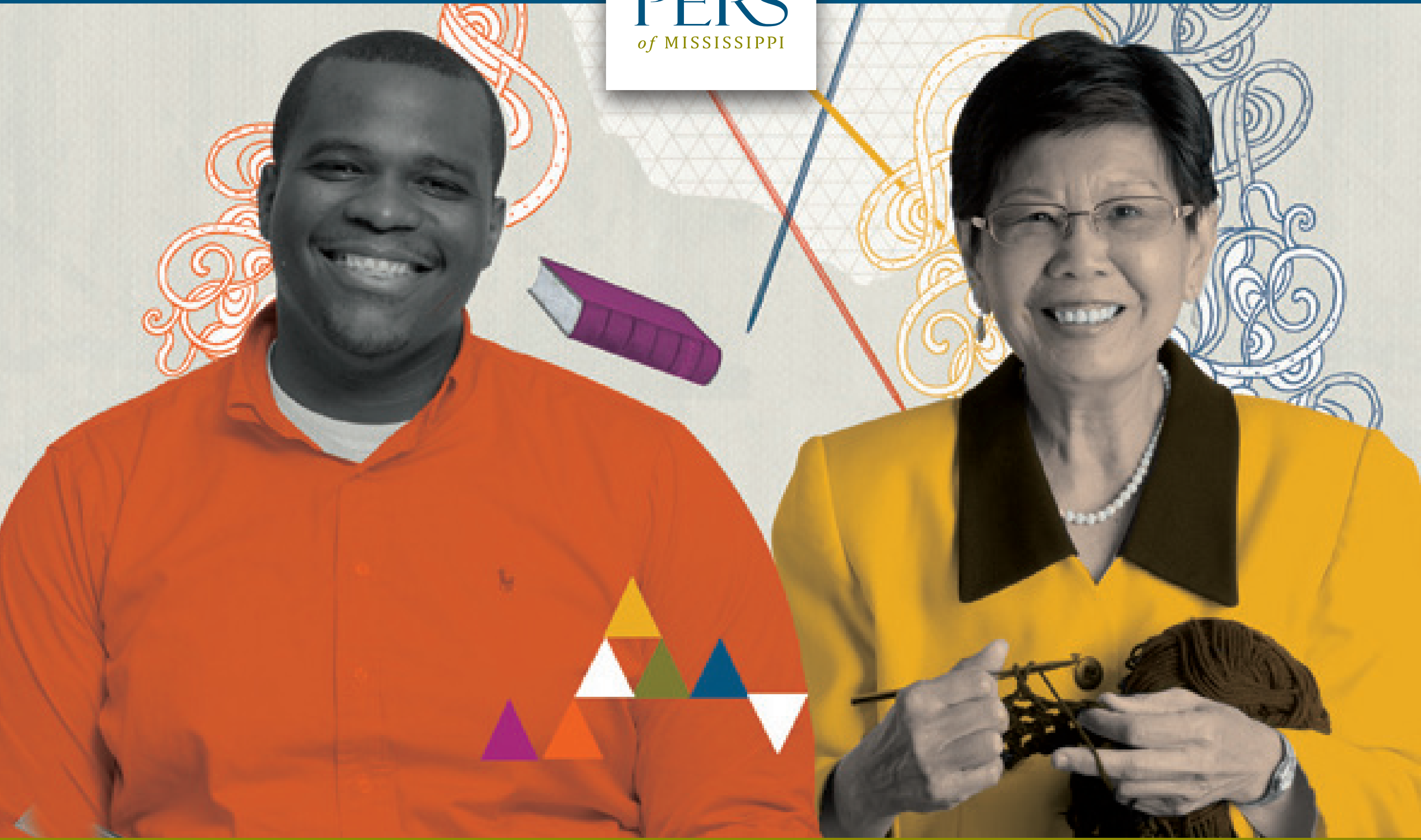
PLANNING FOR A STABLE FUTURE

committed to mississippi's generations

PERS *of* MISSISSIPPI



2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

2013 Comprehensive Annual Financial Report

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

PREPARED BY:

The Office of Administrative Services
Public Employees' Retirement System of Mississippi

PERS Building
429 Mississippi Street
Jackson, Mississippi
39201-1005

PERS of MISSISSIPPI

No one knows the future. But planning and setting goals can help us prepare for the unforeseen opportunities and challenges each year will bring.

The Public Employees' Retirement System of Mississippi (PERS) has a plan that focuses on the long term so that we can continue to meet our obligations now and in the future, just as we have done for the past six decades.

PERS has remained strong in our commitment to our members, even while weathering the unprecedented market volatility and political scrutiny of recent years. Our mission, through good times and bad, is to provide secure retirement benefits to those we serve.

PERS members and retirees are important to their families, their communities, and the social and economic well-being of Mississippi.

We have a plan in place; a goal we will reach.
We are committed to Mississippi's generations.

Table of Contents

INTRODUCTION

FINANCIAL

INVESTMENT

ACTUARIAL

STATISTICAL

PERS
of MISSISSIPPI

Providing Benefits for Life

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

December 17, 2013

Dear Board Members:

I am pleased to present the 2013 Comprehensive Annual Financial Report (CAFR) of the Public Employees' Retirement System of Mississippi (System). In reflecting on 2013, I am encouraged by the accomplishments PERS has made in an improving global financial market. We faced significant challenges during the year and have finished 2013 with a solid performance, not only in investment earnings, but in progress toward technology enhancements and improved customer service delivery systems. As we have since the System's inception in 1952, we remain steadfastly committed to providing a stable retirement to those Mississippians who have given their careers in public service and to offering responsive and efficient service to our members and retirees.

PROFILE OF THE SYSTEM

The System was established to provide benefits for all state and public education employees, officers of the Mississippi Highway Patrol, elected members of the State Legislature, the President of the Senate, and other public employees of participating employers. Plans administered by the System include: the Public Employees' Retirement System of Mississippi (PERS), which was established by legislation in 1952; the Mississippi Highway Safety Patrol Retirement System (MHSPRS), established in 1958; the Mississippi Deferred Compensation Plan & Trust (MDC), established in 1973; the Supplemental Legislative Retirement Plan (SLRP), established in 1989; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987. As of June 30, 2013, the System's defined benefit plans served a total of 162,455 members and 93,056 retirees and beneficiaries. There are 897 participating employers from across the state. Primary sources of funding for the System include employer contributions, member contributions, and investment income. Retirement benefits paid during the fiscal year totaled $2.0 billion. Employers contributed $914 million during the fiscal year while members of the System contributed a total of $550 million. As of June 30, 2013, net position restricted for benefits totaled $22.2 billion.

The System is administered by a 10-member Board of Trustees that includes: the State Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is responsible for the general administration and proper operation of the System. The executive director is designated by the Board to lead and conduct all business for the System. The Public Employees' Retirement System of Mississippi operates under legislative mandate with respect to administrative budgets, human resources, and purchasing guidelines. 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 included in the State of Mississippi's Comprehensive Annual Financial Report.

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

Annual budgets are legally adopted for the administrative expenditure portion of the System's operations and are funded by earnings of the System. Our operating budget request for the upcoming fiscal year is prepared in conjunction with a review of our strategic long-range plan. A budget request is approved by the Board of Trustees and submitted to the State Legislature, which legally enacts the budget in the form of an appropriation bill during the subsequent legislative session. Changes may be made in budget categories, consistent with legislative authority, with approval of the Mississippi Department of Finance and Administration. A more detailed discussion of the budgetary process is presented in the Financial Section of this CAFR on pages 39 and 40.

FINANCIAL INFORMATION

Our staff issues a CAFR within six months of the close of each fiscal year. The report contains basic financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards, as well as standards applicable to financial audits contained in government auditing standards. The 2013 independent audit was conducted by KPMG LLP, a firm of licensed certified public accountants. The Independent Auditors' Report is presented in the Financial Section on page 19.

This CAFR consists of management's representations concerning the finances of the System. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. A framework of internal controls is maintained to establish reasonable assurance that assets are safeguarded, transactions are accurately executed, and financial statements are fairly presented. The system of internal controls also includes written policies and procedures and an internal audit department that reports to the Board of Trustees. The internal audit department makes recommendations for improvements in controls and operating efficiency. The concept of reasonable assurance recognizes that the cost of a control should not appreciably exceed the benefits likely to be derived and that the analysis of costs and benefits requires estimates and professional judgments by management. Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with this letter.

As the economy recovers, our capacity to provide retirement benefits continues to remain stable, secure, and sustainable well into the future. The Board of Trustees remains focused on a disciplined investing approach that emphasizes the fundamentals of a well-diversified portfolio of securities invested over the long term. Our asset allocation policy is strategically balanced to provide an expected level of return while incurring minimal risk, which over time will fund the liabilities of the System with the contribution rate at a level percent of payroll. The System earned a 13.4 percent rate of return on investments for the year ended June 30, 2013, performing above the System's benchmark return of 12.7 percent. In terms of assets under management, the Public Employees' Retirement System remains well positioned, ranking as the 68th largest among corporate and public pension plans in the United States and the 162th largest plan in the world as of February 4, and September 2, 2013, respectively.

Investing for our membership over the long term is a clear mandate in successful pension benefits administration, and one upon which our Board and management are firmly centered. Over the 33-year period since the System entered the stock market, we have experienced positive returns, as high as 31.2 percent, with the exception of four years – 2001, 2002, 2008, and 2009 – when negative returns were recorded. The average 30-year return stands at 9.1 percent, which exceeds our expected return of 8.0 percent. Positive investment performance over the long term ensures that the System continues on stable financial ground. With an unfailing commitment to success, a capable and experienced staff, and persistent, diligent effort, we will respond effectively to the challenges brought about by the turbulent times of The Great Recession and unstable financial markets. While the markets have been unsteady in recent times and our current funded status is not ideal, retirement benefits are secure and PERS remains financially stable. A performance summary of rates of return compared to appropriate benchmark rates of return is located on page 79 of this report.

Annual actuarial valuations for PERS, MHSPRS, MRS, and SLRP are conducted by the consulting actuarial firm of Cavanaugh Macdonald Consulting, LLC. Actuarial assumptions and contribution rates are based on recommendations made by the actuary. Experience investigations are performed every two years on a rolling four-year basis by the actuary to determine that actuarial assumptions are reasonably related to actual experience. Additional information regarding the actuarial valuation is presented in the notes to the basic financial statements and in the Actuarial Section of this report.

In October 2012, the Board of Trustees adopted a revised funding policy for PERS and SLRP, aimed at stabilizing the employer contribution rate, setting the PERS rate at 15.75 percent and establishing a goal to position the plans at more than 80.0 percent funded by 2042. Under the revised funding policy, contribution rates would no longer be determined based on a rolling 30-year amortization period; rather the focus would be on a declining amortization period and a reduction in volatility of the contribution rate. These actions represent the Board's continuing commitment to further strengthen sustainability and advance the funding status of plans within the System. In conjunction with the adoption of the funding policy, to provide a picture of the funding progress over time, and to review the funding goals and benchmarks with this funding policy, annual projections reports were incorporated into the actuarial process.

The funding ratio is a measure of the actuarial value of assets to the actuarial accrued liability. Based on the most recent actuarial valuation, PERS is 57.7 percent funded, MHSPRS is 62.8 percent funded, MRS is 43.8 percent funded, and SLRP is 67.8 percent funded. Funding status and progress is presented in the Required Supplementary Information Schedules and accompanying notes beginning on page 57. Based on fiscal year-end valuation results, each of the System's plans continue in sound condition, presuming that future contributions will be made at the level necessary to ensure adequate funding and to meet accounting standards as certified in the Actuarial Section of this report.

The Board of Trustees approved the recommendation of our consulting actuary to increase the PERS employer contribution rate from 14.26 percent to 15.75 percent, the MHSPRS employer contribution rate remained at 37.0 percent, and the SLRP employer contribution rate continued at 7.4 percent, effective July 1, 2013.

FOR THE FUTURE

Our technology objectives are centered on delivering quality customer service to our participants. To that end, the System launched a major project initiative to implement a new pension and benefits administration software solution using the most economical avenues for technical support. Our goals are focused on developing a stable, state-of-the-industry solution consisting of the implementation of a fully integrated online software system that will offer online self-service to our employers, members, and retirees and be capable of supporting PERS' mission well into the 21st century. I am pleased to report that PERS has fully completed the design, technical aspects, and development phases of our technology project, with an anticipated deployment of the entire technology initiative in the spring of 2014. A significant achievement associated with the technology project has been the successful improvement and conversion of existing data in preparation for migrating to the new system. As a result of the scope and change in platform brought about by the technology project, the Management Information Systems staff has undergone a comprehensive training curriculum, as well as a departmental reorganization of responsibilities as part of the technology project implementation.

The Governmental Accounting Standards Board issued two new pronouncements, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is applicable to most state and local government employers that offer pension benefits to their employees. The provisions incorporated within these statements create a sweeping fundamental shift from current accounting and financial reporting practice. PERS has brought together key groups, such as staff representing the State Department of Audit, the State Department of Finance and Administration, consulting actuaries, and independent auditors, to define responsibilities and formulate a successful implementation. Statement No. 67 is effective for fiscal years beginning after June 15, 2013, and Statement No. 68 is effective for fiscal years beginning after June 15, 2014.

After conducting an extensive selection process for a service provider for MDC (our 457 Plan) earlier this year, the Board of Trustees selected Great-West Financial[sm] based on the proposed scope and quality of services to plan participants. The MDC third-party administrator will enroll participants, maintain individual accounts and other records, disburse benefits to participants and beneficiaries, and offer educational services. Transition to Great-West Financial is scheduled to take place in early 2014.

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, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents that 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 only one year. The System has received a Certificate of Achievement for the last 26 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for evaluation.

The Public Employees' Retirement System of Mississippi's submission of a Popular Annual Financial Report to the GFOA resulted in an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2012. To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a popular annual financial report with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year. The Public Employees' Retirement System of Mississippi has received a Popular Award for the last 10 consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

The Public Employees' Retirement System received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2013 Award in recognition of meeting professional standards for plan design and administration. The PPCC is a national confederation of state retirement associations whose standards are widely recognized benchmarks for public pension systems in the areas of plan design, funding, actuarial, and financial audits, as well as member communications.

CONCLUSION

This report is a product of the combined efforts of the System's staff and advisors functioning under your leadership and 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.

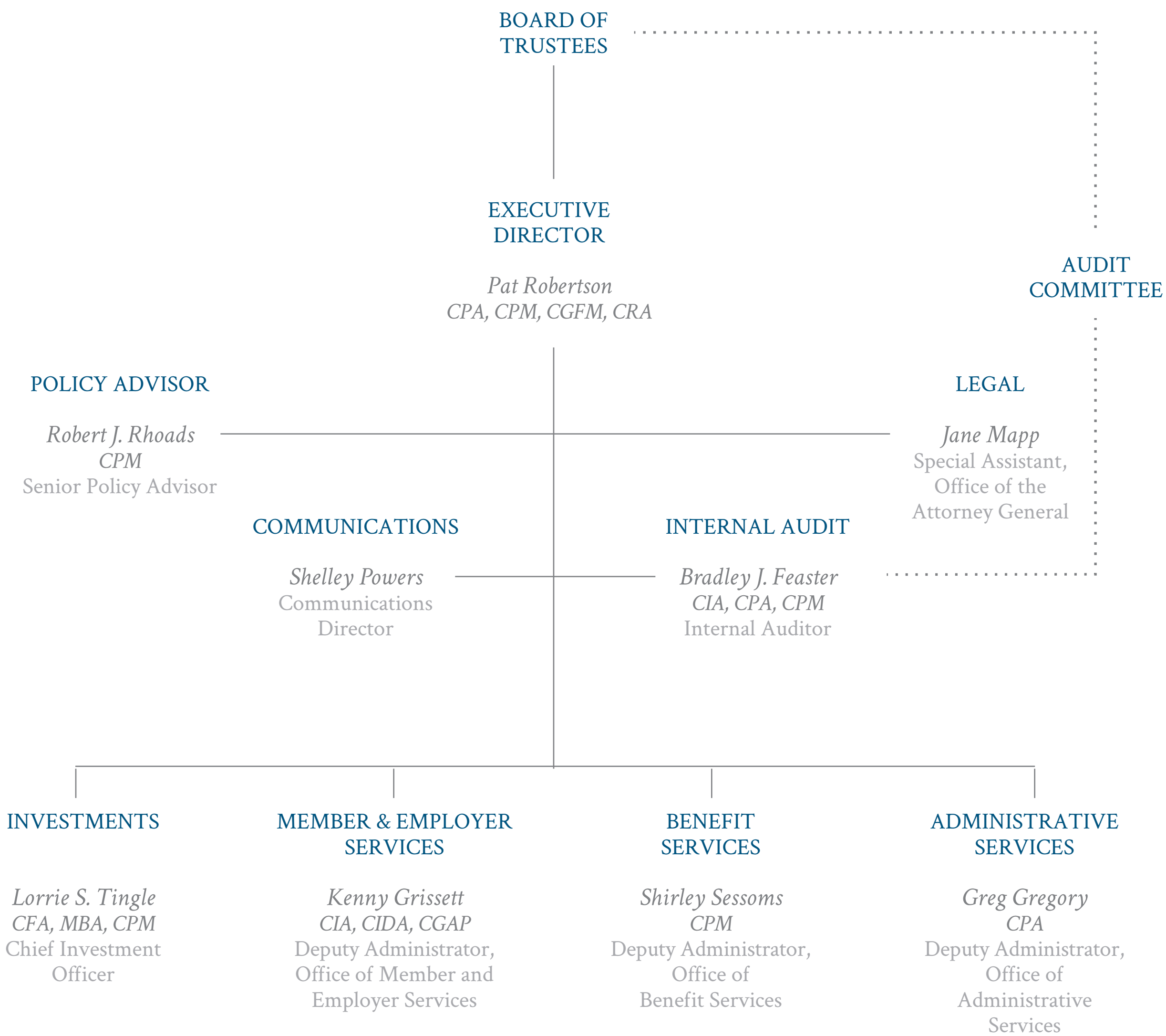
This report is made available to the Governor, State Auditor, and all member agencies. These agencies form the link between the System and its members, whose cooperation contributes significantly to our success. I hope all recipients of this report find it informative and useful. This report also is available to the general public on our website, www.pers.ms.gov.

I would like to express my gratitude to you, the staff, the advisors, and others who have worked so diligently to build on the foundation we have laid and to preserve the vision of a secure retirement future for our members and retirees.

Respectfully submitted,

Pat Robertson
Executive Director

Organizational Chart



2013 Board of Trustees

The Board of Trustees of the Public Employees' Retirement System of Mississippi (PERS) is responsible for designating the System's executive director and for establishing the policies for administration of the trust. The Board also works to carry out the intent and purposes of the state Legislature by establishing rules and regulations for the administration of PERS and the transaction of its business.

Pictured from left to right:

BILL BENSON *Elected by County Employees*
TERM OF SERVICE: JAN. 2010 - DEC. 2015

LYNN FITCH *State Treasurer, Ex Officio*
TERM OF SERVICE: JAN. 2012 - JAN. 2016

RICHARD C. MILLER, M.D. *Elected by Retirees*
TERM OF SERVICE: MAY 2011 - APRIL 2017

H.S. "BUTCH" MCMILLAN *Elected by State Employees*
TERM OF SERVICE: AUG. 2009 - JUNE 2014

Outside Professional Services

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

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

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

FUNDS EVALUATION SERVICES & ASSET ALLOCATION/INVESTMENT POLICY STUDY
Callan Associates, Inc.
101 California Street, Suite 3500
San Francisco, California 94111
Telephone: (415) 974-5060

INVESTMENT MANAGERS

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

Arrowstreet Capital, LP
200 Clarendon Street, 30th Floor
Boston, Massachusetts 02116
Telephone: (617) 919-0000

Artisan Partners LP
875 East Wisconsin Avenue, Suite 800
Milwaukee, Wisconsin 53202
Telephone: (414) 390-6100

BlackRock Institutional Trust Company, NA
55 East 52nd Street
New York, New York 10022
Telephone: (212) 810-5300

Dimensional Fund Advisors, Inc.
6300 Bee Cave Road, Building One
Austin, Texas 78746
Telephone: (512) 306-7400

Eagle Capital Management
499 Park Avenue, 21st Floor
New York, New York 10022
Telephone: (212) 293-4040

Epoch Investment Partners, Inc.
640 Fifth Avenue, 18th Floor
New York, New York 10019-6102
Telephone: (212) 303-7200

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

Harding Loevner LP
400 Crossing Boulevard, 4th Floor
Bridgewater, New Jersey 08807
Telephone: (908) 218-7900

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

Jarislowsky Fraser Ltd.
20 Queen Street West, Suite 3100
Toronto, Ontario
M5H 3R3
Canada
Telephone: (514) 842-2727

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

Mondrian Investment Partners, Inc.
Two Commerce Square
2001 Market Street, Suite 3810
Philadelphia, Pennsylvania 19103
Telephone: (215) 825-4500

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

NS Partners Ltd
1 Knightsbridge Green
London SW1X 7QA
Telephone: +00 44 (0) 203-535-8100

Pyramis Global Advisors
900 Salem Street OT3N1
Smithfield, Rhode Island 02917
Telephone: (401) 292-4731

State Street Global Advisors
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2999
Telephone: (617) 664-4739

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

Wellington Management Company, LLP
280 Congress Street
Boston, Massachusetts 02210
Telephone: (617) 263-4027

FIXED INCOME MANAGERS

AllianceBernstein
1325 Avenue of the Americas
New York, New York 10105
Telephone: (212) 969-1168

Aberdeen Asset Management
1735 Market Street, 32nd Floor
Philadelphia, Pennsylvania 19103
Telephone: (215) 405-5700

BlackRock Institutional Trust Company, NA
55 East 52nd Street
New York, New York 10022
Telephone: (212) 810-5300

Loomis Sayles & Company, LP
One Financial Center
Boston, Massachusetts 02111
Telephone: (617) 482-2450

Mellon Capital Management Corporation
500 Grant Street, Room 4200
Pittsburgh, Pennsylvania 15258
Telephone: (412) 236-0407

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

Prudential Fixed Income
Two Gateway Center, 4th Floor
100 Mulberry Street
Newark, New Jersey 07102
Telephone: (973) 367-9203

State Street Global Advisors
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2999
Telephone: (617) 664-4739

Wellington Management Company, LLP
280 Congress Street
Boston, Massachusetts 02210
Telephone: (617) 263-4027

PRIVATE EQUITY MANAGERS

Credit Suisse
11 Madison Avenue, 16th Floor
New York, New York 10010
Telephone: (212) 538-7658

Pathway Capital Management, LLC
1300 Division Road, Suite 305
West Warwick, Rhode Island 02893
Telephone: (401) 589-3402

REAL ESTATE MANAGERS

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

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

Cohen & Steers Capital Management
280 Park Avenue, 10th Floor
New York, New York 10017-1216
Telephone: (212) 832-3232

Deutsche Asset & Wealth Management
875 North Michigan Avenue
Chicago, Illinois 60611
Telephone: (312) 266-9300

EII Capital Management, Inc.
640 Fifth Avenue, 8th Floor
New York, New York 10019
Telephone: (212) 735-9500

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

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

J.P. Morgan Investment Management, Inc.
270 Park Avenue, 7th Floor
New York, New York 10017
Telephone: (212) 648-2176

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

T.A. Associates Realty
28 State Street
Boston, Massachusetts 02109
Telephone: (617) 476-2700

UBS Realty Investors, LLC
10 State House Square
Hartford, Connecticut 06103-3604
Telephone: (860) 616-9000

LEGAL COUNSEL

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

Government Finance Officers Association

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, 2012

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2013

Presented to

Public Employees' Retirement System of Mississippi

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

“You hear people say, ‘Build it and they will come,’” says PERS member and retired Greenville educator Craig Karlson. And that’s what happened when Craig and her husband opened Montage Marketplace. Three years ago, their vendors’ market began with 30 occupied booths and today it hosts 52 merchants that sell everything from English antiques to handmade soaps to local artwork. Open six days a week, the market now employs six people, double the original three, and continues to be a success.

