not linked to the change in the Consumer Price Index (CPI). The Actuary must certify that the fund is and will remain actuarially sound if this provision is implemented; and the City and its Advisory Board must adopt appropriate resolutions requesting such action and provide them to the PERS Board of Trustees.

House Bill Number 1660 – Gulfport

House Bill Number 1660 was enacted to provide an ad hoc increase equal to $2 per month for each year of service, plus $2 per month for each fiscal year in retirement, and a COLA equal to the annual change in the CPI up to a maximum of 3 percent, with a cumulative percentage not to exceed 27 percent. In addition to the 27 percent cumulative COLA, members who retired before July 1, 2001, shall receive any COLA previously accumulated under House Bill Numbers 926 or 934. The Actuary must certify that the fund is and will remain actuarially sound if this provision is implemented; and the City and its Advisory Board must adopt appropriate resolutions requesting such action and provide them to the PERS Board of Trustees.

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							
6/30/94	$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
**6/30/02	3,221,756	8,913,895	8,044,696	16,823,185	100	100	58.3
**6/30/03	3,400,765	9,758,473	8,326,600	16,979,457	100	100	45.9
Mississippi Highway Safety Patrol Retirement System							
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
**6/30/02	16,226	186,501	82,821	263,255	100	100	73.1
**6/30/03	17,604	192,662	91,868	259,746	100	100	53.9
Municipal Retirement Systems*							
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	319,149	45,701	253,713	100	76.3	00.0
**9/30/01	9,271	329,000	43,511	262,260	100	76.9	00.0
**9/30/02	7,806	349,140	36,064	259,587	100	72.1	00.0
Supplemental Legislative Retirement Plan							
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
**6/30/02	1,876	4,576	4,876	9,730	100	100	67.2
**6/30/03	2,121	4,567	5,532	10,196	100	100	63.4

**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	Annual Payroll	Annual Average Pay	% Increase In Average Pay
Public Employees' Retirement System					
6/30/94	787	138,926	$ 2,864,807,360	$ 20,621	6.8%
6/30/95	759	140,054	2,979,260,348	21,272	3.2
6/30/96	756	144,003	3,185,289,397	22,120	4.0
6/30/97	767	145,651	3,294,731,368	22,621	2.3
6/30/98	845	145,321	3,450,175,500	23,742	5.0
6/30/99	847	148,611	3,711,679,688	24,976	5.2
6/30/00	863	151,790	4,090,596,398	26,949	7.9
6/30/01	866	151,080	4,112,237,738	27,219	1.0
6/30/02	871	152,148	4,220,538,845	27,740	1.9
6/30/03	872	154,872	4,431,599,526	28,615	3.2
Mississippi Highway Safety Patrol Retirement System					
6/30/94	1	574	$ 16,882,905	$ 29,413	9.0%
6/30/95	1	576	18,991,782	32,972	12.1
6/30/96	1	585	19,765,656	33,787	2.5
6/30/97	1	572	19,459,850	34,021	0.7
6/30/98	1	550	19,531,062	35,511	4.4
6/30/99	1	554	19,807,708	35,754	0.7
6/30/00	1	565	21,314,418	37,725	5.5
6/30/01	1	599	21,971,870	36,681	(2.8)
6/30/02	1	559	20,339,053	36,385	(0.8)
6/30/03	1	543	21,052,942	38,770	6.6
Municipal Retirement Systems					
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
9/30/01	17	182	7,349,562	40,382	1.9
9/30/02	17	145	5,980,337	41,244	2.1
Supplemental Legislative Retirement Plan					
6/30/94	5	175	$ 4,340,739	$ 24,804	(11.6)%
6/30/95	5	175	4,503,900	25,737	3.8
6/30/96	5	175	4,321,657	24,695	(4.0)
6/30/97	5	173	5,276,546	30,500	23.5
6/30/98	5	175	5,853,467	33,448	9.7
6/30/99	5	175	5,893,506	33,677	0.7
6/30/00	5	175	5,855,775	33,462	(0.6)
6/30/01	5	175	5,941,332	33,950	1.5
6/30/02	5	175	5,988,135	34,218	0.8
6/30/03	5	175	6,288,514	35,934	5.0

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

		Added		Removed	
Fiscal Year Ended	Plan	Number	Annual Allowances**	Number	Annual Allowances**
June 30, 1998	PERS	4,935	–	(3,238)	–
	MHSPRS	34	–	(17)	–
	MRS *	92	–	(81)	–
	SLRP	8	–	(1)	–
June 30, 1999	PERS	3,811	46,638,654	(2,131)	(13,858,641)
	MHSPRS	34	665,401	(20)	(260,031)
	MRS *	76	–	(74)	–
	SLRP	2	10,320	–	–
June 30, 2000	PERS	4,313	59,506,263	(1,999)	(14,113,910)
	MHSPRS	28	644,346	(16)	(195,959)
	MRS *	94	1,686,099	(96)	(811,349)
	SLRP	24	115,035	–	–
June 30, 2001	PERS	4,584	63,371,629	(1,999)	(14,989,384)
	MHSPRS	35	758,061	(14)	(237,174)
	MRS *	72	1,298,561	(58)	(516,380)
	SLRP	10	30,031	(2)	(8,933)
June 30, 2002	PERS	5,138	73,692,536	(2,098)	(14,603,554)
	MHSPRS	33	918,422	(11)	(165,174)
	MRS *	67	1,205,360	(79)	(602,021)
	SLRP	6	26,014	(4)	(15,737)
June 30, 2003	PERS	4,857	76,047,174	(2,115)	(17,494,863)
	MHSPRS	20	331,225	(16)	(225,378)
	MRS *	70	1,380,001	(82)	(614,706)
	SLRP	1	6,156	(2)	(8,266)

