Life After Work.

PERS
Public Employees' Retirement System of Mississippi

2004 Comprehensive Annual Financial Report– A Component Unit Of The State Of Mississippi—Fiscal Year Ended June 30

Life after work.
What a beautiful life it will be.

Daydreams of kicking back in a cottage by the beach. A crazy idea for starting a whole new second career. The thought of just being home with your family. We all spend time looking forward to retirement. What you don't want to do is worry about it. That's exactly why PERS was created. So that every day you spend working, you can put money away for the day you won't have to. Since 1952, the Public Employees' Retirement System has provided Mississippi's public employees with secure retirement benefits. You work hard for these assets and, rest assured, we manage them responsibly. Doing so is not just our mission, but our mandate. So go ahead: Imagine a time when your most pressing appointment is your granddaughter's school play. Your 8 a.m. business meeting has become your leisurely family breakfast. And practically every day is casual Friday. Or, casual Monday. It's totally up to you.

PERS
Public Employees' Retirement System of Mississippi

2004 Comprehensive Annual Financial Report
A Component Unit of the State of Mississippi
Fiscal Year Ended June 30

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

The 2004 Public Employees' Retirement System Annual Report is dedicated to Fred M. Walker

Thousands of Mississippians enjoy secure retirement benefits for their years of dedication and service to the public. Many more public employees will enjoy these benefits in the future. This is in large part due to the efforts of one man.

Board Chairman Fred M. Walker will retire from public life April 30, 2005. For more than 50 years, Mr. Walker has provided leadership, direction and guidance to the System. It is hard to think of the System without Mr. Walker and his legacy will live on in the organization that he helped create.

While still in college, Mr. Walker facilitated the development of the first retirement act for public employees in Mississippi. That act passed and in 1952, the Public Employees' Retirement System, one of the first in the nation, was formed. Mr. Walker was hired as Assistant Secretary at that time and held the position with distinction for two decades, when he was hired by the Board of Trustees to assume directorship as Executive Secretary from 1972-1989. After retiring as Executive Secretary in 1989, Mr. Walker has continued to serve public employees, first as President of the Mississippi Retired Public Employees Association, then as Retiree Representative on the PERS board, and finally as PERS Board Chairman.

We want to take this opportunity, Mr. Walker, upon your retirement from public service to say "Thank You" on behalf of the Board, staff and membership, past, present and future, for everything you have done for the Public Employees' Retirement System.

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PERS
Public Employees' Retirement System of Mississippi

Providing Security For Your Future

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429 Mississippi Street
Jackson, Mississippi
39201-1005
(601) 359-3589
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Frank Ready
Executive Director

December 21, 2004

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, 2004. 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.

Profile of the System

The purpose of the System is to provide benefits for all State and public education employees, sworn officers of the State Highway Patrol, elected members of the State Legislature, the President of the Senate and other public employees whose employers have elected to participate. Plans administered by the System include the Public Employees' Retirement System (PERS), which was established by legislation in 1952; the Mississippi Highway Safety Patrol Retirement System (MHSPRS), established in 1958; the Government Employees' Deferred Compensation Plan (GEDCP), established in 1973; the Supplemental Legislative Retirement Plan (SLRP), established in 1989; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987. A total of 272,219 members and 65,364 retirees and beneficiaries are served by the System. Total retirement benefits paid during the fiscal year were $1.1 billion. There are 864 participating employers from across the State. These employers contributed $480.5 million during the fiscal year. Members of the System contributed a total of $360.4 million during the same period. Primary sources of funding for the System include employer contributions, member contributions and investment income. As of June 30, 2004, net assets held in trust for pension benefits totaled $16.9 billion.

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

Annual budgets are legally adopted for the administrative expenditure portion of the System's operations and are funded by earnings of the System. The operating budget request for the upcoming fiscal year is prepared in conjunction with the System's review of its strategic long-range plan. A budget request is approved by the Board of Trustees and submitted to the State Legislature which legally enacts the budget in the form of an appropriation bill during the next legislative session. Transfers may be made between budget categories with approval of the Mississippi Department of Finance and Administration. However, certain categories and transfer amounts are restricted. A more detailed discussion of the budgetary process is presented in the Financial Section of this CAFR on page 30.

Financial Information

The System issues a CAFR within six months of the close of each fiscal year. The report contains basic financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*. The 2004 independent audit was conducted by KPMG LLP, a firm of licensed certified public accountants. The Independent Auditors' Report is presented in the Financial Section of this CAFR on page 15.

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

Proper funding and healthy long-term investment returns are essential to the positive economic condition of the System. To this end, the Board of Trustees periodically evaluates and establishes an asset allocation policy designed to match assets with the liabilities of the System. The asset allocation policy provides for a diversified portfolio that should allow the System to maximize the investment return, while incurring minimal risk. Investments are evaluated quarterly by the System's investment consultant, Callan Associates, Inc., Investment Measurement Service. The investment return for the fiscal year 2004 was 14.6 percent, while the ten-year investment return was 9.1 percent. A performance summary of the System's rates of return compared to appropriate benchmark rates of return is located on page 56 of this report.

An annual actuarial valuation for PERS, MHSPRS, MRS and SLRP is conducted by the consulting actuarial firm of Mellon Human Resources & Investor Solutions. Actuarial assumptions and contribution rates are based upon recommendations made by the actuary. Experience investigations are performed every other year by the actuary, to determine that actuarial assumptions are reasonably related to actual experience. Additional information regarding the actuarial valuation is presented in the notes to the basic financial statements and in the Actuarial Section.

The 2004 PERS plan unfunded actuarial liability amortization period of 56.2 years exceeded the maximum of 40 years prescribed by the Governmental Accounting Standards Board. The Board of Trustees has approved a one percent increase in employer contributions, from 9.75 percent to 10.75 percent to take effect July 1, 2005. This would decrease the amortization period to 36.6 years.

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 seventeen years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for evaluation.

The Public Employees' Retirement System's first submission of a Popular Annual Financial Report to the Government Finance Officers Association of the United States and Canada resulted in an award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2003. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report that conforms to program standards of creativity, presentation, understandability and reader appeal.

An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Conclusion

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

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

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

Respectfully submitted,

Pat Robertson

Pat Robertson, CPA
Deputy Director, Administrative Services

Frank Ready

Frank Ready
Executive Director

Based upon fiscal year 2004 valuation results, each of the System's plans continues in sound condition, given the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards as certified in the Actuarial Section of this report. It is anticipated that investment earnings, over the long term, will meet or exceed the actuarially assumed rate of earnings, and further that all plans within the System will continue toward fully funded positions in accordance with actuarial assumptions.

Major Initiatives

A few years ago the System started reviewing its options as they related to facilities. The System decided to address this concern by remodeling and expanding the existing complex. Public Employees' Retirement System opened the doors of the newly renovated building on August 16, 2004. Through careful planning, the System has provided participants with convenient parking, a pleasant and easily accessible office environment and comfortable conference/seminar facilities.

The System continues to develop web-based forms of communications to provide new and better services for participants. Plans are being initiated to provide an interface, with appropriate security, to allow members to access their individual account information online including features for calculating retirement estimates, as well as, the ability to collect demographic information via the Internet.

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.

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, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

FRANK READY
- EXECUTIVE DIRECTOR

2004 Board of Trustees

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

Professional Consultants

Fixed Income Advisors

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Pittsburgh, Pennsylvania 15258-0001
Telephone: (412) 234-0168

Pacific Investment Management Co.
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Newport Beach, California 92660
Telephone: (949) 720-6000

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San Francisco, California 94105
Telephone: (415) 597-2000

UBS Global Asset Management
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Deutsche Asset Management, Inc.
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40/86 Advisors, Inc.
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Carmel, Indiana 46032
Telephone: (317) 817-2552

Equity Advisors

Northern Trust Global Investment
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Chicago, Illinois 60675
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Fayez Sarofim & Company
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Wellington Management Company, LLP
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Delaware Investments
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Artisan Partners Limited Partnership
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Milwaukee, Wisconsin 53202
Telephone: (414) 390-6100

Dimensional Fund Advisors, Inc.
1299 Ocean Avenue
Santa Monica, California 90401
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International Equity Advisors

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

Capital Guardian Trust Company
333 South Hope Street, 55th Floor
Los Angeles, California 90071-1406
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AllianceBernstein
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New York, New York 10105
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Real Estate Advisors

Wellington Management
Company, LLP
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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 Corporation
State Street Financial Center
One Lincoln Street, 19th floor
Boston, Massachusetts 02111
Telephone: (617) 664-9413

Actuary

Mellon Human Resources
& Investor Solutions
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Funds Evaluation Services and Asset Allocation/Investment Policy Study

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Legal Counsel

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement System of Mississippi

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2003

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

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

President

Executive Director

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

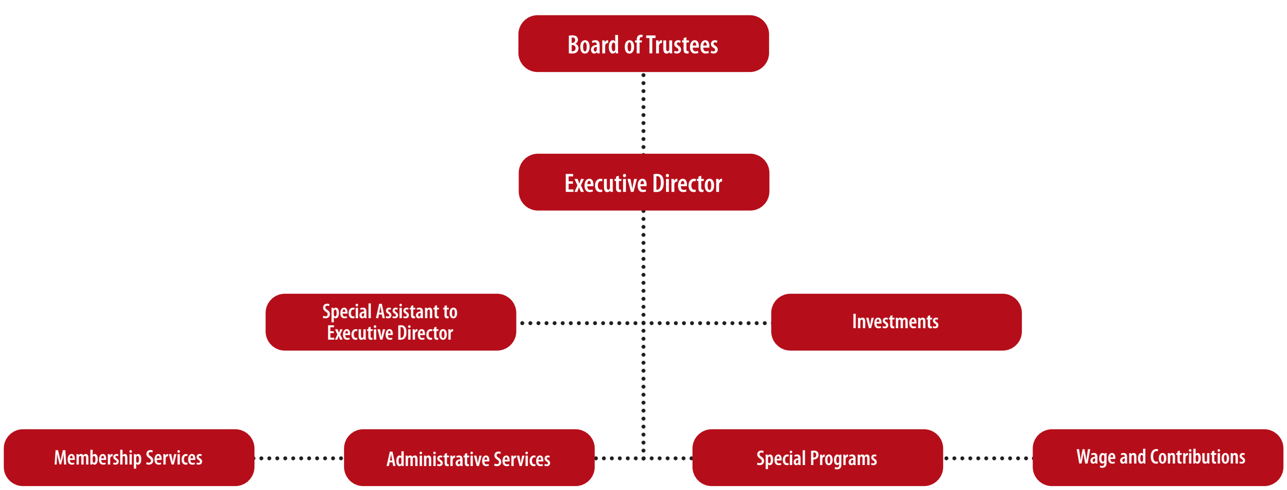
Robert J. Rhoads
Deputy Director Membership Services

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



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

Independent Auditors' Report

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

We have audited the accompanying statement of fiduciary net assets of the Public Employees' Retirement System of Mississippi (the System), a component unit of the state of Mississippi, as of June 30, 2004, and the related statement of changes in fiduciary net assets for the year then ended. These basic financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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, 2004, 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, 2004, 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 our report, dated November 19, 2004, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results our audit.

The management's discussion and analysis on pages 16 through 24 and the schedules of funding progress and employer contributions (pages 42 to 45) 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 46 through 50 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 19, 2004

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, 2004. 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 $ 1.7 billion, or 12.1 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 2004 was 14.6 percent compared with fiscal year 2003 rate of return of 3.5 percent. The U.S. and international equity portfolios returned 21.6 percent and 27.5 percent for the year respectively, while the return on debt securities was 0.2 percent.

- The defined benefit plans administered by the System were actuarially funded at an average of 74.6 percent as of June 30, 2004, a decrease from the comparative average of 78.6 percent as of June 30, 2003. The decrease in the funding percentage was primarily due to unfavorable investment performance in previous years that is being recognized for actuarial purposes in the current year. The effects of asset valuation on an actuarial basis is presented in note 6 of the basic financial statements.

- The GEDCP net assets increased $116.3 million during fiscal year 2004 primarily because of investment gains due to favorable investment returns and an increase in the number of participants.

- The GEDCP rates of return for investment options ranged from a high of 42.92 percent to a low of negative 0.06 percent compared to prior year investment option returns of a high of 14.68 percent and a low of negative 8.33 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, 2004. 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, 2004, 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, 2004 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 plans administered by the System.
- Note 8 describes required supplementary information.

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

Management's Discussion and Analysis (Continued)

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 its 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 Statements of Changes in Fiduciary Net Assets of each retirement system. The rates of return on investments is therefore approximately the same for each of the systems.

Systems Total Investments

At June 30, 2004, the System's total investments approximated $16.1 billion, an increase of $1.5 billion from fiscal year 2003 investment totals. The combined investment portfolio experienced a return of 14.6 percent compared with median large public plan return of 16.0 percent.* Investment results over time compared with the System benchmarks are presented on page 56 in the Investment Section.

*Callan Associates Public Plan Sponsor Large Fund Universe

Equity Securities

At June 30, 2004, the System held $11.5 billion in U.S. and international equity securities, an increase of $2.9 billion from fiscal year 2003. U.S. equity and international equity securities had returns of 21.6 percent and 27.5 percent respectively, for the 2004 fiscal year, compared to the System benchmark returns of 20.5 percent and 32.4 percent, respectively.

Long-Term Debt Securities

At June 30, 2004, the System held $4.1 billion in U.S. long-term debt securities, a decrease of 1.4 billion from fiscal year 2003. Long-term debt securities returned 0.2 percent compared with the System benchmark return of 0.3 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 Real Estate Investment Trusts (REIT). REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. At June 30, 2004, holdings in real estate totaled $340.6 million.

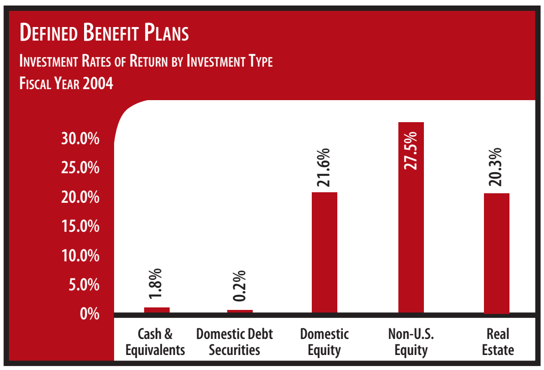
Real estate investments in general experienced strong returns of 20.3 percent for the year end. The NCREIF Index, the benchmark for the System's core commingled fund investments, saw returns of 10.8 percent for the year ended June 30, 2004, while the Dow Jones Wilshire REIT Index, used to benchmark the REIT investments, had returns of 29.3 percent for the same period.

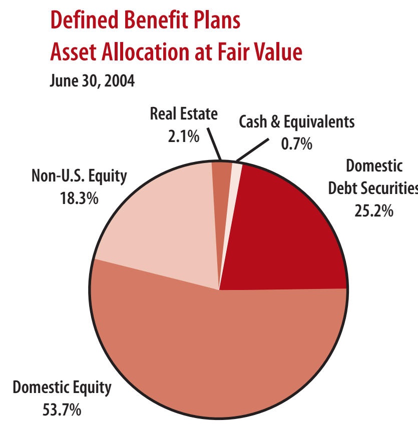
Short-Term Securities

At June 30, 2004, the System held $123.9 million in short-term investments, a decrease of $242.7 million from fiscal year 2003. Short-term investments returned 1.8 percent for the 2004 fiscal year.

Securities Lending

The System earns additional investment income by lending investment securities to broker-dealers. This is done on a pooled basis by the System's custodial bank, State Street Corporation (SSC). The broker-dealers provide collateral to SSC and generally use the borrowed securities to cover short sales and failed trades. SSC invests the cash collateral in order to earn interest. For the 2004 fiscal year, net securities lending income to the System amounted to $4.3 million, a decrease of $800,000 from fiscal year 2003. The decrease in securities lending revenue for fiscal year 2004 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's net assets held in trust for benefits at June 30, 2004 amounted to $15.7 billion, an increase of $1.7 billion (12.1 percent) over $14.0 billion at June 30, 2003.

Additions to PERS' net assets held in trust for benefits include employer and member contributions and investment income. For the 2004 fiscal year, member and employer contributions increased from those of fiscal year 2003 from $781.6 million to $817.8 million or an increase of $ 36.2 million (4.6 percent). Contributions increased because the number of active members increased. PERS recognized net investment income of $2 billion for the 2004 fiscal year, compared with $452.2 million for the 2003 fiscal year.

Deductions from PERS net assets held in trust for benefits include mainly retirement and beneficiary benefits, and administrative expenses. For the 2004 fiscal year, benefits amounted to $1 billion, an increase of $82.0 million (8.6 percent) over the 2003 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients. For the 2004 fiscal year, the costs of administering the System amounted to $9.7 million, a decrease of $72 thousand (negative 0.7 percent) from fiscal year 2003. The decrease in administrative expenses was due to decreased expenditures in contractual services.

An actuarial valuation of PERS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2004, the funded status of the System decreased to 74.9 percent from 79.0 percent at June 30, 2003. The amount by which the PERS actuarial assets were less than actuarial benefit liabilities was $5.7 billion at June 30, 2004, compared with $4.5 billion at June 30, 2003. The decrease in funded status relates primarily to unfavorable actuarial experience as a result of poor investment returns on an actuarial basis and an increase in the number of active members.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

	PERS		MHSPRS	
	2004	2003	2004	2003
Assets:				
Cash, cash equivalents, and receivables	$ 503,063	$ 813,187	$ 6,726	$ 11,385
Investments at fair value	15,623,207	14,165,990	233,827	216,031
Invested securities lending collateral	2,045,482	2,021,636	31,106	31,002
Capital assets	17,233	7,424	-	-
Total assets	18,188,985	17,008,237	271,659	258,418
Liabilities:				
Investment accounts and other payables	414,591	992,468	6,127	15,035
Securities lending liability	2,050,734	2,003,586	31,187	30,726
Total liabilities	2,465,325	2,996,054	37,314	45,761
Total net assets	$ 15,723,660	$ 14,012,183	$ 234,345	$ 212,657

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

(In Thousands)

	PERS		MHSPRS	
	2004	2003	2004	2003
Additions:				
Contributions	$ 817,808	$ 781,560	$ 8,036	$ 7,025
Investment income	2,003,253	452,183	30,464	6,934
Other additions	596	607	-	-
Total additions	2,821,657	1,234,350	38,500	13,959
Deductions:				
Pension benefits	1,033,205	951,158	16,605	16,164
Refunds	67,245	61,923	76	101
Administrative and other expenses	9,730	9,802	131	113
Total deductions	1,110,180	1,022,883	16,812	16,378
Increase (decrease) in net assets	$ 1,711,477	$ 211,467	$ 21,688	$ (2,419)

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, 2004 amounted to $234.3 million, an increase of $21.6 million (10.2 percent) from $212.7 million at June 30, 2003.