PERS STRENGTHENS MISSISSIPPI’S ECONOMY AND CREATES NEW JOBS

PERS pensions benefit everyone in the state by stimulating the economy through job creation and business development.

PERS benefits every Mississippian, not just PERS members. PERS pensions help create economic stimulus for our state’s economy and provide jobs for our state. Studies show that expenditures from pensions support 14,442 jobs that pay $510.5 million in wages and salaries annually. And maybe even better news is that 93 percent of all benefits paid to PERS retirees remains in Mississippi. That means the money Mississippians put into our state stays in our state. In fact, each dollar invested by Mississippi taxpayers in PERS retirement plans supports $3.37 in total economic activity in the state. And that benefits everybody.

OPPOSITE: PERS retiree Craig Karlson. Illustration by Tonwen Jones, Colagene.com, featuring portrait photography by James Patterson.


Montage
Marketplace

Financial

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Employees' Retirement System of Mississippi (the System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the System as of June 30, 2013, and the changes in the System's net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20–29 and the schedules of funding progress and employer contributions on pages 57–59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The introduction section, investment section, actuarial section, statistical section and supplementary information included in Schedules 1 through 6 on pages 64-69 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information included in Schedules 1 through 6 on pages 64-69 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 1 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introduction section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

Jackson, Mississippi
November 27, 2013

Management's Discussion & Analysis
[unaudited]

This section presents management's discussion and analysis of the Public Employees' Retirement System of Mississippi's (System) financial position and performance for the year ended June 30, 2013. This section is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal–included in the Introductory Section–the financial statements, and other information presented in the Financial Section of this Comprehensive Annual Financial Report.

The System is responsible for administering retirement benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate, and elected members of the State Legislature and the President of the Senate. The System is comprised of seven funds, including four defined benefit pension plans: the Public Employees' Retirement System of Mississippi (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS), and the Supplemental Legislative Retirement Plan (SLRP).

The System also is responsible for the administration of two defined contribution plans: the Mississippi Government Employees' Deferred Compensation Plan & Trust (MDC), which is a voluntary supplemental retirement savings plan, and the Optional Retirement Plan (ORP), which is offered as an alternative to PERS to certain employees of the state's institutions of higher learning. As explained in Note 2 to the basic financial statements, ORP is not part of the System's reporting entity. The System's funds, with the exception of ORP, are defined as pension (and other employee benefit) trust funds, which are fiduciary in nature. The remaining fund is the Flexible Benefits Cafeteria Plan (FBCP), which is an agency fund. Throughout this discussion and analysis, units of measure (i.e., billions, millions, and thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

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
4. Other supplementary schedules

Collectively, this information presents the net position restricted for pension benefits for each of the funds administered by the System as of June 30, 2013. This financial information also summarizes changes in net position restricted for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

1. BASIC FINANCIAL STATEMENTS

The June 30, 2013, financial statements are presented for the fiduciary funds administered by the System. Fiduciary funds are used to account for resources held for the benefit of parties outside of the System. Fiduciary funds include pension trust funds such as PERS, MHSPRS, MRS, SLRP, and MDC, as well as an agency fund, the FBCP. A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are presented for the fiduciary funds as of June 30, 2013. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, as of year end, as well as the changes in those resources during the year.

2. NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. Information in the notes to the basic financial statements is described as follows:

Financial Highlights

The combined net position of the defined benefit plans administered by the System increased by $1.9 billion, or 9.6 percent. This increase was primarily the result of favorable investment performance for 2013.

The 2013 rate of return on investments for the defined benefit plans was 13.4 percent, compared with fiscal year 2012's rate of return of 0.6 percent. Domestic, international, and global equity portfolios returned 22.9 percent, 14.2 percent, and 17.7 percent, respectively, for the year, while the return on debt securities was 0.6 percent. The rate of return on real estate investments was 11.9 percent, and the return on the private equity portfolio was 10.6 percent.

The defined benefit plans administered by the System were actuarially funded at an average of 58.0 percent as of June 30, 2013, a decrease from the comparative average of 58.9 percent as of June 30, 2012. The decrease in funding percentage was primarily due to continued recognition of investment losses from 2009 and unfavorable investment performance from the actuarial assumed rate of return at year-end, smoothed over a five-year period. Funding status is further described in Note 6 of the basic financial statements.

MDC net position increased $137.9 million during fiscal year 2013. The increase is primarily attributed to favorable market performance and an increase in participants. The MDC rates of return for investment options ranged from a high of 32.63 percent to a low of (4.86) percent compared to prior year investment option returns with a high of 11.7 percent and a low of (14.15) percent.

- Note 1 provides a general description of the System, as well as a concise description of each of the funds administered by the System. Information regarding employer and member participation in the pension plans administered by the System also is provided.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for each fund type, management's use of estimates, 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 capital assets of the System including depreciation and net holding amounts.
- Note 5 provides a summary of receivables and payables (due to/due from others).
- Note 6 provides information about the funding status and progress for the defined benefit plans administered by the System.
- Note 7 provides information about contributions to the defined benefit plans administered by the System.
- Note 8 provides information about System employees as members of PERS.
- Note 9 provides information related to historical trends.

3. REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information consists of schedules of funding progress, schedules of employer contributions, and related notes concerning actuarial information for the defined benefit pension plans administered by the System.

4. OTHER SUPPLEMENTARY SCHEDULES

Other schedules include detailed information on administrative expenses incurred by the System, investment and other professional service expenses incurred, as well as the due to balances for individual municipal retirement plans. Also included are summaries of cash receipts and disbursements, a comparison of budget and actual administrative expenses, and a statement of changes for the FBCP.

INVESTMENTS

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

TOTAL SYSTEM INVESTMENTS

At June 30, 2013, the System's total investments, before securities lending activities, approximated $21.9 billion, an increase of $2.3 billion from fiscal year 2012. The combined investment portfolio experienced a return of 13.4 percent compared with a median large public plan return of 12.7 percent*. Investment results over time compared with the System's benchmarks are presented on page 79 in the Investment Section.

**Public Funds > $10 billion median*

SHORT-TERM SECURITIES

At June 30, 2013, the System held $464.1 million in short-term investments, which is $291.2 million above 2012 holdings. Short-term investments returned 0.1 percent for the year.

DEBT SECURITIES

At June 30, 2013, the System held $5.2 billion in debt securities, which is approximately $301.4 million more than fiscal year 2012 holdings. Debt securities returned 0.6 percent compared with the System's benchmark return of (0.7) percent.

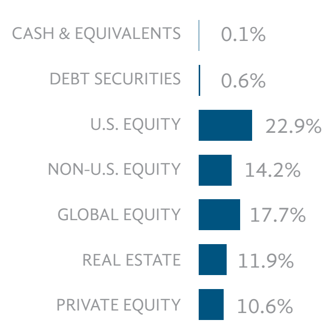
EQUITY SECURITIES

At June 30, 2013, the System held $13.7 billion in US, international, and global equity securities, an increase of $1.2 billion from fiscal year 2012. US, international, and global equity securities had returns of 22.9 percent, 14.2 percent, and 17.7 percent, respectively. The System's benchmark return for domestic equity securities was 21.5 percent, while the international securities benchmark returned 14.1 percent. The global securities benchmark used by the System posted a return of 17.2 percent.

PRIVATE EQUITY

The private equity asset class, totaling $680.9 million, posted a return of 10.6 percent. Private equities are investments in operating companies, typically accessed through limited partnerships, which provide a differentiated return stream and diversification. This asset class is generally managed for long-term gains where returns and asset value take time to develop. The System's benchmark return was 25.1 percent. The System began investing in private equities in fiscal year 2008.

DEFINED BENEFIT PLANS INVESTMENT RATES OF RETURN BY INVESTMENT TYPE
- FISCAL YEAR 2013 -



REAL ESTATE

The real estate portfolio is divided between core commingled and value-added fund investments that directly invest in properties. The System also invests in managed portfolios of Real Estate Investment Trusts (REIT), which are exchange-traded securities that provide indirect exposure to real estate properties and real estate management companies. At June 30, 2013, combined holdings totaled $1.8 billion, an increase of $342.0 million from 2012. The System's real estate portfolio experienced a return of 11.9 percent on the total real estate portfolio. The NFI-ODCE Equal Weight Net Fund, the benchmark for the System's core commingled and value-added fund investments, saw a return of 10.8 percent for the year ended June 30, 2013, while the US Select REIT Index had a return of 7.7 percent for the same period.

SECURITIES LENDING

The System earns additional investment income by lending investment securities to broker-dealers. This is done on a pooled basis by the System's custodial bank, Bank of New York Mellon (BNYM). The broker-dealers provide collateral to BNYM and generally use the borrowed securities to cover short sales and failed trades for their clients. BNYM invests cash collateral to earn interest. For the 2013 fiscal year, net securities lending income to the System amounted to $14.6 million, a decrease of $2.6 million from fiscal year 2012.

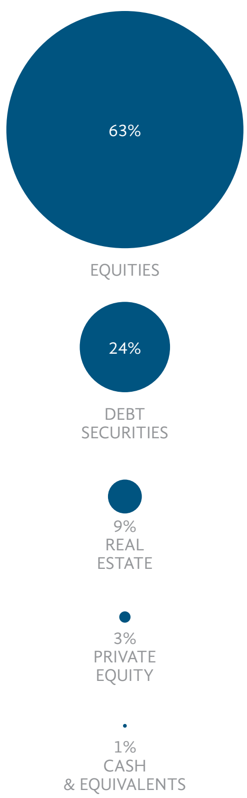
Analysis of Individual Systems

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

PERS is a defined benefit cost-sharing plan that provides retirement benefits to all eligible State of Mississippi public employees, public education employees, other public employees whose employers have elected to participate, and elected members of the State Legislature and President of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. Net position restricted for benefits at June 30, 2013, amounted to $21.7 billion, an increase of $1.9 billion (9.6 percent) from $19.8 billion at June 30, 2012.

Additions to PERS' net position restricted for benefits include employer and member contributions and investment income. For the 2013 fiscal year, employer and member contributions of $1.4 billion increased $115.1 million (8.8 percent) above 2012. This change is attributed to an increase in the employer contribution rate effective July 1, 2012, from 12.93 percent to 14.26 percent. PERS recognized net investment income of $2.6 billion for the 2013 fiscal year compared with net investment income of $59.6 million for the 2012 fiscal year.

DEFINED BENEFIT PLANS ASSET ALLOCATION AT FAIR VALUE
- JUNE 30, 2013 -



Deductions from PERS' net position restricted for benefits primarily include retirement and beneficiary benefits, as well as administrative expenses. For the 2013 fiscal year, retirement benefits amounted to $2.0 billion, an increase of $102.8 million (5.5 percent) over the 2012 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients. For the 2013 fiscal year, the cost of administering the System amounted to $14.9 million, an increase of $474 thousand (3.3 percent) from fiscal year 2012. The increase in administrative expenses was due primarily to increases in the personal services and commodities categories.

An actuarial valuation of PERS' assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2013, the funded status of the plan decreased to 57.7 percent from 58.0 percent at June 30, 2012. The amount by which PERS' actuarial assets were less than actuarial benefit liabilities was $15.1 billion at June 30, 2013, an increase in unfunded actuarial accrued liabilities of $552 million over June 30, 2012. The decrease in funded status is due primarily to continued recognition of investment losses from 2009 and unfavorable investment performance from the actuarial assumed rate of return for 2012, smoothed over a five-year period.

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

MHSPRS provides retirement benefits to sworn officers of the Mississippi Highway Safety Patrol. Benefits of the plan are funded by member and employer contributions and by earnings on investments. MHSPRS' net position restricted for benefits at June 30, 2013, amounted to $287.5 million, an increase of $22.2 million (8.4 percent) from $265.2 million at June 30, 2012.

Additions to MHSPRS' net position restricted for benefits include employer and member contributions and investment income. For the 2013 fiscal year, employer and member contributions were $11.9 million, an increase of $1.2 million (10.8 percent) from 2012. MHSPRS also received fees of $3.4 million to fund retirement benefits. Contributions increased due to an increase in the employer contribution rate from 35.21 percent to 37.0 percent effective July 1, 2012. MHSPRS recognized net investment income of $34.3 million for the 2013 fiscal year compared with net investment income of $805 thousand for 2012.

Deductions from MHSPRS' net position restricted for benefits primarily include retirement and beneficiary benefits and administrative fees. For the 2013 fiscal year, benefits amounted to $27.1 million, an increase of $126 thousand (0.5 percent) from the 2012 fiscal year. The increase in benefit payments was primarily due to a growth in the average monthly benefit and to an increase in the Cost-of-Living Adjustment (COLA) payments. The average monthly benefit growth generally reflects new retirees with larger benefit payments. For the 2013 fiscal year, MHSPRS transferred $199 thousand to the System to offset the cost of administration, an increase of $23 thousand (13.1 percent) from 2012.

An actuarial valuation of MHSPRS' assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2013, the funded status of the plan decreased to 62.8 percent from 63.7 percent at June 30, 2012. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $160.5 million, compared with $153.0 million at June 30, 2012. The decrease in funded status is due primarily to continued recognition of investment losses from 2009 and unfavorable investment performance from the actuarial assumed rate of return for 2012, smoothed over a five-year period.

MUNICIPAL RETIREMENT SYSTEMS

Two municipal retirement plans and 17 fire and police disability and relief plans comprise MRS, all of which are closed to new members. Seventeen of these separate plans provide retirement benefits to municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Membership in the other two plans was extended until July 1, 1987. All active employees have retired from eight of the municipal plans. The financial positions of MRS plans have been aggregated for financial reporting purposes. Individual plan information is included with the specific municipality's annual financial report. Benefits of MRS are funded by employer and member contributions and by earnings on investments. The aggregated plan's net position restricted for benefits at June 30, 2013, amounted to $166.6 million, an increase of $5.9 million (3.7 percent) from $160.7 million at June 30, 2012.

Additions to MRS' net position restricted for benefits consist of employer and member contributions and investment income. For the 2013 fiscal year, employer and member contributions of $21.8 million were $1.8 million (7.4 percent) less than contributions of $23.6 million received in fiscal year 2012. MRS employer contributions are funded through taxes levied on assessed properties. The decrease is due to lower contribution amounts made by some municipalities within the plan. MRS recognized net investment income of $19.8 million for the 2013 fiscal year compared with net investment income of $487 thousand for the 2012 fiscal year.

Deductions from MRS' net position restricted for benefits include retirement and beneficiary benefits and administrative fees. For the 2013 fiscal year, benefits amounted to $35.2 million, a decrease of $121 thousand (0.3 percent) from the 2012 fiscal year. The decrease in benefit payments resulted primarily from a reduction in the number of retirees due to mortality during the fiscal year. For the 2013 fiscal year, MRS transferred $434 thousand to the System to offset the cost of administration, compared to $469 thousand transferred for fiscal year 2012. Administrative fees are calculated based on the amount of employer contributions.

An actuarial valuation of MRS' assets and benefit obligations was previously performed annually as of September 30. At its April 2013 meeting, the Board approved changing the plan year ending date to June 30 for actuarial valuation purposes. The change in plan valuation date was adopted to help facilitate implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*, for fiscal years beginning after June 15, 2013, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* for fiscal years beginning after June 15, 2014. The funded status of MRS as of June 30, 2013, decreased to 43.8 percent from 46.1 percent at September 30, 2011 and 43.6 percent at September 30, 2012. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $196.3 million at June 30, 2013, compared with $196.0 million at September 30, 2011 and $201.1 million at September 30, 2012.

SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

SLRP provides supplemental retirement benefits to all elected members of the State Legislature and President of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. The plan's net position restricted for benefits at June 30, 2013, amounted to $14.4 million, an increase of $1.2 million (9.2 percent) from $13.2 million at June 30, 2012.

Additions to SLRP's net position restricted for benefits include employer and member contributions and investment income. For the 2013 fiscal year, employer and member contributions were $707 thousand, an increase of $11 thousand (1.6 percent) from those of fiscal year 2012. The increase in contributions is attributed to an increase in the employer contribution rate effective July 1, 2012, from 6.65 percent to 7.4 percent. SLRP recognized net investment income of $1.7 million for the 2013 fiscal year, compared with a net investment income of $39 thousand for the 2012 fiscal year.

Deductions from SLRP's net position restricted for benefits primarily include retirement and beneficiary benefits, as well as administrative fees. For the 2013 fiscal year, benefits amounted to $1.2 million, a decrease of $86 thousand (6.8 percent) from the 2012 fiscal year. While the total number of retirees increased, there was a reduction in partial lump sum option payments in 2013 compared with 2012, which resulted in lower overall benefit payments for 2013. For the 2013 fiscal year, SLRP transferred $10 thousand to PERS to offset the cost of administration, the same amount as for fiscal year 2012.

An actuarial valuation of SLRP's assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2013, the funded status of the plan decreased to 67.8 percent from 67.9 percent at June 30, 2012. The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $6.4 million, compared with $6.3 million at June 30, 2012. The decrease in funded status is due primarily to continued recognition of investment losses from 2009 and unfavorable investment performance from the actuarial assumed rate of return for 2012, smoothed over a five-year period.

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. The funded status of each of the plans is shown in the Schedules of Funding Progress on pages 57 and 58. This table shows funding ratios for the last 10 fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial benefit liabilities.

As of June 30, 2013, funding ratios ranged from a high of 67.8 percent to a low of 43.8 percent, as compared to 67.9 percent and 46.1 percent for 2012. The average funding ratio decreased from 58.9 percent to 58.0 percent during the fiscal year. The decrease in funding status is due to growth in the number of retirees, the compounding effects of past benefit improvements, the recognition of investment losses from 2009, and an investment rate of return for 2012 less than the actuarial assumed rate. The investment losses from 2009, as well as the actuarial loss for 2012, are smoothed over a five-year period. In addition, for PERS, MHSPRS, and SLRP the overall payroll growth rate was less than expected, which caused upward pressure on the contribution rate attributed to the unfunded accrued liability. This was offset by assumption changes that caused a gain in the unfunded accrued liability. At June 30, 2013, the System's total unfunded actuarial accrued liability increased to $15.4 billion from $14.9 billion at June 30, 2012. This is a net increase of $560 million for the year.

To help address the funding status, the Board of Trustees approved the recommendation of our consulting actuary to increase the PERS employer contribution rate from 14.26 to 15.75 percent, the MHSPRS employer contribution rate remained at 37.0 percent, and the SLRP employer contribution rate continued at 7.4 percent, effective July 1, 2013. Also effective July 1, 2013, Mississippi House Bill No. 1015 increased the contribution of certain fees toward employer contributions of the MHSPRS. Employee contributions remain constant at 9.0 percent for PERS, 7.25 percent for MHSPRS, and 3.0 percent for SLRP.

At its October 2012 meeting, the Board of Trustees adopted a revised funding policy, aimed at stabilizing the employer contribution rate, setting the PERS rate at 15.75 percent

NET POSITION—DEFINED BENEFIT PLANS
- JUNE 30 -

[in thousands]

	PERS		MHSPRS		MRS	
Assets:	2013	2012	2013	2012	2013	2012
CASH, CASH EQUIVALENTS, & RECEIVABLES	$1,170,329	$1,162,887	$14,505	$15,141	$8,663	$9,204
INVESTMENTS AT FAIR VALUE	21,481,448	19,152,087	286,071	257,486	165,590	155,988
INVESTED SECURITIES LENDING COLLATERAL	3,552,300	3,519,155	47,477	47,486	27,482	28,767
CAPITAL ASSETS	27,419	22,190	-	-	-	-
TOTAL ASSETS	**26,231,496**	**23,856,319**	**348,053**	**320,113**	**201,735**	**193,959**
Liabilities:						
INVESTMENT ACCOUNTS & OTHER PAYABLES	991,950	556,695	13,115	7,408	7,603	4,511
SECURITIES LENDING LIABILITY	3,552,635	3,518,237	47,482	47,473	27,484	28,760
TOTAL LIABILITIES	**4,544,585**	**4,074,932**	**60,597**	**54,881**	**35,087**	**33,271**
TOTAL NET POSITION	**$21,686,911**	**$19,781,387**	**$287,456**	**$265,232**	**$166,648**	**$160,688**

CHANGES IN NET POSITION—DEFINED BENEFIT PLANS
- YEAR ENDED JUNE 30 -

[in thousands]

	PERS		MHSPRS		MRS	
Additions:	2013	2012	2013	2012	2013	2012
CONTRIBUTIONS	$1,429,639	$1,314,501	$11,903	$10,744	$21,818	$23,570
INVESTMENT INCOME	2,564,097	59,595	34,270	805	19,837	487
OTHER ADDITIONS	691	664	3,414	3,246	-	-
TOTAL ADDITIONS	**3,994,427**	**1,374,760**	**49,587**	**14,795**	**41,655**	**24,057**
Deductions:						
PENSION BENEFITS	1,965,660	1,862,826	27,052	26,926	35,227	35,348
REFUNDS	108,365	93,379	112	24	34	3
ADMINISTRATIVE & OTHER DEDUCTIONS	14,878	14,404	199	176	434	469
TOTAL DEDUCTIONS	**2,088,903**	**1,970,609**	**27,363**	**27,126**	**35,695**	**35,820**
INCREASE (DECREASE) IN NET POSITION	**$1,905,524**	**$(595,849)**	**$22,224**	**$(12,331)**	**$5,960**	**$(11,763)**

NET POSITION—DEFINED BENEFIT PLANS (CONTINUED)
- JUNE 30 -

[in thousands]

	SLRP		ELIMINATIONS		TOTAL DEFINED BENEFIT PENSION PLANS		TOTAL PERCENT CHANGE
Assets:	2013	2012	2013	2012	2013	2012	
CASH, CASH EQUIVALENTS, & RECEIVABLES	$712	$710	$(8)	$(11)	$1,194,201	$1,187,931	0.53%
INVESTMENTS AT FAIR VALUE	14,318	12,827	-	-	21,947,427	19,578,388	12.10
INVESTED SECURITIES LENDING COLLATERAL	2,376	2,366	-	-	3,629,635	3,597,774	0.89
CAPITAL ASSETS	-	-	-	-	27,419	22,190	23.56
TOTAL ASSETS	**17,406**	**15,903**	**(8)**	**(11)**	**26,798,682**	**24,386,283**	**9.89**
Liabilities:							
INVESTMENT ACCOUNTS & OTHER PAYABLES	656	369	(8)	(11)	$1,013,316	$568,972	78.10
SECURITIES LENDING LIABILITY	2,376	2,365	-	-	3,629,977	3,596,835	0.92
TOTAL LIABILITIES	**3,032**	**2,734**	**(8)**	**(11)**	**4,643,293**	**4,165,807**	**11.46**
TOTAL NET POSITION	**$14,374**	**$13,169**	**$-**	**$-**	**$22,155,389**	**$20,220,476**	**9.57%**

CHANGES IN NET POSITION—DEFINED BENEFIT PLANS (CONTINUED)
- YEAR ENDED JUNE 30 -

[in thousands]

	SLRP		ELIMINATIONS		TOTAL DEFINED BENEFIT PENSION PLANS		TOTAL PERCENT CHANGE
Additions:	2013	2012	2013	2012	2013	2012	
CONTRIBUTIONS	$707	$696	$-	$-	$1,464,067	$1,349,511	8.49%
INVESTMENT INCOME	1,715	39	-	-	2,619,919	60,926	*
OTHER ADDITIONS	-	-	(643)	(655)	3,462	3,255	6.36
TOTAL ADDITIONS	**2,422**	**735**	**(643)**	**(655)**	**4,087,448**	**1,413,692**	**189.13**
Deductions:							
PENSION BENEFITS	1,182	1,268	-	-	2,029,121	1,926,368	5.33
REFUNDS	25	25	-	-	108,536	93,431	16.17
ADMINISTRATIVE & OTHER DEDUCTIONS	10	10	(643)	(655)	14,878	14,404	3.29
TOTAL DEDUCTIONS	**1,217**	**1,303**	**(643)**	**(655)**	**2,152,535**	**2,034,203**	**5.82**
INCREASE (DECREASE) IN NET POSITION	**$1,205**	**$(568)**	**$-**	**$-**	**$1,934,913**	**$(620,511)**	*****

**Not meaningful*

and establishing a goal to position PERS at more than 80.0 percent funded by 2042. Under the revised funding policy, contribution rates would no longer be determined based on a rolling 30-year amortization period; rather the focus would be on a declining amortization period and a reduction in volatility of the contribution rate. These actions represent the Board's continuing commitment to further strengthen sustainability and advance the funding status of plans within the System.