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

*** Information not available.*

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

Increase Due to Plan Amendments**	Rolls at End of Year: Number	Rolls at End of Year: Annual Allowances**	Percentage Increase in Annual Allowances**	Average Annual Allowances**
–	47,086	418,001,052	–	8,877
–	526	8,888,004	–	16,897
–	2,256	–	–	–
–	50	155,628	–	3,113
9,693,688	48,766	460,474,753	10.16%	9,443
471,027	540	9,764,401	9.86%	18,082
–	2,258	26,595,076	–	11,778
1,622	52	167,570	7.67%	3,223
21,739,256	51,080	527,606,362	14.58%	10,329
–	552	10,212,788	4.59%	18,501
351,992	2,256	27,821,818	4.61%	12,332
4,266	76	286,871	71.19%	3,775
5,210,920	53,665	581,199,527	10.16%	10,830
–	573	10,733,675	5.10%	18,732
111,934	2,270	28,715,933	3.21%	12,650
5,094	84	313,063	9.13%	3,727
16,258,881	56,705	656,547,390	12.96%	11,578
–	595	11,486,923	7.02%	19,306
33,867	2,258	29,353,139	2.22%	13,000
9,266	86	332,606	6.24%	3,868
–	59,447	715,099,701	8.92%	12,029
–	599	11,592,770	0.92%	19,354
255,604	2,246	30,374,038	3.48%	13,524
–	85	330,496	(0.63)%	3,888

Analysis of Financial Experience*
Gains & Losses in Accrued Liabilities for the Year Ended June 30, 2003
Resulting from Differences Between Assumed Experience & Actual Experience

(In Thousands)

Type of Activity:	PERS	MHSPRS	MRS*	SLRP
	$ Gain (or Loss) For Year			
Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	$ 125,500	$ (282.8)	$ 384.6	$ 62.4
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	(3,300)	(85.1)	5.5	4.6
Death-in Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	(8,400)	(48.9)	8.0	(1.7)
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	72,600	876.1	(161.2)	(95.1)
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	(214,400)	(6.9)	770.2	26.7
New Members. Additional unfunded accrued liability will produce a loss.	(185,500)	(641.4)	–	(21.1)
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	(939,200)	(14,842.0)	(6,492.9)	(540.0)
Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	5,800	(306.6)	187.1	66.2
Other. Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	(87,800)	56.8	(55.7)	(2.7)
Gain (or Loss) During Year From Financial Experience.	(1,234,700)	(15,280.8)	(5,354.4)	(500.7)
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	81,200	(4,735.4)	(12,836.8)	–
Composite Gain (or Loss) During Year	$ (1,153,500)	$ (20,016.2)	$ (18,191.2)	$ (500.7)

**Valuation information furnished for MRS is as of September 30, 2002.*

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							
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)
2002	317,563	7.25	428,122	9.75	(973,690)	598	(227,407)
2003	333,297	7.25	448,263	9.75	452,183	607	1,234,350
Mississippi Highway Safety Patrol Retirement System							
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)
2002	1,418	6.5	5,710	26.16	(15,340)	–	(8,212)
2003	1,398	6.5	5,627	26.16	6,934	–	13,959
Municipal Retirement Systems							
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)
2002	678	**	14,174	**	(15,741)	–	(889)
2003	563	**	14,310	**	6,847	7	21,727
Supplemental Legislative Retirement Plan							
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)
2002	180	3.0	380	6.33	(570)	–	(10)
2003	198	3.0	417	6.33	277	–	892

**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					
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
2002	847,655	62,126	8,294	–	918,075
2003	951,158	61,923	9,802	–	1,022,883
Mississippi Highway Safety Patrol Retirement System					
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
2002	16,558	66	–	114	16,738
2003	16,164	101	–	113	16,378
Municipal Retirement Systems					
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
2002	30,964	–	–	407	31,371
2003	31,979	39	–	389	32,407
Supplemental Legislative Retirement Plan					
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
2002	386	1	–	8	395
2003	388	–	–	8	396

Public Employees' Retirement System of Mississippi

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
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
2002	45,585	3,737	7,383	56,705
2003	47,798	3,966	7,683	59,447

Schedule of Benefits by Type
(In Thousands)

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
2002	774,213	51,355	22,087	847,655
2003	869,204	58,055	23,899	951,158

Mississippi Highway Safety Patrol Retirement System

Retired Members by Type of Benefits

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
2002	414	19	162	595
2003	410	19	170	599

Schedule of Benefits by Type
(In Thousands)

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
2002	14,677	362	1,519	16,558
2003	14,356	362	1,446	16,164