Additions to MHSPRS net assets held in trust for benefits include employer and member contributions and investment income. For the 2004 fiscal year, member and employer contributions increased by $1.0 million (14.3 percent) from those of fiscal year 2003, from $7.0 million to $8.0 million. Contributions increased mainly due to an increase in the employer contribution rate, from 26.16 to 28.16 percent effective July 1, 2003. MHSPRS recognized net investment income of $30.5 million for the 2004 fiscal year compared with $6.9 million for the 2003 fiscal year.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

MRS 2004	MRS 2003	SLRP 2004	SLRP 2003	Eliminations 2004	Total Defined Benefit Pension Plans 2004	Total Defined Benefit Pension Plans 2003	Total Percent Change
$ 6,755	$ 11,699	$ 275	$ 455	$ (8)	$ 516,811	$ 836,718	(38.2)%
218,708	213,321	9,563	8,633	-	16,085,305	14,603,975	10.1%
29,095	30,613	1,273	1,239	-	2,106,956	2,084,490	1.1%
-	-	-	-	-	17,233	7,424	132.1%
254,558	255,633	11,111	10,327	(8)	18,726,305	17,532,607	6.8%
5,739	14,858	254	601	(8)	426,703	1,022,954	(58.3)%
29,169	30,339	1,276	1,228	-	2,112,366	2,065,879	2.3%
34,908	45,197	1,530	1,829	(8)	2,539,069	3,088,833	(17.8)%
$ 219,650	$ 210,436	$ 9,581	$ 8,498	$ -	$ 16,187,236	$ 14,443,774	12.1%

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

(In Thousands)

MRS 2004	MRS 2003	SLRP 2004	SLRP 2003	Eliminations 2004	Total Defined Benefit Pension Plans 2004	Total Defined Benefit Pension Plans 2003	Total Percent Change
$ 14,450	$ 14,873	$ 548	$ 615	$ -	$ 840,842	$ 804,073	4.6%
28,495	6,847	1,246	277	-	2,063,458	466,241	342.6%
-	7	-	-	(527)	69	104	(33.7)%
42,945	21,727	1,794	892	(527)	2,904,369	1,270,418	128.6%
33,342	31,979	696	388	-	1,083,848	999,689	8.4%
-	39	8	-	-	67,329	62,063	8.5%
389	389	7	8	(527)	9,730	9,802	(0.7)%
33,731	32,407	711	396	(527)	1,160,907	1,071,554	8.3%
$ 9,214	$ (10,680)	$ 1,083	$ 496	$ -	$ 1,743,462	$ 198,864	776.7%

Deductions from MHSPRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2004 fiscal year, benefits amounted to $16.6 million, an increase of $441 thousand (2.7 percent) from the 2003 fiscal year. For the 2004 fiscal year, MHSPRS transferred $131 thousand to PERS to offset the cost of administration, an increase of $18 thousand (15.9 percent) from fiscal year 2003.

An actuarial valuation of MHSPRS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2004, the funded status of the system decreased to 81.0 percent from 86.0 percent at June 30, 2003. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $60.1 million at June 30, 2004, compared with $42.4 million at June 30, 2003. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis.

Municipal Retirement Systems

Two municipal retirement 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's net assets held in trust for benefits at June 30, 2004 amounted to $219.7 million, an increase of $9.3 million (4.4 percent) from $210.4 million at June 30, 2003.

Additions to MRS net assets held in trust for benefits consist of employer and member contributions and investment income. For the 2004 fiscal year, member and employer contributions of $14.5 million was $423 thousand (negative 2.8 percent) less than the contributions of $14.9 million received in fiscal year 2003. The decrease in contributions is a result of the fact that MRS is a closed system and, as such, the number of active members is decreasing each year. MRS recognized net investment income of $28.5 million for the 2004 fiscal year compared with $6.8 million for the 2003 fiscal year.

Deductions from MRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2004 fiscal year, benefits amounted to $33.3 million, an increase of $1.3 million (4.3 percent) over the 2003 fiscal year. The increase in benefit payments was due to benefit enhancements. For the 2004 fiscal year, MRS transferred $389 thousand to PERS to offset the cost of administration, the same amount transferred for fiscal year 2003.

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, 2003, decreased to 62.7 percent from 66.1 percent at September 30, 2002. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $148.9 million at September 30, 2003, compared with $133.4 million at September 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 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's net assets held in trust for benefits at June 30, 2004 amounted to $9.6 million, an increase of $1.1 million (12.9 percent) over $8.5 million at June 30, 2003.

Additions to SLRP net assets held in trust for benefits include employer and member contributions and investment income. For the 2004 fiscal year, member and employer contributions were $548 thousand, a decrease of $67 thousand (negative 10.9 percent) from those of fiscal year 2003. Contributions decreased because annual compensation decreased by $494 thousand compared to fiscal year 2003. SLRP recognized a net investment income of $1.2 million for the 2004 fiscal year, compared with $277 thousand for the 2003 fiscal year.

Deductions from SLRP net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2004 fiscal year, benefits amounted to $696 thousand, an increase of $308 thousand (79.4 percent) over the 2003 fiscal year. The increase in benefit payments was due to an increase in the number of retirees. For the 2004 fiscal year, SLRP transferred $7 thousand to PERS to offset the cost of administration. For fiscal year 2003, $8 thousand was transferred to compensate for administrative costs.

An actuarial valuation of SLRP assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2004, the funded status of the system decreased to 79.8 percent from 83.4 percent at June 30, 2003.

The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $2.6 million at June 30, 2004, compared with $2.0 million at June 30, 2003. The decrease in the funded status relates primarily to unfavorable actuarial experience due to poor investment returns on an actuarial basis.

Actuarial Valuations and Funding Progress

An actuarial valuation of each of the defined benefit plans administered by the System is performed annually as of June 30, with the exception of MRS, which is performed as of September 30. The funded status of each of the systems is shown in the Schedules of Funding Progress on page 42. 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, 2004, funding ratios range from a high 81.0 percent to a low of 62.7 percent, as compared to 86.0 percent and 66.1 percent for June 30, 2003. The average funding ratio decreased from 78.6 percent to 74.6 percent during the fiscal year. The funded ratio decreases for all systems was primarily a result of investment returns on an actuarial basis below the investment return assumption of 8 percent in previous years.

At June 30, 2004, the Systems' unfunded actuarial accrued liability had increased to $6.0 billion from $4.7 billion at June 30, 2003. This is a net change in the unfunded actuarial accrued liability of $1.3 billion for the year. At June 30, 2004, the difference between the actuarial value of assets and market value of assets was $1.4 billion in actuarially deferred losses as compared to $3.1 billion in actuarially deferred losses at June 30, 2003. These actuarially deferred losses will be recognized by the actuary over the next four years. As a result of the current funding status, the employer contribution rate for PERS will be increased by 1 percent to 10.75 percent effective July 1, 2005.

Net Assets – IRC 457 Plan
June 30

(In Thousands)

	IRC 457 Plan GEDCP 2004	IRC 457 Plan GEDCP 2003	Percent Change
Assets:			
Cash and receivables	$ 5,204	$ 4,652	11.9 %
Investments at fair value	743,037	627,325	18.4 %
Total	748,241	631,977	18.4 %
Liabilities:			
Investment accounts and other payables	186	169	10.1 %
Total	186	169	10.1 %
Total net assets	$ 748,055	$ 631,808	18.4 %

Changes in Net Assets – IRC 457 Plan
Year ended June 30

(In Thousands)

	IRC 457 Plan GEDCP 2004	IRC 457 Plan GEDCP 2003	Percent Change
Additions:			
Contributions	$ 74,668	$ 61,620	21.2 %
Investment income	78,188	16,208	382.4 %
Total	152,856	77,828	96.4 %
Deductions:			
Pension benefits	36,609	28,298	29.4 %
Total	36,609	28,298	29.4 %
Increase in net assets	$ 116,247	$ 49,530	134.7 %

Management's Discussion and Analysis (Continued)

Defined Contribution Plans

457 Defined Contribution Plan

The 457 Plan is established under Section 457 of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by participant contributions and by investment earnings. Net assets held in trust for benefits at June 30, 2004 amounted to $748.1 million, an increase of $116.3 million (18.4 percent) over net assets of $631.8 million at June 30, 2003.

Additions to the 457 Plan net assets held in trust for benefits include contributions and investment income. For the 2004 fiscal year, contributions increased from those of the 2003 fiscal year from $61.6 million to $74.7 million or an increase of $13.1 million (21.2 percent). Participant contributions increased because of increased participation from 35,074 in 2003 to 36,029 in 2004, as well as, lump sum transfers upon retirement from the defined benefit plans. The plan recognized net investment income of $78.2 million for the 2004 fiscal year compared with net investment income of $16.2 million for the 2003 fiscal year.

Deductions from the 457 Plan net assets include payments to participants and beneficiaries. For the 2004 fiscal year, payments amounted to $36.6 million, an increase of $8.3 million (29.3 percent) over the 2003 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.

STATEMENT OF FIDUCIARY NET ASSETS – JUNE 30, 2004

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds	Agency Funds	Total 2004
Assets										
Cash and cash equivalents (note 3)	$ 184,495	$ 2,744	$ 2,568	$112	$ -	$ 189,919	$ 1,702	$ 191,621	$ 11	$ 191,632
Receivables:										
Employer	29,926	-	428	-	-	30,354	-	30,354	-	30,354
Employee	22,253	-	29	-	-	22,282	3,327	25,609	-	25,609
Investment proceeds	202,152	3,026	2,830	124	-	208,132	-	208,132	-	208,132
Interest and dividends	63,804	955	893	39	-	65,691	175	65,866	-	65,866
Other receivables	423	1	7	-	-	431	-	431	4	435
Total receivables	318,558	3,982	4,187	163	-	326,890	3,502	330,392	4	330,396
Investments, at fair value (note 3):										
Short-term securities	120,300	1,800	1,684	74	-	123,858	9,136	132,994	-	132,994
Long-term debt securities	4,006,902	59,970	56,092	2,453	-	4,125,417	18,514	4,143,931	-	4,143,931
Equity securities	11,165,182	167,105	156,301	6,834	-	11,495,422	287,473	11,782,895	-	11,782,895
Real estate trusts	330,823	4,952	4,631	202	-	340,608	-	340,608	-	340,608
Balanced asset fund	-	-	-	-	-	-	31,305	31,305	-	31,305
Fixed rate and variable	-	-	-	-	-	-	396,084	396,084	-	396,084
Life insurance contracts	-	-	-	-	-	-	525	525	-	525
Total investments before lending activities	15,623,207	233,827	218,708	9,563	-	16,085,305	743,037	16,828,342	-	16,828,342
Securities lending:										
Short-term securities	1,293,658	19,673	18,401	805	-	1,332,537	-	1,332,537	-	1,332,537
Long-term debt securities	751,824	11,433	10,694	468	-	774,419	-	774,419	-	774,419
Total securities lending	2,045,482	31,106	29,095	1,273	-	2,106,956	-	2,106,956	-	2,106,956
Total investments	17,668,689	264,933	247,803	10,836	-	18,192,261	743,037	18,935,298	-	18,935,298
Due from (to) other funds (note 5)	10	-	-	-	(8)	2	-	2	-	2
Capital assets, at cost, net of accumulated depreciation (note 4)	17,233	-	-	-	-	17,233	-	17,233	-	17,233
Total assets	18,188,985	271,659	254,558	11,111	(8)	18,726,305	748,241	19,474,546	15	19,474,561
Liabilities										
Accounts payable and accrued expenses	413,453	6,127	5,731	254	-	425,565	184	425,749	15	425,764
Obligations under securities lending	2,050,734	31,187	29,169	1,276	-	2,112,366	-	2,112,366	-	2,112,366
Due to other funds	-	-	8	-	(8)	-	2	2	-	2
Funds held for others	1,138	-	-	-	-	1,138	-	1,138	-	1,138
Total liabilities	2,465,325	37,314	34,908	1,530	(8)	2,539,069	186	2,539,255	15	2,539,270
Net assets held in trust for pension benefits (A schedule of funding progress for each plan is presented on page 42.)	$ 15,723,660	$ 234,345	$ 219,650	$9,581	$ -	$ 16,187,236	$ 748,055	$ 16,935,291	$ -	$ 16,935,291

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, 2004

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds 2004
Additions:								
Contributions:								
Employer	$ 459,567	$ 6,528	$ 14,013	$ 372	$ -	$ 480,480	$ -	$ 480,480
Employee	358,241	1,508	437	176	-	360,362	74,668	435,030
Total contributions	817,808	8,036	14,450	548	-	840,842	74,668	915,510
Net Investment Income:								
Net appreciation in fair value	1,579,541	24,021	22,468	982	-	1,627,012	75,784	1,702,796
Interest and dividends	445,110	6,769	6,331	277	-	458,487	2,404	460,891
Total before lending activities	2,024,651	30,790	28,799	1,259	-	2,085,499	78,188	2,163,687
Securities lending:								
Net appreciation in fair value	4,228	64	60	3	-	4,355	-	4,355
Interest and dividends	19,323	294	275	12	-	19,904	-	19,904
Interest expense	(17,315)	(263)	(246)	(11)	-	(17,835)	-	(17,835)
Program fees	(2,022)	(31)	(29)	(1)	-	(2,083)	-	(2,083)
Net income from securities lending	4,214	64	60	3	-	4,341	-	4,341
Managers' fees and trading costs	(25,612)	(390)	(364)	(16)	-	(26,382)	-	(26,382)
Net investment income	2,003,253	30,464	28,495	1,246	-	2,063,458	78,188	2,141,646
Other additions:								
Rent income	68	-	-	-	-	68	-	68
Administrative fees	527	-	-	-	(527)	-	-	-
Other	1	-	-	-	-	1	-	1
Total other additions	596	-	-	-	(527)	69	-	69
Total	2,821,657	38,500	42,945	1,794	(527)	2,904,369	152,856	3,057,225
Deductions:								
Retirement annuities	1,033,205	16,605	33,342	696	-	1,083,848	36,609	1,120,457
Refunds to terminated employees	67,245	76	-	8	-	67,329	-	67,329
Total	1,100,450	16,681	33,342	704	-	1,151,177	36,609	1,187,786
Administrative Expenses:								
Personal services:								
Salaries, wages and fringe benefits	5,945	-	-	-	-	5,945	-	5,945
Travel and subsistence	75	-	-	-	-	75	-	75
Contractual services	3,020	-	-	-	-	3,020	-	3,020
Commodities	472	-	-	-	-	472	-	472
Total administrative expenses	9,512	-	-	-	-	9,512	-	9,512
Depreciation	218	-	-	-	-	218	-	218
Administrative fees	-	131	389	7	(527)	-	-	-
Total	1,110,180	16,812	33,731	711	(527)	1,160,907	36,609	1,197,516
Net increase	1,711,477	21,688	9,214	1,083	-	1,743,462	116,247	1,859,709
Net assets held in trust for pension benefits:								
Beginning of year	14,012,183	212,657	210,436	8,498	-	14,443,774	631,808	15,075,582
End of year	$ 15,723,660	$ 234,345	$ 219,650	$ 9,581	$ -	$ 16,187,236	$ 748,055	$ 16,935,291

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	113	2	–	5	120
State universities	9	–	–	–	9
Public schools	150	–	–	–	150
Community/junior colleges	15	–	–	–	15
Counties	82	–	–	–	82
Municipalities	228	–	17	–	245
Other political subdivisions	243	–	–	–	243
Total employers	840	2	17	5	864
Members:					
Active vested	105,875	436	93	135	106,539
Active nonvested	50,478	123	17	40	50,658
Total active members	156,353	559	110	175	157,197
Inactive vested	17,225	16	1	58	17,300
Inactive nonvested	97,685	22	3	12	97,722
Total inactive members	114,910	38	4	70	115,022
Retirees and beneficiaries	62,407	605	2,246	106	65,364
Total retired/inactive members	177,317	643	2,250	176	180,386
Total members	333,670	1,202	2,360	351	337,583
Active members by employer:					
State agencies	33,224	559	–	175	33,958
State universities	17,130	–	–	–	17,130
Public schools	60,883	–	–	–	60,883
Community/junior colleges	6,500	–	–	–	6,500
Counties	13,584	–	–	–	13,584
Municipalities	17,634	–	110	–	17,744
Other political subdivisions	7,398	–	–	–	7,398
Total active members	156,353	559	110	175	157,197

**Information furnished for MRS is as of September 30, 2003.*

(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, 2004, the total additional annual payments were $191,879,000.

(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, 2004, the total additional annual payments were $4,405,000.

(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, 2004, the total additional annual payments were $3,273,000.

(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, 2004, the total additional annual payments were $62,000.

(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, 2004, total plan assets aggregated $748,241,000.

(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 2004. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Each employer contributes the remaining amounts necessary to finance the plan. Contribution provisions are established by Mississippi Code Ann. (1972) Section 25-11-1 et seq. for PERS, Section 25-13-1 et seq. for MHSPRS, and Section 25-11-301 et seq. for SLRP. These statutes may be amended only by the State of Mississippi Legislature.

Employees covered by MRS are required to contribute amounts varying from 7 percent to 10 percent of their salary, depending on the actuarial soundness of their respective plans. Any increase to the 7 percent base contribution rate is made in increments not to exceed 1 percent per year. If an employee leaves covered employment, accumulated employee contributions are refunded to the employee upon request. Employees covered by MRS do not receive interest on their accumulated contributions. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS. Contribution provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. 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 Governmental Accounting Standards Board (GASB) 14, *The Financial Reporting Entity*. In 2004, the System adopted GASB 39, *Determining Whether Certain Organizations Are Component Units,* which had no effect on the System's 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 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, "Long-term debt securities," in the Statement of Fiduciary Net Assets. The System has no other derivative financial instruments.

(h) 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, 2004, 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, 2004 the System had no deposits in foreign demand deposit accounts.

(b) Cash and Cash Equivalents

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

The amount of the System's total cash and cash equivalents at June 30, 2004, was $191,632,000. Cash deposits in bank accounts totaled $413,000 which were covered by federal depository insurance. At June 30, 2004, the System held $188,892,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into bank sponsored short-term investment funds. These funds are custodial bank sponsored commingled funds which are invested in short-term securities backed by the U.S. government and its agencies. The credit quality rating of the fund was A1+ at June 30, 2004.

As of June 30, 2004, 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	188,892,000
Total	$ 188,892,000

(c) Investments

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

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

The Board of Trustees adopted real estate in October 2002 as part of the System's long-term asset allocation. The Mississippi Code Section 25-11-121 allows the System to invest up to 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 portfolio is divided between core commingled real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trusts (REIT). REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. Fair values of commingled fund properties are based on the most recent independent appraisal values. Independent appraisal firms which are Members of Appraisal Institute (MAI) are required to conduct valuations at least annually.