457 DEFINED CONTRIBUTION PLAN

MDC was established under Section 457 of the Internal Revenue Code. MDC provides supplemental retirement benefits for plan participants. The plan is funded by participant contributions and by investment earnings. Net position restricted for benefits at June 30, 2013, amounted to $1.4 billion, which was an increase of $137.9 million (10.7 percent) from net position at June 30, 2012. The number of participants in the plan increased from 39,372 in 2012 to 39,476 in 2013.

Additions to the MDC net position restricted for benefits include rollovers, contributions, and investment income. For the 2013 fiscal year, contributions were $77.4 million compared to $84.6 million in 2012, or a decrease of $7.2 million (8.5 percent). The decrease from last year is due primarily to retiring participants that contribute larger amounts in contrast to younger participants entering the plan. In addition, an employer exited the plan during fiscal year 2012 resulting in reduced contributions in 2013 when compared to 2012. Net investment income of $140.0 million was recognized for the 2013 fiscal year compared with a net investment income of $12.4 million for 2012.

Deductions from the MDC net position include payments to participants and beneficiaries and rollovers. For the 2013 fiscal year, distributions amounted to $79.4 million, a decrease of $20.6 million (20.6 percent) from the 2012 fiscal year. The reduction in distributions is mainly due to increased distributions from 2012 resulting from an employer exiting the plan. Benefit obligations of the 457 defined contribution plan are equal to the participants' account balances, which are equal to the net position 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:

Public Employees' Retirement System of Mississippi
Accounting Department
429 Mississippi Street
Jackson, MS 39201-1005

NET POSITION—IRC 457 PLAN

- JUNE 30 -

[in thousands]

	IRC 457 PLAN MDC		
Assets:	2013	2012	PERCENT CHANGE
CASH & RECEIVABLES	$4,598	$5,767	(20.27)%
INVESTMENTS AT FAIR VALUE	1,423,348	1,284,224	10.83
TOTAL ASSETS	**1,427,946**	**1,289,991**	**10.69**
Liabilities:			
INVESTMENT ACCOUNTS & OTHER PAYABLES	190	180	5.56
TOTAL LIABILITIES	**190**	**180**	**5.56**
NET POSITION	**$1,427,756**	**$1,289,811**	**10.69%**

CHANGES IN NET POSITION—IRC 457 PLAN

- YEAR ENDED JUNE 30 -

[in thousands]

	IRC 457 PLAN MDC		
Additions:	2013	2012	PERCENT CHANGE
CONTRIBUTIONS	$77,390	$84,591	(8.51)%
INVESTMENT INCOME	139,993	12,364	1,032.26
TOTAL ADDITIONS	**217,383**	**96,955**	**124.21**
Deductions:			
PENSION BENEFITS	79,438	100,008	(20.57)
TOTAL DEDUCTIONS	**79,438**	**100,008**	**(20.57)**
INCREASE (DECREASE) IN NET POSITION	**$137,945**	**$(3,053)**	*****

**Not meaningful*

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
- JUNE 30, 2013 -

[in thousands]

	PERS	MHSPRS	MRS	SLRP	ELIMINATIONS
ASSETS					
CASH & CASH EQUIVALENTS (NOTE 3)	$575,355	$7,649	$4,427	$383	$-
Receivables:					
EMPLOYER	61,842	-	418	-	-
MEMBER	38,644	-	6	-	-
INVESTMENT PROCEEDS	415,672	5,536	3,204	277	-
INTEREST & DIVIDENDS	77,913	1,037	601	52	-
OTHER RECEIVABLES	895	283	7	-	-
TOTAL RECEIVABLES	**594,966**	**6,856**	**4,236**	**329**	**-**
Investments, at Fair Value (Note 3):					
SHORT-TERM INVESTMENTS	454,255	6,048	3,502	303	-
LONG-TERM DEBT SECURITIES	5,122,091	68,212	39,484	3,414	-
EQUITY SECURITIES	13,457,449	179,215	103,737	8,970	-
PRIVATE EQUITY	666,446	8,875	5,137	444	-
REAL ESTATE INVESTMENTS	1,781,207	23,721	13,730	1,187	-
ASSET ALLOCATION FUND	-	-	-	-	-
FIXED RATE & VARIABLE	-	-	-	-	-
LIFE INSURANCE CONTRACTS	-	-	-	-	-
TOTAL INVESTMENTS BEFORE LENDING ACTIVITIES	**21,481,448**	**286,071**	**165,590**	**14,318**	**-**
Securities Lending:					
SHORT-TERM INVESTMENTS	1,358,996	18,163	10,514	909	-
LONG-TERM DEBT SECURITIES	2,193,304	29,314	16,968	1,467	-
TOTAL SECURITIES LENDING	**3,552,300**	**47,477**	**27,482**	**2,376**	**-**
TOTAL INVESTMENTS	**25,033,748**	**333,548**	**193,072**	**16,694**	**-**
DUE FROM OTHER FUNDS	8	-	-	-	(8)
CAPITAL ASSETS, AT COST, NET OF ACCUMULATED DEPRECIATION (NOTE 4)	27,419	-	-	-	-
TOTAL ASSETS	**26,231,496**	**348,053**	**201,735**	**17,406**	**(8)**
LIABILITIES					
ACCOUNTS PAYABLE & ACCRUED EXPENSES	991,927	13,115	7,595	656	-
OBLIGATIONS UNDER SECURITIES LENDING	3,552,635	47,482	27,484	2,376	-
DUE TO STATE OF MISSISSIPPI (NOTE 5)	23	-	-	-	-
DUE TO OTHER FUNDS	-	-	8	-	(8)
FUNDS HELD FOR OTHERS	-	-	-	-	-
TOTAL LIABILITIES	**4,544,585**	**60,597**	**35,087**	**3,032**	**(8)**
NET POSITION RESTRICTED FOR PENSIONS	**$21,686,911**	**$287,456**	**$166,648**	**$14,374**	**$-**

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
- JUNE 30, 2013 -

[in thousands]

	TOTAL DEFINED BENEFIT PENSION PLANS	IRC 457 PLAN MDC	TOTAL PENSION TRUST FUNDS	AGENCY FUNDS	TOTAL 2013
ASSETS					
CASH & CASH EQUIVALENTS (NOTE 3)	$587,814	$1,855	$589,669	$18	$589,687
Receivables:					
EMPLOYER	62,260	-	62,260	-	62,260
MEMBER	38,650	2,387	41,037	-	41,037
INVESTMENT PROCEEDS	424,689	-	424,689	-	424,689
INTEREST & DIVIDENDS	79,603	356	79,959	-	79,959
OTHER RECEIVABLES	1,185	-	1,185	-	1,185
TOTAL RECEIVABLES	**606,387**	**2,743**	**609,130**	**-**	**609,130**
Investments, at Fair Value (Note 3):					
SHORT-TERM INVESTMENTS	464,108	24,728	488,836	-	488,836
LONG-TERM DEBT SECURITIES	5,233,201	68,631	5,301,832	-	5,301,832
EQUITY SECURITIES	13,749,371	695,650	14,445,021	-	14,445,021
PRIVATE EQUITY	680,902	-	680,902	-	680,902
REAL ESTATE INVESTMENTS	1,819,845	143	1,819,988	-	1,819,988
ASSET ALLOCATION FUND	-	72,758	72,758	-	72,758
FIXED RATE & VARIABLE	-	561,103	561,103	-	561,103
LIFE INSURANCE CONTRACTS	-	335	335	-	335
TOTAL INVESTMENTS BEFORE LENDING ACTIVITIES	**21,947,427**	**1,423,348**	**23,370,775**	**-**	**23,370,775**
Securities Lending:					
SHORT-TERM INVESTMENTS	1,388,582	-	1,388,582	-	1,388,582
LONG-TERM DEBT SECURITIES	2,241,053	-	2,241,053	-	2,241,053
TOTAL SECURITIES LENDING	**3,629,635**	**-**	**3,629,635**	**-**	**3,629,635**
TOTAL INVESTMENTS	**25,577,062**	**1,423,348**	**27,000,410**	**-**	**27,000,410**
DUE FROM OTHER FUNDS	-	-	-	-	-
CAPITAL ASSETS, AT COST, NET OF ACCUMULATED DEPRECIATION (NOTE 4)	27,419	-	27,419	-	27,419
TOTAL ASSETS	**26,798,682**	**1,427,946**	**28,226,628**	**18**	**28,226,646**
LIABILITIES					
ACCOUNTS PAYABLE & ACCRUED EXPENSES	1,013,293	190	1,013,483	15	1,013,498
OBLIGATIONS UNDER SECURITIES LENDING	3,629,977	-	3,629,977	-	3,629,977
DUE TO STATE OF MISSISSIPPI (NOTE 5)	23	-	23	-	23
DUE TO OTHER FUNDS	-	-	-	-	-
FUNDS HELD FOR OTHERS	-	-	-	3	3
TOTAL LIABILITIES	**4,643,293**	**190**	**4,643,483**	**18**	**4,643,501**
NET POSITION RESTRICTED FOR PENSIONS	**$22,155,389**	**$1,427,756**	**$23,583,145**	**$-**	**$23,583,145**

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
- FOR THE YEAR ENDED JUNE 30, 2013-

[in thousands]

	PERS	MHSPRS	MRS	SLRP	ELIMINATIONS
ADDITIONS					
Contributions:					
EMPLOYER	$881,847	$9,952	$21,718	$503	$-
MEMBER	547,792	1,951	100	204	-
TOTAL CONTRIBUTIONS	**1,429,639**	**11,903**	**21,818**	**707**	**-**
Net Investment Income:					
NET APPRECIATION IN FAIR VALUE	2,073,785	27,717	16,044	1,387	-
INTEREST & DIVIDENDS	525,119	7,018	4,063	351	-
TOTAL BEFORE LENDING ACTIVITIES	**2,598,904**	**34,735**	**20,107**	**1,738**	**-**
Securities Lending:					
NET DEPRECIATION IN FAIR VALUE	(326)	(4)	(3)	(-)	-
INTEREST	17,326	232	134	12	-
PROGRAM FEES	(2,667)	(36)	(21)	(2)	-
NET INCOME FROM SECURITIES LENDING	**14,333**	**192**	**110**	**10**	**-**
MANAGERS' FEES & TRADING COSTS	(49,140)	(657)	(380)	(33)	-
NET INVESTMENT INCOME	**2,564,097**	**34,270**	**19,837**	**1,715**	**-**
Other Additions:					
ADMINISTRATIVE FEES	643	-	-	-	(643)
OTHER	48	3,414	-	-	-
TOTAL OTHER ADDITIONS	**691**	**3,414**	**-**	**-**	**(643)**
TOTALS	**3,994,427**	**49,587**	**41,655**	**2,422**	**(643)**
DEDUCTIONS					
RETIREMENT ANNUITIES	1,965,660	27,052	35,227	1,182	-
REFUNDS TO TERMINATED EMPLOYEES	108,365	112	34	25	-
TOTALS	**2,074,025**	**27,164**	**35,261**	**1,207**	**-**
Administrative Expenses:					
PERSONAL SERVICES: SALARIES, WAGES & FRINGE BENEFITS	8,910	-	-	-	-
PERSONAL SERVICES: TRAVEL & SUBSISTENCE	88	-	-	-	-
CONTRACTUAL SERVICES	4,674	-	-	-	-
COMMODITIES	434	-	-	-	-
TOTAL ADMINISTRATIVE EXPENSES	14,106	-	-	-	-
DEPRECIATION	772	-	-	-	-
ADMINISTRATIVE FEES	-	199	434	10	(643)
TOTALS	**2,088,903**	**27,363**	**35,695**	**1,217**	**(643)**
NET INCREASE	**1,905,524**	**22,224**	**5,960**	**1,205**	**-**
NET POSITION RESTRICTED FOR PENSION BENEFITS:					
BEGINNING OF YEAR	**19,781,387**	**265,232**	**160,688**	**13,169**	**-**
END OF YEAR	**$21,686,911**	**$287,456**	**$166,648**	**$14,374**	**$-**

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
- FOR THE YEAR ENDED JUNE 30, 2013-

[in thousands]

	TOTAL DEFINED BENEFIT PENSION PLANS	IRC 457 PLAN MDC	TOTAL PENSION TRUST FUNDS 2013
ADDITIONS			
Contributions:			
EMPLOYER	$914,020	$1,076	$915,096
MEMBER	550,047	76,314	626,361
TOTAL CONTRIBUTIONS	**1,464,067**	**77,390**	**1,541,457**
Net Investment Income:			
NET APPRECIATION IN FAIR VALUE	2,118,933	125,688	2,244,621
INTEREST & DIVIDENDS	536,551	14,305	550,856
TOTAL BEFORE LENDING ACTIVITIES	**2,655,484**	**139,993**	**2,795,477**
Securities Lending:			
NET DEPRECIATION IN FAIR VALUE	(333)	-	(333)
INTEREST	17,704	-	17,704
PROGRAM FEES	(2,726)	-	(2,726)
NET INCOME FROM SECURITIES LENDING	**14,645**	**-**	**14,645**
MANAGERS' FEES & TRADING COSTS	(50,210)	-	(50,210)
NET INVESTMENT INCOME	**2,619,919**	**139,993**	**2,759,912**
Other Additions:			
ADMINISTRATIVE FEES	-	-	-
OTHER	3,462	-	3,462
TOTAL OTHER ADDITIONS	**3,462**	**-**	**3,462**
TOTALS	**4,087,448**	**217,383**	**4,304,831**
DEDUCTIONS			
RETIREMENT ANNUITIES	2,029,121	79,438	2,108,559
REFUNDS TO TERMINATED EMPLOYEES	108,536	-	108,536
TOTALS	**2,137,657**	**79,438**	**2,217,095**
Administrative Expenses:			
PERSONAL SERVICES: SALARIES, WAGES & FRINGE BENEFITS	8,910	-	8,910
PERSONAL SERVICES: TRAVEL & SUBSISTENCE	88	-	88
CONTRACTUAL SERVICES	4,674	-	4,674
COMMODITIES	434	-	434
TOTAL ADMINISTRATIVE EXPENSES	14,106	-	14,106
DEPRECIATION	772	-	772
ADMINISTRATIVE FEES	-	-	-
TOTALS	**2,152,535**	**79,438**	**2,231,973**
NET INCREASE	**1,934,913**	**137,945**	**2,072,858**
NET POSITION RESTRICTED FOR PENSION BENEFITS:			
BEGINNING OF YEAR	**20,220,476**	**1,289,811**	**21,510,287**
END OF YEAR	**$22,155,389**	**$1,427,756**	**$23,583,145**

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

Note 1: Plan Description

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 also is 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
MISSISSIPPI GOVERNMENT EMPLOYEES' DEFERRED COMPENSATION PLAN & TRUST (MDC)	IRC 457 defined contribution plan
FLEXIBLE BENEFITS CAFETERIA PLAN (FBCP)	Agency

**Closed to new members*

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

A summary of participating employers and members follows:

SUMMARY OF PARTICIPATING EMPLOYERS AND MEMBERS

	PERS	MHSPRS	MRS	SLRP	TOTAL
Employers:					
STATE AGENCIES	112	2	-	5	119
STATE UNIVERSITIES	9	-	-	-	9
PUBLIC SCHOOLS	149	-	-	-	149
COMMUNITY/JUNIOR COLLEGES	15	-	-	-	15
COUNTIES	82	-	-	-	82
MUNICIPALITIES	241	-	17	-	258
OTHER POLITICAL SUBDIVISIONS	265	-	-	-	265
TOTAL EMPLOYERS	**873**	**2**	**17**	**5**	**897**
Members:					
ACTIVE VESTED	96,321	466	16	106	96,909
ACTIVE NONVESTED	65,423	54	-	69	65,546
TOTAL ACTIVE MEMBERS	**161,744**	**520**	**16**	**175**	**162,455**
INACTIVE VESTED	18,821	30	-	50	18,901
INACTIVE NONVESTED	111,874	24	-	11	111,909
TOTAL INACTIVE MEMBERS	**130,695**	**54**	**-**	**61**	**130,810**
RETIREES & BENEFICIARIES	90,214	713	1,941	188	93,056
TOTAL RETIRED/INACTIVE MEMBERS	**220,909**	**767**	**1,941**	**249**	**223,866**
TOTAL MEMBERS	**382,653**	**1,287**	**1,957**	**424**	**386,321**
Active Members by Employer:					
STATE AGENCIES	32,921	520	-	175	33,616
STATE UNIVERSITIES	17,636	-	-	-	17,636
PUBLIC SCHOOLS	64,045	-	-	-	64,045
COMMUNITY/JUNIOR COLLEGES	6,272	-	-	-	6,272
COUNTIES	13,904	-	-	-	13,904
MUNICIPALITIES	17,108	-	16	-	17,124
OTHER POLITICAL SUBDIVISIONS	9,858	-	-	-	9,858
TOTAL ACTIVE MEMBERS	**161,744**	**520**	**16**	**175**	**162,455**

MEMBERSHIP AND BENEFIT PROVISIONS

(1) Public Employees' Retirement System of Mississippi

Membership in PERS is a condition of employment 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 for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a refund of his or her accumulated member contributions plus interest.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. Benefit provisions are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2013, the total COLA payments for PERS were $437,808,691.

(2) Mississippi Highway Safety Patrol Retirement System

Membership in MHSPRS is a condition of employment 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 members who withdraw from service at or after age 55 with at least five years of membership service, or after reaching age 45 with at least 20 years of creditable 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 average compensation during the four highest consecutive years of earnings, reduced 3.0 percent for each year below age 55 or for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. A member who terminates employment from the highway patrol and who is not eligible to receive monthly retirement benefits may request a refund of his or her accumulated employee contributions plus interest. Benefit provisions for MHSPRS are established by Miss. Code Ann. § 25-13-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60, with 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2013, the total COLA payments for MHSPRS were $7,601,526.

(3) Municipal Retirement Systems

Membership in the two general municipal employee plans and the 17 fire and police disability and relief systems under MRS 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. All MRS plans were closed to new members by July 1, 1987. Eligible employees hired after July 1, 1987, automatically become members of PERS.

Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50.0 percent of their average monthly compensation and to an additional 1.7 percent for each year of creditable service beyond 20 years, not to exceed 66.67 percent of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the MRS plans 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 membership service. MRS plans also provide 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 Miss. Code Ann. § 21-29-1 et seq., Articles 1, 3, 5, and 7, (1972, as amended), and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

The retirees and beneficiaries of MRS plans with provisions for COLAs who are receiving a retirement allowance on July 1 of each fiscal year may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2013, the total COLAs for MRS plans were $5,351,904.

(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 July 1, 1989, had 30 days to waive membership in SLRP. Those elected after July 1, 1989, automatically become members of SLRP.

The retirement allowance is 50.0 percent of an amount equal to the retirement allowance payable by PERS, determined by creditable service as an elected senator or representative in the State Legislature or as President of the Senate. Benefits vest upon completion of the requisite number of membership service years in PERS. SLRP also provides certain death and disability benefits. A member who terminates legislative employment and who is not eligible to receive monthly retirement benefits may request a refund of his or her accumulated employee contributions plus interest. Benefit provisions for SLRP are established by Miss. Code Ann. § 25-11-301 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

Retirees and beneficiaries of SLRP may receive COLAs calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2013, the total COLAs for SLRP were $225,520.

(5) Mississippi Government Employees' Deferred Compensation Plan & Trust

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

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

The System has no liability for losses under the plan but does have the duty of due care that would be required of a prudent investor. At June 30, 2013, total plan assets aggregated approximately $1,427,946,000 with 39,476 participants.

(6) Flexible Benefits Cafeteria Plan

Miss. Code Ann. § 25-17-3 (1972, as amended) authorizes any state agency to adopt a benefit plan that meets the requirements of a cafeteria plan as defined in § 1-25 et seq. of the Internal Revenue Code of 1954, and regulations there under, for the benefit of eligible employees and their dependents. The FBCP was established as an agency fund to account for transactions related to those employees of the System who participate in the cafeteria plan.

MEMBER AND EMPLOYER OBLIGATIONS TO CONTRIBUTE

Members covered by PERS and MHSPRS are required to contribute 9.0 and 7.25 percent, respectively, of their earned compensation toward retirement. Members of SLRP are required to contribute 3.0 percent of their compensation in addition to the 9.0 percent required by PERS. If an employee covered by PERS, MHSPRS, or SLRP leaves employment, accumulated member contributions plus interest are refunded to the member upon request. The interest paid on member accounts was 3.5 percent in 2013. 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 Miss. Code Ann. (1972, as amended) § 25-11-1 et seq. for PERS, § 25-13-1 et seq. for MHSPRS, and § 25-11-301 et seq. for SLRP. These statutes may be amended only by the Mississippi Legislature.

Members covered by MRS are required to contribute amounts varying from 7.0 percent to 10.0 percent of their salary, depending on the actuarial soundness of their respective plans. Any increase to the 7.0 percent base contribution rate is made in increments not to exceed 1.0 percent per year. If a member leaves covered employment, accumulated member contributions are refunded to the member upon request. Members 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 Miss. Code Ann. § 21-29-1 et seq., Articles 1, 3, 5, and 7, (1972, as amended) and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

Note 2: Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

The reporting entity for the System and its component units consists of five pension trust funds and one agency fund. The pension trust funds are PERS, MHSPRS, MRS, SLRP, and MDC. These financial statements are included in the financial statements of the State of Mississippi. The agency fund is the FBCP. The component units of the System are included in the System's reporting entity due to their financial relationships. Although the component units are legally separate from the System, they are reported as if they were part of the System because the governing boards of each are identical. The System is considered a component unit of the State of Mississippi reporting entity in accordance with Governmental Accounting Standards Board (GASB) 14, The Financial Reporting Entity.

The membership of the 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.

BASIS OF PRESENTATION — FUND ACCOUNTING

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

BASIS OF ACCOUNTING

PERS, MHSPRS, MRS, SLRP, and MDC use the accrual basis of accounting and the economic resources measurement focus. Member and employer contributions are recognized as revenue when due pursuant to formal commitments, as well as statutory requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Other expenses are recognized when incurred. Investments for PERS, MHSPRS, MRS, SLRP, and MDC are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available or at cost plus accrued interest, which approximates fair value. The fair value of commingled real estate funds is based on independent appraisals, while 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.

BUDGETARY DATA

Annual budgets are legally adopted on a modified cash basis for the administrative expenditure portion of the pension trust funds. The System uses the following procedures in the budgetary process:

» Approximately one year in advance, the System prepares a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

» At the beginning of August, the proposed budget for the fiscal year commencing the following July is submitted to the Department of Finance and Administration and the Joint Legislative Budget Committee. Budget hearings are conducted by these bodies resulting in recommendations for changes.

» In January, the proposed budget and the recommendations proposed by the Department of Finance and Administration and the Joint Legislative Budget Committee are presented to the State Legislature. The State Legislature makes any revisions it deems appropriate and then legally enacts the System's budget in the form of an appropriation bill.

» The System is authorized to transfer budget amounts between major expenditure classifications on a limited basis subject to approval by the Department of Finance and Administration.