Municipal Retirement Systems*

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
1993	1,318	183	487	1,988
1994	1,438	178	489	2,105
1995	1,535	172	500	2,207
1996	1,573	161	511	2,245
1997	1,582	154	520	2,256
1998	1,586	150	522	2,258
1999	1,584	146	526	2,256
2000	1,588	142	540	2,270
2001	1,573	135	550	2,258
2002	1,572	130	544	2,246

Schedule of Benefits by Type**
(In Thousands)

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
2001	23,707	1,058	4,554	29,319
2002	24,564	1,043	4,767	30,374

Supplemental Legislative Retirement Plan

Retired Members by Type of Benefits

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
2002	68	1	17	86
2003	69	1	15	85

Schedule of Benefits by Type
(In Thousands)

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
2002	349	5	32	386
2003	352	5	31	388

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

Schedule of Average Benefit Payments

Retirement Effective Dates: July 1, 1997 to June 30, 2003	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, 2002 to June 30, 2003									
Average Monthly Benefit ....$	429.80	355.18	526.23	787.32	1,052.00	1,502.35	1,657.46	1,739.17	2,328.86
Average Final Salary ....$	21,698.00	21,817.00	25,046.00	26,377.00	28,859.00	36,308.00	38,977.00	38,459.00	44,883.00
Number of Active Retirants	157	535	732	507	327	459	868	236	1,036
July 1, 2001 to June 30, 2002									
Average Monthly Benefit ....$	330.83	302.81	494.46	732.10	1,038.00	1,500.85	1,551.53	1,727.10	2,147.68
Average Final Salary ....$	15,636.02	18,981.36	22,673.74	26,147.48	28,478.52	35,590.72	36,779.37	38,801.37	42,420.90
Number of Active Retirants	234	653	743	507	402	402	854	244	1,099
July 1, 2000 to June 30, 2001									
Average Monthly Benefit ....$	284.55	313.67	471.15	731.04	1,021.25	1,324.77	1,529.02	1,678.21	2,131.09
Average Final Salary ....$	18,106.96	19,826.99	21,900.01	24,909.59	27,921.48	32,936.78	36,109.70	37,849.60	42,328.57
Number of Active Retirants	117	418	623	456	354	391	833	287	1,105
July 1, 1999 to June 30, 2000									
Average Monthly Benefit ....$	328.36	298.90	447.08	628.27	941.69	1,305.57	1,520.20	1,782.05	2,260.55
Average Final Salary ....$	17,799.97	19,194.75	21,858.76	23,446.92	27,264.95	32,353.55	34,785.50	37,243.95	40,862.32
Number of Active Retirants	144	491	571	519	515	394	692	207	780
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

Retirement Effective Dates: July 1, 1997 to June 30, 2003	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, 2002 to June 30, 2003									
Average Monthly Benefit ....$	–	–	–	–	1,783.71	1,603.56	499.87	841.74	2,538.95
Average Final Salary ....$	–	–	–	–	39,252.31	37,178.29	14,087.92	22,852.75	42,139.22
Number of Active Retirants..........	–	–	–	–	2	9	4	3	2
July 1, 2001 to June 30, 2002									
Average Monthly Benefit ....$	305.40	1,353.73	504.09	1,409.29	2,266.14	1,810.71	2,116.50	2,615.83	2,983.76
Average Final Salary ....$	10,794.00	30,933.15	31,451.30	33,405.42	46,851.75	41,283.04	43,196.63	49,718.71	46,625.64
Number of Active Retirants..........	1	1	2	1	4	1	6	5	12
July 1, 2000 to June 30, 2001									
Average Monthly Benefit ....$	1,061.99	–	197.92	–	1,445.71	1,910.68	1,660.35	3,019.26	2,915.11
Average Final Salary ....$	29,017.96	–	33,037.59	–	30,822.37	39,117.01	35,617.17	50,504.81	50,462.39
Number of Active Retirants..........	1	–	5	–	6	6	7	2	8
July 1, 1999 to June 30, 2000									
Average Monthly Benefit ....$	767.12	98.81	216.63	1,127.50	1,522.28	1,625.83	1,971.78	2,481.22	3,284.06
Average Final Salary ....$	27,616.23	30,344.68	5,002.50	30,599.77	40,867.69	42,364.75	40,086.92	39,620.71	50,004.74
Number of Active Retirants..........	3	1	1	3	1	2	8	3	6
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

Retirement Effective Dates: July 1, 1997 to June 30, 2003	Years Credited Service 0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Supplemental Legislative Retirement Plan									
July 1, 2002 to June 30, 2003									
Average Monthly Benefit ....$	–	–	–	–	513.00	–	–	–	–
Average Final Salary.............................$	–	–	–	–	32,188.50	–	–	–	–
Number of Active Retirants............	–	–	–	–	1	–	–	–	–
July 1, 2001 to June 30, 2002									
Average Monthly Benefit ....$	–	–	282.43	324.43	587.68	–	–	–	–
Average Final Salary.............................$	–	–	25,732.75	24,477.44	41,331.98	–	–	–	–
Number of Active Retirants............	–	–	1	4	1	–	–	–	–
July 1, 2000 to June 30, 2001									
Average Monthly Benefit ....$	85.01	209.41	172.08	320.97	–	–	–	–	530.58
Average Final Salary.............................$	30,768.00	32,040.00	23,014.00	25,760.50	–	–	–	–	24,477.25
Number of Active Retirants............	1	4	2	2	–	–	–	–	1
July 1, 1999 to June 30, 2000									
Average Monthly Benefit ....$	170.26	134.74	308.22	385.04	583.59	–	691.75	–	848.24
Average Final Salary.............................$	27,401.37	25,675.64	30,860.80	30,467.00	36,389.62	–	35,071.89	–	31,360.75
Number of Active Retirants............	2	4	5	4	4	–	3	–	2
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	–	–