The following table presents the fair value of investments by type at June 30, 2004 (in thousands):

Investment type:	Fair Value
Commercial paper	$ 689,857
Repurchase agreements	126,281
International currency	1,994
U.S. Government agency obligations	817,947
U.S. Treasury obligations	865,422
Collateralized mortgage obligations	557,598
Corporate bonds	1,402,127
Mortgage pass-throughs	913,359
Municipals	93,675
Asset backed securities	767,093
Yankee bonds	120,878
Domestic equity securities	8,720,865
International equity securities	2,890,065
Real estate	340,608
Money market fund	9,136
Fixed income fund	18,514
Balanced asset fund	31,305
Fixed and variable fund	396,084
Life insurance contracts	525
Equity fund	171,965
Total	$ 18,935,298

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 $18.2 billion in investments at June 30, 2004, $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, 2004, are presented by type below (in thousands):

	Fair Value
Commercial paper	$645,764
U.S. Government agency obligations	321,595
Repurchase agreements	48,510
Corporate bonds	512,808
Asset backed securities	550,941
Collateralized mortgage obligations	27,338
Total	$2,106,956

Interest Rate Risk

As of June 30, 2004, the System had the following investments and maturities:

Investment Type:	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
U. S. Government agency obligations	$817,947	$296,282	$346,233	$103,181	$72,251
Asset backed securities	767,093	585,648	28,561	32,376	120,508
Collateralized mortgage obligations	557,598	64,792	33,160	24,576	435,070
Commercial paper	689,857	689,857	-	-	-
Corporate bonds	1,402,127	322,598	525,692	357,023	196,814
Mortgage pass-throughs	913,359	-	10,273	38,356	864,730
Municipals	93,675	3,117	5,538	34,244	50,776
Repurchase agreements	126,281	126,281	-	-	-
U. S. Treasury obligations	865,422	-	300,426	225,752	339,244
Yankee bonds	120,878	-	71,775	21,411	27,692
Totals	$6,354,237	$2,088,575	$1,321,658	$836,919	$2,107,085

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

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

Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System. Additionally, the System adopted a formal policy in February 1996 which established guidelines for investing in derivatives. During fiscal year 2004, the investments in derivatives by the System were exclusively in asset/liability based derivatives such as interest-only (IO) strips, principal-only (PO) strips, collateralized mortgage obligations, and asset-backed securities. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields.

Interest-only and principal-only strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The System held IOs valued at $1,057,000 at fiscal year end. The System's derivatives policy limits IO and PO strips to 3 percent of the investment portfolio.

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the fair value of the security. The System held $558 million in CMOs at June 30, 2004. Of this amount, $197 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 $767 million in ABS that the System held at June 30, 2004, $129 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, 2004, the System has invested in $913 million in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

Credit Risk

The System's exposure to credit risk as of June 30, 2004 is as follows (in thousands):

Rating	Fair Value
A	$ 1,522,403
AA	423,168
AAA	3,256,471
B	1,589
BAA	591
BB	6,890
BBB	172,458
CA	2,425
CAA	234
CCC	2,688
Total	$ 5,388,917

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 percent of total debt securities.

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

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

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

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

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 National Mortgage Association	5.9%

Foreign Currency Risk

The System's exposure to foreign currency risk at June 30, 2004, was as follows:

Currency	%	Fair Value (in thousands)
Australian Dollar	3.82%	$ 96,730
Canadian Dollar	1.08%	27,313
Swiss Franc	8.89%	224,882
Danish Krone	1.46%	36,986
Euro	35.23%	891,120
Pound Sterling	25.51%	645,276
Hong Kong Dollar	1.76%	44,486
Japanese Yen	18.69%	472,840
New Zealand Dollar	0.06%	1,462
Norwegian Krone	0.69%	17,336
Swedish Krona	1.48%	37,544
Singapore Dollar	1.33%	33,677
Total	100.00%	$ 2,529,652

All foreign currency-denominated investments are in equities and foreign cash. The System's investment asset allocation policy limits non-U.S. investments to 15 percent. At June 30, 2004, the current position is 18.3 percent. The investment committee evaluates the investment asset allocation quarterly and adjusts as necessary.

(d) Securities Lending Transactions

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

The following table details the net income from securities lending for the period ended June 30, 2004 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Interest income	$ 19,323	$ 294	$ 275	$ 12	$ 19,904
Net appreciation	4,228	64	60	3	4,355
Income from securities lending	23,551	358	335	15	24,259
Less:					
Interest expense	17,315	263	246	11	17,835
Program fees	2,022	31	29	1	2,083
Expenses from securities lending	19,337	294	275	12	19,918
Net income from securities lending	$ 4,214	$ 64	$ 60	$ 3	$ 4,341

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, 2004 are long-term U.S. government and agency obligations, corporate bonds, and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic equities and bonds) and 105 percent (international equities) of the fair value and accrued income of the securities lent. In the event the collateral fair value falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was 72 days at June 30, 2004. Cash collateral is invested in debt securities such as U.S. government and agency obligations and "AAA" asset-backed securities. Additionally, a significant portion is invested in corporate short-term securities, such as repurchase agreements, commercial paper and bank notes. The average expected final maturity of all collateral investments at June 30, 2004, was 340 days with a weighted average maturity of 48 days.

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

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

The securities lending investments ($2,106,956,000) and the related liability ($2,112,366,000) on the Statement of Fiduciary Net Assets do not equal at June 30, 2004. The difference of $5,410,000 is due to the collateral investment fund being under-invested by $5,410,000 because of the acceptance of collateral from borrowers late in the day after the fund's investment deadline; and also due to $269,000 of miscellaneous fees/earnings.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2004 (in thousands):

Securities Lent	Fair Value Including Accrued Income	Cash Collateral Received/Noncash Collateral Value*
Lent for cash collateral:		
Debt securities	$ 1,120,660	$ 1,137,861
Domestic equities	490,905	503,083
International equities	449,090	471,422
Lent for securities collateral:		
Domestic equities	59	62
International equities	871	992
Total securities lent	$ 2,061,585	$ 2,113,420

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

(e) Commission Recapture Program

The Board of Trustees has authorized the System to enter into a commission recapture program. This program allows the System to recapture a portion of the commissions paid to broker/dealers with which the System has entered into an agreement. Earnings for the fiscal year ended June 30, 2004 were $1,983,000 and are accounted for as a reduction of managers' fees and trading costs.

4. Capital Assets

The following is a summary of capital assets as of June 30, 2004 (in thousands):

Description	2004
Land	$ 508
Building	4,717
Improvements	25
Furniture and equipment	2,053
Construction in progress	13,245
Total capital assets	20,548
Less accumulated depreciation	3,315
Net capital assets	$ 17,233

The renovation of the PERS building, which began in March 2003, was 85 percent complete at June 30, 2004. The estimated remaining cost is $3,000,000.

5. Due To/Due From Other Funds

The following is a summary of due to/due from other funds as of June 30, 2004 (in thousands):

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

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, 2004 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Valuation assets June, 2003**	$ 16,979,457	$ 259,746	$ 259,586	$ 10,196	$ 17,508,985
Contributions and other revenue	817,877	8,036	14,510	548	840,971
Benefit payments	(1,100,450)	(16,681)	(32,235)	(704)	(1,150,070)
Administrative expenses	(9,203)	(131)	(385)	(7)	(9,726)
Investment expenses*	(25,612)	(390)	(299)	(16)	(26,317)
Net new money	(317,388)	(9,166)	(18,409)	(179)	(345,142)
Expected total investment return for 2004 (8%)	1,372,297	20,819	20,342	826	1,414,284
Adjustment towards market (20%)	(931,081)	(14,918)	(10,879)	(520)	(957,398)
Valuation assets June, 2004**	$ 17,103,285	$ 256,481	$ 250,640	$ 10,323	$ 17,620,729

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

** *Information for MRS is presented as of September, 2002 and 2003, respectively.*

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

Fair value of assets as of June 30* $ 16,171,108

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

Year	Total Phased-In (Gain)/Loss	Percent Deferred	Amount Deferred	
2004	$ (653,951)	80%	$(523,160)	
2003	934,355	60	560,613	
2002	2,338,604	40	935,444	
2001	2,383,618	20	476,724	
2000	(215,635)	0	0	
Total				1,449,621
Actuarial value of assets available for benefits				$ 17,620,729

*Information for MRS is presented as of September 30.

(b) Actuarial Experience Review
An actuarial survey of the mortality, service, withdrawals, compensation experience of members and valuation of assets and liabilities is performed annually to determine the actuarial soundness of the System. To validate that the assumptions recommended by the actuary are in the aggregate reasonably related to actual experience, the System requests the actuary to conduct an experience investigation every other year. An experience review was last performed as of June 30, 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, 2004. 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	$545,698	11.34%	$272,179	5.66%	$432,081	$817,877	$358,241	7.25%	$459,636	9.75%	$4,617,273
MHSP	5,455	23.53	2,581	11.13	5,928	8,036	1,508	6.50	6,528	28.16	22,683
SLRP	411	6.99	137	2.34	398	548	176	3.00	372	6.33	5,794
Total	$551,564	-	$274,897	-	$438,407	$826,461	$359,925	-	$466,536	-	$4,645,750

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, 2003, aggregate contributions for MRS were equivalent to 116.6 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.21 to 8.33 mills, totaling $13,979,000 in actual contributions. The employee contribution rates ranged from 7 percent to 10 percent of covered payroll, totaling $530,674 in actual contributions.

(a) Legally Required Reserves

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

The following table presents the reserve account balances and the unfunded actuarial accrued liability as of June 30, 2004 (in thousands):

	PERS	MHSPRS	MRS*	SLRP
Annuity savings account	$ 3,571,428	$ 18,352	$ 6,266	$ 2,030
Annuity reserve	1,650,215	14,622	-	653
Employer's accumulation account	11,881,642	223,507	244,374	7,640
Unfunded actuarial accrued liability	5,743,975	60,089	148,982	2,611
Actuarial accrued liability	$22,847,260	$316,570	$399,622	$12,934

*The annuity reserve for MRS is reflected as of the September 30, 2003 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 42 and 43. 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						
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
2004	17,103,285	22,847,260	5,743,975	74.9	4,617,273	124.4
Mississippi Highway Safety Patrol Retirement System						
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
2004	256,481	316,570	60,089	81.0	22,683	264.9
Municipal Retirement Systems*						
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
2003	250,640	399,622	148,982	62.7	4,584	3,250.0
Supplemental Legislative Retirement Plan						
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
2004	10,323	12,934	2,611	79.8	5,794	45.1

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

See Notes to Required Supplementary Schedules.

SCHEDULES OF EMPLOYER CONTRIBUTIONS – LAST TEN FISCAL YEARS

(In Thousands) • (Unaudited)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
Public Employees' Retirement System of Mississippi		
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
2004	432,081	100.00
Mississippi Highway Safety Patrol Retirement System		
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
2004	5,928	100.00
Municipal Retirement Systems*		
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
2003	11,989	116.60
Supplemental Legislative Retirement Plan		
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
2004	398	100.00

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

See Notes to Required Supplementary Schedules.

1. Schedules of Funding Progress

The funding percentage of the actuarial accrued liability is a measure intended to help users assess each of the plan's funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20 percent of the prior years' unrecognized and unanticipated gains and losses (both realized and unrealized).

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

2. Schedules of Employer Contributions

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

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

The Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27 require a maximum acceptable amortization period for the total unfunded actuarial liability of not more than 40 years through fiscal year 2007. The fiscal year 2004 actuarial valuation for PERS resulted in an UAL period of 56.2 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 $5,743,974,655 over a 40 year period from the valuation date for PERS. The employer contribution rate, beginning in the 2005/2006 fiscal year, has been increased to 10.75 percent of payroll. The result of this increased contribution rate is an amortization period, as of July 1, 2004, of 36.6 years.

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

Annual Required Contribution (ARC)	Rate
Normal	4.31%
Accrued liability	5.44
Total	9.75%*

**The current scheduled employer contribution rate for the 2005/2006 fiscal year is 10.75%*

3. Actuarial Assumptions

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

	PERS	MHSPRS	MRS	SLRP
Valuation date	June 30, 2004	June 30, 2004	September 30, 2003	June 30, 2004
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	56.2 years	21.8 years	31 years	27.8 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	5.0-15.0%	5.0-10.52%	6.0%	5.0%
Wage inflation rates	4.0%	4.0%	4.0%	4.0%
Increase in benefits after retirement	3.0% [1]	3.0% [2]	2.0-3.75% [3]	3.0% [1]

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

(b) Effects of Current Year Changes in Plan Requirements

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

The following amendments were incorporated into the actuarial valuations:

PERS

- Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions. This change in benefit provisions had no impact on the valuation results.

MHSPRS

- Effective July 1, 2004, Senate Bill No. 2659 establishes a change to the contribution structure of the System to provide that fees collected for certified abstracts by the Mississippi Department of Public Safety be deposited into the MHSP retirement fund.

SLRP

- Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions. This change in benefit provisions had no impact on the valuation results.

MRS

- The minimum monthly benefit for retirees of Vicksburg was increased to $1,000. In addition, benefits to a surviving spouse will continue after remarriage and any beneficiaries whose benefits were terminated due to remarriage were reinstated. Also, annual cost-of-living adjustments (COLAs) will no longer be linked to the annual change in CPI; the annual increase will be a guaranteed 2-1/2%.
- Retirees of Gulfport were granted a monthly ad hoc benefit increase in the amount of $2 per month for each year of service plus $2 per month for each full fiscal year retired. In addition, the retirees were granted a COLA, indexed to CPI, up to a maximum of 3% per year, not to exceed a total of 27%. This COLA is in addition to any COLAs previously granted.
- Members of Laurel were granted a COLA of 2%, compounded annually, for a maximum of three years. COLA payments will begin at the later of age 60 or one full fiscal year after retirement.
- For current eligible active members of Meridian, service credit can be granted for years served in the military, up to a maximum of 4 years.
- The annual COLA for retirees of Hattiesburg is no longer linked to the annual change in the CPI; the annual increase will be a guaranteed 2-1/2%.
- Rates of service retirement were adjusted at certain years of service for all municipalities.

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	32.7	45.9	17.1
Change due to:			
Normal amortization	(1.0)	(1.0)	(1.0)
Actuarial experience	24.5	(23.1)	11.7
Assumption changes	-	-	-
Plan amendments	-	-	-
Computed period of years	56.2	21.8	27.8

Schedule 1

Schedule of Administrative Expenses and Depreciation – For the Year Ended June 30, 2004

(In Thousands)

	Amount
Administrative expenses:	
Personal services:	
Salaries and wages	$ 4,726
Employee benefits	1,219
Travel and subsistence	75
Total personal services	$ 6,020
Contractual services:	
Professional services (See Schedule 3)	1,058
Rent of building space and office equipment	749
Communications	479
Data processing installation, training, and licensing	311
Utilities	136
Bank charges	117
Education	61
Repair and maintenance of equipment	49
Insurance	32
Other contractual services	28
Total contractual services	3,020
Commodities:	
Office equipment (not capitalized)	220
Printing, binding and padding	162
Office supplies and expendable repair parts	72
Business meeting supplies	10
Other commodities	8
Total commodities	472
Total administrative expenses	9,512
Depreciation:	
Furniture and equipment	123
Building	94
Improvements other than building	1
Total depreciation	218
Total administrative expenses and depreciation	$ 9,730

Schedule of Administrative Expenditures/Expenses – Budget and Actual (Non-GAAP Budgetary Basis) – For the Year Ended June 30, 2004

(In Thousands)

Budget Comparisons

	2004 Budget	2004 Actual	Variance Favorable (Unfavorable)
Administrative expenditures:			
Personal services:			
Salaries, wages, and fringes benefits	$ 6,028	$ 5,921	$ 107
Travel and subsistence	83	76	7
Contractual services	4,379	3,113	1,266
Commodities	588	262	326
Capital outlays - Other than equipment*	11,387	9,600	1,787
Capital outlays	1,623	1,042	581
Subsidies, loans, and grants	–	–	–
Total	$ 24,088	$ 20,014	$ 4,074

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, 2004.

**Capital Outlays – Other Than Equipment budget of $11,387,000 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)	$ 20,014
Adjustments:	
Compensated leave accrual	11
Bank service charges	118
Capital asset purchases recorded as expenditures for budgetary purposes	(10,026)
Fiscal year 2004 budget expenditures paid during lapse period; expenses recorded in fiscal year 2005	(1,655)
Fiscal year 2004 accruals to GAAP Basis	1,050
Administrative expenses (GAAP Basis)	$ 9,512

Schedule 3

Schedule of Managers' Fees, Investment Global Out-of-Pocket and Custodial Fees, and Professional Service Fees – For the Year Ended June 30, 2004

(In Thousands)

	Amount
Investment managers' fees:	
J. P. Morgan Fleming Asset Management	$ 2,338
Fayez Sarofim & Company	2,317
Artisan Partners Limited Partnership	2,002
The Boston Company Asset Management	1,930
Delaware Investments	1,583
Wellington Asset Management--small-cap equity	1,525
Pacific Investment Management Company	1,446
Wellington Asset Management--mid-cap equity	1,342
Deutsche Asset Management--international equity	1,324
Putnam Investments--EAFE & EM	1,317
Dimensional Fund Advisors	1,218
Lazard Asset Management	1,051
Putnam Investments--Pacific Basin	829
UBS Global Asset Management	805
Deutsche Asset Management--debt investments	798
Aeltus Investment Management	789
AllianceBernstein	693
RREEF--real estate	518
Barclays Global Investors--debt investments	501
Wellington Asset Management--real estate	380
Standish Mellon	292
Northern Trust Global Investment	288
Lombard Odier Darier Hentsch	277
40/86 Advisors	181
Jarislowsky Fraser Limited	91
Capital Guardian Trust Company	89
Barclays Global Investors--international equity	27
Total	25,951
Custodial and global out-of-pocket fees - State Street Corporation	431
Total managers' fees, out-of-pockets, and custodial fees	$ 26,382
Securities lending fees - State Street Corporation	$ 2,083
Professional service fees:	
Fund evaluation-Callan Associates	$ 260
Medical fees-Clinics, Labs	228
Legal-State of Mississippi-Office of the Attorney General	164
Actuary-Mellon Human Resources & Investor Solutions	151
Audit-KPMG LLP, Department of Audit	95
ITS-Platt Consulting	49
Graphic design-Maris, West & Baker	28
Temporary personnel	28
Personnel fees	23
Trade cost evaluation	18
Mailing services-Direct Mail, Postage Savers	14
Total professional service fees	$ 1,058

Schedule 4

Summary Schedule of Cash Receipts and Disbursements
Pension Trust Funds – For the Year Ended June 30, 2004

(In Thousands)

		Amount
Cash balance at beginning of year	$	353,598
Receipts:		
Contributions:		
Employee		427,489
Employer		479,329
Total contributions		906,818
Investments:		
Securities lending and reverse repurchase agreements		28,220,535
Investments matured and sold		26,291,995
Investment income		1,181,064
Total investments		55,693,594
Administrative receipts		631
Other receipts		9,212
Total cash receipts		56,610,255
Disbursements:		
Annuities and refunds:		
Retirement annuities		1,112,981
Refunds to terminated employees		67,331
Total annuities and refunds		1,180,312
Investments:		
Securities lending and reverse repurchase agreements		28,197,035
Investments purchased		27,329,312
Investment expenses		44,626
Total investments		55,570,973
Administrative expenses		20,728
Other disbursements		219
Total cash disbursements		56,772,232
Cash balance at end of year	$	191,621

Schedule 5

SCHEDULE OF INVESTMENTS DUE TO MRS FROM PERS – JUNE 30, 2004

(In Thousands)

	Amount
Due to MRS:	
Biloxi Municipal	$ 6,761
Biloxi Fire and Police	1,686
Clarksdale Fire and Police	1,130
Clinton Fire and Police	7,739
Columbus Fire and Police	1,334
Greenville Fire and Police	5,232
Greenwood Fire and Police	2,999
Gulfport Fire and Police	10,056
Hattiesburg Fire and Police	23,267
Jackson Fire and Police	111,329
Laurel Fire and Police	3,394
McComb Fire and Police	1,516
Meridian Municipal	516
Meridian Fire and Police	9,331
Natchez Fire and Police	1,478
Pascagoula Fire and Police	9,182
Tupelo Fire and Police	9,068
Vicksburg Fire and Police	12,262
Yazoo City Fire and Police	919
Total investments due to MRS	$ 219,199

Schedule 6

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS – JUNE 30, 2004

(In Thousands)

Flexible Benefits Cafeteria Plan	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
Assets:				
Cash	$ 10	$ 72	$ 71	$ 11
Accounts Receivable	5	71	72	4
Total assets	$ 15	$ 143	$ 143	$ 15
Liabilities:				
Accounts Payable	$ 15	$ -	$ -	$ 15
Total liabilities	$ 15	$ 0	$ 0	$ 15

Defined Benefit Plans – Report on Investment Activity

Prepared by Lorrie Tingle, CFA

Chief Investment Officer

Fiscal year 2004 was a year of ups and downs throughout the world financial markets. Large directional changes occurred daily, often appearing out of nowhere and reversing as quickly as they appeared. In such manic depressive markets we are once again reminded that investing for the future of our membership is a long term commitment and the prudent investment of the System's assets demands constant attention and specialized expertise. By employing every available avenue to create and maintain a well diversified portfolio, designed to minimize risks and maximize returns over the long term, the System's investment program strives to ensure adequate funding is available for all current and future pension obligations.