» Spending authority lapses for appropriated funds that remain undisbursed at August 31.

CAPITAL ASSETS

Capital assets used for administering the plans are carried at historical cost (see Note 4). Depreciation is provided using the straight-line method. The System's policy is to capitalize all acquisitions of furniture and equipment with a unit cost of $5 thousand or more. The following schedule summarizes estimated useful lives by asset classification:

ASSET CLASSIFICATION	ESTIMATED USEFUL LIFE
BUILDING	40 years
IMPROVEMENTS	20 years
FURNITURE & EQUIPMENT	5-15 years
COMPUTER EQUIPMENT	3 years
VEHICLES	3-10 years

ACCUMULATED PERSONAL LEAVE AND MAJOR MEDICAL LEAVE

Miss. Code Ann. § 25-3-97, (1972, as amended) 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 member presents medical evidence that his or her physical condition is such that he or she 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 member. 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.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2013, and the reported amounts of additions to and deductions from net position during the year then ended. Actual results could differ from those estimates.

GASB IMPLEMENTATION DEVELOPMENT

The Governmental Accounting Standards Board issued two new pronouncements, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is applicable to most state and local government employers that offer pension benefits to their employees. PERS has brought together key groups, such as staff representing the State Department of Audit, the State Department of Finance and Administration, consulting actuaries and independent auditors, to define responsibilities and formulate a successful implementation. Statement No. 67 is effective for fiscal years beginning after June 15, 2013, and Statement No. 68 is effective for fiscal years beginning after June 15, 2014. Impact on the System's financial statements has not yet been determined.

Note 3: Cash, Cash Equivalents and Investments

LEGAL PROVISIONS

The System is authorized by Miss. Code Ann. § 25-11-121, (1972, as amended) to invest in the following:

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

» School district bonds of the State;

» Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi;

» Highway bonds of the State;

» Corporate bonds rated by Standard & Poor's Corporation (S&P) or Moody's Investors Service;

» Short-term obligations of corporations or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by S&P or rated P-3 or better by Moody's. The Board of Trustees has established a policy that further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by S&P or Moody's, 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 US Securities and Exchange Commission;

» Bonds, notes, debentures, and other securities issued by any federal instrumentality and fully guaranteed by the United States of America;

» Bonds, stocks, and convertible securities of established foreign companies that are listed on primary national stock exchanges of foreign nations and in foreign government securities. The System is authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps, and other related derivative instruments;

» Interest-bearing bonds or notes that 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 most recent federal census 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 over a period of 10 calendar years immediately preceding such investment;

» Shares of common and/or preferred stock of corporations created by or existing under the laws of the United States of America or any state, district, or territory thereof;

» Covered call and put options on securities traded on one or more of the regulated exchanges;

» Pooled or commingled funds managed by a corporate trustee or by a US 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; and

- Up to 10.0 percent of the total book value of investments can be types of investments not specifically authorized by this section, if the investments are in the form of a separate account managed by a US Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board; or a limited partnership or commingled fund.

The System also is 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 Miss. Code Ann. § 25-11-121, (1972, as amended).

Miss. Code Ann. § 25-11-121 (1972, as amended) 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 100.0 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, 2013, the System had no deposits in foreign demand deposit accounts.

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. Miss. Code Ann. § 25-11-121, (1972, as amended) provides that the deposits of the System in any US bank 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 100.0 percent of the amount of funds on deposit.

The amount of the System's total cash and cash equivalents at June 30, 2013, was $589,687,000. Cash deposits in bank accounts totaled $2,716,000, which were covered by federal deposit insurance. At June 30, 2013, the System held $592,240,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into a bank-sponsored short-term investment fund. This fund is a custodial bank-sponsored commingled fund that is invested in short-term US government securities and repurchase agreements. The average S&P short-term quality rating of the fund was A-1 at June 30, 2013.

INVESTMENTS

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

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

Miss. Code Ann. § 25-11-121 (1972, as amended) allows the System to invest up to 10.0 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 portfolio is divided between core commingled and value-added real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trusts (REITs). REITs are exchange-traded securities that provide indirect exposure to real estate properties and real estate management companies. Fair values of commingled fund properties are based on the most recent independent appraisal values. Independent appraisal firms, which are Members of Appraisal Institute (MAI), are required to conduct valuations at least annually.

In fiscal year 2009, PERS began investing in private equity and absolute return investments. The Board's long-term policy asset allocation target includes 5.0 percent private equity and 5.0 percent absolute return strategies. Private equity was adopted to provide returns in excess of those provided through publicly traded stocks and bonds. Absolute return strategies provide returns that are not correlated with the public equity markets.

The following table presents the fair value of investments by type at June 30, 2013 (in thousands):

INVESTMENT TYPE	FAIR VALUE
COMMERCIAL PAPER	$767,259
REPURCHASE AGREEMENTS	831,464
INTERNATIONAL CURRENCY	185,506
US GOVERNMENT AGENCY OBLIGATIONS	87,893
US TREASURY OBLIGATIONS	1,557,071
COLLATERALIZED MORTGAGE OBLIGATIONS	535,926
CORPORATE BONDS	2,934,972
MORTGAGE PASS-THROUGHS	577,358
STATE & LOCAL OBLIGATIONS	54,634
ASSET-BACKED SECURITIES	937,093
YANKEE/GLOBAL BONDS	79,920
SOVEREIGN GOVERNMENTS DEBT	777,848
DOMESTIC EQUITY SECURITIES	8,764,276
INTERNATIONAL EQUITY SECURITIES	5,139,016
REAL ESTATE	1,819,988
PRIVATE EQUITY	680,902
MONEY MARKET FUND	24,729
FIXED INCOME FUNDS	68,631
ASSET ALLOCATION FUNDS	72,758
FIXED & VARIABLE FUNDS	561,103
LIFE INSURANCE CONTRACTS	335
EQUITY FUNDS	541,728
TOTAL	**$27,000,410**

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 Miss. Code Ann. § 25-11-121, (1972, as amended) requires that all investments be clearly marked as to ownership, and to the extent possible, shall be registered in the name of the System.

Of the defined benefit pension funds' $25.6 billion in investments at June 30, 2013, $3.6 billion were exposed to custodial credit risk. These are cash collateral reinvestment securities held in the name of the custodian who acquired them as the lending agent/counterparty. This is consistent with the System's securities lending agreement in place with the custodian.

The fair value of cash collateral securities as of June 30, 2013, are presented by type below (in thousands):

CASH COLLATERAL SECURITIES	FAIR VALUE
COMMERCIAL PAPER	$764,469
REPURCHASE AGREEMENTS	624,113
COLLATERALIZED MORTGAGE OBLIGATIONS	25,599
CORPORATE BONDS	1,390,844
YANKEE/GLOBAL BONDS	31,600
ASSET-BACKED SECURITIES	793,010
TOTAL	**$3,629,635**

INTEREST RATE RISK

As of June 30, 2013, the System had the following debt security investments and maturities:

INVESTMENT TYPE	FAIR VALUE (IN THOUSANDS)	INVESTMENT MATURITIES (IN YEARS) LESS THAN 1	1-5	6-10	MORE THAN 10
ASSET-BACKED SECURITIES	$937,093	$811,673	$70,945	$35,298	$19,177
COLLATERALIZED MORTGAGE OBLIGATIONS	535,926	70,092	1,693	15,296	448,845
COMMERCIAL PAPER	767,259	767,259	-	-	-
CORPORATE BONDS	2,934,972	830,560	1,177,340	616,229	310,843
MORTGAGE PASS-THROUGHS	577,358	952	1,714	11,384	563,308
REPURCHASE AGREEMENTS	831,464	831,464	-	-	-
SOVEREIGN GOVERNMENTS DEBT	777,848	45,812	220,687	320,754	190,595
STATE & LOCAL OBLIGATIONS	54,634	294	579	10,659	43,102
US GOVERNMENT AGENCY OBLIGATIONS	87,893	100	49,777	12,699	25,317
US TREASURY OBLIGATIONS	1,557,071	76,381	575,744	629,097	275,849
YANKEE/GLOBAL BONDS	79,920	3,396	51,639	8,282	16,603
TOTALS	**$9,141,438**	**$3,437,983**	**$2,150,118**	**$1,659,698**	**$1,893,639**

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 Position. Inverse floaters and variable rate investments with coupon multipliers greater than one are prohibited under the System's derivatives policy.

Miss. Code Ann. § 25-11-121 (1972, as amended) provides for the acquisition of derivative instruments by the System. The System adopted a formal derivatives policy in February 1996 with updates adopted in June 2005. During fiscal year 2013, the investments in derivative securities by the System were exclusively in asset/liability-based derivatives such as interest-only (IO) strips, collateralized mortgage obligations, and asset-backed securities. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields.

Interest-only and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The System held IOs valued at $4.8 million at fiscal year-end. The System's derivatives policy limits IO and PO strips to 3.0 percent of the investment portfolio.

Collateralized mortgage obligations (CMO) are bonds that are collateralized by whole-loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages that make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus, a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments and, thus, an increase in the fair value of the security. The System held $535.9 million in CMOs at June 30, 2013. Of this amount, $211.1 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 $937.1 million in ABS that the System held at June 30, 2013, $97.0 million are highly sensitive to changes in interest rates. ABS, which are leveraged structures or residual interests, are prohibited by the System's derivatives policy.

At June 30, 2013, the System had invested $577.4 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, 2013, was as follows:

EXPOSURE TO CREDIT RISK
- JUNE 30, 2013 -

[in thousands]

	QUALITY RATINGS FAIR VALUE								
INVESTMENT TYPE	AAA	AA	A	BAA	BA	BBB	BB	B	CA
ASSET-BACKED SECURITIES	$834,653	$35,214	$37,704	$8,197	$-	$-	$-	$8,629	$4
COLLATERALIZED MORTGAGE OBLIGATIONS	195,568	194,524	32,363	6,909	1,882	32,811	9,316	16,803	1,293
COMMERCIAL PAPER	-	-	444,762	-	-	-	-	-	-
CORPORATE BONDS	65,165	714,094	1,061,868	532,315	152,727	215,031	96,030	91,705	-
MORTGAGE PASS-THROUGHS	-	502,573	-	-	-	-	-	-	-
REPURCHASE AGREEMENTS	-	831,464	-	-	-	-	-	-	-
SOVEREIGN GOVERNMENTS DEBT	105,666	106,150	78,778	215,608	51,586	65,993	78,920	39,699	-
STATE & LOCAL OBLIGATIONS	4,015	25,196	21,482	1,124	2,523	-	-	-	-
US GOVERNMENT AGENCY OBLIGATIONS	2,400	84,654	839	-	-	-	-	-	-
YANKEE/GLOBAL BONDS	62,923	3,053	4,034	3,905	2,483	455	-	-	-
TOTALS	**$1,270,390**	**$2,496,922**	**$1,681,830**	**$768,058**	**$211,201**	**$314,290**	**$184,266**	**$156,836**	**$1,297**

State law requires a minimum quality rating of A-3 by S&P or P-3 by Moody's for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by S&P or Moody's. PERS Board of Trustees has adopted a short-term investment policy that further restricts commercial paper to be of corporations with long-term debt to be rated A or better by S&P or Moody's, and whose short-term obligations are of A-2 or P-2 or better ratings by S&P and Moody's, respectively. This applies to all short-term investments of the System.

EXPOSURE TO CREDIT RISK (CONTINUED)
- JUNE 30, 2013 -

[in thousands]

	QUALITY RATINGS FAIR VALUE								
	CAA	CCC	CC	C	D	F	NR	P	WR
ASSET-BACKED SECURITIES	$-	$12,677	$-	$15	$-	$-	$-	$-	$-
COLLATERALIZED MORTGAGE OBLIGATIONS	10,532	12,674	233	1,299	19,358	-	-	-	361
COMMERCIAL PAPER	-	-	-	-	-	305,809	-	16,688	-
CORPORATE BONDS	3,667	-	-	597	-	-	797	-	976
MORTGAGE PASS-THROUGHS	-	-	-	-	-	-	-	-	-
REPURCHASE AGREEMENTS	-	-	-	-	-	-	-	-	-
SOVEREIGN GOVERNMENTS DEBT	1,119	-	3,476	667	-	-	30,186	-	-
STATE & LOCAL OBLIGATIONS	-	-	-	-	-	-	294	-	-
US GOVERNMENT AGENCY OBLIGATIONS	-	-	-	-	-	-	-	-	-
YANKEE/GLOBAL BONDS	-	-	-	-	-	-	3,067	-	-
TOTALS	**$15,318**	**$25,351**	**$3,709**	**$2,578**	**$19,358**	**$305,809**	**$34,344**	**$16,688**	**$1,337**

In addition to the short-term investment policy, a policy adopted for the internally managed short-term account requires that for any amount above the established core of $30.0 million, no more than 25.0 percent should be invested in any issue having a rating lower than AA or A1/P1.

Credit risk for derivative securities held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. The System's policy requires that the credit quality of the underlying asset must be rated A or better by Moody's or S&P. The System's lending agent is permitted to purchase asset-backed securities for the cash collateral fund that are only AAA rated.

FOREIGN CURRENCY RISK

The System's exposure to foreign currency risk at June 30, 2013, was as follows (in thousands):

CURRENCY	CASH & EQUIVALENTS	EQUITIES & REITS	DEBT SECURITIES	TOTAL FAIR VALUE	PERCENT
AUSTRALIAN DOLLAR	$(36,083)	$214,780	$31,813	$210,510	4.39%
BRAZILIAN REAL	(15,718)	157,074	15,655	157,011	3.28
BRITISH POUND STERLING	(52,905)	747,684	59,423	754,202	15.74
CANADIAN DOLLAR	(24,523)	118,301	21,502	115,280	2.41
CHILEAN PESO	(315)	5,804	733	6,222	0.13
COLOMBIAN PESO	(6,402)	3,836	6,649	4,083	0.08
DANISH KRONE	(877)	38,469	-	37,592	0.78
EGYPTIAN POUND	-	9,670	-	9,670	0.20
EURO	(228,200)	1,137,030	253,732	1,162,562	24.26
HONG KONG DOLLAR	833	274,589	-	275,422	5.75
HUNGARIAN FORINT	(781)	14,459	772	14,450	0.30
INDIAN RUPEE	41	64,259	-	64,300	1.34
INDONESIAN RUPIAH	7	60,798	-	60,805	1.27
ISRAELI SHEKEL	10	20,713	-	20,723	0.43
JAPANESE YEN	(44,103)	749,346	46,828	752,071	15.70
MALAYSIAN RINGGIT	(513)	15,966	642	16,095	0.34
MEXICAN PESO	(11,389)	40,038	47,194	75,843	1.58
NEW TAIWAN DOLLAR	-	88,521	-	88,521	1.85
NEW TURKISH LIRA	(2,005)	77,862	2,812	78,669	1.64
NEW ZEALAND DOLLAR	(13,302)	7,074	12,238	6,010	0.13
NORWEGIAN KRONE	(3,714)	57,945	5,279	59,510	1.24
PAKISTAN RUPEE	-	15,211	-	15,211	0.32
PHILIPPINES PESO	(501)	3,282	6,806	9,587	0.20
POLISH ZLOTY	(2,320)	2,234	2,804	2,718	0.06
SINGAPORE DOLLAR	(785)	88,511	2,839	90,565	1.89
SOUTH AFRICAN RAND	(3,510)	125,494	4,209	126,193	2.63
SOUTH KOREAN WON	154	190,302	-	190,456	3.98
SWEDISH KRONA	(2,478)	80,167	4,052	81,741	1.71
SWISS FRANC	(1,159)	263,858	-	262,699	5.48
THAILAND BAHT	(645)	40,735	659	40,749	0.85
UAE DIRHAM	-	1,833	-	1,833	0.04
TOTALS	**$(451,183)**	**$4,715,845**	**$526,641**	**$4,791,303**	**100.00%**

The System's current investment asset allocation policy was adopted by the Board in June 2010 and became effective in fiscal year 2011. The policy does not limit foreign currency-denominated investments of the System. The Investment Committee of the Board of Trustees evaluates the actual investment asset allocation quarterly, in accordance with the adopted phase-in policy. Based on current market conditions, the Board adjusts the allocation as necessary.

INVESTMENT DERIVATIVES

The System has adopted Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments.

The following table presents the investment derivative instruments outstanding as of June 30, 2013 (in thousands), as reported in the System's Statement of Fiduciary Net Position:

	CHANGES IN FAIR VALUE		FAIR VALUE AT JUNE 30, 2013			
	CLASSIFICATION	AMOUNT	CLASSIFICATION	AMOUNT	NOTIONAL	
FOREIGN CURRENCY FORWARDS	Investment income	$2,715	Investment	$2,715	(39,783)	AUD
FOREIGN CURRENCY FORWARDS	Investment income	643	Investment	643	(33,299)	BRL
FOREIGN CURRENCY FORWARDS	Investment income	449	Investment	449	(22,477)	CAD
FOREIGN CURRENCY FORWARDS	Investment income	(22)	Investment	(22)	(121,197)	CLP
FOREIGN CURRENCY FORWARDS	Investment income	116	Investment	116	(12,461,164)	COP
FOREIGN CURRENCY FORWARDS	Investment income	(2)	Investment	(2)	(57,017)	CZK
FOREIGN CURRENCY FORWARDS	Investment income	591	Investment	591	(174,867)	EUR
FOREIGN CURRENCY FORWARDS	Investment income	1,380	Investment	1,380	(39,937)	GBP
FOREIGN CURRENCY FORWARDS	Investment income	(9)	Investment	(9)	(177,428)	HUF
FOREIGN CURRENCY FORWARDS	Investment income	(505)	Investment	(505)	(4,740,256)	JPY
FOREIGN CURRENCY FORWARDS	Investment income	(1)	Investment	(1)	(78,878)	KRW
FOREIGN CURRENCY FORWARDS	Investment income	2,319	Investment	2,319	(630,962)	MXN
FOREIGN CURRENCY FORWARDS	Investment income	18	Investment	18	(2,050)	MYR
FOREIGN CURRENCY FORWARDS	Investment income	17	Investment	17	(19,765)	NOK
FOREIGN CURRENCY FORWARDS	Investment income	929	Investment	929	(17,500)	NZD
FOREIGN CURRENCY FORWARDS	Investment income	60	Investment	60	(10,890)	PEN
FOREIGN CURRENCY FORWARDS	Investment income	-	Investment	-	(21,615)	PHP
FOREIGN CURRENCY FORWARDS	Investment income	66	Investment	66	(7,747)	PLN
FOREIGN CURRENCY FORWARDS	Investment income	23	Investment	23	(97,905)	RUB
FOREIGN CURRENCY FORWARDS	Investment income	14	Investment	14	(13,272)	SEK
FOREIGN CURRENCY FORWARDS	Investment income	1	Investment	1	(1,426)	SGD
FOREIGN CURRENCY FORWARDS	Investment income	22	Investment	22	(20,080)	THB
FOREIGN CURRENCY FORWARDS	Investment income	177	Investment	177	(3,792)	TRY
FOREIGN CURRENCY FORWARDS	Investment income	210	Investment	210	(41,126)	ZAR
TBA SECURITIES	Investment income	$(1,873)	Debt securities	$181,076	$178,449	

The System's derivatives policy limits foreign currency forwards to no more than 100.0 percent of the aggregate value of the portfolio securities denominated in the hedged currency.

INVESTMENT DERIVATIVES CREDIT RISK

At June 30, 2013, the counterparties of the foreign currency forwards had short-term credit ratings of A as rated by the nationally recognized statistical rating organizations. PERS' general policy requires that the counterparty has a long-term credit rating of A or better and a short-term credit rating of A1/P1 at a minimum. More specifically, the System's policy requires that all over-the-counter derivatives be rated AA or better by the nationally recognized statistical rating organizations. The counterparties of the to-be-announced securities (TBA) were rated A by the nationally recognized statistical rating organizations.

INVESTMENT DERIVATIVES FOREIGN CURRENCY RISK

The foreign currency forwards are also presented in the foreign currency risk table on page 48.

INVESTMENT DERIVATIVES INTEREST RATE RISK

The TBAs are disclosed on page 44 in the interest risk table by years to maturity.

COMMITMENTS

As of June 30, 2013, the System had real estate and private equity investments legally structured as limited partnerships. The System was one of the limited partners within each fund, with the investment managers serving as the general partners. As part of the limited partnership agreements, PERS agrees to potentially invest up to the committed amounts during the stated fund investment period.

Within its Alternative Investment Program, the System has investments that, due to their long-term nature, do not provide immediate liquidity. The commingled real estate fund investments allow for quarterly liquidity. As of June 30, 2013, the total fair value of the commingled real estate portfolio was approximately $896.0 million. The closed-end real estate funds, timber fund, and private equity fund investments are all 10- to 12-year commitments. These funds have limited liquidity due to their long investment time horizon, but will make periodic distributions throughout the term of the investment as assets are sold. As of June 30, 2013, the fair value of these investments totaled $1,091.0 million.

As of June 30, 2013, PERS had the following outstanding investment commitments:

	COMMITTED CAPITAL	CAPITAL CONTRIBUTED NET OF RECALLABLE DISTRIBUTIONS	OUTSTANDING
REAL ESTATE	$900,000,000	$541,793,322	$358,206,678
PRIVATE EQUITY	2,200,000,000*	646,895,395	2,253,104,605
TOTALS	**$3,100,000,000**	**$1,188,688,717**	**$2,611,311,283**

**The System has an additional $700 million commitment pending the successful sale of the Customized Fund Investment Group by Credit Suisse.*

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 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, 2013, are long-term US government and agency obligations, corporate bonds, REITs, and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of

102.0 percent on US securities and international securities denominated in the same currency of the loaned security. For international securities that are denominated in a currency other than the currency of the loaned security, 105.0 percent collateral is required at the initiation of the loan. In the event the collateral fair value on US securities falls to less than 100.0 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. In the event the collateral fair value falls below 102.0 percent for international same-currency transactions or 105.0 percent for cross-currency transactions, the borrower is required to provide additional collateral. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was three days at June 30, 2013. Cash collateral was invested in repurchase agreements, commercial paper, corporate bonds, asset-backed securities, collateralized mortgage obligations, and Yankee bonds at June 30, 2013. The weighted average effective duration of all collateral investments at June 30, 2013, was 33 days with a weighted average maturity of 31 days.

Securities lent at year-end for cash collateral are presented by type in Note 3 Investments; securities lent for securities collateral are classified according to the custodial credit risk category for the collateral. There were no securities lent for securities collateral as of June 30, 2013. The investments purchased with the cash collateral are also presented in Note 3 Investments 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.

The following table details the net income from securities lending for the year ended June 30, 2013 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
INTEREST INCOME	$17,326	$232	$134	$12	$17,704
NET DEPRECIATION	(326)	(4)	(3)	-	(333)
INCOME FROM SECURITIES LENDING	**17,000**	**228**	**131**	**12**	**17,371**
Less:					
PROGRAM FEES	2,667	36	21	2	2,726
EXPENSES FROM SECURITIES LENDING	**2,667**	**36**	**21**	**2**	**2,726**
NET INCOME FROM SECURITIES LENDING	**$14,333**	**$192**	**$110**	**$10**	**$14,645**

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

The securities lending total assets of $3,631,430,000, which include the related accrued interest, and the related total liabilities of $3,630,193,000, which include the related expenses, on the Statement of Fiduciary Net Position do not equal at June 30, 2013. The difference of $1,237,000 is due to the collateral investment fund's market appreciation, agent lender fees, and the earnings receivable until the final distribution takes place the following month.

The following table presents the fair values of the underlying securities and the value of the collateral pledged at June 30, 2013 (in thousands):

SECURITIES LENT	FAIR VALUE INCLUDING ACCRUED INCOME	CASH COLLATERAL RECEIVED
Lent for Cash Collateral:		
DEBT SECURITIES	$1,142,723	$1,168,544
EQUITIES	2,257,313	2,338,013
REITS	118,125	123,420
TOTAL SECURITIES LENT	**$3,518,161**	**$3,629,977**

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, 2013, were $367,000.