Amount of Monthly Benefit**	Number of Retirants	Type of Retirement* 1	2	3
Public Employees' Retirement System of Mississippi				
$ 1 - $100	2,111	1,674	19	418
101 - 200	5,915	4,353	161	1,401
201 - 300	5,751	4,094	322	1,335
301 - 400	4,531	3,209	381	941
401 - 500	3,900	2,802	404	694
501 - 600	3,126	2,310	339	477
601 - 700	2,730	2,056	298	376
701 - 800	2,541	1,979	251	311
801 - 900	2,290	1,804	222	264
901 - 1,000	2,232	1,799	230	203
over 1,000	24,320	21,718	1,339	1,263
Totals	59,447	47,798	3,966	7,683
Mississippi Highway Safety Patrol Retirement System				
$ 1 - $100	1	–	–	1
101 - 200	4	–	–	4
201 - 300	7	–	–	7
301 - 400	50	2	1	47
401 - 500	22	–	4	18
501 - 600	19	5	–	14
601 - 700	23	11	2	10
701 - 800	23	5	1	17
801 - 900	20	3	2	15
901 - 1,000	16	2	2	12
over 1,000	414	382	7	25
Totals	599	410	19	170
Supplemental Legislative Retirement Plan				
$ 1 - $100	9	8	–	1
101 - 200	12	8	–	4
201 - 300	25	19	–	6
301 - 400	20	18	1	1
401 - 500	3	3	–	–
501 - 600	5	3	–	2
601 - 700	5	5	–	–
701 - 800	3	3	–	–
801 - 900	3	2	–	1
901 - 1,000	–	–	–	–
over 1,000	–	–	–	–
Totals	85	69	1	15
Municipal Retirement Systems****				
$ 1 - $100	5	–	1	4
101 - 200	25	1	3	21
201 - 300	51	8	3	40
301 - 400	51	25	3	23
401 - 500	111	30	20	61
501 - 600	333	119	41	173
601 - 700	114	73	16	25
701 - 800	190	118	15	57
801 - 900	132	99	7	26
901 - 1,000	142	119	8	15
over 1,000	1,092	980	13	99
Totals	2,246	1,572	130	544

Schedule of Retired Members by Type of Benefits – June 30, 2003

Amount of Monthly Benefit**	Option Selected #								PLSO	PLSO	PLSO
	Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4A	Opt. 4B	Opt. 4C***	Opt. 5	1yr***	2yr***	3yr***
Public Employees' Retirement System of Mississippi											
$ 1 - $100	1,585	69	303	2	17	116	7	19	14	17	193
101 - 200	4,457	326	689	8	77	233	16	125	36	19	121
201 - 300	4,381	301	578	5	115	237	33	134	24	19	93
301 - 400	3,355	276	494	11	102	209	37	84	19	18	78
401 - 500	2,788	246	459	3	128	173	52	103	17	12	66
501 - 600	2,169	191	394	11	102	174	72	85	37	22	50
601 - 700	1,882	165	366	4	118	117	116	78	20	14	39
701 - 800	1,650	179	340	6	135	110	140	121	13	14	45
801 - 900	1,441	163	358	2	124	129	148	73	18	18	54
901 - 1,000	1,419	133	345	8	120	103	158	104	14	10	53
over 1,000	14,163	1,393	4,480	97	2,173	1,401	2,288	613	400	347	2,022
Totals	39,290	3,442	8,806	157	3,211	3,002	3,067	1,539	612	510	2,814
Mississippi Highway Safety Patrol Retirement System											
$ 1 - $100	1	–	–	–	–	–	–	–	–	–	–
101 - 200	4	–	–	–	–	–	–	–	–	–	–
201 - 300	7	–	–	–	–	–	–	–	–	–	–
301 - 400	47	–	1	–	2	–	–	–	–	–	–
401 - 500	18	–	–	–	4	–	–	–	–	–	–
501 - 600	14	–	–	–	5	–	–	–	–	–	–
601 - 700	10	1	1	–	10	1	–	–	–	–	–
701 - 800	17	–	1	–	5	–	–	–	–	–	–
801 - 900	15	–	–	–	5	–	–	–	–	–	–
901 - 1,000	12	–	–	–	4	–	–	–	–	–	–
over 1,000	34	1	40	1	333	5	12	–	8	2	15
Totals	179	2	43	1	368	6	12	0	8	2	15
Supplemental Legislative Retirement Plan											
$ 1 - $100	4	–	2	–	–	2	–	1	–	–	1
101 - 200	5	1	5	–	–	–	–	1	–	–	1
201 - 300	13	–	7	1	1	2	–	1	–	–	–
301 - 400	10	1	6	–	1	1	–	1	1	–	2
401 - 500	1	–	1	–	–	1	–	–	–	–	–
501 - 600	2	–	–	–	–	2	–	1	–	–	–
601 - 700	1	–	2	–	–	2	–	–	–	–	–
701 - 800	1	–	–	–	–	1	–	1	–	–	–
801 - 900	2	–	–	–	–	1	–	–	–	–	–
901 - 1,000	–	–	–	–	–	–	–	–	–	–	–
over 1,000	–	–	–	–	–	–	–	–	–	–	–
Totals	39	2	23	1	2	12	0	6	1	0	4