Fiscal Year Recap

The fiscal year began on a positive note for the equity markets. The United States economy saw its strongest GDP growth since 1984. In addition, corporate profits in the 30 percent range helped boost investor confidence. Consumer spending continued to be a key economic driver as the effects of the 2003 tax cuts and child care credits carried over into the first quarter of fiscal year 2004.

Throughout the fiscal year international markets maintained the rally which began in late fiscal year 2003. As investors became less risk averse, both the emerging equity and debt markets saw more fund inflows. Japan also saw greater investor interest as its economic recovery began to gain traction. The weaker dollar continued to benefit U.S. investors overseas, and as a result in dollar terms the international markets provided exceptionally strong returns both on a relative and an absolute basis throughout most of the fiscal year.

The broad domestic bond market, which posted double digit returns in 2003, fell into negative territory in the first quarter of fiscal year 2004 as fears of interest rate increases began to weigh on investors' minds. As they began to search for more yield from their bond investments, investors turned their attentions to emerging market debt and the more speculative domestic high yield markets, driving returns in those markets higher throughout the year.

Not withstanding the positive economic data reported for the first quarter of the fiscal year, concerns over the potential of a job-less recovery, slower consumer spending, and interest rate hikes kept the markets in a daily state of flux throughout most of the period.

In late December 2003, despite the new of mutual fund trading scandals and suicide bombers which dominated the headlines, the Dow Jones Industrial Average passed the 10,000 mark for the first time in eighteen months. That fact coupled with news that Saddam Hussein had been extracted from his spider hole by U.S. forces served to rally equity markets worldwide. Sustained U.S. GDP growth, surging corporate profits, and low unemployment rates all helped drive the U.S. equity markets to experience double-digit returns, which in turn added to the positive momentum in the international markets. As a result, the second quarter of fiscal year 2004 saw the strongest returns of the year for global equity markets.

Meanwhile in the second quarter, U.S. debt markets saw little change as investors continued to invest for yield and look for alternatives to core domestic bond investments. The real estate markets continued to see positive fund flows as investors moved to invest defensively against the potential threat of inflation.

As quickly as it appeared, the optimism of the second quarter dissipated in the third quarter driven primarily by stronger, more direct comments from Fed Chairman Greenspan regarding the likelihood of raising interest rates; lower than expected job growth numbers; and finally the train bombing in Madrid, which renewed fears of the global terrorist threat. The weight of these events all served to dampen the momentum of the equity markets and gave the bond markets a slight boost, as investors shifted more towards "safe haven" assets.

Coming into the final quarter of the fiscal year, investors held their breath to see which direction the markets would swing before the close of business on June 30. Scheduled for the final weeks of the quarter were two potentially disruptive events: the handover of Iraq to the interim Iraqi leadership and the June meeting of the Federal Open Market Committee (FOMC). Both positive and negative news moved the markets first up, then down throughout the quarter. Strong corporate profit data was offset by increasing inflation indicators. News of continued, steady job growth was tempered by spikes in oil and energy prices. In the end, investor concerns were relieved as the handover of Iraq occurred a week ahead of schedule with little or no pomp and circumstance, thereby thwarting any terrorist plans to prevent Iraq's move toward democracy. Additionally, the FOMC made the long anticipated decision to raise interest rates. The financial markets breathed a sigh of relief and ended the quarter almost where they had begun.

The financial markets' results of the past fiscal year were a direct result of wide swings between investor optimism and pessimism. World equity markets and the U.S. real estate markets both experienced strong positive returns, and although realizing only small gains, the broad domestic bond market also finished the year in the black. Considering the volatility experienced throughout all the financial markets during fiscal year 2004, for most major asset classes to end the year in positive territory is truly remarkable. After the pain of the previous three years, investors should look back on fiscal year 2004 as both challenging and stressful, but ultimately a very successful financial year.

2004 Plan Overview

As of June 30, the market value of the portfolio for all plans was $16.1 billion. This was an increase of $1.5 billion over last year's valuation. It should be noted that as a mature pension plan, the System's annual distributions exceed the annual contributions being made by employees and employers. This year $310 million more was paid out to participants than was paid in as contributions. The $1.5 billion portfolio value increase was net of that distribution.

The investment portfolio, excluding investments purchased with securities lending cash collateral, was composed of 53.7 percent domestic and 18.3 percent international equities, 25.2 percent debt securities, 2.1 percent real estate investments, and 0.7 percent cash and cash equivalents at fiscal year end. The System continued to maintain a high quality debt portfolio as evidenced by the fact that 78.0 percent of the System's bond investments carried an AAA rating. This includes 60.0 percent of the total debt 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 Corporation. This program generates ancillary income by lending securities in the System's portfolio to securities dealers in return for a premium payment on non-cash loans and earnings generated by the investment of cash collateral. All loans are secured by the receipt of collateral valued at 102-105 percent of the value of the loaned security. In fiscal year 2004 the program generated $5.5 million* in additional earnings for the PERS investment program.

At year end, 23 firms were managing 27 different investment portfolios for PERS. The chart on page 63 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.

**$5.5 million was the earnings distributed for the fiscal year; $4.3 million was the reported net income as required by GASB 28.*

Performance

The System experienced a solid 2.5 percent return for the first quarter of fiscal year 2004. While in the second quarter the portfolio turned in an even stronger 8.7 percent return as the markets reacted to continued strengthening of economic data, and the capture of Saddam Hussein. The third quarter saw investor confidence weaken as concerns about interest rates and energy prices increased. The terrorists' bombing in Madrid also re-ignited old fears and uncertainties. Nevertheless, the portfolio managed a 3.1 percent return for the quarter. The Fed's decision to raise interest rates 25 basis points at quarter end, mixed economic data and rising oil prices all had an impact on fourth quarter returns which were a negative 0.2 percent for the total portfolio.

Overall the System returned 14.6 percent for the fiscal year ended June 30, 2004. Due to the negative impact of the last three fiscal years, the return for the five years ended June 30 was a mere 2.2 percent. Longer term the portfolio fared much better, returning 9.1 percent for the ten-year period ended June 30.

Short Term Portfolio

Cash flows generated by the contributions to the System, and from other incremental income activities, are managed and invested by the System's investment staff. The return on the internally managed short-term investment program for the year was 1.8 percent. The cash portion of the accounts managed by external investment managers is invested in interest earning cash equivalents until longer term investments are purchased. All short-term investments are made in accordance with State law and policies set by the Board of Trustees.

Equity Portfolio

The upturn in global equity markets which began in late 2003 continued and gained momentum throughout most of 2004. During the year large company stock returns, as represented by the S&P 500, ended the year with a strong 19.1 percent return, while the Russell 2000, small cap equity index performed even better returning 33.4 percent. The Russell 3000 Index, which serves as the System's broad domestic equity benchmark saw returns of 20.5 percent. In comparison, the System's domestic equity portfolio returned a robust 21.6 percent for the fiscal year.

Though the returns for fiscal year 2004 were strong, the drag from the very low or negative returns of the past three years resulted in a negative 0.2 percent return for the domestic equity program for the five years ended June 30. This compared favorably to the Russell 3000 Index which returned a negative 1.1 percent return for the same period. For the ten years ended June 30, the System's domestic equity portfolio returned 12.0 percent, which exceeded the 11.7 percent return for the Russell 3000 over the same timeframe.

International equity investors also experienced double-digit returns in fiscal year 2004. Overseas equity markets lagged the U.S. markets at the close of fiscal year 2003, but they quickly gained momentum, and ultimately outpaced the U.S. equity markets for the fiscal year. The System's developed markets portfolio returned 26.7 percent, while the emerging markets assets returned 36.7 percent. These components combined for a total international equity portfolio return of 27.5 for the year. The MSCI EAFE Index which serves as the benchmark for the international equity investments returned 32.4 percent for the same period. Underperformance for the period was the direct result of individual managers' underperformance within the developed markets portfolio. For the five-year period ended June 30, 2004, the System's international equities experienced a negative 0.9 percent return, while the MSCI EAFE Index returned a positive 0.1 percent. The longer term results show for the ten-year period, the international portfolio had returns of 5.1 percent while the MSCI EAFE Index posted returns of 4.1 percent.

For fiscal year 2004 the System allocated on average 49.0 percent of the total portfolio to domestic, and 16.0 percent to international equities. Within the domestic equity portfolio 79.0 percent of the investments were in large, 12.0 percent mid and 9.0 percent small capitalization securities, which correlate with the approximate weighting of the Russell 3000 Index. For the year ended June 30, the System's equity allocation was 53.7 percent domestic and 18.3 percent international.

Real Estate

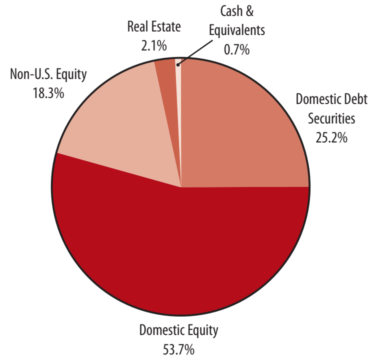
The System funded its first real estate investments in late June 2003. The portfolio is divided between core commingled real estate fund investments, which directly invest in properties, and in managed portfolios of real estate investment trusts (REITS). REITS are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. For its first year of experience in this asset class, the System saw strong returns of 20.3 percent on its total real estate portfolio. The benchmark used for the commingled fund investments is the NCREIF Index which returned 10.8 percent for the year, while the REIT portfolio is compared to the Wilshire REIT Index which returned 29.3 percent. Real estate investments comprised 2.1 percent of the total portfolio.

Bond Portfolio

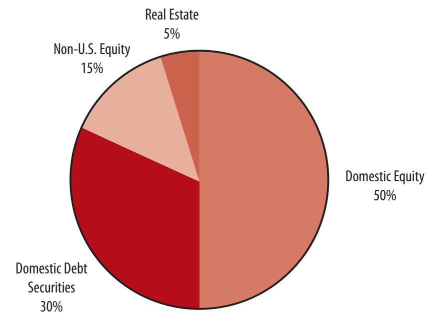
Without the ability to invest in high yield debt securities the bond portfolio struggled in 2004 relative to other public funds. Although the bond portion of the System's assets was the only bright spot in the total portfolio returns over the past three years, 2004 brought with it a change of fortune. As investor confidence in the equity markets returned, and fears rose regarding interest rates and inflation, the System's bond investments suffered. While debt investments totaled, on average, 33.0 percent of the total portfolio during fiscal year 2004, the System ended the year with a 25.2 percent exposure to bonds. This portfolio returned 0.2 percent for the year which lagged its benchmark, the Lehman Aggregate Index which returned 0.3 percent. The underperformance was the direct result of the System's statutory limitation of 5.0 percent exposure to BBB/BAA securities. These securities comprise approximately 15.0 percent of the Index, and provided the strongest performance in the investment grade bond opportunity set for the year. The longer term returns provide a more favorable comparison of the System's debt portfolio performance. For the five years ended June 30, 2004, the System's return was 7.2 percent, while the Lehman Aggregate returned 7.0 percent. The ten-year performance for the System's bonds was 7.5 percent versus 7.4 percent for the Index.

Defined Benefit Plans

Asset Allocation at Fair Value
June 30, 2004



Long-Term Target Asset Allocation



Asset Allocation

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

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

Investment Policies

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

- **Types of Investments**

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

- **Asset Allocation**

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

- **Performance**

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

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

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

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

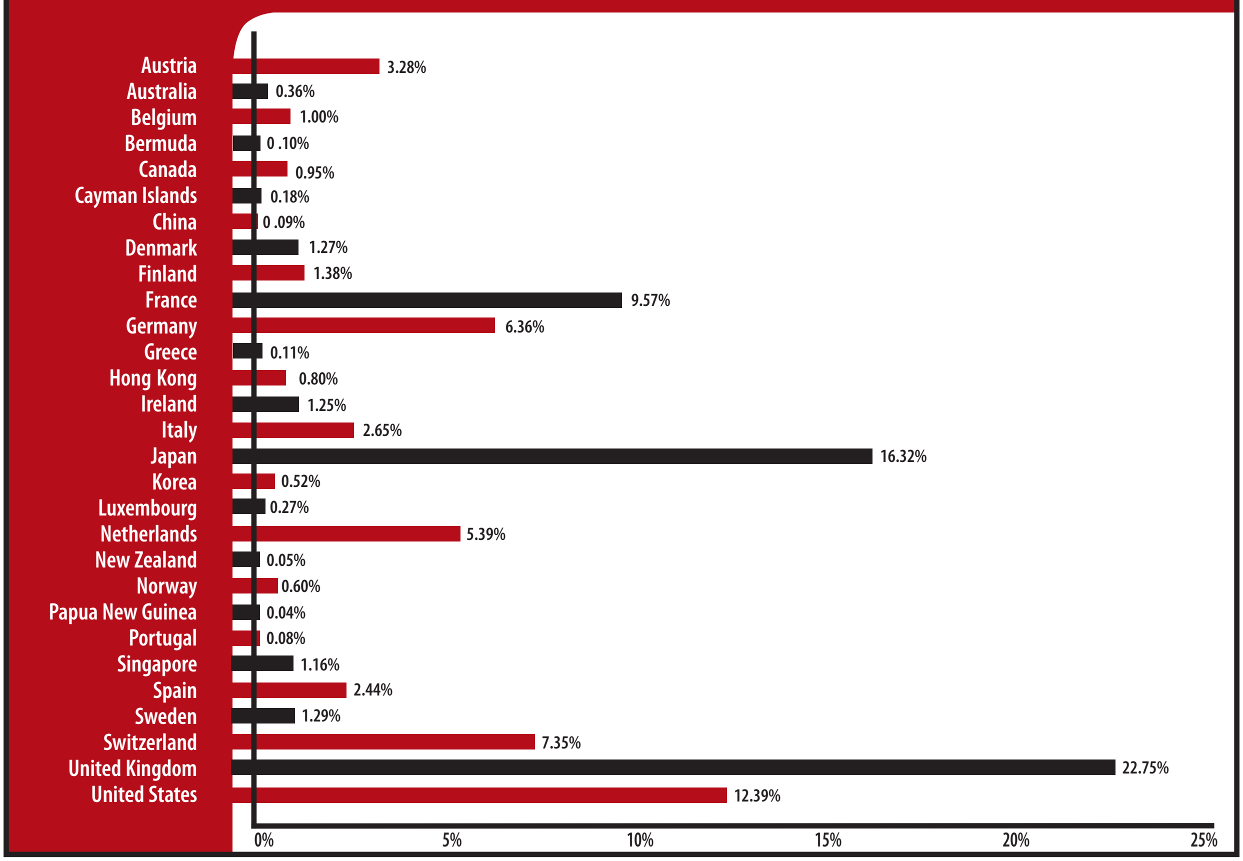
Summary

Overall fiscal year 2004 was a volatile ride as investors wavered between optimism and pessimism and the markets followed suit. Anxiety over world events, rising interest rates and energy prices, and the impact of the upcoming election continued to weigh on investor confidence. As a result, the financial markets worldwide waffled from one quarter to the next with no steady trend developing. These experiences might cause one to question, "What is being done to 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 few years have been challenging times for investors, the System has taken prudent steps to ensure that its portfolio is well positioned to meet its future financial obligations. In this fiscal year we have begun to see the fruits of those efforts.

While these continue to be challenging times for investors, the System continues to believe in the ability of the U.S. economy to positively impact world markets. The investment "bubble" years are now behind us, and economic signals appear to indicate that short of any unforeseen geopolitical shocks, the worst is behind us, and steadily growing investment returns lie ahead. As a "perpetual" investor, the System continues to utilize sound investment principles, while steadfastly working to overcome any and all investment challenges the future might present as we strive to provide secure benefits for our membership.