Note 4: Capital Assets

The following table shows amounts for capital assets as of June 30, 2013 (in thousands):

DESCRIPTION	AMOUNT
LAND	$508
BUILDING	18,459
IMPROVEMENTS	25
FURNITURE & EQUIPMENT	1,998
CONSTRUCTION IN PROGRESS	12,709
TOTAL CAPITAL ASSETS	**33,699**
Less Accumulated Depreciation:	
BUILDING	4,733
IMPROVEMENTS	25
FURNITURE & EQUIPMENT	1,522
TOTAL ACCUMULATED DEPRECIATION	**6,280**
NET CAPITAL ASSETS	**$27,419**

The System is implementing a major project to build and deploy a new pension and benefits administration software solution. The design and technical aspects of the project have been completed and the development stage is underway. Completion is scheduled for 2014. The total budgeted amount for the technology project is $27.4 million. At June 30, 2013, the remaining outstanding commitment related to this project approximated $11.6 million.

Note 5: Due to Others

The following is a summary of due to/due from others as of June 30, 2013 (in thousands):

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
STATE OF MISSISSIPPI	PERS	$23

Note 6: Funding Status and Progress

ACTUARIAL ASSET VALUATION

Actuarial values of assets for PERS, MHSPRS, SLRP, and MRS are based on a smoothed fair value basis that recognizes 20.0 percent of the unrecognized and unanticipated gains and losses. The actuarial valuation of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are recognized in equal increments over a five-year period beginning with the current year.

The following table presents the actuarial change in asset valuation for the year ended June 30, 2013 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
VALUATION ASSETS JUNE 2012*	**$19,992,797**	**$268,424**	**$167,604**	**$13,268**	**$20,442,093**
CONTRIBUTIONS & OTHER REVENUE	1,429,639	15,317	44,033	707	1,489,696
BENEFIT PAYMENTS	(2,074,025)	(27,164)	(62,610)	(1,207)	(2,165,006)
ADMINISTRATIVE EXPENSES	(14,106)	(199)	(877)	(10)	(15,192)
INVESTMENT EXPENSES**	(49,140)	(657)	-	(33)	(49,830)
NET NEW MONEY	**(707,632)**	**(12,703)**	**(19,454)**	**(543)**	**(740,332)**
EXPECTED TOTAL INVESTMENT RETURN FOR 2013 (8%)	1,605,311	21,394	21,753	1,067	1,649,525
ADJUSTMENT TOWARD MARKET (20%)	(399,921)	(6,018)	(16,662)	(238)	(422,839)
VALUATION ASSETS JUNE 2013	**$20,490,555**	**$271,097**	**$153,241**	**$13,554**	**$20,928,447**

**Due to the change in plan year for MRS, beginning valuation assets are as of September 2011 and reflect a 21-month measurement period..*
***This amount is based on a proportionate share of the total investment expense of the commingled assets. The ratio of this number to the total investment expense is equal to the ratio of a fiscal year average market value of assets for this fund to a fiscal year average market value of the total commingled assets.*

Significant actuarial assumptions used to compute contribution requirements for PERS, MHSPRS, SLRP, and MRS are the same as those used to compute the standardized measure of the actuarial accrued liability described in the Notes to Required Supplemental Schedules. The significant assumptions include:

	PERS	MHSPRS	MRS	SLRP
VALUATION DATE	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
ACTUARIAL COST METHOD	Entry age	Entry age	Entry age	Entry age
AMORTIZATION METHOD	Level percent open	Level percent open	Level dollar closed	Level percent open
REMAINING AMORTIZATION PERIOD	30.0 years	30.0 years	21.0 years	30.0 years
ASSET VALUATION METHOD	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:				
INVESTMENT RATE OF RETURN	8.0%	8.0%	8.0%	8.0%
PROJECTED SALARY INCREASES	4.25-19.5%	5.0-10.52%	4.5-6.0%	4.25%
WAGE INFLATION RATES	4.25%	4.25%	4.25%	4.25%
INCREASE IN BENEFITS AFTER RETIREMENT	3.0%*	3.0%**	2.0-3.75%***	3.0%*

**Calculated 3.0 percent simple interest to age 55, compounded each year thereafter.*
***Calculated 3.0 percent simple interest to age 60, compounded each year thereafter.*
****Varies depending on municipality.*

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

A review of demographic and economic experience was performed for the four-year period ending June 30, 2012. As a result of this study, the Board of Trustees adopted assumptions for PERS that revised salary increase, withdrawal, pre-retirement mortality, disability, and retirement rates for active members. Changes in salary increase rates for MHSPRS, as well as changes in salary increase and withdrawal rates for SLRP, were adopted. The investment return assumption changed from net of all expenses to net of investment expenses only for PERS, MHSPRS, and SLRP. Also adopted by the Board, were changes in the post-retirement mortality tables for PERS, MHSPRS, and SLRP. The changes adopted by the Board for PERS, MHSPRS, and SLRP were used in the actuarial valuations as of June 30, 2013.

The valuation date for MRS was changed from September 30 to June 30 to match the valuation and measurement dates to prepare for the new GASB statements No. 67, *Financial Reporting for Pension Plans* and No. 68, *Accounting and Financial Reporting for Pensions*. Due to the change in plan year, assumptions from the experience study ending June 30, 2012, were applied to the actuarial valuation for MRS as of June 30, 2013. The new assumption adopted for MRS changes the post-retirement mortality table.

Note 7: Contributions Required and Contributions Made

Funding policies for PERS, MHSPRS, and SLRP provide for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. The Board of Trustees establishes contribution rates for PERS, MHSPRS, and SLRP in accordance with actuarial contribution requirements determined through the most recent valuation.

The Governmental Accounting Standards Board (GASB) Statement No. 25 requires a maximum amortization period for the total unfunded actuarial liability of not more than 30 years. The annual required contribution (ARC) rate is set two years in advance. Based on the June 30, 2011, actuarial valuation, the Board of Trustees approved an employer contribution rate increase from 12.93 percent to 14.26 percent for PERS, to comply with the GASB Statement. In addition, the Board approved employer contribution rate increases for MHSPRS from 35.21 percent to 37.00 percent. These increases were effective July 1, 2012.

At its October 2012 meeting, the Board of Trustees adopted a revised funding policy for fiscal year 2014 aimed at stabilizing the employer contribution rate and reducing the unfunded actuarial accrued liability. The revised policy establishes a goal for the System to be 80.0 percent funded by 2042 and sets the PERS employer contribution rate at 15.75 percent while continuing the MSHPRS rate at 37.0 percent and the SLRP rate at 7.4 percent. The focus of the revised funding policy is to promote a declining amortization period and to reduce volatility in the contribution rate. Also effective July 1, 2013, Mississippi House Bill 1015 increased the payment of certain fees toward employer contributions of the MHSPRS.

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

Funding policies for MRS, established by Mississippi statutes, provide for a property tax to be levied within each municipality and deductions from salaries of members at rates sufficient to make the plans actuarially sound. An actuarial valuation is performed on an annual basis to determine the rates necessary to make the plan actuarially sound. However, Mississippi statutes limit any increase in the property tax levy for pension contributions to one-half mill per year. Given this constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the plans under MRS will be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected plan's cash flow position improved.

Miss. Code Ann. (1972, as amended) provides that a municipality may fund or assist in funding MRS with revenue bonds. No municipality currently has any revenue bonds outstanding.

An actuary is used to determine the implications of the contribution levels limited by statute with an actuarial valuation performed annually at September 30. At its April 2013 meeting, the Board of Trustees approved changing the MRS plan year and actuarial valuation date to June 30. At September 30, 2012, and June 30, 2013, the first implementation year of the change in plan measurement, aggregate contributions for MRS were equivalent to 127.0 percent and 102.6 percent, respectively, 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 1.38 to 8.26 mills and 1.44 to 6.16 mills for 2012 and 2013, respectively. Actual contributions total $23,823,000 for the 12-month period ended September 30, 2012, and $20,017,000 for the nine-month period ended June 30, 2013. The member contribution rates ranged from 7.0 percent to 10.0 percent of covered payroll, totaling $114,074 for 2012 and $78,686 for 2013 in actual contributions.

REQUIRED CONTRIBUTIONS

[in thousands]

	CONTRIBUTION REQUIREMENTS				
	NORMAL COST		UNFUNDED COST		
SYSTEM	AMOUNT	CONTRIBUTION RATE	AMOUNT	CONTRIBUTION RATE	TOTAL REQUIRED CONTRIBUTIONS
PERS	$677,249	11.21%	$752,390	12.05%	$1,429,639
MHSPRS	6,143	23.58	5,760	20.67	11,903*
SLRP	392	5.73	315	4.67	707
TOTALS	**$683,784**	-	**$758,465**	-	**$1,442,249**

	CONTRIBUTIONS MADE					
		MEMBER		EMPLOYER		
SYSTEM	TOTAL ACTUAL CONTRIBUTIONS	AMOUNT	CONTRIBUTION RATE	AMOUNT	CONTRIBUTION RATE	COVERED PAYROLL
PERS	$1,429,639	$547,792	9.00%	$881,847	14.26%	$5,823,578
MHSPRS	15,317	1,951	7.25	13,366*	37.00	25,816
SLRP	707	204	3.00	503	7.40	6,695
TOTALS	**$1,445,663**	**$549,947**	-	**$895,716**	-	**$5,856,089**

**Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of $3,600,000 (14.0 percent of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2013 was $3,414,000.*

LEGALLY REQUIRED RESERVES

Provisions for reserves, in which all assets of the System are to be credited according to their purpose, are established by Miss. Code Ann. § 25-11-123, Article 3, (1972, as amended) and may be amended only by the State 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 recorded, 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, 2013 (in thousands):

	PERS	MHSPRS	MRS	SLRP
ANNUITY SAVINGS ACCOUNT	$5,053,888	$23,706	$1,483	$2,416
ANNUITY RESERVE	4,166,243	27,503	-	1,981
EMPLOYER'S ACCUMULATION ACCOUNT	11,270,424	219,888	151,758	9,157
Actuarial Value of Assets:	$20,490,555	$271,097	$153,241	$13,554
LESS: ACTUARIAL ACCRUED LIABILITY	35,542,848	431,575	349,588	19,978
Unfunded Actuarial Accrued Liability (UAAL):	$15,052,293	$160,478	$196,347	$6,424
PERCENT FUNDED	57.7%	62.8%	43.8%	67.8%
ANNUAL COVERED PAYROLL	$5,823,578	$25,816	$794	$6,695
UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	258.5%	621.6%	24,728.8%	95.9%

Historical funding progress is presented as required supplementary information on pages 57 and 58.

Note 8: Retirement Plan of System Employees

System employees are members of PERS. The payroll for System employees covered by PERS for the year ended June 30, 2013, was $6,733,000; the System's total payroll expense was $8,910,000. System contributions for the years ended June 30, 2013, 2012, and 2011, were $960,000, $806,000, and $715,000, respectively. The contributions for 2013, 2012, and 2011 were each 100.0 percent of required contributions. Refer to Note 7 of the basic financial statements for more information regarding contributions made for fiscal year 2013. System contributions represent less than 1.0 percent of total contributions required for all participating employers.

Note 9: Ten-Year Historical Trend Information

Ten-year historical trends, as noted in required supplementary information, are designed to provide information about progress made by PERS, MHSPRS, MRS, and SLRP in accumulating sufficient assets to pay benefits when due. The Schedules of Funding Progress, immediately following the notes to the basic financial statements, present multi-year information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability of benefits over time. This information is presented on pages 57 through 59. 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 10 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 COVERED PAYROLL ((B-A)/C)
Public Employees' Retirement System of Mississippi						
06/30/04	$17,103,285	$22,847,260	$5,743,975	74.9%	$4,617,273	124.4%
06/30/05	17,180,705	23,727,098	6,546,393	72.4	4,786,280	136.8
06/30/06	18,321,063	24,928,464	6,607,401	73.5	4,971,974	132.9
06/30/07	19,791,564	26,862,636	7,071,072	73.7	5,196,295	136.1
06/30/08	20,814,720	28,534,694	7,719,974	72.9	5,544,705	139.2
06/30/09	20,597,581	30,594,546	9,996,965	67.3	5,831,864	171.4
06/30/10	20,143,426	31,399,988	11,256,562	64.2	5,763,556	195.3
06/30/11	20,315,165	32,654,465	12,339,300	62.2	5,684,624	217.1
06/30/12	19,992,797	34,492,873	14,500,076	58.0	5,857,789	247.5
06/30/13	20,490,555	35,542,848	15,052,293	57.7	5,823,578	258.5
Mississippi Highway Safety Patrol Retirement System						
06/30/04	$256,481	$316,570	$60,089	81.0%	$22,683	264.9%
06/30/05	253,477	335,117	81,640	75.6	22,343	365.4
06/30/06	265,637	350,638	85,001	75.8	24,499	347.0
06/30/07	284,626	371,233	86,607	76.7	27,037	320.3
06/30/08	298,630	381,578	82,948	78.3	29,597	280.3
06/30/09	292,322	394,630	102,308	74.1	26,390	387.7
06/30/10	281,088	411,277	130,189	68.3	26,353	494.0
06/30/11	278,265	414,432	136,167	67.1	24,872	547.5
06/30/12	268,424	421,415	152,991	63.7	25,670	596.0
06/30/13	271,097	431,575	160,478	62.8	25,816	621.6

See Notes to Required Supplementary Schedules.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS (CONTINUED)
- LAST 10 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 COVERED PAYROLL ((B-A)/C)
*Municipal Retirement Systems**						
09/30/04	$235,198	$393,061	$157,863	59.8%	$3,675	4,295.6%
09/30/05	217,140	387,386	170,246	56.1	2,909	5,852.4
09/30/06	213,553	383,355	169,802	55.7	2,223	7,638.4
09/30/07	213,432	379,584	166,152	56.2	1,953	8,507.5
09/30/08	208,479	368,131	159,652	56.6	1,713	9,320.0
09/30/09	191,179	381,036	189,857	50.2	1,608	11,807.0
09/30/10	175,988	372,897	196,909	47.2	1,425	13,818.2
09/30/11	167,604	363,604	196,000	46.1	1,357	14,443.6
09/30/12	155,484	356,571	201,087	43.6	1,131	17,779.6
06/30/13	153,241	349,588	196,347	43.8	794	24,728.8
Supplemental Legislative Retirement Plan						
06/30/04	$10,323	$12,934	$2,611	79.8%	$5,794	45.1%
06/30/05	10,634	13,402	2,768	79.3	6,530	42.4
06/30/06	11,620	14,064	2,444	82.6	6,354	38.5
06/30/07	12,722	15,054	2,332	84.5	6,554	35.6
06/30/08	13,412	15,615	2,203	85.9	6,753	32.6
06/30/09	13,386	16,535	3,149	81.0	6,803	46.3
06/30/10	13,241	17,081	3,840	77.5	6,605	58.1
06/30/11	13,606	18,605	4,999	73.1	6,810	73.4
06/30/12	13,268	19,537	6,269	67.9	6,872	91.2
06/30/13	13,554	19,978	6,424	67.8	6,695	95.9

**Municipal Retirement Systems' plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

See Notes to Required Supplementary Schedules.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
- LAST 10 FISCAL YEARS -

[in thousands] [unaudited]

FISCAL YEAR ENDED JUNE 30 *Public Employees' Retirement System of Mississippi*	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2004	$432,081	100.0%
2005	482,967	100.0
2006	514,525	100.0
2007	621,497	90.0
2008	636,546	97.0
2009	657,048	100.0
2010	699,824	100.0
2011	781,538*	100.0
2012	735,022	100.0
2013	835,321	100.0

FISCAL YEAR ENDED JUNE 30 *Mississippi Highway Safety Patrol Retirement System*	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2004	$5,928	100.0%
2005	9,088	100.0
2006	8,692	100.0
2007	10,023	100.0
2008	10,492	100.0
2009	11,668	100.0
2010	11,096	100.0
2011	11,385	100.0
2012	12,257	100.0
2013	13,098	100.0

**Calculated based on an employer contribution rate increase from 12.0 percent to 13.56 percent. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.0 percent, which produced a decrease in employer normal cost. As a result, Annual Required Contributions were $687,016.*

FISCAL YEAR ENDED JUNE 30 *Municipal Retirement Systems*	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2004**	$13,286	104.5%
2005**	14,091	100.6
2006**	15,397	101.5
2007**	15,426	97.1
2008**	15,219	106.0
2009**	14,765	114.4
2010**	17,739	120.8
2011**	18,576	122.7
2012**	18,751	127.0
2013***	19,512	102.6

FISCAL YEAR ENDED JUNE 30 *Supplemental Legislative Retirement Plan*	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2004	$398	100.0%
2005	367	100.0
2006	413	100.0
2007	423	100.0
2008	436	100.0
2009	449	100.0
2010	452	100.0
2011	464	100.0
2012	504	100.0
2013	509	100.0

***Valuation information furnished for MRS is as of September 30.*
****Valuation information furnished for MRS is as of June 30, due to plan year change.*

See Notes to Required Supplementary Schedules.

Note 1: Schedules of Funding Progress

The funding percentage of the actuarial accrued liability is a measure intended to help users assess each 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 20.0 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20.0 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.

Note 2: Schedules of Employer Contributions

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

The PERS Board of Trustees, as per state statute, sets employer contribution rates for PERS and SLRP. The Administrative Board of the MHSPRS establishes the employer contribution rate for MHSPRS. The adequacy of these rates is assessed annually by individual actuarial valuations. Unfunded actuarial accrued liabilities are amortized as a level percent of the active member payroll over a fixed period of future years, which produces the actuarial required employer contribution rate. The employer contribution rate so computed, expressed as a percent of active member payroll, is designed to accumulate sufficient assets to pay benefits when due. For MRS, the unfunded employer liability is being amortized on a closed basis as a level percent over a period of 30 years, beginning September 30, 1990. The current financing arrangement provides for a contribution determined as a percentage of each city's assessed property valuation. Actual MRS employer contributions were $23,823,000 and $20,017,000, which were 127.0 percent and 102.6 percent of total required contributions for the 12-month valuation period ending September 30, 2012, and for the nine-month valuation period ending June 30, 2013, respectively.

In the June 30, 2012, actuarial valuation report, the consulting actuary recommended an employer contribution rate increase for the PERS employer contribution rate from 14.26 percent to 15.83 percent. In addition, the consulting actuary recommended an employer contribution rate increase for MHSPRS from 37.0 percent to 39.49 percent and an employer contribution rate increase for SLRP from 7.4 percent to 7.75 percent. The recommended employer contribution rate increases were to be effective as of July 1, 2013.

In its October 2012 meeting, the Board of Trustees adopted a revised funding policy that established the goal of stabilizing the employer contribution rate and reducing the amortization period for the unfunded actuarial accrued liability. Under the revised funding policy, contribution rates would no longer be determined based on a rolling 30-year amortization period; rather the focus would be on a declining amortization period and a reduction in volatility of the contribution rate. Based on the revised funding policy, the Board approved an employer contribution rate increase of 15.75 percent for PERS and a continued rate of 7.4 percent for SLRP, effective July 1, 2013. In addition, the consulting actuary recommended an employer contribution rate of 37.0 percent for MHSPRS, based on the June 30, 2013, valuation.

At June 30, 2013, the actual employer contribution amount for PERS was $881,847,000, which was 100.0 percent of required total contributions. Actual employer contributions for MHSPRS and SLRP also remained at 100.0 percent of annual required contribution.

2012/2013 FISCAL YEAR
PERS ANNUAL REQUIRED CONTRIBUTION (ARC)
- BASED ON THE VALUATION AS OF JUNE 30, 2011 -

ANNUAL REQUIRED CONTRIBUTION (ARC)	RATE
NORMAL	2.31%
ACCRUED LIABILITY	11.95
TOTAL	**14.26%**

Note 3: Actuarial Assumptions

PLAN OVERVIEW

Based on the revised funding policy, the consulting actuary recommended increases in employer contribution rates in the June 30, 2013, valuation for PERS from 14.26 to 15.75 percent. The recommended employer contribution rates for MHSPRS and SLRP remained constant at 37.0 percent and 7.4 percent respectively.

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, 2013	June 30, 2013	June 30, 2013	June 30, 2013
ACTUARIAL COST METHOD	Entry age	Entry age	Entry age	Entry age
AMORTIZATION METHOD	Level percent open	Level percent open	Level dollar closed	Level percent open
REMAINING AMORTIZATION PERIOD	30.0 years	30.0 years	21.0 years	30.0 years
ASSET VALUATION METHOD	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:				
INVESTMENT RATE OF RETURN	8.0%	8.0%	8.0%	8.0%
PROJECTED SALARY INCREASES	4.25-19.5%	5.0-10.52%	4.5-6.0%	4.25%
WAGE INFLATION RATES	4.25%	4.25%	4.25%	4.25%
INCREASE IN BENEFITS AFTER RETIREMENT	3.0%*	3.0%**	2.0-3.75%***	3.0%*

**Calculated 3.0 percent simple interest to age 55, compounded each year thereafter.*
***Calculated 3.0 percent simple interest to age 60, compounded each year thereafter.*
****Varies depending on municipality.*

EFFECTS OF CURRENT YEAR CHANGES IN PLAN REQUIREMENTS

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

The following amendments were incorporated into the actuarial valuations:

- PERS
  - The valuation results are developed based upon the employer contribution rate of 15.75 percent of payroll.
  - The withdrawal rates, pre-retirement rates, disability rates, and retirement rates have been revised to more closely reflect the actual experience of the System.
  - The post-retirement mortality tables have been changed.
  - The rates of salary increase were decreased by 0.5 percent for service prior to 28 years and by 0.25 percent for service on or after 28 years to more closely reflect the actual experience of the System.
  - The percentage of deferred vested participants assumed to choose to forfeit their accrued benefit and receive their employee contributions with interest has been changed from 0.0 percent to 30.0 percent.
  - The investment return assumption was changed from net of all expenses to net of investment expenses only. Therefore, a budgeted administrative expense of 0.23 percent of payroll is included in the normal cost of the annual required contribution rate.
  - There are no changes in plan provisions since the last valuation.
- MHSPRS
  - The valuation results are developed based upon the employer contribution rate of 37.0 percent of payroll.
  - The post-retirement mortality tables have been changed.
  - The rates of salary increase were decreased by 0.25 percent to more closely reflect the actual experience of the System.
  - The investment return assumption was changed from net of all expenses to net of investment expenses only. Therefore, a budgeted administrative expense of 0.23 percent of payroll is included in the normal cost of the annual required contribution rate.
  - Due to Senate Bill No. 2659 enacted in 2004, additional contributions are being made to the System. The estimate used for last year's valuation was $3,600,000 annually. The actual additional contribution for 2013 is $3,414,000. House Bill No. 1015, enacted April 25, 2013, increased the contribution of certain fees for employer contributions for the MHSPRS. The estimate used for last year's valuation was $1,200,000.
- SLRP
  - The valuation results are developed based upon the employer contribution rate of 7.40 percent of payroll.
  - The withdrawal rates have been revised to more closely reflect the actual experience of the System.
  - The post-retirement mortality tables have been changed.

    - The rates of salary increase were decreased by 0.25 percent to more closely reflect the actual experience of the System.

    - The investment return assumption was changed from net of all expenses to net of investment expenses only. Therefore, a budgeted administrative expense of 0.23 percent of payroll is included in the normal cost of the annual required contribution rate.

- MRS
    - The post-retirement mortality tables have been changed.

    - A new funding policy was adopted by the Board of Trustees in February 2011. In this new funding policy, contributions are extended past 2020, and an employer contribution rate, expressed as a millage rate tax applied to assessed property values, is established beginning in the 2011-2012 fiscal year that will generate an ultimate asset reserve level equal to a reasonable percentage (initially 100.0 percent-150.0 percent) of the next year's projected benefit payment. At that point, employer contributions will be set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level.