**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; PLSO - Partial Lump Sum Option

***Excluding 13th check*

****Included in other options*

***** Information for MRS is as of September 30, 2002.*

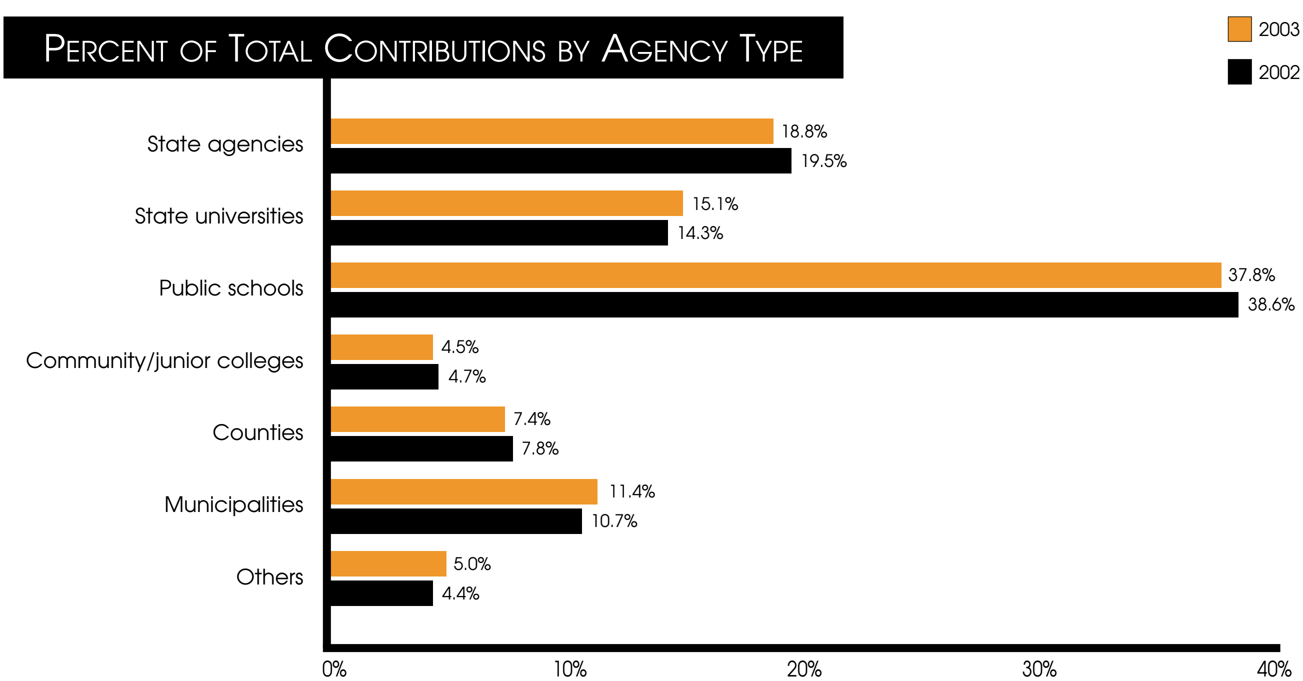
Analysis of Employer and Employee Contributions For Fiscal Years Ended June 30, 2003 and 2002

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Employee		Total	
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
2003						
State agencies	112	$ 84,154	33,486	$ 62,525	$ 146,679	18.8%
State universities	9	61,729	16,876	56,359	118,088	15.1
Public schools	150	169,411	59,851	125,870	295,281	37.8
Community/junior colleges	15	20,275	6,130	15,064	35,339	4.5
Counties	82	33,185	13,496	24,656	57,841	7.4
Municipalities	224	56,910	17,742	32,035	88,945	11.4
Others	241	22,599	7,291	16,788	39,387	5.0
Totals	833	$ 448,263	154,872	$ 333,297	$ 781,560	100.0%
2002						
State agencies	114	$ 83,745	32,814	$ 61,984	$ 145,729	19.5%
State universities	9	61,272	16,663	45,350	106,622	14.3
Public schools	150	165,387	58,857	122,412	287,799	38.6
Community/junior colleges	15	20,267	6,006	15,001	35,268	4.7
Counties	82	33,301	13,144	24,649	57,950	7.8
Municipalities	221	45,400	17,521	34,290	79,690	10.7
Others	241	18,750	7,143	13,877	32,627	4.4
Totals	832	$ 428,122	152,148	$ 317,563	$ 745,685	100.0%