DEFINED BENEFIT PLANS – INTERNATIONAL EQUITY INVESTMENTS BY COUNTRY
FAIR VALUE AT JUNE 30, 2004

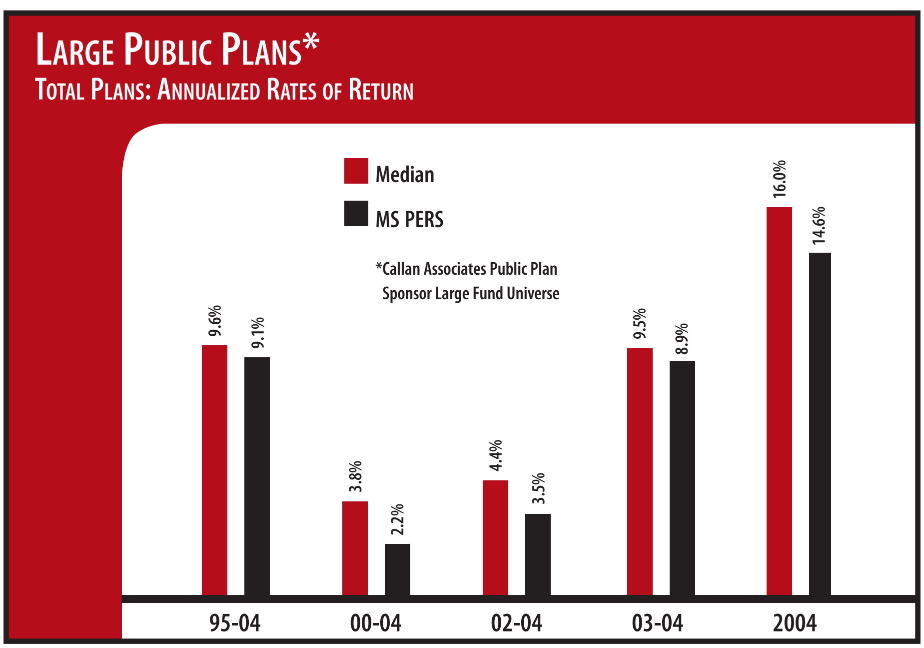


Defined Benefit Plans – Performance Summary for Fiscal Years Ended June 30, 2004

	Current Year	Annualized 3-year	Annualized 5-year
Total Plans:			
MS PERS Combined Return*	14.6%	3.5%	2.2%
Callan Associates Plan Sponsor – Large Funds	16.0	4.4	3.8
Domestic Debt Securities:			
Debt Securities Managers Composite*	0.2	6.7	7.2
Lehman Brothers Aggregate Bond Index	0.3	6.4	7.0
Domestic Equity:			
Domestic Equity Managers Composite*	21.6	1.0	(0.2)
Russell 3000 Index	20.5	0.2	(1.1)
International Equity:			
International Equity Managers Composite*	27.5**	2.4	(0.9)
MSCI EAFE Index	32.4	3.9	0.1
MSCI Emerging Markets Free	33.5	13.1	3.3
Real Estate:			
Commingled Funds and REITS Composite*	20.3	-	-
NCREIF Index	10.8	8.0	9.4
Dow Jones Wilshire REIT Index	29.3	14.8	14.5

* 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.



Defined Benefit Plans – Domestic Equity Portfolio Summary

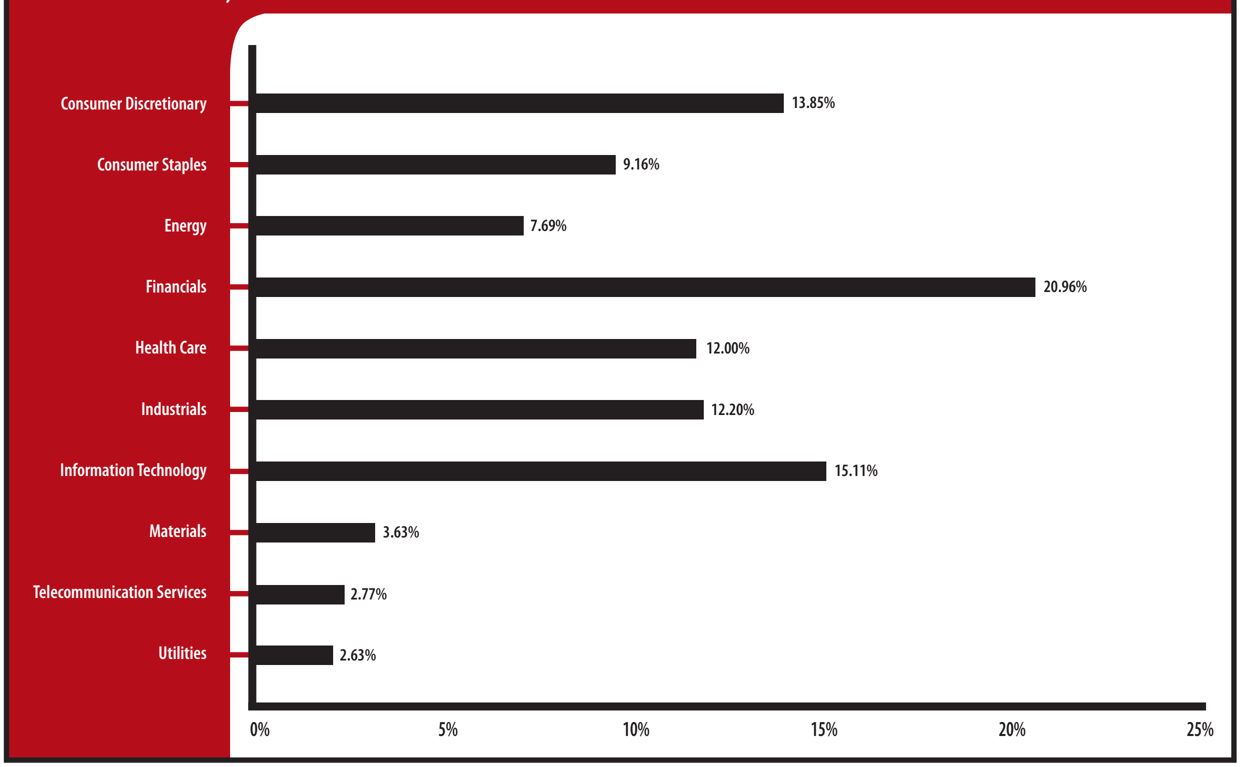
	Fair Value
Total Equity Securities	$8,605,356,809
Total Number of Shares of Equity Securities Held	275,004,989
Total Number of Issues of Equity Securities Held	1,564

Ten Largest Domestic Common Stock Holdings

	Shares	Fair Value
Exxon Mobil Corporation	6,002,931	$ 266,590,166
General Electric Company	8,191,055	265,390,182
Citigroup, Inc.	4,577,703	212,863,189
Pfizer, Inc.	5,304,863	181,850,703
Microsoft Corporation	5,899,062	168,477,211
Bank of America Corporation	1,581,608	133,835,669
Intel Corporation	4,631,218	127,821,617
Altria Group, Inc.	2,506,661	125,458,383
Wal-Mart Stores, Inc.	2,343,392	123,637,362
The Coca-Cola Company	2,434,198	122,878,315
	43,472,691	$1,728,802,797

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

Domestic Equity Investments by Industry Type
Fair Value at June 30, 2004



Defined Benefit Plans – International Equity Investment Portfolio Summary

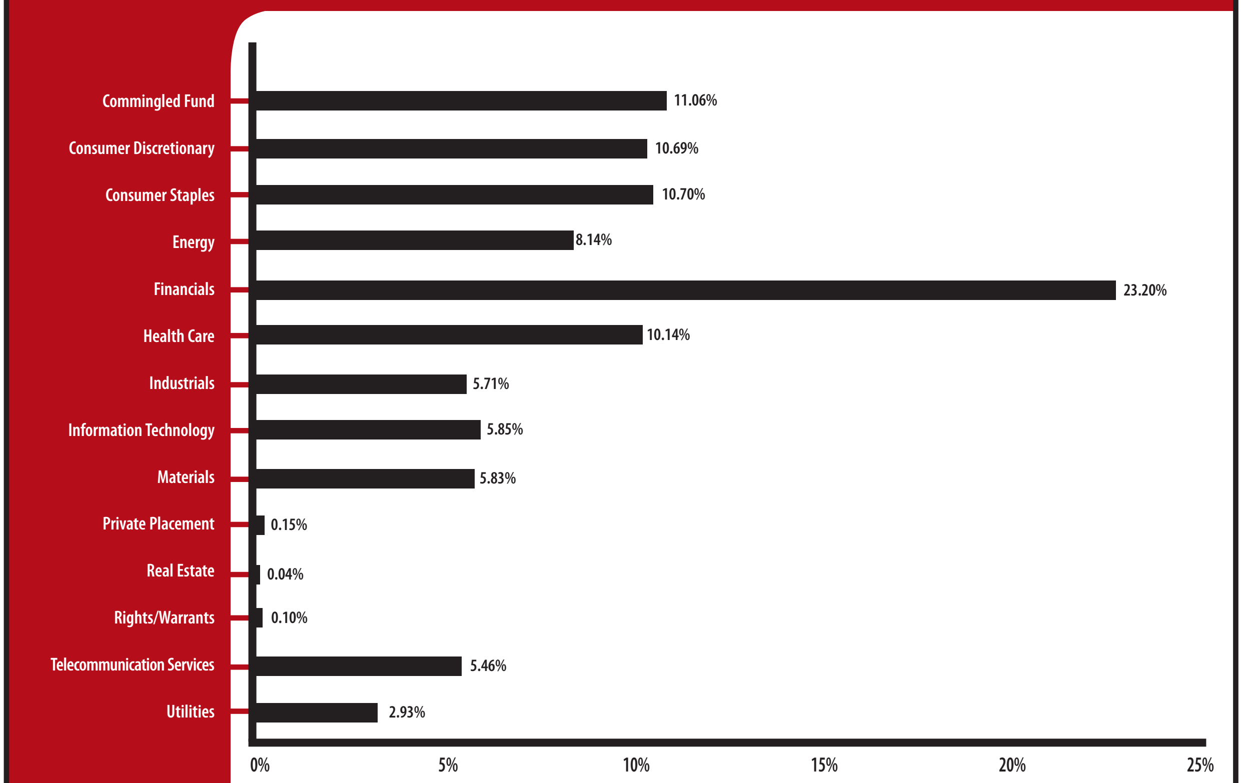
	Fair Value
Total Equity Securities	$2,890,065,401
Total Number of Shares of Equity Securities Held	244,629,886
Total Number of Issues of Equity Securities Held	1,143

Ten Largest International Stock Holdings

	Shares	Fair Value
Vodafone Group	32,740,380	$ 71,694,913
Total SA	328,922	62,708,674
BP Plc	6,458,708	57,041,652
Glaxosmithkline	2,652,101	53,674,961
Royal Bank Scotland Grp	1,772,643	51,049,238
Nestle SA	163,230	43,531,476
HSBC Holdings	2,760,696	41,053,475
Royal Dutch Petroleum	759,995	39,001,652
Novartis Ag	865,216	38,169,262
Diageo Plc	2,711,389	36,558,662
Totals	51,213,280	$494,483,965

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

International Equity Investments by Industry Type
Fair Value at June 30, 2004



Defined Benefit Plans – Bond Portfolio Summary*

	Fair Value
Total Bond Investments	$ 4,899,835,566
Total Par of Bond Investments Held	$ 4,782,103,358
Total Number of Bond Issues Held	2,673

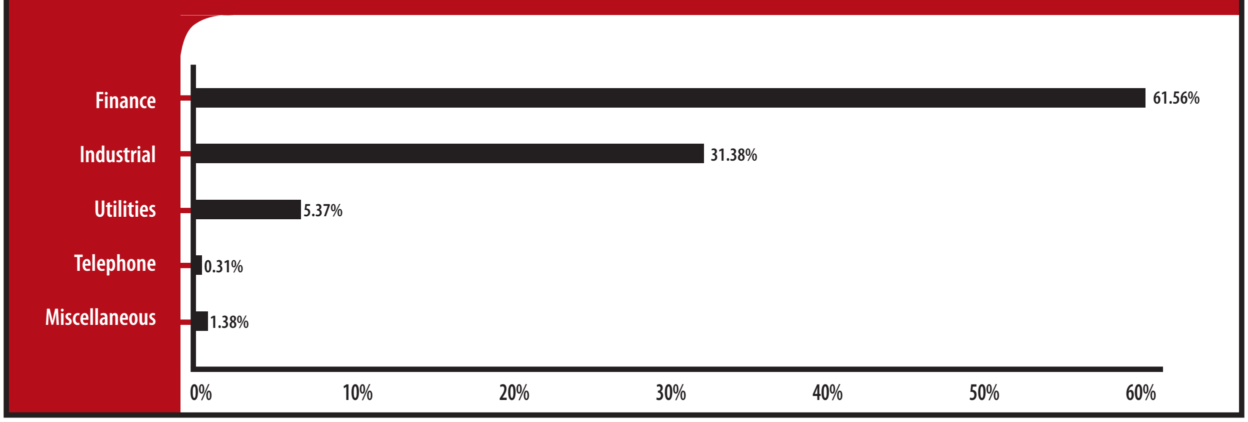
Ten Largest Long Term Corporate Bond Holdings*

	Par	Fair Value
Wells Fargo & Company	$ 55,000,000	$ 55,016,995
J.P. Morgan Chase & Company	50,000,000	50,089,700
Bank of America Corporation	33,000,000	32,997,456
Bank of America Corporation	30,000,000	30,004,320
General Electric Capital Corporation	30,000,000	30,072,273
Wells Fargo & Company	25,000,000	25,026,853
Ford Motor Credit Company	13,225,000	13,869,889
General Electric Capital Corporation	12,000,000	12,037,980
Verizon Global Funding Corporation	11,300,000	12,566,095
Pemex Finance LTD	9,680,000	10,740,250
	$ 269,205,000	$ 272,421,811

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

Corporate Bond Investments by Industry Type*

Fair Value at June 30, 2004



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

Defined Benefit Plans - Real Estate Investment Portfolio Summary

	Fair Value
Total Real Estate Investments	$340,608,299
Total Number of Shares* of Real Estate Investments Held	61,255,754
Total Number of Issues of REITs Held	55

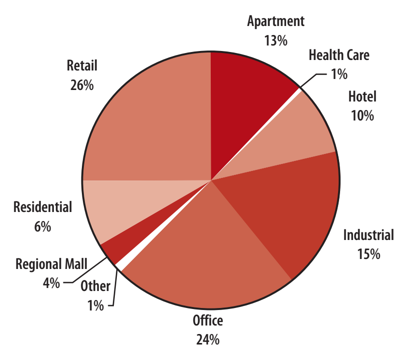
** Includes units of commingled funds and shares of REITS.*

Ten Largest REIT Holdings

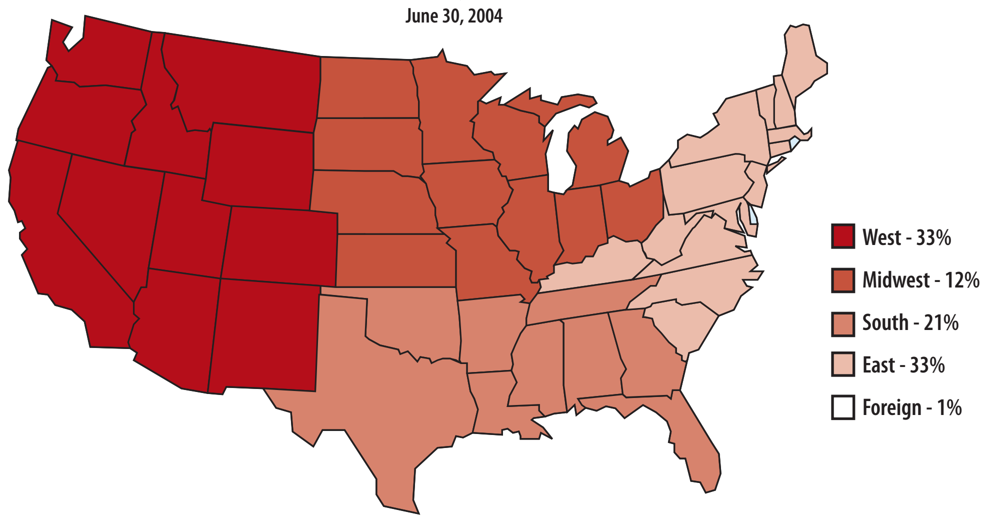
	Shares	Fair Value
Simon Property Group Incorporated	277,000	$ 14,243,340
ProLogis	394,500	12,986,940
General Growth Properties Incorporated	397,000	11,739,290
The Rouse Company	212,000	10,070,000
Regency Centers Corporation	183,700	7,880,730
Host Marriott Corporation	620,400	7,668,144
Equity Residential	248,300	7,381,959
Kimco Realty Corporation	140,200	6,379,100
iStar Financial Incorporated	151,000	6,040,000
Boston Properties Incorporated	119,848	6,001,988
Totals	2,743,948	$ 90,391,491

A complete list of portfolio holdings is available upon request.

Portfolio Distribution by Property Type
June 30, 2004



Portfolio Distribution by Geographic Location
June 30, 2004



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

(In Thousands)

Fiscal Year	Bond Interest Income	Dividend Income	Short Term Income	Realized Gain/(Loss) On Investments	Appreciation (Depreciation) in Fair Value of Investments	Net Income From Securities Lending	Total Income/ (Loss)	Manager Fees And Custodian Fees	Net Income/ (Loss) From Investments
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
2004	256,939	185,756	15,792	717,570	909,442	4,341	2,089,840	(26,382)	2,063,458

Ten-Year Total Pension Investment Rates of Return

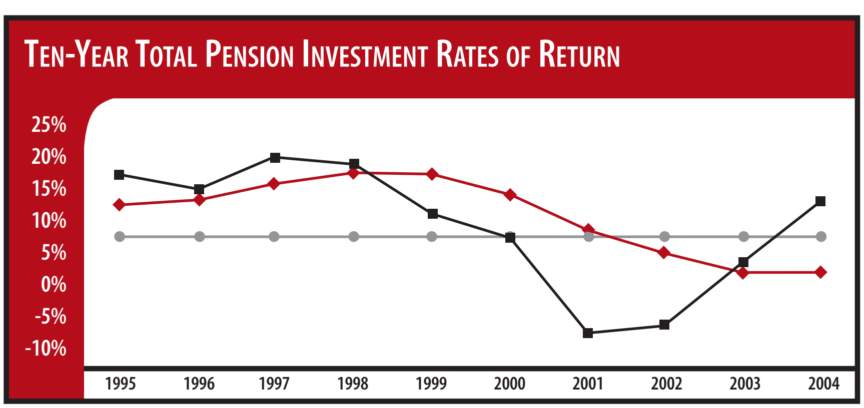
(Dollars In Millions)

	Total Investment Portfolio Fair Value	◆ Smoothed Rate of Return	■ Fair Value Rate of Return	● Actuarial Assumed Rate of Return
1995	$ 8,202	12.5%	17.1%	8.0%
1996	9,554	13.6	15.1	8.0
1997	11,447	15.9	19.9	8.0
1998	13,867	17.7	19.1	8.0
1999	15,496	17.3	11.3	8.0
2000	16,626	14.2	8.4	8.0
2001	15,510	9.4	(7.1)	8.0
2002	14,159	5.0	(6.6)	8.0
2003	14,604	2.4	3.5	8.0
2004	16,085	2.5	14.6	8.0

◆ Smoothed Rate of Return consists of investment income in surplus or deficit of the assumed 8% on fair value smoothed over a five-year period with 20% of a year's surplus or deficit being recognized each year beginning with the current year. PERS, MHSPRS and SLRP smoothed rates have been averaged. MRS is excluded as an agent multi-employer closed plan.