    - The valuation date was changed from September 30 to June 30 to match the valuation and measurement dates to prepare for the new GASB statements No. 67*, Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions.*

Under the new funding policy for PERS, MHSPRS, and SLRP, contribution rates would no longer be determined based on a rolling 30-year amortization period, rather the focus would be on declining amortization periods and a reduction in volatility of the contribution rates. Changes in assumptions and actuarial experience had the following effect on the computed unfunded accrued liability amortization periods. The plans that comprise MRS are closed and have a funding policy that provides for property tax to be sufficiently levied within limits established by Mississippi statutes to provide for a fixed declining amortization period for each municipality.

	PERS	MHSPRS	SLRP
PREVIOUSLY REPORTED PERIOD	30.0 years	30.0 years	30.0 years
Change Due to:			
NORMAL AMORTIZATION	(1.0)	(1.0)	(1.0)
ACTUARIAL EXPERIENCE	2.7	1.3	4.9
ASSUMPTIONS CHANGES	(1.8)	(1.4)	(6.7)
PLAN AMENDMENTS	-	-	-
METHOD CHANGE	-	-	-
FUNDING POLICY CHANGE	2.2	14.0	9.6
HOUSE BILL NO. 1015	N/A	(11.0)	N/A
UAL CONTRIBUTION EXPERIENCE	0.1	1.1	2.8
COMPUTED PERIOD	32.2 years	33.0 years	39.6 years

SCHEDULE 1
SCHEDULE OF ADMINISTRATIVE EXPENSES AND DEPRECIATION
- FOR THE YEAR ENDED JUNE 30, 2013 -

[in thousands]

ADMINISTRATIVE EXPENSE	AMOUNT
Personal Services:	
SALARIES & WAGES	$6,773
EMPLOYEE BENEFITS	2,137
TRAVEL & SUBSISTENCE	88
TOTAL PERSONAL SERVICES	**8,998**
Contractual Services:	
PROFESSIONAL SERVICES (SEE SCHEDULE 3)	2,495
DATA PROCESSING INSTALLATION, TRAINING, & LICENSING	882
REPAIR & MAINTENANCE OF BUILDING & EQUIPMENT	235
UTILITIES	201
DATA CONVERSION	177
RENT OF BUILDING SPACE & OFFICE EQUIPMENT	176
BANK CHARGES	149
COMMUNICATIONS	130
JANITORIAL	75
SECURITY	68
OTHER CONTRACTUAL SERVICES	47
INSURANCE	39
TOTAL CONTRACTUAL SERVICES	**4,674**
Commodities:	
NEW INFORMATION SYSTEM EQUIPMENT (NOT CAPITALIZED)	170
PRINTING, BINDING, & PADDING	141
OFFICE SUPPLIES & EXPENDABLE REPAIR PARTS	84
OFFICE EQUIPMENT (NOT CAPITALIZED)	18
BUSINESS MEETING SUPPLIES	12
FUEL	9
TOTAL COMMODITIES	**434**
TOTAL ADMINISTRATIVE EXPENSES	**14,106**
Depreciation:	
FURNITURE & EQUIPMENT	398
BUILDING	369
IMPROVEMENTS OTHER THAN BUILDINGS	5
TOTAL DEPRECIATION	**772**
TOTAL ADMINISTRATIVE EXPENSES & DEPRECIATION	**$14,878**

See accompanying independent auditors' report.

SCHEDULE 2

SCHEDULE OF ADMINISTRATIVE EXPENDITURES/EXPENSES—BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

- FOR THE YEAR ENDED JUNE 30, 2013 -

[in thousands]

BUDGET COMPARISONS	2013 BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Administrative Expenditures:			
Personal Services:			
SALARIES, WAGES, & FRINGE BENEFITS	$9,429	$8,908	$521
TRAVEL & SUBSISTENCE	88	88	-
CONTRACTUAL SERVICES*	9,935	9,636	299
COMMODITIES	318	228	90
CAPITAL OUTLAYS**	628	291	337
TOTALS	**$20,398**	**$19,151**	**$1,247**

**Contractual services budget includes $6,125,000 for intermediate phases of the pension administration computer system replacement.*
***Capital outlays budget includes $500,000 for intermediate phases of the pension administration computer system replacement.*

The budget and actual (non-GAAP budget basis) schedule presents a comparison of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis sometimes differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. Therefore, a reconciliation of the resulting differences is presented below for the year ended June 30, 2013.

RECONCILIATION OF BUDGETARY BASIS ADMINISTRATIVE EXPENDITURES TO GAAP BASIS ADMINISTRATIVE EXPENSES

[in thousands]

	AMOUNT
ADMINISTRATIVE EXPENDITURES (BUDGETARY BASIS)	$19,151
Adjustments:	
COMPENSATED LEAVE ACCRUAL	3
BANK SERVICE CHARGES	149
CAPITAL ASSET PURCHASES RECORDED AS EXPENDITURES FOR BUDGETARY PURPOSES	(5,122)
FISCAL YEAR 2013 BUDGET EXPENDITURES PAID DURING LAPSE PERIOD; EXPENSES RECORDED IN FISCAL YEAR 2014	(1,705)
FISCAL YEAR 2012 BUDGET EXPENDITURES PAID DURING LAPSE PERIOD; EXPENSES RECORDED IN FISCAL YEAR 2013	530
FISCAL YEAR 2013 ACCRUALS TO GAAP BASIS	1,100
ADMINISTRATIVE EXPENSES (GAAP BASIS)	**$14,106**

See accompanying independent auditors' report.

SCHEDULE 3
SCHEDULE OF MANAGERS' FEES, INVESTMENT GLOBAL OUT-OF-POCKET AND CUSTODIAL FEES, AND PROFESSIONAL SERVICE FEES
- FOR THE YEAR ENDED JUNE 30, 2013 -

[in thousands]

Investment Managers' Fees:	AMOUNT
EAGLE CAPITAL MANAGEMENT	$4,190
LAZARD ASSET MANAGEMENT	2,763
ARTISAN PARTNERS LP—EMERGING MARKETS EQUITY	2,752
THE BOSTON COMPANY—MID CAP EQUITY	2,722
WELLINGTON MANAGEMENT COMPANY—MID CAP EQUITY	2,376
ARTISAN PARTNERS LP—MID CAP EQUITY	2,340
WELLINGTON MANAGEMENT COMPANY—EMERGING MARKETS DEBT INVESTMENTS	2,152
WELLINGTON MANAGEMENT COMPANY—SMALL CAP EQUITY	2,048
NS PARTNERS LTD	2,048
THE BOSTON COMPANY—SMALL CAP EQUITY	1,947
DIMENSIONAL FUND ADVISORS—EAFE	1,922
EPOCH INVESTMENTS PARTNERS, INC.	1,794
ACADIAN ASSET MANAGEMENT	1,649
DIMENSIONAL FUND ADVISORS—SMALL CAP EQUITY	1,558
HARDING LOEVNER LP	1,553
INTECH	1,550
MONDRIAN INVESTMENT PARTNERS	1,492
LOOMIS SAYLES & COMPANY	1,476
PYRAMIS GLOBAL ADVISORS	1,434
FAYEZ SAROFIM & COMPANY	1,327
JARISLOWSKY FRASER LTD	1,176
PACIFIC INVESTMENT MANAGEMENT COMPANY	1,140
ABERDEEN ASSET MANAGEMENT	1,036
DEUTSCHE ASSET & WEALTH MANAGEMENT	993
PRUDENTIAL FIXED INCOME	910
COHEN & STEERS CAPITAL MANAGEMENT	887
ELL CAPITAL MANAGEMENT, INC.	697
PACIFIC INVESTMENT MANAGEMENT COMPANY—GLOBAL	310
ALLIANCEBERNSTEIN	302

Investment Managers' Fees (Continued):	AMOUNT
BLACKROCK INSTITUTIONAL TRUST COMPANY—EAFE	$297
NORTHERN TRUST GLOBAL INVESTMENT	240
BLACKROCK INSTITUTIONAL TRUST COMPANY—DEBT INVESTMENTS	232
MELLON CAPITAL MANAGEMENT CORPORATION	177
STATE STREET GLOBAL ADVISORS—DEBT INVESTMENTS	108
STATE STREET GLOBAL ADVISORS—EQUITY	100
ARROWSTREET CAPITAL, LP	25
TOTAL	**49,723**
Custodial & Global Out-Of-Pocket Fees:	
BANK OF NEW YORK MELLON	487
TOTAL MANAGERS' FEES, CUSTODIAL & OUT-OF- POCKET FEES	**$50,210**
Securities Lending Fees:	
BANK OF NEW YORK MELLON	**$2,726**
Professional Service Fees:	
INVESTMENT MANAGEMENT CONSULTANT—CALLAN ASSOCIATES, INC.	$545
MAILING SERVICES—POSTAGE SAVERS, INC.; SOURCELINK MADISON, LLC	477
SYSTEM DEVELOPMENT–SIERRA SYSTEMS; CONSULTANT—L.R. WECHSLER LTD	305
MEDICAL FEES—CLINICS, LABS	279
ACTUARY—CAVANAUGH MACDONALD CONSULTING, LLC	255
LEGAL—STATE OF MISSISSIPPI, OFFICE OF THE ATTORNEY GENERAL; OTHER	199
VOTING SERVICES—VR ELECTION SERVICES	149
AUDIT—DEPARTMENT OF AUDIT; KPMG, LLP	141
LEGAL-OUTSIDE—CHAPMAN & CUTLER, LLP; ICE MILLER, LLP	115
GRAPHIC DESIGN—COMMUNICATION ARTS	30
TOTAL PROFESSIONAL SERVICE FEES	**$2,495**

See accompanying independent auditors' report.

SCHEDULE 4
SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS—PENSION TRUST FUNDS
- FOR THE YEAR ENDED JUNE 30, 2013 -

[in thousands]

	AMOUNT
CASH BALANCE AT BEGINNING OF YEAR	$508,915
RECEIPTS	
Contributions:	
EMPLOYEE	607,726
EMPLOYER	912,083
TOTAL CONTRIBUTIONS	**1,519,809**
Investments:	
SECURITIES LENDING & REVERSE REPURCHASE AGREEMENTS	26,678,789
INVESTMENTS MATURED & SOLD	18,819,625
INVESTMENT INCOME	1,478,203
TOTAL INVESTMENTS	**46,976,617**
ADMINISTRATIVE RECEIPTS	3,048
OTHER RECEIPTS	11,963
TOTAL CASH RECEIPTS	**48,511,437**
DISBURSEMENTS	
Annuities & Refunds:	
RETIREMENT ANNUITIES	2,105,976
REFUNDS TO TERMINATED EMPLOYEES	107,982
TOTAL ANNUITIES & REFUNDS	**2,213,958**
Investments:	
SECURITIES LENDING & REVERSE REPURCHASE AGREEMENTS	26,679,645
INVESTMENTS PURCHASED	19,463,793
INVESTMENT EXPENSES	51,606
TOTAL INVESTMENTS	**46,195,044**
ADMINISTRATIVE EXPENSES	21,524
OTHER DISBURSEMENTS	157
TOTAL CASH DISBURSEMENTS	**48,430,683**
CASH BALANCE AT END OF YEAR	**$589,669**

See accompanying independent auditors' report.

SCHEDULE 5
SCHEDULE OF INVESTMENTS DUE TO MRS FROM PERS
- JUNE 30, 2013 -

[in thousands]

	AMOUNT
Due To MRS:	
BILOXI MUNICIPAL	$3,546
BILOXI FIRE & POLICE	6,451
CLARKSDALE FIRE & POLICE	1,630
CLINTON FIRE & POLICE	8,141
COLUMBUS FIRE & POLICE	1,432
GREENVILLE FIRE & POLICE	3,661
GREENWOOD FIRE & POLICE	3,170
GULFPORT FIRE & POLICE	10,178
HATTIESBURG FIRE & POLICE	21,660
JACKSON FIRE & POLICE	63,724
LAUREL FIRE & POLICE	3,687
MCCOMB FIRE & POLICE	1,042
MERIDIAN MUNICIPAL	2,255
MERIDIAN FIRE & POLICE	7,335
NATCHEZ FIRE & POLICE	2,581
PASCAGOULA FIRE & POLICE	7,722
TUPELO FIRE & POLICE	6,020
VICKSBURG FIRE & POLICE	11,416
YAZOO CITY FIRE & POLICE	580
TOTAL INVESTMENTS DUE TO MRS	**$166,231**

See accompanying independent auditors' report.

SCHEDULE 6
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES—AGENCY FUND
- FOR THE YEAR ENDED JUNE 30, 2013 -

[in thousands]

FLEXIBLE BENEFITS CAFETERIA PLAN	BALANCE JUNE 30, 2012	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2013
Assets:				
CASH	$14	$54	$50	$18
ACCOUNTS RECEIVABLE	1	-	1	-
TOTAL ASSETS	**$15**	**$54**	**$51**	**$18**
Liabilities:				
ACCOUNTS PAYABLE	$15	$-	$-	$15
FUNDS HELD FOR OTHERS	-	54	51	3
TOTAL LIABILITIES	**$15**	**$54**	**$51**	**$18**

See accompanying independent auditors' report.

"My lifetime goal is to always be able to give," says Juliet Huam. Since retiring after 35 years as an Alcorn State research associate, Juliet has had more time to pursue two of her passions: knitting and volunteering in the community. Today, this PERS retiree is a member of three different knitting ministry groups and teaches a knitting and crocheting class at a senior center. "PERS has been a good thing for me," says Juliet. "It helps me take care of myself." In turn, she can help others.

PERS MEMBERS GIVE BACK TO THEIR COMMUNITY AND THEIR STATE

Knowing their PERS pension is secure and dependable, retirees can spend their retirement doing what they love, and many choose to serve others.

Many of the more than 93,000 PERS retirees, most of whom live in Mississippi, elect to be actively involved in their communities, thanks in part to the steady and predictable pension payments PERS provides. With PERS' defined benefit retirement plan, public servants, like Juliet, know that they're taken care of, so they can focus on personal passions in retirement.

OPPOSITE: PERS retiree Juliet Huam. Illustration by Tonwen Jones, Colagene.com, featuring portrait photography by James Patterson.

Investment

Defined Benefit Plans—Report on Investment Activity

PREPARED BY LORRIE TINGLE, CFA
CHIEF INVESTMENT OFFICER

The Board of Trustees serves as the ultimate decision-making body for the Public Employees' Retirement System of Mississippi. As fiduciaries, the trustees rely on the following principles to guide them in making investment-related decisions:

» ensure adequate liquidity is available when needed;

» preserve the long-term corpus of the fund;

» maximize total return within prudent levels of risk; and

» to always act in the exclusive interest of the members of the System.

Facing each year's unique investment challenges and opportunities, the PERS Board and investment staff remain clearly focused on the fundamental truth that investing for the future of our membership is a long-term commitment, and the prudent management of the System's assets demands constant attention and specialized expertise. The PERS Board is committed to maintaining a well-diversified portfolio designed to minimize risks and maximize returns over the long term. The goal of the investment program is to ensure adequate funding is available to meet all current and future pension obligations.

Fiscal Year 2013 Risk Controls

The greatest risk faced by PERS is that the plan assets will not support PERS' liabilities over the long term. To help mitigate this and other investment-related risks the PERS Board takes the following actions:

» conducts annual actuarial valuations to evaluate the funding objectives and funded status of the System. Additionally, at least every six years, an independent external audit of the actuary is conducted to ensure the assumptions and calculation methods used are appropriate for properly computing the liabilities of the System;

» asset/liability studies are conducted at least every five years to ensure the investment portfolio is structured in a way designed to ensure the highest probability of meeting the System's liability needs; and

» adopts and regularly reviews each investment strategy used to implement the investment policy.

Fiscal Year 2013 Plan Overview

As of June 30, 2013, the market value of the defined benefits portfolio was approximately $22 billion. This represented an increase of approximately $2 billion compared to the fiscal year 2012 valuation. As is common in mature pension plans, the System's annual distributions surpassed annual contributions made by employees and employers. For fiscal year 2013, the amount paid out to participants exceeded incoming contributions by approximately $674 million.

The asset allocation at year end, excluding investments purchased with securities lending cash collateral, was 63.3 percent public equities; 23.8 percent debt securities; 8.5 percent public and private real estate investments; 3.2 percent private equity, and 1.2 percent cash equivalents. The System maintained a high quality debt portfolio as evidenced by the fact that at year end 56.6 percent of the fixed income investments were rated AAA.

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

The System's securities lending program is managed by its custodial bank, BNY Mellon. This program generates ancillary income by lending securities in the System's portfolio to securities dealers in return for a premium payment on non-cash loans and earnings generated by the investment of cash collateral. All loans are secured by the receipt of collateral valued at

102.0 or 105.0 percent of the value of the loaned security. In fiscal year 2013, the securities lending program generated $15.7 million* in additional revenue for the investment program.

In addition to the short-term assets managed in-house, 38 firms were managing 51 different investment funds or portfolios for the System at year end. The chart on pages 82 and 83 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.

**$15.7 million were the earnings distributed for the fiscal year; $14.6 million was the reported net income as required by Governmental Accounting Standards Board Statement No. 28.*

Fiscal Year 2013 Market Environment

Except for a bit of post-election drama early in the year and some unanticipated investor angst over comments made by Chairman of the Board of Governors of the Federal Reserve System Ben Bernanke late in fourth quarter, markets behaved relatively well throughout fiscal year 2013. Most asset classes provided investors with strong returns for the year.

EQUITY MARKETS

Global equity markets, as represented by the MSCI All Country World Index (ACWI) began the year in a bullish fashion returning almost 7.0 percent for the quarter ending September 30. Globally, as Central Bankers attempted to hold down interest rates and stimulate economic growth using large scale monetary stimulus programs, investors' increased appetite for riskier, higher-yielding investments benefitted world equity markets. US equity investors benefitted from strong corporate profit margins early in the fiscal year, bolstered by continued cost cutting. Additionally, higher oil prices improved returns for energy-related companies. The S&P 500 gained 6.4 percent in the first quarter of fiscal year 2013.

The second quarter of the fiscal year saw US markets take a breather as investors pondered the potential impact of the outcome of the 2012 national elections. This was followed quickly by uncertainty around the politically-charged battles in Washington over balancing the budget and avoiding the "fiscal cliff" with its automatic tax cut expirations and potential for large scale federal budget cuts. Investor fear was evidenced by the negative 0.4 percent return of the S&P 500 for the quarter. Small and mid-cap stocks outpaced large-cap names, and value stocks did better than growth across all capitalizations.

Outside the United States, equities saw strong performance surprisingly led by the Greek and Spanish markets, which rallied on the news of bailout packages for each. The impact of weak US equity performance was evidenced by the MSCI ACWI-ex US return of 5.9 percent, compared to the more inclusive MSCI AWCI performance of only 3.0 percent for the quarter.

The third quarter was especially strong for US investors. During the period the S&P 500 Index rebounded from the previous quarter's slump, and went on to surpass its previous record high set in October 2007. US investors were encouraged by both improving home prices and lower unemployment statistics. Nearly all segments of the US equity market posted double-digit gains for the quarter, as reflected by the 11.1 percent return of the broad Russell 3000 Index.

Investors in developed markets outside the US represented by the MSCI EAFE Index experienced more modest returns closer to 5.0 percent for the quarter. Japanese equities rallied to end the quarter up 11.6 percent. This resulted from investor optimism over the announcement by Bank of Japan Governor Haruhiko Kuroda of a plan to reverse Japan's 20-year deflationary economic environment. Europe, however, was a very different story. Facing solvency issues in Cyprus and Italy, the region saw sluggish returns of only 2.7 percent, which dragged down overall returns for non-US developed market investors. The third quarter also saw weak economic data from China, which negatively impacted emerging market returns. The MSCI Emerging Markets Index returned a negative 1.6 percent for the quarter.

By far, the biggest surprise for equity investors came in the final months of fiscal year 2013. Improvements in the housing market, auto sales, and employment signaled to some the US economy was improving, such that the Federal Reserve might contemplate an end to its $85 billion-a-month security purchase program. In May, Federal Reserve Chairman Bernanke even went so far as to hint that tapering of the Quantitative Easing (QE) program might begin sooner rather than later. The response from investors was decidedly negative. From the time of Mr. Bernanke's comment in mid-May until late June, the S&P 500 declined almost 6.0 percent as investor apprehension surged. After the initial overreaction, the US equity market reclaimed some lost ground by ending the quarter with a slightly positive return; while non-US markets finished the period in negative territory.

Though the fourth quarter provided weak returns, overall fiscal year 2013 was a good year for most public equity investors. The 20.6 percent return for the S&P 500 and broader based Russell 3000 Index's 21.5 percent return for the year ending June 30, 2013, nicely rewarded US equity investors. Although lagging the US in terms of economic recovery, other developed markets also provided investors with double-digit returns as reflected by the MSCI EAFE Index one-year return of 19.1 percent. The only exception to the strong performance of equity markets worldwide was that of the emerging markets, which lagged with returns of only 3.2 percent for the year. This resulted primarily from China's manufacturing slowdown and its impact on commodities-related investments throughout the emerging markets; and Brazil's social turmoil, which resulted in double-digit negative returns for that market for the fourth quarter.

DEBT MARKETS

While monetary policy decisions were benefitting equity investors throughout fiscal year 2013, those who sought safety in more conservative fixed income investments experienced more lackluster returns. The benchmark 10-year US Treasury ended the first quarter of the year yielding 1.6 percent as the market sold-off on the Federal Reserve's announcement of its third round of quantitative easing. Investors were both hungry for yield and confident that interest rates would remain artificially low, in that they shifted monies out of Treasuries and investment-grade bonds into high yield debt opportunities. This resulted in the Barclay's Aggregate Index returning 1.6 percent in the first quarter, while the Barclays Corporate High Yield Index saw returns of 4.5 percent.

The second quarter of the fiscal year saw a new $45-billion-per-month Long Treasury purchase plan implemented by the Federal Reserve to replace the expiring Operation Twist program. This, along with further statements reaffirming the commitment to maintain a low interest rate environment until employment reaches 6.5 percent, encouraged investors to continue to shift their focus to higher-risk asset classes. The quarter saw a meager 0.2 percent return from the Barclays Aggregate Index, while the Barclays Corporate High Yield Index returned 3.3 percent. The story was playing out in much the same way in debt markets outside the US. The more conservative Citi Non-US World Government Index (unhedged) returned negative 2.4 percent for the quarter; and the riskier JP Morgan Emerging Markets Bond Global Diversified Index provided investors with a 2.8 percent increase for the period.

During the third quarter of fiscal year 2013, investors saw 10-year-Treasury yields exceed 2.0 percent, then drop back to end the period at 1.9 percent as Washington narrowly dodged the proverbial fiscal cliff. Though signs of economic improvement in retail, housing and auto sales appeared during the quarter, the Federal Reserve continued its efforts to hold down interest rates. The Barclays Aggregate Index returned a negative 0.1 percent in the third quarter and the Barclays Corporate High Yield Index returned 2.9 percent. With the European debt crisis entering its fourth year, concerns around another banking crisis jarred fixed income investors outside the US, this time in Cyprus. This resulted in returns of negative 3.8 percent for the unhedged Citi Non-US World Government Index. Emerging market investors experienced similar returns with the JP Morgan Emerging Markets Bond Global Diversified Index returning negative 2.3 percent for the quarter ended March 31.

During the fourth quarter, fixed income markets reacted to growing investor concerns over the prospect for a tapering of the Federal Reserve's quantitative easing program. This resulted in the yield curve steepening and the yield on the 10-year Treasury rising to end the year at 2.5 percent.

The Barclays Aggregate Index benchmark returned negative 2.3 percent for the fourth quarter and ended the fiscal year down 0.7 percent. The Barclays Corporate High Yield Index, though negative for the final quarter of the year, provided investors an attractive 9.5 percent return for the one-year period.