Percent of Total Contributions by Agency Type



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

Public Employees' Retirement System of Mississippi Total Active Members as of June 30, 2003 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Number	Valuation Payroll
Under 20	335	–	–	–	–	–	–	335	$ 5,376,735
20-24	5,710	211	–	–	–	–	–	5,921	109,146,595
25-29	11,452	2,952	45	–	–	–	–	14,449	347,380,904
30-34	9,641	6,910	2,303	76	–	–	–	18,930	490,047,945
35-39	7,666	5,445	4,468	1,894	64	–	–	19,537	517,771,170
40-44	6,750	5,417	4,012	4,055	1,999	98	–	22,331	620,897,240
45-49	5,556	4,918	4,069	3,494	3,557	2,219	53	23,866	726,363,437
50-54	4,293	3,794	3,477	3,249	2,515	3,142	1,327	21,797	719,103,107
55-59	2,810	2,698	2,381	2,380	1,939	1,632	1,942	15,782	527,441,428
60	405	389	380	370	287	246	271	2,348	78,081,464
61	352	336	294	283	256	205	221	1,947	64,158,815
62	275	298	239	249	179	157	185	1,582	50,996,159
63	193	200	178	182	117	107	122	1,099	35,278,376
64	179	156	161	160	106	128	115	1,005	30,561,581
65	157	162	123	113	74	59	91	779	23,273,149
66	140	119	97	73	55	42	63	589	17,960,751
67	120	107	82	75	45	45	63	537	15,874,751
68	80	86	68	65	47	29	40	415	11,775,878
69	84	71	50	59	32	32	23	351	9,547,746
70 & Over	253	283	234	172	128	81	121	1,272	30,562,294
Totals	56,451	34,552	22,661	16,949	11,400	8,222	4,637	154,872	$4,431,599,525

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

Age: 43.3 years

Service: 9.8 years

Annual Pay: $28,615

Mississippi Highway Safety Patrol Retirement System Total Active Members as of June 30, 2003 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	9	–	–	–	–	–	–	9	240,917
25-29	43	6	–	–	–	–	–	49	1,388,402
30-34	40	60	6	–	–	–	–	106	3,415,245
35-39	9	43	6	22	–	–	–	80	2,856,372
40-44	6	12	10	66	26	1	–	121	4,867,035
45-49	2	1	5	35	67	10	–	120	5,375,737
50-54	1	–	–	6	26	12	5	50	2,449,770
55-59	–	–	–	–	1	2	4	7	404,898
60 & Over	–	–	–	–	–	1	–	1	53,566
Totals	110	122	27	129	120	26	9	543	$ 21,051,942

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 41.0 years
Service: 14.1 years
Annual Pay: $38,770

Municipal Retirement Systems Total Active Members as of September 30, 2002 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Number	Valuation Payroll
Under 20	–	–	–	–	–	–	–	–	$ –
20-24	–	–	–	–	–	–	–	–	–
25-29	–	–	–	–	–	–	–	–	–
30-34	–	–	–	–	–	–	–	–	–
35-39	–	–	–	7	1	–	–	8	286,334
40-44	–	–	–	14	10	1	–	25	928,359
45-49	–	–	–	4	7	16	1	28	1,142,768
50-54	–	–	–	3	4	37	7	51	2,222,715
55-59	–	–	–	–	–	12	6	18	759,710
60 & Over	–	–	–	–	–	2	13	15	640,451
Totals	–	–	–	28	22	68	27	145	$ 5,980,337

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 51.1 years
Service: 26.3 years
Annual Pay: $41,244

Supplemental Legislative Retirement Plan Total Active Members as of June 30, 2003 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	–	–	–	–	–	–	–	–	$ –
20-24	–	–	–	–	–	–	–	–	–
25-29	1	–	–	–	–	–	–	1	33,941
30-34	4	3	–	–	–	–	–	7	231,173
35-39	5	5	1	–	–	–	–	11	418,458
40-44	3	9	4	1	–	–	–	17	585,078
45-49	4	7	11	3	2	–	–	27	938,563
50-54	5	2	9	4	7	–	–	27	1,034,814
55-59	6	6	12	5	5	1	–	35	1,216,855
60	1	–	2	–	1	–	–	4	163,600
61	–	–	4	1	–	–	–	5	173,262
62	–	1	–	–	–	–	–	1	34,251
63	1	–	–	2	–	–	–	3	107,741
64	–	1	1	1	1	–	–	4	141,772
65	1	1	1	–	–	–	–	3	99,825
66	–	1	1	1	–	1	1	5	184,286
67	–	1	2	–	1	–	1	5	176,023
68	–	–	–	1	1	–	–	2	86,656
69	–	–	–	2	–	–	–	2	71,652
70 & Over	2	2	2	5	1	2	2	16	590,564
Totals	33	39	50	26	19	4	4	175	$ 6,288,514