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

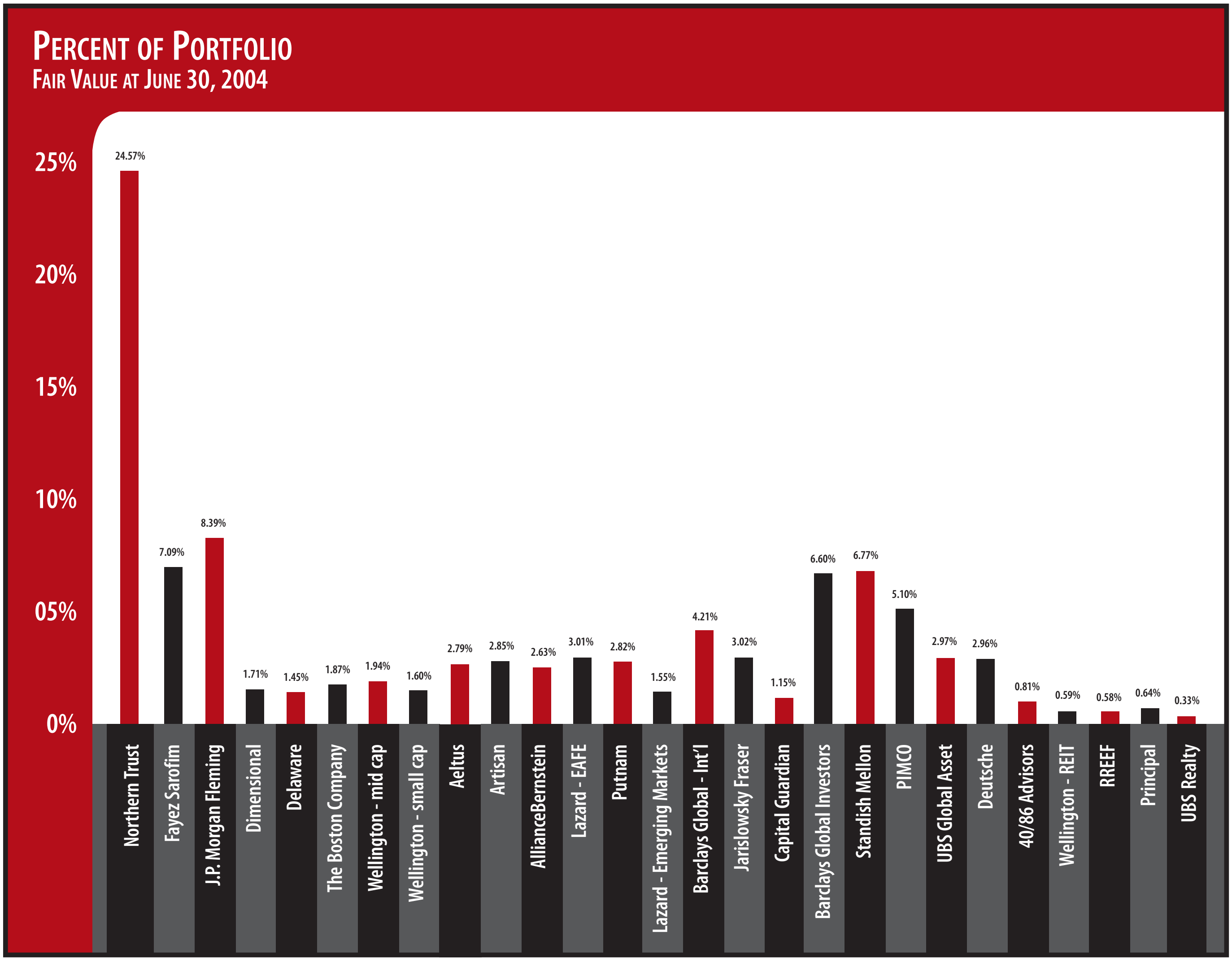
● Actuarial Assumed Rate is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.



Defined Benefit Plans – Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
Equities			
Northern Trust Global Investment	Passive (Index)	July 1985	24.57%
J.P. Morgan Fleming Asset Management	Enhanced Index-Large Cap Value	January 1998	8.39
Fayez Sarofim & Company, Inc.	Active - Large Cap Growth	August 1980	7.09
Barclays Global Investors, N.A.	International-EAFE Index	March 2004	4.21
Jarislowsky Fraser Limited	International-EAFE	June 2004	3.02
Lazard Asset Management, LLC	International-EAFE	October 1991	3.01
Artisan Partners Limited Partnership	Active - Mid Cap Growth	September 2002	2.85
Putnam Investments	International-EAFE & Emerging Mkts.	October 2001	2.82
Aeltus Investment Management, Inc.	Enhanced-Large Cap Core	October 2001	2.79
AllianceBernstein	International-Europe	December 2003	2.63
Wellington Management Company, LLP	Active-Mid Cap Value	October 2001	1.94
The Boston Company Asset Management, LLC	Active-Mid Cap Value	October 2001	1.87
Dimensional Fund Advisors, Inc.	Active-Small Cap Value	July 2002	1.71
Wellington Management Company, LLP	Active-Small Cap Core	July 2002	1.60
Lazard Asset Management, LLC	International-Emerging Mkts.	April 1998	1.55
Delaware Investments	Active-Small Cap Growth	July 2002	1.45
Capital Guardian	International-Pacific Basin	June 2004	1.15
Sub Total			72.65%
Bonds			
Standish Mellon	Passive (Index)	November 1989	6.77%
Barclays Global Investors, N.A.	Passive (Index)	September 1986	6.60
Pacific Investment Management Company	Active-Core	August 1983	5.10
UBS Global Asset Management	Active-Core	August 1991	2.97
Deutsche Asset Management, Inc.	Active-Core	August 1991	2.96
40/86 Advisors	Active-Core	October 2000	0.81
Sub Total			25.21%
Real Estate			
Principal Global Investors	Commingled Fund-Core	June 2003	0.64%
Wellington Management Company, LLP	REITs	June 2003	0.59
RREEF	REITs	June 2003	0.58
UBS Realty Investors, LLC	Commingled Fund-Core	June 2003	0.33
Sub Total			2.14%
			100.00%

Includes cash and cash equivalents.


PERCENT OF PORTFOLIO
FAIR VALUE AT JUNE 30, 2004
25%
20%
15%
10%
05%
0%
Northern Trust 24.57%
Fayez Sarofim 7.09%
J.P. Morgan Fleming 8.39%
Dimensional 1.71%
Delaware 1.45%
The Boston Company 1.87%
Wellington - mid cap 1.94%
Wellington - small cap 1.60%
Aeltus 2.79%
Artisan 2.85%
AllianceBernstein 2.63%
Lazard - EAFE 3.01%
Putnam 2.82%
Lazard - Emerging Markets 1.55%
Barclays Global - Int'l 4.21%
Jarislowsky Fraser 3.02%
Capital Guardian 1.15%
Barclays Global Investors 6.60%
Standish Mellon 6.77%
PIMCO 5.10%
UBS Global Asset 2.97%
Deutsche 2.96%
40/86 Advisors 0.81%
Wellington - REIT 0.59%
RREEF 0.58%
Principal 0.64%
UBS Realty 0.33%

Defined Benefit Plans – Investment Fees and Commissions
For the Year Ended June 30, 2004

Investment managers' fees:	Assets Under Management	Fees
Domestic equity managers	$ 8,655,614,668	$ 15,331,687
International equity managers	2,931,340,110	5,697,803
Debt security managers	4,022,979,687	4,023,015
Real estate managers	342,200,139	898,019
Total investment managers	$ 15,952,134,604	$ 25,950,524

Other investment service fees:	
Securities lending agent/cash management fees	$ 2,082,657
Custodian fees	302,437
Investment consultant fees	260,000
Global out-of-pocket expenses	128,679
Total investment service fees	$ 2,773,773

Brokerage Commissions Paid*

Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
Merrill Lynch Pierce Fenner	52,903,898	$ 1,388,127	$ 0.026
Citigroup Global Markets, Inc.	71,658,434	1,339,792	0.019
Goldman Sachs & Company	66,000,684	1,304,866	0.020
Lehman Brothers	46,097,234	980,917	0.021
UBS AG	46,960,319	866,734	0.018
CS First Boston	43,595,721	770,115	0.018
Morgan Stanley and Company	34,358,432	709,824	0.021
Bear Stearns	19,194,848	519,210	0.027
Lynch Jones and Ryan, Inc	10,407,462	494,541	0.048
Deutsche Bank	17,462,460	476,802	0.027
J.P. Morgan Securities	13,084,021	332,497	0.025
Donaldson and Company, Inc.	6,351,800	281,513	0.044
ABN Amro	15,753,761	205,923	0.013
Banc America Security	4,720,973	204,752	0.043
Investment Technology Group	10,326,596	188,108	0.018
Pershing Securities Limited	25,408,903	176,317	0.007
Jefferies Company, Inc.	4,599,281	160,479	0.035
Instinet	6,105,402	157,448	0.026
Sanford C. Bernstein Co., LLC	4,810,817	145,955	0.030
Capital Institutional Services	3,209,827	143,623	0.045
Credit Lyonnais Securities	17,633,651	139,553	0.008
Bridge Trading	3,430,000	118,169	0.034
Robert W. Baird & Company	2,478,600	108,916	0.044
B-Trade Services, LLC	4,807,440	102,177	0.021
SG Cowen	1,817,240	84,164	0.046
Morgan Keegan, Inc.	2,243,077	99,754	0.044
Wachovia Securities, Inc.	2,208,988	98,320	0.045
Cazenove Inc.	8,358,798	94,158	0.011
Prudential Securities, Inc.	1,907,500	90,027	0.047
Kleinwort Benson Securities, Limited	3,968,539	79,872	0.020
Thomas Weisel Partners	1,655,875	78,441	0.047
HSBC Securities, Inc.	4,419,427	73,561	0.017
CIBC World Markets Corporation	1,725,750	71,802	0.042
Liquidnet, Inc.	2,147,600	70,360	0.033
Others (less than $70,000)	93,400,625	2,385,584	0.026
Commission recapture income	-	(1,983,000)	-
Total	655,213,983	$ 12,559,401	$ 0.019

** Approximate figures provided by State Street.*

Defined Benefit Plans – Investment Summary
For The Year Ended June 30, 2004

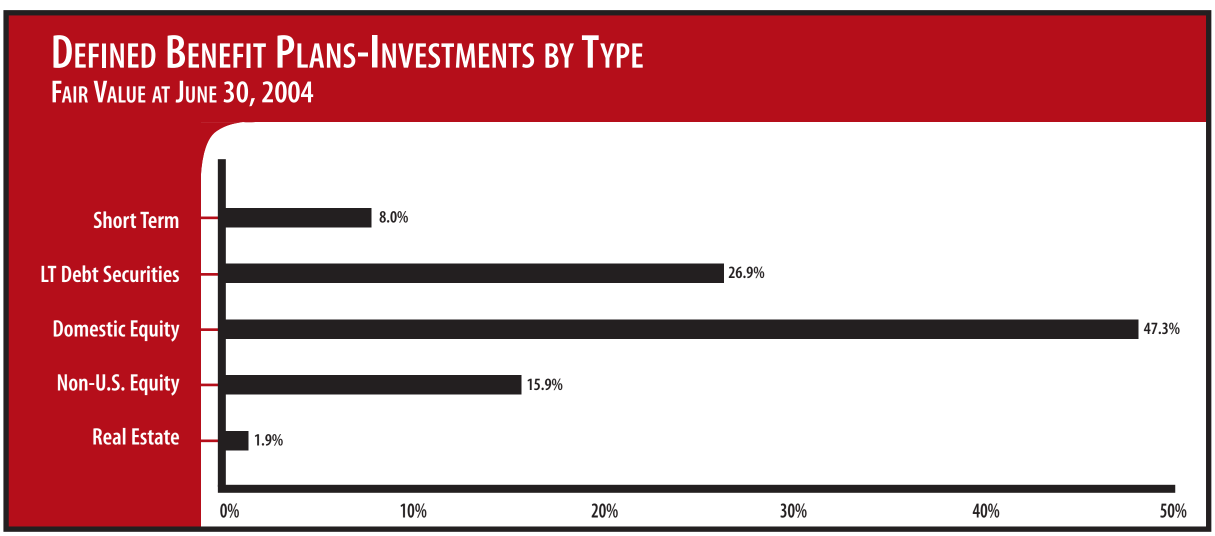
(In Thousands)

	July 1, 2003 Beginning Fair Value*	Purchases	Sales and Maturities	Increase (Decrease) In Fair Value	June 30, 2004 Ending Fair Value**	% of Total Fair Value	Annual Rate of Return***
Short-Term Securities	$ 1,486,886	$ 45,513,599	$ 45,543,424	$ (666)	$ 1,456,395	8.0%	1.8%
LT Debt Securities	6,453,121	8,459,559	9,724,187	(288,657)	4,899,836	26.9%	0.2%
Domestic Equities	6,483,286	3,361,934	2,133,376	893,513	8,605,357	47.3%	21.6%
International Equities	2,098,726	5,188,465	4,671,660	274,534	2,890,065	15.9%	27.5%
Real Estate	166,446	212,052	67,878	29,988	340,608	1.9%	20.3%
Total	$ 16,688,465	$ 62,735,609	$ 62,140,525	$ 908,712	$ 18,192,261	100.0%	14.6%

* *Includes investment securities on loan to broker-dealers with a fair value of $1,994,790. It also includes the securities purchased with the cash collateral received in the lending program with 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.*

** *Includes investment securities on loan to broker-dealers with a fair value of $2,061,585. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $2,106,956. 11.3% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $16.1 billion, the fair value total must be adjusted by ($2.1 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

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



Defined Contribution Plan – Investment Summary
For the Year Ended June 30, 2004

Fund Name of Assets	Fair Value of Assets	Annual Rate of Return
Fayez Sarofim Common Stock Fund	$115,508,289	12.92%
Barclay's Money Market Fund	9,135,968	1.13%
Barclay's Equity Index Fund	39,819,329	19.07%
Barclay's Intermediate Government/Corporate Bond Fund	17,843,354	(0.06%)
Fidelity Asset Manager Fund	31,305,498	8.30%
Fidelity Small Cap Fund	4,579,206	38.29%
Fidelity International Fund	4,095,388	32.29%
ING Fixed Account	279,060,248	4.78%
ING VP Growth & Income Portfolio	77,054,460	17.95%
ING Guaranteed Accumulation Account and Long-term Option Account *	266	N/A
Nationwide Fixed Account	39,969,021	5.21%
Conseco Life Insurance Company	524,895	N/A
T. Rowe Price International Stock Fund	21,423,834	23.94%
Boston Company Premier Value Fund	92,531,958	42.92%
GE Institutional Value Equity Fund	7,371,975	16.25%
GE US Equity Fund	468,417	14.52%
American New Perspective Fund	1,674,131	28.10%
PIMCO Total Return II Fund	670,829	0.79%
Total	$743,037,066	

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

October 29, 2004

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 the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

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

In order to measure progress toward this fundamental objective, PERS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2004. This valuation indicates that the current contribution rates of 9.75% of payroll for employers and 7.25% of payroll for active members, along with an increase of 1% of payroll for employers beginning in the 2005-06 fiscal year, for benefits then in effect, meet the basic financial objective. There are 156,353 active members as of June 30, 2004.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among 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. The only change to the benefit structure since the last valuation is:

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

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 employee contributions shown in the Schedules of Employer Contributions in the Financial Section.

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

Respectfully submitted,

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

Philip Bonanno, E.A.
Director, Consulting Actuary

Mellon

Human Resources & Investor Solutions

October 29, 2004

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

Dear Board Members:

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

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

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

In order to measure progress toward this fundamental objective, HSPRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2004. This valuation indicates that the current contribution rates of 28.16% of payroll for employers and 6.50% of payroll for active members, along with anticipated contributions as provided by Senate Bill No. 2659 (effective July 1, 2004), for benefits then in effect, meet the basic financial objective. There are 559 active members as of June 30, 2004.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among 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. The only change since the last valuation is:

- Effective July 1, 2004, additional contributions will be made to the System as provided by Senate Bill No. 2659. PERS staff expects this bill to provide approximately $2,700,000 annually in additional contributions.

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.
Director, Consulting Actuary

Mellon

Human Resources & Investor Solutions

October 29, 2004

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

Dear Board Members:

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

(1) will be in amounts sufficient, but not more than amounts necessary, to make the Funds actuarially sound by July 1, 2000 and to remain actuarially sound for all future years (the tax may be increased but not by more than one-half mill per year), and which

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

In order to measure progress toward this fundamental objective, MRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the amortization of unfunded total actuarial liabilities over a closed period. The latest completed actuarial valuation was based upon data and assumptions as of September 30, 2003. These valuations indicate that the current contribution rates, for benefits then in effect, meet the basic financial objective. The contribution rates vary by participating City for employers and are 7%-10% of payroll for active members. There were 110 active members as of September 30, 2003.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among MRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of MRS during the years 1998 to 2002. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25. The funding method is not one of the acceptable methods under Statement No. 25, but, in our opinion, is appropriate for MRS since all the Funds have been closed to new members.

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

- The minimum monthly benefit for retirees of Vicksburg was increased to $ 1,000. In addition, benefits to a surviving spouse will continue after remarriage and any beneficiaries whose benefits were terminated due to remarriage were reinstated. Also, annual cost-of-living adjustments (COLAs) will no longer be linked to the annual change in CPI; the annual increase will be guaranteed 2-1/2%.
- Retirees of Gulfport were granted a monthly ad hoc benefit increase in the amount of $2 per month for each year of service plus $2 per month for each full fiscal year retired. In addition, the retirees were granted a COLA, indexed to CPI, up to a maximum of 3% per year, not to exceed a total of 27%. This COLA is in addition to any COLA's previously granted.
- Members of Laurel were granted a COLA of 2%, compounded annually, for a maximum of three years. COLA payments will begin at the later age of 60 or one full fiscal year after retirement.
- For current eligible active members of Meridian, service credit can be granted for years served in the military, up to a maximum of 4 years.
- The annual COLA for retirees of Hattiesburg is no longer linked to the annual change in the CPI; the annual increase will be a guaranteed 2-1/2%.