The mid-quarter fixed income markets sell-off, which began in May, was not just a US phenomenon. Although investors in European bonds had a positive fourth quarter, other non-US debt holders did not do as well. Impacted by the implementation of Japan's Prime Minister Shinzo Abe's new macroeconomic policy "Abenomics," the yen significantly depreciated during the quarter. Japan's 38.8 percent index weighting dragged down returns for the Citi Non-US World Government Index, which returned negative 3.4 percent for the quarter; finishing the fiscal year at negative 5.7 percent. Also in the fourth quarter, emerging market debt investors saw the growth of China's economy continue to slow, coupled with rising interest rates in Brazil, which hampered improvements in that country's economy. The JP Morgan Emerging Markets Bond Global Diversified Index lost 5.6 percent in the quarter, but did manage a positive return of 1.1 percent for the fiscal year.

REAL ESTATE MARKETS

The low interest rate environment coupled with improving corporate and consumer balance sheets aided commercial real estate market returns. In addition, low mortgage rates helped promote improvements in the number of residential housing starts during the fiscal year. Core real estate, as measured by the NCREIF Property Index, saw returns of 2.3 percent for the quarter ending September 30. This was generated almost equally from a combination of net operating income increases and property value appreciation. The FTSE NAREIT Index, representing US public real estate, was essentially flat for the quarter with a return of only 0.2 percent. Public real estate markets in both Europe and Asia experienced strong performance during the same time period. The strength of the non-US public real estate markets was reflected in the 5.5 percent return of the FTSE EPRA NAREIT Developed Markets Index. Global Real Estate Investment Trusts (REIT) investments are represented by this Index.

The US fiscal cliff debate seemed to have little impact on private real estate investments, with returns remaining flat in the second quarter. US REITs' performance did improve during the period, as yield-seeking investors buoyed returns to 2.6 percent.

Core real estate continued its steady pattern of returns in the third quarter. The NCREIF Index returned 2.6 percent for the period, while US REITs produced an impressive 8.2 percent for investors. Global public real estate investors, while benefitting from the strong US REIT market, were hurt by a decline in European REIT values. The FTSE EPRA/NAREIT Developed Market Index returned 6.3 percent for the period.

The fourth quarter of the fiscal year proved to be a challenging one for public real estate investors. Like other asset classes, both public and private real estate markets sold-off over fears associated with the ending of the Federal Reserve's quantitative easing program. However, considering the year in total, fiscal year 2013 was a very strong year for real estate markets. The NCREIF Property Index returned 2.9 percent for the quarter, ending the year with a return of 10.7 percent. The FTSE NAREIT Index of publicly traded US real estate securities lost ground during the quarter retuning negative 1.6 percent, but returned a healthy 9.4 percent for the full fiscal year. Though global REIT investments struggled during the quarter as reflected in the negative 3.6 percent return for the FTSE EPRA/NAREIT Index, they also handsomely rewarded investors with returns of 14.3 percent for the full year.

PRIVATE EQUITY MARKETS

Throughout fiscal year 2013, the private equity asset class benefitted from low interest rates and investor inflows. Though the first quarter of the year saw investor interest in private equity dip slightly compared to the previous quarter, investors still made new partnership commitments totaling $42.5 billion. Fundraising activity declined during the second quarter ended December 31, with new commitments down almost 25 percent compared to the previous quarter.

The third quarter of the year saw only a slight improvement in investor commitments. During the period, 121 partnerships closed with commitments totaling $32.9 billion. This number included 37 venture capital and 47 buyout funds. The final quarter of fiscal year 2013 saw 175 new partnerships formed and limited partner commitments of $70.3 billion. This amount was more than double the amount committed during the previous quarter. Though still below the annual records set in 2006-2009, fiscal year 2013 proved to be a reasonably strong year for private equity fundraising.

Fiscal Year 2013 Performance Overview

After the disappointing returns of the previous fiscal year, 2013 turned out to be a very strong year for the investment program. The PERS portfolio returned 13.4 percent outpacing its Total Fund Policy benchmark by 1.9 percent, and exceeding 68 percent of the funds in the peer universe of very large public funds maintained by Callan Associates. The System's three-year total return of 12.7 percent also exceeded the peer universe median three-year return of 11.7 percent. The weaker five-year return of 5.6 percent, which continued to reflect the impact of the 2009 Great Financial Crises, exceeded both the Policy benchmark return of 4.9 percent and outpaced 85 percent of the funds in the peer universe. For the 10 years ended June 30, 2013, the portfolio returned 7.2 percent, slightly outperforming the Policy benchmark return of 7.0 percent. Important to note is that the System's portfolio structure is designed to achieve success over the long term. Although many challenging events in the global financial markets over the past few years have affected some shorter term returns, over longer periods, the System has been successful in achieving its 8.0 percent assumed rate of return. This is evidenced by the 25-year and 30-year returns of 8.4 and 9.1 percent, respectively.

SHORT-TERM PORTFOLIO

Cash flows generated by the contributions to the System and from ancillary income-generating activities are invested by the System's investment staff. These assets are used to fund monthly benefits, refunds, and annual Cost-of-Living-Adjustment payments. As interest rates at the short end of the yield curve remained near zero throughout the fiscal year, the return on the short-term investment program was a modest 0.1 percent. The cash portion of the accounts managed by external investment managers is invested in interest earning cash equivalents. All short-term investments are made in accordance with State law and policies set by the Board of Trustees.

PUBLIC EQUITY PORTFOLIO

The domestic equity portfolio experienced consistently strong returns throughout the fiscal year. Similarly, the developed non-US equity portfolio saw gains for the first three quarters of the year, only to give back some ground with negative returns for the fourth quarter. The emerging markets equity portfolio also saw strong returns in the first half of the fiscal year, only to experience negative performance throughout the last two quarters of the year.

TOTAL EQUITY SECURITIES:
$13,749,371,430

TOTAL NUMBER OF SHARES OF EQUITY SECURITIES HELD:
1,005,672,769

TOTAL NUMBER OF ISSUES OF EQUITY SECURITIES HELD:
5,600

Broad market benchmarks like the Russell 3000 and the MSCI All Country World ex-US (ACWI ex-US), returned 21.5 and 14.1 percent, respectively. The System's domestic equity portfolio returned 22.9 percent, outperforming the benchmark Russell 3000 Index by 1.4 percent and ranking in the top quartile of investors in the Callan Public Plan domestic equity universe. The international equity portfolio, comprised of both developed and emerging market investments, saw returns of 14.2 percent. This slightly beat its custom benchmark return of 14.1 percent.

The System's total public equity portfolio return of 19.4 percent beat the MSCI All Country World Index (ACWI) total equity benchmark return of 17.2 percent. The total public equity portfolio returns for the three-year period were 15.7 percent, with five-year returns at 5.4 percent. These returns also exceeded the benchmark MSCI ACWI Index returns of 12.9 percent for the three-year, and 2.9 percent for the five-year periods. For the 10 years ended June 30, the public equity portfolio's return of 8.1 percent matched that of the benchmark index.

As of June 30, the System had allocated 36.7 percent of the total portfolio to domestic equities; 16.4 percent to developed markets international; 5.5 percent to emerging markets; and 4.7 percent to global equities. Within the domestic equity portfolio 69.0 percent of the investments were in large; 19.0 percent were in mid, and 12.0 percent were in small-capitalization securities.

DEBT PORTFOLIO

TOTAL BOND INVESTMENTS:
$7,474,253,672

TOTAL PAR OF BOND INVESTMENTS HELD:
$21,072,597,756

TOTAL NUMBER OF BOND ISSUES HELD:
4,361

In an attempt to better position the debt portfolio to weather the impact of future interest rate increases, a global bond allocation was added to debt investment strategies during fiscal year 2013. Most of the strategies comprising the debt portfolio are measured against the Barclay's Capital Aggregate Index. This includes both active and passive core US portfolios, as well as core-plus strategies, which can include exposures to high yield and non-US issues. In addition to core, core-plus, and global bond portfolios, the System's debt program also includes US Treasury Inflation Protected securities (TIPS) and emerging market debt mandates. Though returns from debt investments were small, the diversified program structure provided better returns than that of the traditional US investment-grade-only portfolio. The total debt portfolio's 0.6 percent performance for the year beat the negative return of the Barclays Aggregate Index benchmark by 1.3 percent. For the three- and five-year periods ended June 30, debt portfolio returns were 5.4 and 6.5 percent, respectively, again topping the Index's 3.5 and 5.2 percent returns for the same periods. The 10-year performance for the portfolio was 5.1 percent, while the index returned 4.5 percent. The System ended the year with 23.9 percent of the total portfolio invested in debt securities. Approximately 83.8 percent of the debt portfolio was invested in domestic issues and 16.2 percent in non-U.S. issues.

REAL ESTATE PORTFOLIO

The PERS real estate investment program consisted of investments in core, core-plus and value-added real estate funds; timber; and publicly-traded US and non-US REITs. The System's real estate investments returned 11.9 percent compared to the custom benchmark's 10.2 percent return. The three- and five-year returns of 13.6 and 1.0, respectively, either matched or exceeded the benchmark returns of 13.6 and 0.4 percent. For the 10-year period the real estate portfolio returned 8.0 percent to beat the benchmark return of 7.6 percent.

TOTAL REAL ESTATE INVESTMENTS:
$1,819,845,214

TOTAL NUMBER OF SHARES* OF REAL ESTATE INVESTMENTS HELD:
298,909,794

TOTAL NUMBER OF ISSUES OF REITS HELD:
136

Includes units of commingled funds and shares of REITs.

The core real estate portfolio returned 11.7 percent, outperforming the benchmark NFI-ODCE Index return of 10.8 percent. Core real estate also posted a three-year return of 13.6 percent, almost matching the Index's return of 13.8 percent. The five-year core real estate return of 0.4 percent reflected the impact of the Financial Crisis, but managed to exceed the negative 1.5 percent return of the Index.

The System's value-added real estate portfolio consisting of six limited partnership investments posted a strong 16.5 percent return for the year, while the benchmark NCREIF Property Index saw returns of 10.7 percent. The biggest improvement in returns in the real estate program came from the System's timber portfolio. Comprised of both US and non-US timber investments, the portfolio reported returns of 12.7 percent. An increase in US housing starts and increases in timber demand from China resulted in improved pricing, which strengthened PERS' timber investment returns. The NCREIF Timberland Index returns were 9.4 percent.

The public REIT portfolio, comprised of both US and non-US REITs, returned 10.6 percent. Though the System's REIT investments saw strong three-year returns of 15.5 percent, they slightly lagged the benchmark EPRA/NAREIT Index return of 16.0 percent. Five- and 10-year returns were 4.4 and 10.4 percent, respectively, with the benchmark Index returning 4.6 and 11.0 percent. Total real estate investments comprised 8.5 percent of the System's total portfolio.

PRIVATE EQUITY PORTFOLIO

TOTAL PRIVATE EQUITY INVESTMENTS:
$680,901,878

The System's private equity program was launched in late 2008 and remains a relatively immature portfolio. As of June 30, 2013, capital commitments totaled approximately $2.2* billion, with approximately $647 million of capital paid-in for investment. The private equity portfolio was comprised of 84 partnership commitments, including buyouts, venture capital/growth, distressed opportunity, and special situation funds. Investments such as private equity, generally experience negative returns during the first six to seven years of the investment lifespan as funds are being invested and expenses are paid out. Benefitting from some early realizations, the System's private equity investments returned 10.6 percent. Private equity investments totaled 3.2 percent of the System's total fund.

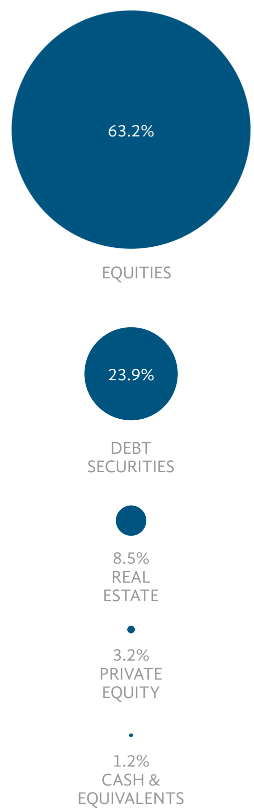
**The System has an additional $700 million commitment pending the successful sale of the Customized Fund Investment Group by Credit Suisse.*

Asset Allocation

One of the most important decisions made by the Board of Trustees is that of determining the long-term asset allocation policy for the investment portfolio. The System's investment consultant conducts periodic asset/liability allocation studies that include consideration of projected future liabilities of the System, expected risk, return and correlations for various asset classes, and the System's statutory investment restrictions. In April 2013, the Board conducted an asset/liability study that resulted in the adoption of strategic asset allocations targets of 61.0 percent for public equities, which includes 30.0 percent US equities; 16.0 percent non-US developed and 6.0 percent emerging markets equities; and 9.0 percent global equities. A 21.0 percent target allocation was adopted for debt investments, including a 1.0 percent allocation to cash equivalents. The real estate investment target remained at 10.0 percent and the target allocation for private equity increased to 8.0 percent.

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

DEFINED BENEFIT PLANS
ASSET ALLOCATION
AT FAIR VALUE
- JUNE 30, 2013 -



DEFINED BENEFIT PLANS
LONG-TERM TARGET
ASSET ALLOCATION
- JUNE 30, 2013 -

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 April 2013, effective beginning in July 2013. Asset allocation studies are conducted by the System at least every 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 risk associated with each investment manager's portfolio is not expected to exceed that of the designated benchmark without a corresponding increase in returns relative to the benchmark.

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

Summary

Fiscal year 2013 was a good year for institutional investors like PERS. The period's relative global stability and modest economic recovery benefitted well-diversified portfolio returns. Whether facing disappointing markets like those seen in previous fiscal years or in years with strong returns like fiscal year 2013, the System never wavers in its focus on the long-term investment horizon.

Acknowledging the uncertainty of future economic scenarios, and the potential impact on investment returns one might ask "What is being done to ensure the financial soundness of the System?" By design, a pension plan investment program must focus on the 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 Board of Trustees' accepted risk parameters. While, admittedly, there will always be challenging times for investors, the System takes prudent steps to attempt to ensure that its portfolio is well positioned to meet all future financial obligations. Important to remember is that this System seeks to invest for the long term and has successfully weathered many financial storms for six decades.

Financial markets almost certainly guarantee there will always be obstacles to face, but as a "perpetual" investor, the System will continue to utilize sound investment principles and steadfastly work to overcome any and all investment challenges the future might present as we strive to provide secure benefits for our membership.

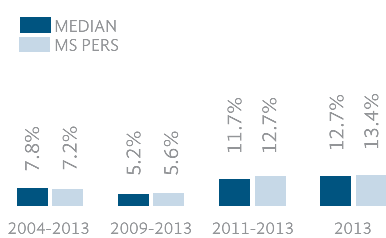
Defined Benefit Plans: PERFORMANCE SUMMARY

- FOR FISCAL YEAR ENDED JUNE 30, 2013 -

	CURRENT YEAR	ANNUALIZED 3-YEAR	ANNUALIZED 5-YEAR
Total Plans:			
MS PERS COMBINED RETURN*	13.4%	12.7%	5.6%
MS PERS POLICY TARGET RETURN	11.5	11.2	4.9
PUBLIC FUNDS >$10 BILLION MEDIAN	12.7	11.7	5.2
Debt Securities:			
DEBT SECURITIES MANAGERS COMPOSITE*	0.6	5.4	6.5
BARCLAYS CAPITAL AGGREGATE BOND INDEX	(0.7)	3.5	5.2
Domestic Equity:			
DOMESTIC EQUITY MANAGERS COMPOSITE*	22.9	19.4	8.3
RUSSELL 3000 INDEX	21.5	18.6	7.3
International Equity:			
INTERNATIONAL EQUITY MANAGERS COMPOSITE*	14.2**	9.2	0.3
MSCI ALL COUNTRY WORLD EX-US INDEX	14.1	8.5	(0.3)
Global Equity:			
GLOBAL EQUITY MANAGERS COMPOSITE*	17.7	14.9	0.1
MSCI ALL COUNTRY WORLD INDEX	17.2	13.3	2.5
Real Estate:			
COMMINGLED FUNDS AND REITS COMPOSITE*	11.9	13.6	1.0
15% NAREIT/15% NCREIF PROPERTY/10% NCREIF TIMBERLAND/60% NFI-ODCE EQUAL WEIGHT NET	10.2	13.6	0.4
Private Equity:			
PRIVATE EQUITY COMPOSITE*	10.6	7.4	-
S&P 500 INDEX + 3 %***	25.1	23.5	12.4

**Calculations for the System are prepared using a time-weighted rate-of-return methodology based upon market values.*
***Includes both developed and emerging market investments.*
****Private Equity benchmark was S&P 500 Index + 5 percent through March 31, 2013.*

LARGE PUBLIC PLANS*
TOTAL PLANS: ANNUALIZED RATES OF RETURN



**Public funds >$10 billion median*

Defined Benefit Plans: NON-US INVESTMENTS BY COUNTRY

- FAIR VALUE AT JUNE 30, 2013 -

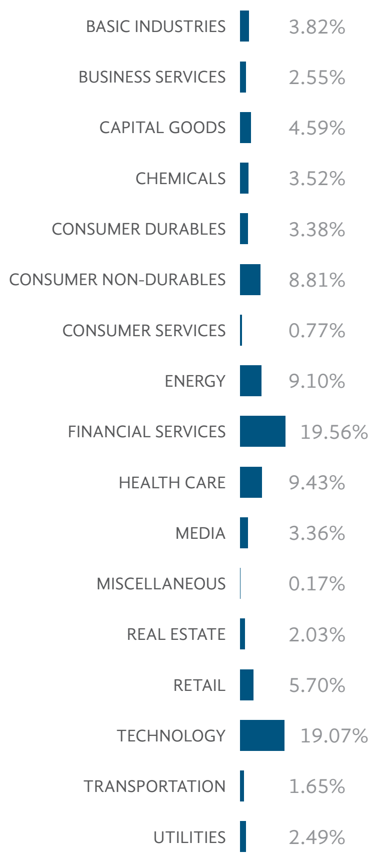
Country	%
ARGENTINA	0.21%
AUSTRALIA	7.37%
AUSTRIA	0.19%
AZERBAIJAN	0.03%
BELGIUM	0.78%
BERMUDA	0.89%
BOLIVIA	0.01%
BRAZIL	3.16%
BRITISH VIRGIN ISLANDS	0.12%
CANADA	4.33%
CAYMAN ISLANDS	1.01%
CHILE	0.42%
CHINA	1.16%
COLOMBIA	0.53%
COSTA RICA	0.06%
COTE D'IVOIRE	0.05%
CROATIA	0.12%
CURACAO	0.36%
CYPRUS	0.03%
CZECH REPUBLIC	0.09%
DENMARK	0.55%
DOMINICAN REPUBLIC	0.04%
EGYPT	0.18%
EL SALVADOR	0.10%
FINLAND	0.30%
FRANCE	5.17%
GEORGIA	0.02%
GERMANY	6.29%
GREECE	0.02%
GUATEMALA	0.02%
GUERNSEY CI	0.04%
HONG KONG	2.38%
HUNGARY	0.37%
ICELAND	0.02%
INDIA	0.94%
INDONESIA	1.51%
IRELAND	1.81%
ISLE OF MAN	0.01%
ISRAEL	0.54%
ITALY	1.26%
JAPAN	11.13%
JERSEY CI	0.29%
KAZAKHSTAN	0.24%
LATVIA	0.10%
LIBERIA	0.01%
LITHUANIA	0.11%
LUXEMBOURG	0.72%
MACAU	0.19%
MALAYSIA	0.25%
MARSHALL ISLANDS	0.11%
MEXICO	2.43%
MOROCCO	0.03%
NETHERLANDS	3.05%
NEW ZEALAND	0.32%
NIGERIA	0.01%
NORWAY	1.69%
PAKISTAN	0.19%
PANAMA	0.14%
PERU	0.36%
PHILIPPINES	0.60%
POLAND	0.19%
PORTUGAL	0.23%
PUERTO RICO	0.10%
QATAR	0.02%
ROMANIA	0.14%
RUSSIA	1.58%
SENEGAL	0.02%
SERBIA AND MONTENEGRO	0.07%
SINGAPORE	1.50%
SLOVAKIA	0.04%
SLOVENIA	0.03%
SOUTH AFRICA	1.69%
SOUTH KOREA	2.67%
SPAIN	1.72%
SRI LANKA	0.07%
SUPRANATIONAL GEOGRAPHIC	0.83%
SWEDEN	3.36%
SWITZERLAND	4.54%
TAIWAN	1.17%
THAILAND	0.57%
TURKEY	1.41%
UKRAINE	0.16%
UNITED ARAB EMIRATES	0.20%
UNITED KINGDOM	12.95%
URUGUAY	0.06%
VENEZUELA	0.21%
ZAMBIA	0.01%

Defined Benefit Plans: Equity Portfolio

EQUITY PORTFOLIO SUMMARY

Total Equity Securities:	Total Number of Shares of Equity Securities Held:	Total Number of Issues of Equity Securities Held:
$13,749,371,430	1,005,672,769	5,600

EQUITY INVESTMENTS BY INDUSTRY TYPE
- FAIR VALUE AT JUNE 30, 2013 -



TEN LARGEST EQUITY HOLDINGS

	SHARES	FAIR VALUE
EXXON MOBIL CORPORATION	2,150,249	$194,274,997
APPLE, INC.	350,724	139,072,588
BERKSHIRE HATHAWAY, INC.	1,009,913	113,029,463
MICROSOFT CORPORATION	3,144,814	108,637,600
CHEVRON CORPORATION	874,603	103,500,519
JOHNSON & JOHNSON	1,140,918	97,959,219
PROCTER & GAMBLE COMPANY	1,221,362	94,032,660
THE COCA-COLA COMPANY	2,296,480	92,111,813
GOOGLE, INC.	99,778	87,841,558
JP MORGAN CHASE & COMPANY	1,654,207	87,325,588
TOTALS	**13,943,048**	**$1,117,786,005**

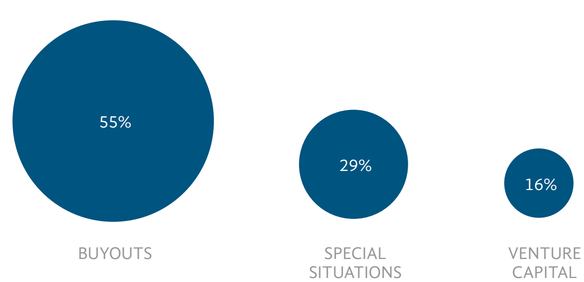
A complete list of portfolio holdings is available upon written request.