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

Age: 54.3 years

Service: 12.0 years

Annual Pay: $35,934

Total Defined Benefit Plans
Benefit Payments by County – June 30, 2003

County	Number of Payments[1]	Amount Paid[2]
Adams	830	$ 12,628,264
Alcorn	652	9,102,276
Amite	238	3,124,431
Attala	612	8,332,556
Benton	187	2,300,415
Bolivar	851	15,690,783
Calhoun	282	4,172,210
Carroll	274	4,441,041
Chickasaw	377	6,194,751
Choctaw	252	3,561,056
Claiborne	223	3,739,387
Clarke	345	4,747,814
Clay	432	6,895,727
Coahoma	797	13,412,672
Copiah	565	9,112,669
Covington	483	6,867,585
DeSoto	557	7,464,354
Forrest	1,303	20,973,503
Franklin	202	2,594,220
George	339	4,907,646
Greene	186	2,380,940
Grenada	465	6,507,527
Hancock	449	6,039,251
Harrison	2,655	43,205,290
Hinds	6,885	128,291,304
Holmes	468	7,077,089
Humphreys	210	3,353,155
Issaquena	20	264,326
Itawamba	406	5,846,648
Jackson	2,003	33,395,092
Jasper	356	4,344,774
Jefferson	234	4,028,853
Jefferson Davis	285	3,758,581
Jones	1,636	23,516,428
Kemper	233	3,234,241
Lafayette	1,232	22,647,494
Lamar	1,188	23,719,987
Lauderdale	1,723	26,658,154
Lawrence	352	5,043,304
Leake	467	6,328,089
Lee	1,314	22,645,987
Leflore	800	14,019,370
Lincoln	596	9,480,295
Lowndes	1,177	18,393,381
Madison	1,573	$ 30,478,860
Marion	515	7,612,807
Marshall	425	6,443,169
Monroe	593	8,743,958
Montgomery	387	5,559,271
Neshoba	470	6,746,222
Newton	685	10,136,037
Noxubee	213	2,750,841
Oktibbeha	1,751	38,504,252
Panola	677	9,162,363
Pearl River	777	10,151,858
Perry	239	3,351,545
Pike	860	13,567,738
Pontotoc	427	6,633,914
Prentiss	698	10,277,164
Quitman	219	2,877,034
Rankin	2,939	52,457,056
Scott	586	8,396,648
Sharkey	143	2,288,463
Simpson	699	9,072,291
Smith	346	3,960,342
Stone	350	6,041,400
Sunflower	654	10,552,509
Tallahatchie	273	3,578,547
Tate	455	6,899,806
Tippah	474	5,850,957
Tishomingo	374	4,502,472
Tunica	121	1,827,236
Union	547	7,836,437
Walthall	260	3,692,839
Warren	817	13,807,390
Washington	1,096	17,848,749
Wayne	293	3,740,104
Webster	273	3,800,665
Wilkinson	199	2,712,449
Winston	446	6,522,798
Yalobusha	384	5,678,552
Yazoo	564	8,798,262
Mississippi	57,943	937,305,925
Out-of-State	4,361	62,152,022
Out-of-Country	18	230,850
Totals	62,322	$ 999,688,797

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.*

Participating Employers Covered by Law
State agencies
State universities
Community/junior colleges
Public school districts

Participating Employers Covered by Separate Agreement
Counties

Local Governmental Entities Covered by Separate Agreement

Municipalities

Aberdeen
Ackerman
Algoma
Amory
Anguilla
Arcola
Artesia
Ashland
Baldwyn
Bassfield
Batesville
Bay Springs
Bay St. Louis
Beaumont
Belzoni
Benoit
Bentonia
Biloxi
Blue Mountain
Booneville
Boyle
Brandon
Brookhaven
Brooksville
Bruce
Bude
Burnsville
Byhalia
Caledonia
Calhoun City
Canton
Carthage
Centreville
Charleston
Clarksdale
Cleveland
Clinton
Coffeeville
Coldwater
Collins
Columbia
Columbus
Como
Corinth
Crawford
Crenshaw
Crosby
Crystal Springs
Decatur
DeKalb
Derma
D'Iberville
Drew
Duck Hill
Durant
Ecru
Edwards
Ellisville
Enterprise
Ethel
Eupora
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
Lambert
Laurel
Leakesville
Leland
Lena
Lexington
Liberty
Long Beach
Louin
Louise
Louisville
Lucedale
Lula
Lumberton
Lyon
Maben
Macon
Madison
Magee
Magnolia
Mantachie
Marietta
Marion
Marks
Mathiston
McComb
McLain
Meadville
Mendenhall
Meridian
Merigold
Monticello
Moorhead
Morton
Moss Point
Mount Olive
Myrtle
Natchez
Nettleton
New Albany
New Augusta
New Hebron
Newton
North Carrollton
Noxapater
Ocean Springs
Okolona
Olive Branch
Osyka
Oxford
Pascagoula
Pass Christian
Pearl
Pelahatchie
Petal
Philadelphia
Picayune
Plantersville
Pontotoc
Poplarville
Port Gibson
Potts Camp
Prentiss
Puckett
Purvis
Quitman
Raleigh
Raymond
Renova
Richland
Richton
Ridgeland
Ripley
Rolling Frok
Rosedale
Roxie
Ruleville
Saltillo
Sallis
Sandersville
Sardis
Sebastopol
Seminary
Senatobia
Shannon
Shaw
Shelby
Sherman
Shubuta
Shuqualak
Silver Creek
Sledge
Smithville
Soso
Southaven
Starkville
State Line
Stonewall
Sturgis
Summit
Sumner
Sumrall
Sunflower
Taylorsville
Tchula
Tishomingo
Tunica
Tupelo
Tutwiler
Tylertown
Union
Vaiden
Vardaman
Verona
Vicksburg
Walnut
Walnut Grove
Walthall
Water Valley
Waveland
Waynesboro
Weir
Wesson
West
West Point
Wiggins
Winona
Woodville
Yazoo City