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

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

Respectfully submitted,

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

Philip Bonanno, E.A.
Director, Consulting Actuary

Mellon Human Resources & Investor Solutions

October 29, 2004

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

Dear Board Members:

Dear Board Members:

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

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

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

In order to measure progress toward this fundamental objective, SLRP has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2004. 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, 2004.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among 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. The only change made since the previous valuation is:

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

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 Mississippi Supplemental Legislative Retirement Plan continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

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

Philip Bonanno, E.A.
Director, Consulting Actuary

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.

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					
	Withdrawal		Disability			Service
Age	and Vesting	Death	Non-Duty	Duty	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.

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

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

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

Service Retirement

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

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

Price Inflation: 3.75% per annum, compounded annually.

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

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

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

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

Expense Load: 2.0% of employer contributions.

Asset Valuation Method: Market Value – 5 year smoothing.

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, 2004, 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.

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

Accidental Disability Retirement

Condition for Retirement

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

Amount of Allowance

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

Accidental Death Benefit

Condition for Benefit

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

Amount of Allowance

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

Return of Contributions

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

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

Normal Form of Benefit

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

Optional Benefit

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

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

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

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

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

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

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

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

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

Post Retirement Adjustments in Allowances

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

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

Contributions

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

Summary of Benefit and Contribution Provisions – MHSPRS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2004, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four consecutive years of service producing the highest such average. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending on June 30.

Employer and Employee Rates of Contribution and Maximum Covered Earnings

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

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

Effective July 1, 2004, additional contributions will be made to the System as a result of the enactment of Senate Bill No. 2659. PERS staff has estimated the additional contributions to be $2,700,00 annually.

Benefits

Superannuation Retirement

<u>Condition for Retirement</u>

(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.

<u>Amount of Allowance</u>

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, 2003, 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:	$1,000

Post Retirement Adjustments in Allowances

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

Those adjustments are limited as follows:

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

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

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

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

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

Gulfport: maximum of 3 percent per year (not to exceed 27 percent) for each fiscal year of retirement after June 30, 2002 for all retirees and beneficiaries. This is in addition to the previously granted COLA of 2 percent per year (not to exceed 6 percent) for those retiring before July 1, 2001.

Hattiesburg: 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.

Laurel: 2 percent per year, compounded annually (maximum of 3 years) for each fiscal year of retirement after June 30, 2002 for all retirees and beneficiaries. COLA increases begin at the later of age 60 or after one full fiscal year of retirement.

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

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

Vicksburg: 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, Laurel, Pascagoula, Vicksburg and Yazoo City.

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

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

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

Contributions

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

Fiscal Year 10-1/9-30	Valuation Date 9-30	Annual Required Contribution (a)	Actual Contribution (b)	Difference (a-b)	Percentage Contributed
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
2002-03	2002	11,989	13,979	(1,990)	116.6

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, 2004, 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

<u>Condition for Retirement</u>

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

<u>Amount of Allowance</u>

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

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

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

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

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

Disability Retirement

Condition for Retirement

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

Amount of Allowance

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

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

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

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

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

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

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

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

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

Accidental Disability Retirement

Condition for Retirement

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

Amount of Allowance

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

Accidental Death Benefit

Condition for Benefit

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

Amount of Allowance

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

Return of Contributions

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

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

Normal Form of Benefit

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

Optional Benefit

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

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

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

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

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

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

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

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

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

Post Retirement Adjustments in Allowances

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

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

Contributions

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

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

The Mississippi Legislature ended the 2004 session with legislation which affects the Public Employees' Retirement System, Mississippi Highway Safety Patrol Retirement System, Municipal Retirement Systems and Supplemental Legislative Retirement System is contained in House Bill Numbers 1376 and 1845 and Senate Bill Numbers 2297, 2659, 2673 and 2708. All legislation is effective July 1, 2004, unless otherwise noted.

Public Employees' Retirement System

House Bill Number 1376

Section 25-11-117 – Provides authority for a temporary benefit to members who have applied for disability benefits. The temporary benefit would be paid from the member's accumulated contributions, if the member has exhausted all major medical and personal leave and has terminated employment.

Senate Bill Number 2297

Section 37-7-307 – Clarifies leave provisions related to the way these provisions impact the retirement allowance for licensed school employees. This portion of the bill was effective upon passage on May 1, 2004.

Senate Bill Number 2659

Section 25-11-103(f) – Amends this section to clarify that health or life insurance premiums paid by the employer on behalf of employees participating in PERS are not included in the term "average compensation", nor in determining the amount that a retiree may earn in limited reemployment. This bill also clarifies that the lump sum leave payment included in the computation of average compensation cannot exceed a total of 30 days regardless of whether it is for payment of personal leave, major medical leave or both, depending on what is consistent with other laws. This portion of the bill was effective upon passage on May 14, 2004.

Section 25-11-103(g) – Clarified the definition of "beneficiary" so that it includes estates, trusts and other entities. This portion of the bill was effective upon passage on May 14, 2004.

Section 25-11-103(k) – Clarifies that health or life insurance premiums paid by an employer on behalf of employees participating in PERS are not included in the term "earned compensation", nor in determining the amount that a retiree may earn in limited reemployment. This portion of the bill was effective upon passage on May 14, 2004.

Section 25-11-105 – Clarifies PERS' authority to collect monies owed by employers when contributions or other payments are not remitted timely. This portion of the bill was effective upon passage on May 14, 2004.

Section 25-11-114 – Amends this section to remove the remarriage penalty from the automatic spouse benefit where the spouse receives 20% of the deceased member's average compensation. This bill also removes the penalty from killed-on-the-job spouse benefits when the spouse receives 50% of the deceased member's average compensation.

Section 25-11-137 – Conforms the time requirement for transfers of law enforcement and fire fighter service to the provisions contained in the refund section of retirement law.

Mississippi Highway Safety Patrol Retirement System

Senate Bill Number 2659

Section 25-13-12 – Amends this section to conform the MHSPRS COLA to the provisions applicable to PERS, except with respect to the age of compounding. This portion of the bill was effective upon passage on May 14, 2004.

Section 25-13-13 – Amends this section to eliminate the remarriage penalty which terminates a spouse's benefit upon remarriage.

Municipal Retirement Systems

Senate Bill Number 2659

Sections 21-29-45, 21-29-145, 21-29-147 and 21-29-255 – Amends various statutes of the Municipal Retirement Systems to eliminate the remarriage penalty which terminates a spouse's benefit upon remarriage, subject to approval by respective governing authorities and Municipal Retirement System Advisory Boards.

House Bill Number 1845

Disability and Relief Fund

This bill authorizes the City of Hattiesburg to increase the minimum monthly benefits to $750.00 provided the City adopts a resolution and the fund will remain actuarially sound. This bill was effective upon passage on May 12, 2004.

All Systems

Senate Bill Number 2673

Amends Section 25-11-129 for PERS, Section 25-13-31 for MHSPRS, Section 21-29-307 for MRS and 25-11-319 for SLRP to authorize PERS to deduct certain employer or PERS sponsored group life and health insurance premiums from retirement allowances.

Senate Bill Number 2708

PERS Investment Provisions

Section 25-11-121-(1)(c) – Amends this section to state that funds must be deposited in an institution insured by the Federal Deposit Insurance Corporation that maintains a facility that takes deposits in the State of Mississippi.

Section 25-11-121-(1)(d) – Removes the limitation of ownership on Baa/BBB rated bonds.

Section 25-11-121-(1)(m) – Amends this section to increase authority to invest in commingled real estate funds from 5 percent to 10 percent of the book value of PERS assets.

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							
6/30/95	$ 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
6/30/04	3,571,428	10,657,920	8,617,912	17,103,285	100	100	33.3
Mississippi Highway Safety Patrol Retirement System							
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
6/30/04	18,352	201,573	96,645	256,481	100	100	37.8
Municipal Retirement Systems*							
9/30/94	$ 18,045	$ 236,831	$ 91,877	$ 107,573	100%	37.8%	0.0%
9/30/95	15,496	261,830	77,869	117,406	100	38.9	0.0
9/30/96	14,147	277,193	67,363	130,425	100	41.9	0.0
9/30/97	13,402	286,110	58,916	197,815	100	64.5	0.0
9/30/98	12,453	296,554	54,605	213,591	100	67.8	0.0
9/30/99	11,091	308,890	49,137	235,221	100	72.6	0.0
9/30/00	10,209	319,149	45,701	253,713	100	76.3	0.0
9/30/01	9,271	329,000	43,511	262,260	100	76.9	0.0
9/30/02	7,806	349,140	36,064	259,587	100	72.1	0.0
9/30/03	6,266	365,063	28,293	250,640	100	66.9	0.0
Supplemental Legislative Retirement Plan							
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
6/30/04	2,030	6,395	4,509	10,323	100	100	42.1

**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.

		Active Members			
Valuation Date	Number of Employers	Number of Employees	Annual Payroll	Annual Average Pay	% Increase In Average Pay
Public Employees' Retirement System					
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
6/30/04	880	156,353	4,617,272,973	29,531	3.2
Mississippi Highway Safety Patrol Retirement System					
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
6/30/04	1	559	22,683,404	40,579	4.7
Municipal Retirement Systems					
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
9/30/03	17	110	4,584,061	41,673	1.0
Supplemental Legislative Retirement Plan					
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	175	5,276,546	30,500	23.5
6/30/98	5	175	5,853,467	33,448	9.7
6/30/99	5	175	5,893,506	33,677	0.7
6/30/00	5	175	5,855,775	33,462	(0.6)
6/30/01	5	175	5,941,332	33,950	1.5
6/30/02	5	175	5,988,135	34,218	0.8
6/30/03	5	175	6,288,514	35,934	5.0
6/30/04	5	175	5,794,099	33,109	(7.9)

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, 1999	PERS	3,811	46,638,654	(2,131)	(13,858,654)
	MHSPRS	34	665,401	(20)	(260,031)
	MRS*	76	-	(74)	-
	SLRP	2	10,320	0	0
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	0	0
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	917,422	(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)
June 30, 2004	PERS	5,174	82,912,445	(2,214)	(19,375,950)
	MHSPRS	27	768,760	(21)	(249,668)
	MRS *	71	1,415,488	(71)	(643,802)
	SLRP	26	172,668	(5)	(22,850)

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

** *Information not available.*

	Rolls at End of Year			
Increase Due to Plan Amendments**	Number	Annual Allowances**	Percentage Increase in Annual Allowances**	Average Annual Allowances**
9,693,688	48,766	460,474,753	10.16%	9,443
471,027	540	9,764,401	9.86%	18,082
-	2,258	-	-	-
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
-	62,407	778,636,196	8.88%	12,477
-	605	12,111,862	4.48%	20,020
274,798	2,246	31,420,522	3.45%	13,990
-	106	480,314	45.33%	4,531

Analysis of Financial Experience*
Gains & Losses in Accrued Liabilities for the Year Ended June 30, 2004
Resulting from Differences Between Assumed Experience & Actual Experience

(In Thousands)

	$ Gain or (Loss) For Year			
Type of Activity:	PERS	MHSPRS	MRS*	SLRP
Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	$ 143,000	$ (50.1)	$ 784.9	$ (138.8)
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	(4,600)	67.7	3.2	9.7
Death-in Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	(6,500)	(78.0)	(24.5)	15.1
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	64,600	984.3	93.2	41.0
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	(78,200)	(2,920.3)	188.0	263.7
New Members. Additional unfunded accrued liability will produce a loss.	(221,500)	(308.3)	-	(125.2)
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	(931,100)	(14,918.0)	(10,879.3)	(520.0)
Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	(24,600)	289.2	(73.5)	(37.2)
Other. Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	(101,000)	(58.3)	(1,811.2)	(76.8)
Gain (or Loss) During Year From Financial Experience.	(1,159,900)	(16,991.8)	(11,719.2)	(568.5)
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	-	-	(6,600.2)	-
Composite Gain (or Loss) During Year	$ (1,159,900)	$ (16,991.8)	$ (18,319.4)	$ (568.5)

**Valuation information furnished for MRS is as of September 30, 2003.*

Mellon

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							
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
2004	358,241	7.25	459,567	9.75	2,003,253	596	2,821,657
Mississippi Highway Safety Patrol Retirement System							
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
2004	1,508	6.5	6,528	28.16	30,464	-	38,500
Municipal Retirement Systems							
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
2004	437	**	14,013	**	28,495	-	42,945
Supplemental Legislative Retirement Plan							
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
2004	176	3.0	372	6.33	1,246	-	1,794

**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					
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
2004	1,033,205	67,245	9,730	-	1,110,180
Mississippi Highway Safety Patrol Retirement System					
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
2004	16,605	76	-	131	16,812
Municipal Retirement Systems					
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
2004	33,342	-	-	389	33,731
Supplemental Legislative Retirement Plan					
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
2004	696	8	-	7	711

Public Employees' Retirement System of Mississippi

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
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
2004	50,196	4,232	7,979	62,407

Schedule of Benefits by Type
(In Thousands)

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
2004	944,037	63,701	25,467	1,033,205

Mississippi Highway Safety Patrol Retirement System

Retired Members by Type of Benefits

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
2004	414	21	170	605

Schedule of Benefits by Type
(In Thousands)

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
2004	14,770	401	1,434	16,605

Retirant, Disability and Beneficiary Data (continued) – Last Ten Fiscal Years

Municipal Retirement Systems*

Retired Members by Type of Benefits

Year	Service	Disability	Survivor	Total
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
2003	1,569	128	549	2,246

Schedule of Benefits by Type**
(In Thousands)

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
2003	25,293	1,067	5,061	31,421

Supplemental Legislative Retirement Plan

Retired Members by Type of Benefits

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
2004	87	2	17	106

Schedule of Benefits by Type
(In Thousands)

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
2004	640	8	48	696

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

Retirement Effective Dates:	Years Credited Service								
July 1, 1998 to June 30, 2004	0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Public Employees' Retirement System of Mississippi									
July 1, 2003 to June 30, 2004									
Average Monthly Benefit………………	$ 380.68	354.90	584.96	821.55	1,068.15	1,605.52	1,709.53	1,871.84	2,437.30
Average Final Salary……………..….	$ 21,732.00	23,875.00	26,052.00	29,035.00	30,841.00	38,021.00	40,186.00	41,374.00	47,014.00
Number of Active Retirants……..	202	651	738	535	368	496	862	274	1048
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

Schedule of Average Benefit Payments (continued)

Retirement Effective Dates: July 1, 1998 to June 30, 2004		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, 2003 to June 30, 2004										
Average Monthly Benefit	$	741.50	-	2,739.00	617.17	1,299.97	2,015.18	2,092.61	4,405.08	3,775.60
Average Final Salary	$	21,819.03	-	65,736.29	17,233.42	30,458.56	44,300.15	46,563.44	83,468.52	58,207.95
Number of Active Retirants		1	-	1	1	5	5	6	1	7
July 1, 2002 to June 30, 2003										
Average Monthly Benefit	$	-	-	-	-	1,783.71	1,603.56	499.87	841.74	2,538.95
Average Final Salary	$	-	-	-	-	39,252.31	37,178.29	14,087.92	22,852.75	42,139.22
Number of Active Retirants		-	-	-	-	2	9	4	3	2
July 1, 2001 to June 30, 2002										
Average Monthly Benefit	$	305.40	1,353.73	504.09	1,409.29	2,266.14	1,810.71	2,116.50	2,615.83	2,983.76
Average Final Salary	$	10,794.00	30,933.15	31,451.30	33,405.42	46,851.75	41,283.04	43,196.63	49,718.71	46,625.64
Number of Active Retirants		1	1	2	1	4	1	6	5	12
July 1, 2000 to June 30, 2001										
Average Monthly Benefit	$	1,061.99	-	197.92	-	1,445.71	1,910.68	1,660.35	3,019.26	2,915.11
Average Final Salary	$	29,017.96	-	33,037.59	-	30,822.37	39,117.01	35,617.17	50,504.81	50,462.39
Number of Active Retirants		1	-	5	-	6	6	7	2	8
July 1, 1999 to June 30, 2000										
Average Monthly Benefit	$	767.12	98.81	216.63	1,127.50	1,522.28	1,625.83	1,971.78	2,481.22	3,284.06
Average Final Salary	$	27,616.23	30,344.68	5,002.50	30,599.77	40,867.69	42,364.75	40,086.92	39,620.71	50,004.74
Number of Active Retirants		3	1	1	3	1	2	8	3	6
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

Retirement Effective Dates: July 1, 1998 to June 30, 2004		Years Credited Service 0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Supplemental Legislative Retirement Plan										
July 1, 2003 to June 30, 2004										
Average Monthly Benefit..................	$	89.25	744.00	351.21	407.83	549.98	-	675.25	822.08	964.09
Average Final Salary....................	$	29,452.38	30,298.88	29,231.13	30,666.48	36,990.94	-	49,614.16	41,404.00	43,852.85
Number of Active Retirants........		2	2	2	7	5	-	4	1	3
July 1, 2002 to June 30, 2003										
Average Monthly Benefit..................	$	-	-	-	-	513	-	-	-	-
Average Final Salary....................	$	-	-	-	-	32,188.50	-	-	-	-
Number of Active Retirants........		-	-	-	-	1	-	-	-	-
July 1, 2001 to June 30, 2002										
Average Monthly Benefit..................	$	-	-	282.43	324.43	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	-	-

Schedule of Retired Members by Type of Benefits – June 30, 2004

Amount of Monthly Benefit*	Number of Retirants	Type of Retirement** 1	2	3
Public Employees' Retirement System of Mississippi				
$ 1 - 100	2,182	1,736	18	428
101 - 200	5,919	4,338	155	1,426
201 - 300	5,737	4,054	328	1,355
301 - 400	4,580	3,206	380	994
401 - 500	3,922	2,808	407	707
501 - 600	3,226	2,376	364	486
601 - 700	2,825	2,102	330	393
701 - 800	2,687	2,066	286	335
801 - 900	2,402	1,893	234	275
901 - 1,000	2,349	1,878	250	221
over 1,000	26,578	23,739	1,480	1,359
Totals	62,407	50,196	4,232	7,979
Mississippi Highway Safety Patrol Retirement System				
$ 1 - 100	1	-	-	1
101 - 200	3	-	-	3
201 - 300	7	-	-	7
301 - 400	48	2	1	45
401 - 500	21	-	4	17
501 - 600	16	4	-	12
601 - 700	20	7	2	11
701 - 800	24	5	1	18
801 - 900	21	3	2	16
901 - 1,000	17	2	2	13
over 1,000	427	391	9	27
Totals	605	414	21	170
Supplemental Legislative Retirement Plan				
$ 1 - 100	9	8	-	1
101 - 200	15	9	-	6
201 - 300	27	21	-	6
301 - 400	22	20	1	1
401 - 500	9	7	1	1
501 - 600	4	3	-	1
601 - 700	8	8	-	-
701 - 800	3	3	-	-
801 - 900	6	5	-	1
901 - 1,000	-	-	-	-
over 1,000	3	3	-	-
Totals	106	87	2	17
Municipal Retirement Systems****				
$ 1 - 100	5	-	1	4
101 - 200	21	1	3	17
201 - 300	47	6	3	38
301 - 400	49	24	2	23
401 - 500	190	62	16	112
501 - 600	235	84	41	110
601 - 700	135	74	19	42
701 - 800	156	107	11	38
801 - 900	121	93	8	20
901 - 1,000	171	121	11	39
over 1,000	1,116	997	13	106
Totals	2,246	1,569	128	549