Juristic Entities

Adams County Soil and Water Conservation District

Adams County Airport Commission

Biloxi Port Commission

Bogue Phalia Drainage District

Caledonia Natural Gas District

Calhoun County Soil and Water Conservation District

Canton Convention & Visitors Bureau

Canton Redevelopment Authority

Chickasawhay Natural Gas District

Claiborne County Human Resource Agency

Cleary Water, Sewer & Fire District

Columbus Lowndes County Recreation Commission

Copiah County Human Resource Agency

Corinth-Alcorn Airport Board

Covington County Soil & Water Conservation District

Culkin Water District

DeSoto County Convention & Visitors Bureau

Diamondhead Fire Protection District

East Leflore County Water and Sewer District

Emergency Management District

Forrest County Soil & Water Conservation District

Glendale Utility District

Golden Triangle Cooperative Service District

Golden Triangle Regional Airport

Golden Triangle Regional Solid Waste Management Authority

Greenville Port Commission

Greenwood Tourism Commission

Grenada County Civil Defense

Gulf Coast Regional Wastewater Authority

Gulf Regional Planning Commission

Gulfport-Biloxi Regional Airport Authority

Hancock County Human Resource Agency

Hancock County Planning Commission

Hancock County Port & Harbor Commission

Hancock County Soil Conservation District

Hancock County Water & Sewer District

Harrison County Development Commission

Harrison County Soil & Water Conservation District

Harrison County Wastewater Management District

Hattiesburg Tourism Commission

Hinds County Soil & Water Conservation District

Itawamba County Soil & Water Conservation District

Jackson County Emergency/Communications District

Jackson County Port Authority

Jackson Municipal Airport Authority

Jones County Economic Development Authority

Lafayette County Soil & Water Conservation District

Lamar County Soil & Water Conservation District

Lauderdale County Emergency Medical Service District

Lauderdale County Soil & Water Conservation District

Laurel Airport Authority

Lee County Soil & Water Conservation District

Madison County Human Resource Agency

Mantachie Natural Gas District

Juristic Entities (continued)

Marion County Soil & Water Conservation District

Mental Health & Retardation, Region III (NE MS MHR)

Mental Health & Retardation, Region IV (Corinth)

Mental Health & Retardation, Region V (Delta Commission MHR)

Mental Health & Retardation, Region VI (Greenwood)

Mental Health & Retardation, Region VIII (Brandon)

Mental Health & Retardation, Region X (Weems MH)

Mental Health & Retardation, Region XI (SW MS MH/MR)

Mental Health & Retardation, Region XIV (Singing River)

Meridian Airport Authority

Meridian Transportation Commission

Mid-Mississippi Development District

Mississippi Coast Coliseum & Convention Center

Mississippi Levee Commissioners

Municipal Energy Agency of Mississippi

Natchez-Adams County Economic & Community Development Authority

Natchez-Adams County Port Commission

Newton County Soil Conservation District

Northeast Mississippi Regional Water Supply District

Noxubee County Economic Development Authority

Noxubee County Soil & Water Conservation District

Otter Bayou Drainage District

Oxford Tourism Council

Philadelphia-Neshoba County Park Commission

Pike County Soil Conservation District

Pine Belt Region Solid Waste Management Authority

Pontotoc County Soil & Water Conservation District

Prentiss County Soil & Water Conservation District

Rankin County Human Resource Agency

Reservoir Fire Protection District

Ridgeland Tourism Commission

Rosedale-Bolivar County Port Commission

Simpson County Human Resource Agency

Simpson County Parks & Recreation

South Mississippi Fair Commission

Southern Regional Wastewater Management District

Stone County Soil & Water Conservation District

Sunflower County Soil & Water Conservation District

Tennessee-Tombigbee Waterway Development Authority

Tunica County Tourism Commission

Tupelo Airport Authority

Union County Soil & Water Conservation District

Vicksburg Convention & Visitors Bureau

Warren County Park Commission

Warren County Soil & Water Conservation District

Walthall County Soil & Water Conservation District

Winston County Economic Development

Yazoo County Convention & Visitors Bureau

Yazoo County Soil & Water Conservation District

Yazoo-Mississippi Delta Joint Water Management District

Yazoo-Mississippi Delta Levee Commission

Yazoo Recreation Commission

Housing Authorities

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

Local Hospitals

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

Local Libraries

Amory Municipal
Benton County
Bolivar County
Carnegie Public
Carroll County
Central MS Regional
Columbus-Lowndes Public
Copiah-Jefferson Regional
Dixie Regional
East Mississippi Regional
Elizabeth Jones
Evans Memorial
First Regional
Greenwood-Leflore Public
Hancock County
Harriette Person Memorial
Harrison County
Hattiesburg-Petal-Forrest County
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
Oktibbeha County
Pearl River County
Pike-Amite-Walthall County
Pine Forest Regional
Sharkey-Issaquena County
South Mississippi Regional
Sunflower County
Tallahatchie County
Tombigbee Regional
Washington County
Waynesboro-Wayne County
Yazoo Library Association