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	1,641	69	307	5	19	122	7	19	17	19	230
101 - 200	4,472	311	685	10	83	245	22	113	46	26	171
201 - 300	4,418	277	563	5	114	242	38	118	35	25	125
301 - 400	3,430	262	482	11	97	220	43	78	24	25	103
401 - 500	2,822	238	454	3	129	187	53	89	29	18	81
501 - 600	2,223	191	419	10	106	195	83	82	44	26	69
601 - 700	1,960	160	373	4	120	136	120	72	26	20	60
701 - 800	1,759	181	354	7	143	128	152	115	19	20	70
801 - 900	1,515	162	379	4	133	141	161	68	27	24	83
901 -1,000	1,511	133	355	12	124	114	163	100	23	12	75
over 1,000	15,602	1,438	4,822	114	2,387	1,627	2,453	588	539	471	2,676
Totals	41,353	3,422	9,193	185	3,455	3,357	3,295	1,442	829	686	3,743
Mississippi Highway Safety Patrol Retirement System											
$ 1 - 100	1	-	-	-	-	-	-	-	-	-	-
101 - 200	3	-	-	-	-	-	-	-	-	-	-
201 - 300	7	-	-	-	-	-	-	-	-	-	-
301 - 400	45	-	1	-	2	-	-	-	-	-	-
401 - 500	17	-	-	-	4	-	-	-	-	-	-
501 - 600	12	-	-	-	4	-	-	-	-	-	-
601 - 700	11	1	1	-	7	-	-	-	-	-	-
701 - 800	18	-	1	-	5	-	-	-	-	-	-
801 - 900	16	-	-	-	5	-	-	-	-	-	-
901 - 1,000	13	-	-	-	4	-	-	-	-	-	-
over 1,000	35	1	43	1	342	5	12	-	11	3	17
Totals	178	2	46	1	373	5	12	0	11	3	17
Supplemental Legislative Retirement Plan											
$ 1 - 100	4	-	3	-	-	2	-	-	-	-	1
101 - 200	8	1	5	-	-	-	-	1	-	-	1
201 - 300	13	-	9	1	1	2	-	1	1	-	-
301 - 400	11	1	7	-	1	1	-	1	-	1	2
401 - 500	4	-	3	-	-	2	-	-	1	-	2
501 - 600	1	-	1	-	-	1	-	1	-	-	-
601 - 700	3	-	2	-	-	3	-	-	-	-	1
701 - 800	1	-	-	-	-	1	-	1	-	-	-
801 - 900	3	-	-	-	2	1	-	-	-	-	1
901 -1,000	-	-	-	-	-	-	-	-	-	-	-
over 1,000	1	-	1	-	-	1	1	-	-	-	1
Totals	49	2	31	1	4	14	1	5	2	1	9

**Excluding 13th check*

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

#Option selected: Life-Return of Contributions; Opt.1-Return of 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

****Included in other options*

*****Information for MRS is as of September 30, 2003.*

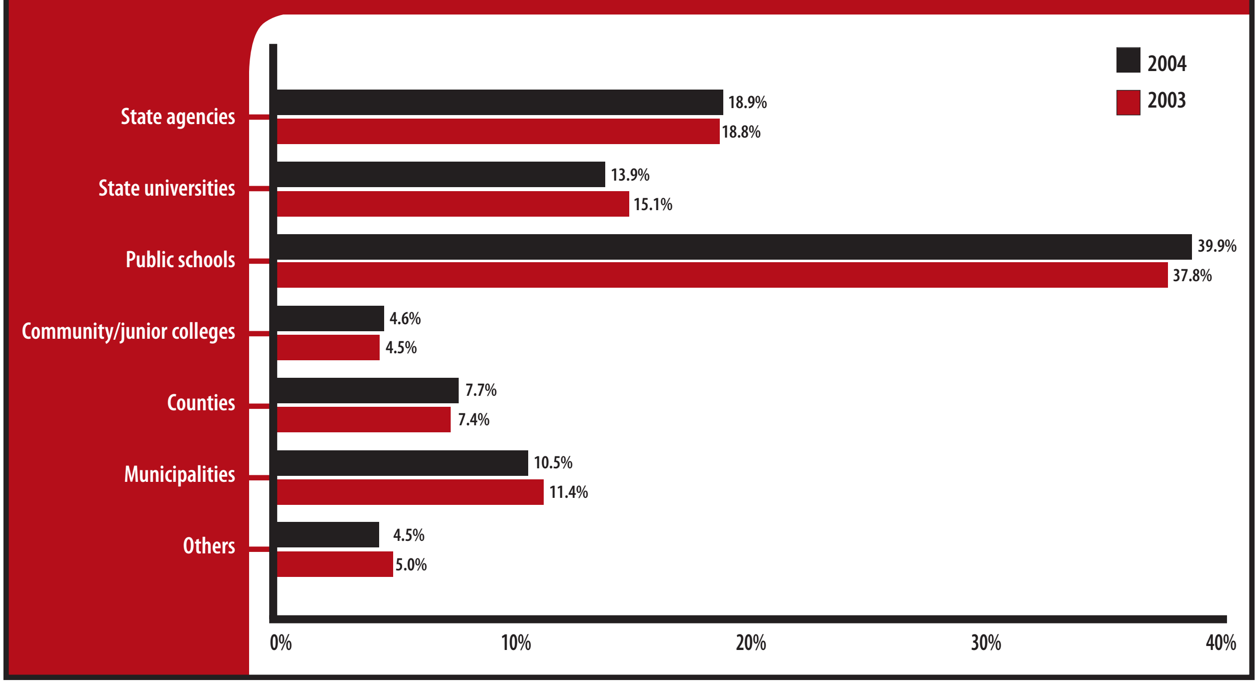
Analysis of Employer and Employee Contributions For Fiscal Years Ended June 30, 2004 and 2003

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Employee		Total	
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
2004						
State agencies	113	$ 87,071	33,224	$ 67,791	$ 154,862	18.9%
State universities	9	63,689	17,130	49,587	113,276	13.9
Public schools	150	183,349	60,883	142,752	326,101	39.9
Community/junior colleges	15	21,440	6,500	16,693	38,133	4.6
Counties	82	35,392	13,584	27,556	62,948	7.7
Municipalities	228	48,062	17,634	37,852	85,914	10.5
Others	243	20,564	7,398	16,010	36,574	4.5
Totals	840	$ 459,567	156,353	$ 358,241	$ 817,808	100.0%
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%

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, 2004 by Attained Age and Years of Service

Attained	Years of Service to Valuation Date							Totals	
									Valuation
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Payroll
Under 20	205	-	-	-	-	-	-	205	$ 2,390,671
20-24	5,701	151	-	-	-	-	-	5,852	110,649,615
25-29	11,570	3,077	62	-	-	-	-	14,709	367,801,692
30-34	9,257	7,109	2,259	69	-	-	-	18,694	501,677,574
35-39	7,435	5,481	4,660	1,838	65	-	-	19,479	538,036,241
40-44	6,552	5,553	4,058	3,981	1,996	89		22,229	638,245,608
45-49	5,541	5,004	4,028	3,617	3,523	2,122	67	23,902	744,001,958
50-54	4,343	3,993	3,431	3,392	2,539	3,148	1,326	22,172	745,894,022
55-59	3,000	2,873	2,547	2,549	2,066	1,718	2,032	16,785	578,785,428
60	384	388	346	338	301	212	258	2,227	74,294,496
61	350	366	326	331	251	219	256	2,099	71,947,215
62	281	320	248	253	195	170	203	1,670	55,870,787
63	216	252	183	205	141	116	151	1,264	41,622,141
64	154	179	154	154	108	73	107	929	29,662,495
65	136	151	128	144	84	90	105	838	26,192,469
66	123	130	115	83	51	48	66	616	18,159,221
67	118	106	79	61	54	33	50	501	14,949,827
68	97	112	63	66	43	37	62	480	14,228,971
69	57	72	53	57	46	23	33	341	9,623,332
70 & over	252	305	235	203	147	92	127	1,361	33,239,208
Totals	55,772	35,622	22,975	17,341	11,610	8,190	4,843	156,353	$4,617,272,971

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

Age: 43.6 years
Service: 9.8 years
Annual Pay: $29,531

Mississippi Highway Safety Patrol Retirement System Total Active Members as of June 30, 2004 by Attained Age and Years of Service

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	8	-	-	-	-	-	-	8	223,332
25-29	41	17	-	-	-	-	-	58	1,693,955
30-34	36	59	18	-	-	-	-	113	3,830,996
35-39	8	33	26	10	-	-	-	77	2,827,629
40-44	4	12	13	54	30	-	-	113	4,789,872
45-49	2	1	4	27	79	17	-	130	6,241,296
50-54	-	-	-	4	20	21	3	48	2,430,160
55-59	1	-	-	-	4	3	3	11	590,935
60 & Over	-	-	-	-	-	1	-	1	55,229
Totals	100	122	61	95	133	42	6	559	$ 22,683,404

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

Age: 40.8 years
Service: 13.8 years
Annual Pay: $40,579

Municipal Retirement Systems Total Active Members as of September 30, 2003 by Attained Age and Years of Service

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-2930 +		Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-
35-39	-	-	-	3	-	-	-	3	106,374
40-44	-	-	-	12	9	-	-	21	808,626
45-49	-	-	-	1	9	10	1	21	893,426
50-54	-	-	-	1	3	24	10	38	1,589,939
55-59	-	-	-	-	-	8	9	17	762,521
60 & Over	-	-	-	-	-	2	8	10	423,175
Totals	-	-	-	17	21	44	28	110	$ 4,584,061

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

Age: 51.2 years
Service: 27.0 years
Annual Pay: $41,673

Supplemental Legislative Retirement Plan Total Active Members as of June 30, 2004 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	3	-	-	-	-	-	-	3	95,030
30-34	5	2	-	-	-	-	-	7	223,524
35-39	7	5	1	-	-	-	-	13	408,872
40-44	6	4	2	-	-	-	-	12	432,438
45-49	9	6	8	1	4	-	-	28	912,676
50-54	11	2	7	1	8	-	-	29	961,975
55-59	11	5	10	2	4	1	-	33	1,082,782
60	1	-	1	2	2	-	-	6	195,643
61	1	-	1	-	1	-	-	3	147,133
62	2	-	4	-	-	-	-	6	193,167
63	2	1	-	-	-	-	-	3	94,708
64	1	1	-	2	-	-	-	4	131,072
65	2	1	1	-	-	-	-	4	128,875
66	-	1	2	-	-	-	-	3	94,859
67	-	1	1	-	1	-	1	4	132,263
68	-	1	2	-	1	-	1	5	163,436
69	-	-	-	-	1	-	-	1	36,911
70 & over	1	1	2	4	2	-	1	11	358,735
Totals	62	31	42	12	24	1	3	175	$ 5,794,099

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

Age: 53.9 years

Service: 10.0 years

Annual Pay: $33,109

Total Defined Benefit Plans
Benefit Payments by County – June 30, 2004

County	Number of Payments[1]	Amount Paid[2]
Adams	866	$ 13,749,215
Alcorn	699	10,343,285
Amite	255	3,361,607
Attala	627	8,892,868
Benton	195	2,548,067
Bolivar	904	17,365,885
Calhoun	295	4,356,882
Carroll	295	4,905,944
Chickasaw	389	6,535,303
Choctaw	269	3,890,117
Claiborne	235	4,167,644
Clarke	373	5,271,839
Clay	436	7,201,356
Coahoma	797	13,899,040
Copiah	593	9,921,940
Covington	519	7,628,708
DeSoto	618	8,760,106
Forrest	1,340	22,201,072
Franklin	230	3,218,054
George	363	5,226,130
Greene	197	2,631,227
Grenada	482	7,146,565
Hancock	466	6,664,159
Harrison	2,815	47,843,786
Hinds	7,064	135,892,235
Holmes	486	7,536,321
Humphreys	209	3,486,129
Issaquena	20	304,858
Itawamba	436	6,729,638
Jackson	2,151	37,143,953
Jasper	374	4,820,519
Jefferson	251	4,495,770
Jefferson Davis	297	4,242,481
Jones	1,723	25,607,250
Kemper	231	3,304,854
Lafayette	1,318	25,658,372
Lamar	1,276	26,513,305
Lauderdale	1,794	28,974,588
Lawrence	387	5,691,989
Leake	483	6,946,934
Lee	1,370	24,389,245
Leflore	844	15,256,943
Lincoln	635	10,795,898
Lowndes	1,213	19,807,386

County	Number of Payments[1]	Amount Paid[2]
Madison	1,656	$ 33,671,515
Marion	526	7,978,129
Marshall	434	6,847,230
Monroe	638	9,971,541
Montgomery	388	5,817,174
Neshoba	476	7,054,744
Newton	726	11,165,762
Noxubee	218	3,022,882
Oktibbeha	1,798	40,672,212
Panola	706	9,991,706
Pearl River	810	11,223,899
Perry	251	3,655,538
Pike	876	14,444,553
Pontotoc	443	7,305,378
Prentiss	721	11,200,272
Quitman	230	3,230,895
Rankin	3,128	58,349,623
Scott	611	9,167,554
Sharkey	148	2,418,194
Simpson	721	10,150,116
Smith	349	4,150,525
Stone	386	6,900,763
Sunflower	678	11,411,056
Tallahatchie	285	4,076,750
Tate	463	7,194,930
Tippah	490	6,501,942
Tishomingo	374	4,757,630
Tunica	120	1,784,926
Union	560	8,509,247
Walthall	268	3,899,506
Warren	862	15,328,150
Washington	1,125	19,316,265
Wayne	311	4,157,752
Webster	295	4,340,925
Wilkinson	202	2,967,733
Winston	469	7,481,488
Yalobusha	399	6,203,487
Yazoo	570	9,332,165
Mississippi	60,531	1,020,983,624
Out-of-State	4,359	62,670,311
Out-of-Country	14	193,762
Total	64,904	$ 1,083,847,697

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
Belmont
Belzoni
Benoit
Bentonia
Biloxi
Blue Mountain
Booneville
Boyle
Brandon
Brookhaven
Brooksville
Bruce
Bude
Burnsville
Byhalia
Caledonia
Calhoun City
Canton
Carthage
Centreville
Charleston
Clarksdale
Cleveland
Clinton
Coffeeville
Coldwater
Collins
Columbia
Columbus
Como
Corinth
Crawford
Crenshaw
Crosby
Crystal Springs
Decatur
DeKalb
Derma
D'Iberville
Drew
Duck Hill
Durant
Ecru
Edwards
Ellisville
Enterprise
Ethel
Eupora
Falkner
Flora
Florence
Flowood
Forest
Fulton
Gautier
Gloster
Golden
Goodman
Greenville
Greenwood
Grenada
Gulfport
Guntown
Hatley
Hattiesburg
Hazlehurst
Heidelberg
Hernando
Hickory Flat
Hollandale
Holly Springs
Horn Lake
Houlka
Houston
Indianola
Inverness
Itta Bena
Iuka
Jackson
Jumpertown
Kilmichael
Kosciusko
Lake
Lambert
Laurel
Leakesville
Leland
Lena
Lexington
Liberty
Long Beach
Louin
Louise
Louisville
Lucedale
Lula
Lumberton
Lyon
Maben
Macon
Madison
Magee
Magnolia
Mantachie
Marietta
Marion
Marks
Mathiston
McComb
McLain
Meadville
Mendenhall
Meridian
Merigold
Mize
Monticello
Moorhead
Morton
Moss Point
Mount Olive
Myrtle
Natchez
Nettleton
New Albany
New Augusta
New Hebron
Newton
North Carrollton
Noxapater
Ocean Springs
Okolona
Olive Branch
Osyka
Oxford
Pascagoula
Pass Christian
Pearl
Pelahatchie
Petal
Philadelphia
Picayune
Plantersville
Pontotoc
Poplarville
Port Gibson
Potts Camp
Prentiss
Puckett
Purvis
Quitman
Raleigh
Raymond
Renova
Richland
Richton
Ridgeland
Rienzi
Ripley
Rolling Fork
Rosedale
Roxie
Ruleville
Saltillo
Sallis
Sandersville
Sardis
Sebastopol
Seminary
Senatobia
Shannon
Shaw
Shelby
Sherman
Shubuta
Shuqualak
Silver Creek
Sledge
Smithville
Soso
Southaven
Starkville
State Line
Stonewall
Sturgis
Summit
Sumner
Sumrall
Sunflower
Taylorsville
Tchula
Tishomingo
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

George County Soil & Water Conservation District

Glendale Utility District

Golden Triangle Cooperative Service District

Golden Triangle Regional Airport

Golden Triangle Regional Solid Waste Management Authority

Greenville Port Commission

Greenwood Tourism Commission

Grenada County Civil Defense

Gulf Coast Regional Wastewater Authority

Gulf Regional Planning Commission

Gulfport-Biloxi Regional Airport Authority

Hancock County Human Resource Agency

Hancock County Planning Commission

Hancock County Port & Harbor Commission

Hancock County Soil Conservation District

Hancock County Water & Sewer District

Harrison County Development Commission

Harrison County Soil & Water Conservation District

Harrison County Wastewater Management District

Hattiesburg Tourism Commission

Hinds County Soil & Water Conservation District

Itawamba County Soil & Water Conservation District

Jackson County Emergency/Communications District

Jackson County Port Authority

Jackson Municipal Airport Authority

Jones County Economic Development Authority

Lafayette County Soil & Water Conservation District

Lamar County Economic Development District

Lamar County Soil & Water Conservation District

Lauderdale County Emergency Medical Service District

Lauderdale County Soil & Water Conservation District

Laurel Airport Authority

Lee County Soil & Water Conservation District

Madison County Human Resource Agency

Mantachie Natural Gas District

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 Airport Commission

Tunica County Tourism Commission

Tupelo Airport Authority

Union County Soil & Water Conservation District

Vicksburg Convention & Visitors Bureau

Warren County Park Commission

Warren County Soil & Water Conservation District

Walthall County Soil & Water Conservation District

Winston County Economic Development

Yazoo County Convention & Visitors Bureau

Yazoo County Soil & Water Conservation District

Yazoo-Mississippi Delta Joint Water Management District

Yazoo-Mississippi Delta Levee Commission

Yazoo Recreation Commission

Housing Authorities

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

Local Hospitals

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

Local Libraries

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