Defined Benefit Plans: Private Equity Portfolio

PRIVATE EQUITY PORTFOLIO SUMMARY

Total Private Equity Investments:
$680,901,878

PRIVATE EQUITY INVESTMENTS BY FUND TYPE
- JUNE 30, 2013 -



Defined Benefit Plans: Bond Portfolio

BOND PORTFOLIO SUMMARY*

Total Bond Investments:	Total Par of Bond Investments Held:	Total Number of Bond Issues Held:
$7,474,253,672	$21,072,597,756	4,361

CORPORATE BOND INVESTMENTS BY INDUSTRY TYPE*

- FAIR VALUE AT JUNE 30, 2013 -

TEN LARGEST LONG-TERM CORPORATE BOND HOLDINGS*

	PAR	FAIR VALUE
CATERPILLAR FINANCIAL SERVICES CORPORATION	$56,650,000	$56,702,231
NATIONAL AUSTRALIA BANK	55,300,000	55,438,029
WESTPAC BANKING CORPORATION	52,765,000	53,026,767
THE WALT DISNEY COMPANY	52,830,000	52,788,687
NORDEA BANK AB	52,185,000	52,428,652
NEW YORK LIFE GLOBAL FUNDING	48,600,000	48,660,653
INTERNATIONAL BUSINESS MACHINES CORPORATION	44,000,000	43,938,048
THE COCA-COLA COMPANY	40,500,000	40,482,140
AMERICAN HONDA FINANCE	37,750,000	37,856,380
GENERAL ELECTRIC CAPITAL CORPORATION	36,900,000	37,043,246
TOTALS	**$477,480,000**	**$478,364,833**

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

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

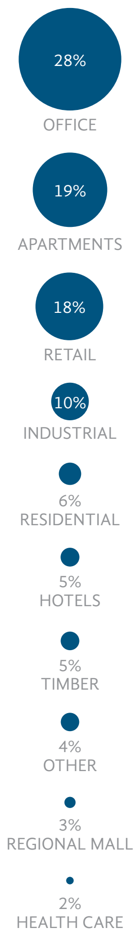
Defined Benefit Plans:
Real Estate Investment Portfolio

REAL ESTATE INVESTMENT PORTFOLIO SUMMARY

Total Real Estate Investments:	Total Number of Shares* of Real Estate Investments Held:	Total Number of Issues of REITs Held:
$1,819,845,214	298,909,794	136

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

PORTFOLIO DISTRIBUTION BY PROPERTY TYPE
- FAIR VALUE AT JUNE 30, 2013 -

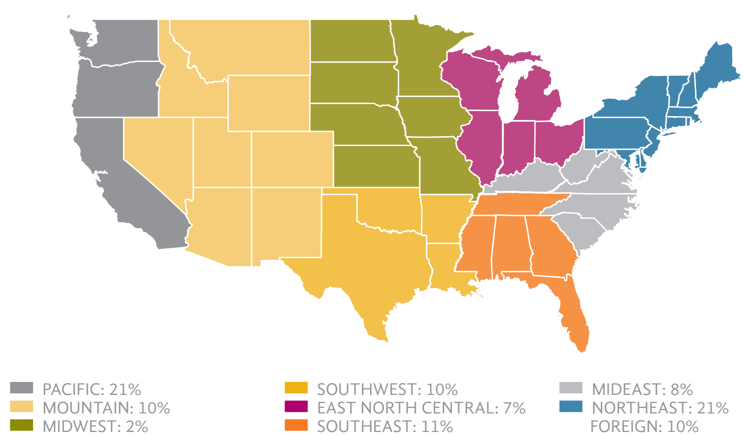


TEN LARGEST REIT HOLDINGS

	SHARES	FAIR VALUE
SIMON PROPERTY GROUP, INC.	279,494	$44,137,692
VENTAS, INC.	318,468	22,120,787
EQUITY RESIDENTIAL	292,785	16,999,097
BOSTON PROPERTIES, INC.	153,158	16,153,574
PUBLIC STORAGE	103,129	15,812,770
VORNADO REALTY TRUST	190,740	15,802,809
AVALONBAY COMMUNITIES, INC.	113,557	15,319,975
PROLOGIS, INC.	394,909	14,895,967
HEALTH CARE REIT, INC.	197,510	13,239,095
TAUBMAN CENTERS, INC.	138,932	10,440,740
TOTALS	**2,182,682**	**$184,922,506**

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

PORTFOLIO DISTRIBUTION BY GEOGRAPHIC LOCATION
- FAIR VALUE AT JUNE 30, 2013 -



Defined Benefit Plans: NET INVESTMENT INCOME BY SOURCE

- LAST 10 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
2004	$256,939	$185,756	$15,792	$717,570	$909,442
2005	213,809	259,360	16,848	848,980	230,871
2006	217,912	270,713	23,597	1,382,874	(46,746)
2007	229,244	331,397	36,578	1,014,839	1,904,107
2008	246,360	363,343	26,374	824,992	(3,192,348)
2009	224,605	296,492	14,528	(1,710,303)	(2,639,433)
2010	184,923	273,687	12,169	542,100	1,180,636
2011	185,818	326,174	14,001	1,200,877	2,560,115
2012	186,038	323,610	9,460	585,346	(1,016,522)
2013	184,775	339,386	12,390	920,422	1,198,511

TEN-YEAR TOTAL PENSION INVESTMENT RATES OF RETURN

[fair value in millions]

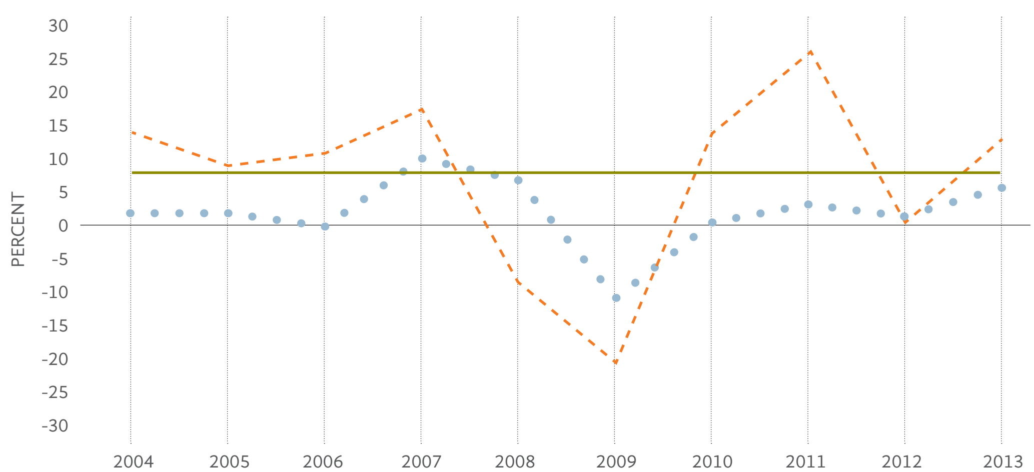
FISCAL YEAR	TOTAL INVESTMENT PORTFOLIO FAIR VALUE	SMOOTHED RATE OF RETURN	FAIR VALUE RATE OF RETURN	ACTUARIAL ASSUMED RATE OF RETURN
2004	$16,085	2.5%	14.6%	8.0 %
2005	17,250	2.5	9.8	8.0
2006	18,742	-	10.7	8.0
2007	21,766	10.2	18.9	8.0
2008	19,439	7.2	(8.2)	8.0
2009	15,512	(11.0)	(19.4)	8.0
2010	16,767	0.2	14.1	8.0
2011	20,314	4.0	25.4	8.0
2012	19,578	1.9	0.6	8.0
2013	21,947	6.1	13.4	8.0

NET INVESTMENT INCOME BY SOURCE (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

FISCAL YEAR	NET INCOME (LOSS) FROM SECURITIES LENDING	TOTAL INCOME (LOSS)	MANAGER FEES AND CUSTODIAN FEES	NET INCOME (LOSS) FROM INVESTMENTS
2004	$4,341	$2,089,840	$(26,382)	$2,063,458
2005	6,160	1,576,028	(26,783)	1,549,245
2006	10,446	1,858,796	(32,309)	1,826,487
2007	12,647	3,528,812	(36,668)	3,492,144
2008	(1,576)	(1,732,855)	(36,631)	(1,769,486)
2009	32,433	(3,781,678)	(26,574)	(3,808,252)
2010	39,881	2,233,396	(33,904)	2,199,492
2011	18,107	4,305,092	(42,765)	4,262,327
2012	17,293	105,225	(44,299)	60,926
2013	14,645	2,670,129	(50,210)	2,619,919

TEN-YEAR TOTAL PENSION INVESTMENT RATES OF RETURN



Smoothed Rate of Return *consists of investment income in a surplus or deficit of the assumed 8 percent on fair value smoothed over a five-year period with 20 percent of a year's surplus or deficit being recognized each year beginning with the current year. PERS, MHSPRS, and SLRP smoothed rates have been averaged. In fiscal year 2006, PERS, MHSPRS, and SLRP actuarial assets were set equal to market value of assets. Therefore, there was no smoothed difference between actuarial and investment asset amounts. In fiscal year 2007, smoothing resumed with the additional contraint that actuarial value of assets cannot be less than 80 percent nor more than 120 percent of market value. In fiscal year 2009, the 80/120 percent corridor was eliminated for the purpose of determining actuarial value of assets. MRS is excluded as an agent multi-employer 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 BY ADVISOR

ADVISOR	TYPE	DATE INITIATED	FAIR VALUE PERCENT OF TOTAL PORTFOLIO*
Equities:			
NORTHERN TRUST GLOBAL INVESTMENT	Passive (index)	July 1985	13.72%
STATE STREET GLOBAL ADVISORS	Passive - large cap value	September 2004	4.42
LAZARD ASSET MANAGEMENT, LLC	Emerging markets	April 1998	4.17
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.	EAFE index	March 2004	3.94
JARISLOWSKY FRASER LIMITED	EAFE	June 2004	3.39
NS PARTNERS LTD	EAFE	July 2004	3.13
EAGLE CAPITAL	Active - all cap	January 2005	2.94
FAYEZ SAROFIM & COMPANY	Active - large cap growth	August 1980	2.85
DIMENSIONAL FUND ADVISORS	EAFE	August 2007	2.78
THE BOSTON COMPANY ASSET MANAGEMENT, LLC	Active - mid cap value	October 2001	2.46
WELLINGTON MANAGEMENT COMPANY, LLP	Active - mid cap value	October 2001	2.41
ARTISAN PARTNERS LIMITED PARTNERSHIP	Active - mid cap growth	September 2002	2.29
ACADIAN ASSET MANAGEMENT	Global equity	July 2005	1.68
WELLINGTON MANAGEMENT COMPANY, LLP	Active - small cap core	July 2002	1.62
EPOCH INVESTMENT PARTNERS, INC.	Global equity	February 2012	1.61
INTECH, LLC	Active - large cap growth	January 2005	1.56
DIMENSIONAL FUND ADVISORS	Active - small cap value	July 2002	1.55
HARDING LOEVNER, LP	Global equity	February 2012	1.50
THE BOSTON COMPANY ASSET MANAGEMENT, LLC	Active - small cap growth	July 2008	1.45
ARTISAN PARTNERS LIMITED PARTNERSHIP	Emerging markets	February 2011	1.41
ARROWSTREET CAPITAL, LIMITED PARTNERSHIP	MSCI ACWI ex - US	June 2013	1.40
MONDRIAN INVESTMENT PARTNERS	Small cap	May 2001	0.98
PYRAMIS GLOBAL ADVISORS	Small cap	April 2011	0.89
SUBTOTAL			**64.15**
Debt Securities:			
LOOMIS SAYLES & COMPANY	Core plus	August 2009	3.51
ABERDEEN ASSET MANAGEMENT	Active - core	August 1991	3.12
PACIFIC INVESTMENT MANAGEMENT COMPANY	Active - core	August 1983	2.99
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.	Passive (index)	September 1986	2.36
STATE STREET GLOBAL ADVISORS	Active - core	February 2009	2.33
MELLON CAPITAL MANAGEMENT CORPORATION	Passive (index)	November 1989	2.32
PRUDENTIAL FIXED INCOME	Core plus	January 2012	2.29
WELLINGTON MANAGEMENT COMPANY, LLP	Emerging market debt	May 2010	1.98
ALLIANCEBERNSTEIN	Global fixed income	February 2013	1.57
PACIFIC INVESTMENT MANAGEMENT - GLOBAL	Global fixed income	February 2013	1.57
SUBTOTAL			**24.04**

Includes cash and cash equivalents.

ADVISOR	TYPE	DATE INITIATED	FAIR VALUE PERCENT OF TOTAL PORTFOLIO*
Real Estate:			
UBS REALTY INVESTORS, LLC	Commingled fund - core	June 2003	2.14%
PRINCIPAL GLOBAL INVESTORS	Commingled fund - core	June 2003	1.53
DEUTSCHE ASSET & WEALTH MANAGEMENT	REITs	June 2003	1.21
J.P. MORGAN INVESTMENT MANAGEMENT, INC.	Core	July 2012	0.79
COHEN & STEERS CAPITAL MANAGEMENT	Global REITs	October 2010	0.62
EII CAPITAL MANAGEMENT, INC.	Global REITs	October 2010	0.56
UBS REALTY INVESTORS, LLC	Value added	January 2011	0.46
HANCOCK TIMBER RESOURCE GROUP	Timber	March 2008	0.41
HEITMAN	Value added	November 2007	0.24
AEW CAPITAL MANAGEMENT	Fund VI - value added	April 2010	0.21
ANGELO, GORDON & COMPANY	Fund II - value added	August 2007	0.17
ANGELO, GORDON & COMPANY	Fund III - value added	January 2012	0.13
AEW CAPITAL MANAGEMENT	Fund V - value added	October 2005	0.09
T.A. ASSOCIATES REALTY	Value added	January 2013	0.05
AEW CAPITAL MANAGEMENT**	Fund VII - value added	June 2013	-
SUBTOTAL			**8.61**
Private Equity:			
PATHWAY CAPITAL MANAGEMENT, LLC 2009	Diversified	December 2008	1.60
CREDIT SUISSE	Diversified	June 2009	1.59
PATHWAY CAPITAL MANAGEMENT, LLC 2012	Diversified	April 2013	0.01
SUBTOTAL			**3.20**
TOTAL			**100.00%**

**Includes cash and cash equivalents.*
***This fund did not have its first capital call until after June 30, 2013.*

Defined Benefit Plans: INVESTMENT FEES AND COMMISSIONS

- FOR THE YEAR ENDED JUNE 30, 2013 -

Investment Managers:	ASSETS UNDER MANAGEMENT	FEES
EQUITIES	$13,929,184,066	$39,302,174
DEBT SECURITIES	5,221,326,690	7,844,398
REAL ESTATE	1,862,658,300	2,576,538
PRIVATE EQUITY	695,540,361	-
TOTALS	**$21,708,709,417**	**$49,723,110**

Other Investment Service Fees:	
SECURITIES LENDING AGENT/ CASH MANAGEMENT FEES	$2,726,161
CUSTODIAN FEES FOR ANCILLARY SERVICES	63,367
INVESTMENT CONSULTANT FEES	545,063
GLOBAL OUT-OF-POCKET EXPENSES	423,610
TOTAL INVESTMENT SERVICE FEES	**$3,758,201**

Defined Benefit Plans: BROKERAGE COMMISSIONS PAID*

Brokerage Firm, Including Subsidiaries:	NUMBER OF SHARES TRADED	COMMISSIONS	COMMISSIONS PER SHARE
MERRILL LYNCH & COMPANY	59,987,743	$623,873	$0.010
CREDIT SUISSE	50,683,211	510,437	0.010
DEUTSCHE BANK	56,428,590	470,774	0.008
MORGAN STANLEY & COMPANY	45,911,937	467,557	0.010
JP MORGAN SECURITIES	37,281,801	453,522	0.012
UBS AG	35,495,342	385,800	0.011
CITIGROUP, INC.	34,366,137	302,392	0.009
FRANK RUSSELL SECURITIES, INC.	10,624,453	300,187	0.028
SANFORD C. BERNSTEIN CO., LLC	35,270,004	295,253	0.008
GOLDMAN SACHS & COMPANY	23,289,132	284,987	0.012
BANK OF NEW YORK MELLON	10,649,756	232,089	0.022
BARCLAYS CAPITAL	15,235,086	229,086	0.015
INSTINET	31,469,731	214,326	0.007
JEFFERIES & COMPANY, INC.	11,049,747	178,136	0.016
MACQUARIE SECURITIES	35,334,230	170,335	0.005
WEEDEN & CO. LP	7,613,714	169,444	0.022
COWEN & COMPANY	16,141,354	149,226	0.009
CREDIT LYONNAIS SA	37,942,810	144,386	0.004
STIFEL NICOLAUS & COMPANY	3,395,710	120,513	0.035
HSBC SECURITIES, INC.	15,674,539	118,916	0.008
INVESTMENT TECHNOLOGY GROUP	17,320,123	118,404	0.007
WELLS FARGO SECURITIES	2,938,006	102,427	0.035
RBC CAPITAL MARKETS	4,916,104	101,639	0.021
ROSENBLATT SECURITIES, INC.	3,797,206	93,140	0.025
ROBERT W. BAIRD & COMPANY	2,387,967	92,587	0.039
CANTOR FITZGERALD	6,162,590	83,489	0.014
CAPITAL INSTITUTIONAL SERVICES, INC.	3,992,308	76,047	0.019
KNIGHT SECURITIES	2,008,586	69,813	0.035
LIQUIDNET, INC.	4,302,406	64,696	0.015
BTIG, LLC (BAYPOINT TRADING)	1,984,058	62,134	0.031
REDBURN PARTNERS LLP	1,060,311	61,068	0.058
OTHERS (LESS THAN $60,000)	61,960,726	1,125,820	0.018
COMMISSION RECAPTURE INCOME	-	(367,000)	-
TOTALS	**686,675,418**	**$7,505,503**	**$0.011**

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

Defined Benefit Plans:

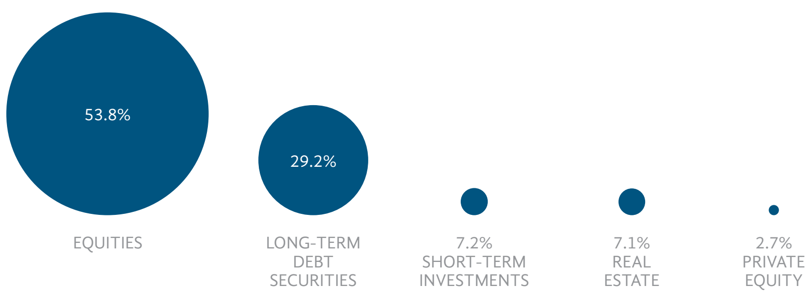
INVESTMENT SUMMARY
- FOR THE YEAR ENDED JUNE 30, 2013 -
[in thousands]

	JULY 1, 2012 BEGINNING FAIR VALUE*	PURCHASES	SALES AND MATURITIES	INCREASE (DECREASE) IN FAIR VALUE	JUNE 30, 2013 ENDING FAIR VALUE**	PERCENT OF TOTAL FAIR VALUE
EQUITIES	$12,546,684	$4,238,673	$4,340,124	$1,304,138	$13,749,371	53.8%
LONG-TERM DEBT SECURITIES	6,954,136	7,905,549	7,107,892	(277,539)	7,474,254	29.2
SHORT-TERM INVESTMENTS	1,748,374	16,832,385	16,734,722	6,653	1,852,690	7.2
REAL ESTATE	1,477,796	603,314	379,232	117,967	1,819,845	7.1
PRIVATE EQUITY	449,172	201,117	14,543	45,156	680,902	2.7
TOTALS	**$23,176,162**	**$29,781,038**	**$28,576,513**	**$1,196,375**	**$25,577,062**	**100.0%**

**Includes investment securities on loan to broker-dealers with a fair value of $3,560,647. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $3,597,774. Fifteen percent of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $20.1 billion, the fair value total must be adjusted by ($3.1 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

***Includes investment securities on loan to broker-dealers with a fair value of $3,518,161. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $3,629,635. Fourteen percent of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $22.0 billion, the fair value total must be adjusted by $(3.6) billion, which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

INVESTMENTS BY TYPE
- FAIR VALUE AT JUNE 30, 2013 -



Defined Contribution Plans: INVESTMENT SUMMARY

- FOR THE YEAR ENDED JUNE 30, 2013 -

FUND NAME OF ASSETS	FAIR VALUE OF ASSETS	ANNUAL RATE OF RETURN
AMERICAN FUNDS NEW PERSPECTIVE FUND	$32,118,166	19.95%
BNY MELLON EB US REAL ESTATE SECURITIES FUND	142,902	*
BLACKROCK EQUITY INDEX FUND	165,756,885	20.61
BLACKROCK EAFE EQUITY INDEX	972,372	18.79
BLACKROCK US DEBT INDEX FUND - CLASS T	21,724,075	(0.61)
BOSTON COMPANY MIDCAP OPPORTUNISTIC VALUE POOLED FUND	210,849,529	32.63
CONSECO LIFE INSURANCE COMPANY	335,074	N/A
FAYEZ SAROFIM	153,921,442	12.18
MDC STABLE VALUE FUND	561,103,296	1.88
MONEY MARKET FUND FOR EBT	24,728,521	0.30
PIMCO TOTAL RETURN FUND II - INSTITUTIONAL CLASS	34,922,070	0.22
RBC SMALL CAP CORE FUND - CLASS I	30,105,361	*
SSGA US INFLATION PROTECTED BOND INDEX FUND - CLASS C	11,984,665	(4.86)
T. ROWE PRICE INTERNATIONAL STOCK FUND	61,666,487	12.64
VANGUARD TARGET RETIREMENT 2010	30,853,206	7.14
VANGUARD TARGET RETIREMENT 2015	10,755,085	9.63
VANGUARD TARGET RETIREMENT 2020	8,768,498	11.48
VANGUARD TARGET RETIREMENT 2025	6,148,584	12.96
VANGUARD TARGET RETIREMENT 2030	4,714,440	14.55
VANGUARD TARGET RETIREMENT 2035	3,803,800	16.00
VANGUARD TARGET RETIREMENT 2040	1,397,991	16.86
VANGUARD TARGET RETIREMENT 2045	919,145	16.84
VANGUARD TARGET RETIREMENT 2050	823,547	16.84
VANGUARD TARGET RETIREMENT 2055	190,650	16.85
VANGUARD TARGET RETIREMENT INCOME	4,383,120	4.52
VANGUARD WINDSOR FUND	40,259,324	30.13
TOTAL	**$1,423,348,235**	

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

Twitter feeds from Romeo. Facebook pages for Juliet. These are a few of the creative ways that PERS member Jay Levy brings classic literature to the modern world of his students. "I try to think outside of the box," says Jay, who teaches English at Pisgah High School in Sand Hill, Mississippi. Last year, Jay's students received the highest scores in the state for the English 2 Subject Area Assessment. For his achievements, he was named Pisgah High's 2013 Teacher of the Year.

PERS HELPS RECRUIT AND MAINTAIN A QUALITY PUBLIC WORKFORCE

PERS' defined benefit retirement plan attracts talented and passionate people who spend their careers making Mississippi a great place to live.

PERS' more than 162,000 active members, like Jay, dedicate their careers to making Mississippi a great place to live. PERS members make up 14 percent of Mississippi's overall workforce and include a wide variety of professions, including highway safety patrol officers, firefighters, police officers, architects, teachers, doctors, and judges. Recruiting talented and passionate people, like Jay, to the public workforce is vital to the success of our state, and a strong retirement system like PERS is one of the best recruitment tools we have.

OPPOSITE: PERS member Jay Levy. Illustration by Tonwen Jones, Colagene.com, featuring portrait photography by James Patterson.

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

October 29, 2013

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

Dear Board Members:

The basic financial objective of the Public Employees' Retirement System of Mississippi (PERS) is to establish and receive contributions which:

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

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

In addition, PERS maintains a funding policy that was revised in 2012. In order to meet the objectives listed above, the System will strive to meet the following funding goals:

(1) To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;

(2) To maintain adequate asset levels to finance the benefits promised to members;

(3) To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method.

In order to measure progress toward this fundamental objective and funding policy, 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, 2013. This valuation indicates that the current contribution rates of 15.75% of payroll for employers and 9.00% of payroll for active members, for benefits then in effect, meet the basic financial objective and the goals of the funding policy as listed above. There are 161,744 active members as of June 30, 2013.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among PERS members and their beneficiaries. The data are reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of PERS during the years 2008 to 2012. Assets are valued according to a market

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC

Board of Trustees
October 29, 2013
Page 2

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

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

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

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

Respectfully submitted,

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

TJC:kc

S:\Mississippi PERS\Correspondence\2013\2013 PERS CAFR letter.doc

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

October 29, 2013

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

Dear Board Members:

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

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

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

In addition, HSPRS maintains a funding policy that was revised in 2012. In order to meet the objectives listed above, the System will strive to meet the following funding goals:

(1) To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;

(2) To maintain adequate asset levels to finance the benefits promised to members;

(3) To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method.

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, 2013. This valuation indicates that contribution rates of 37.00% of payroll for employers and 7.25% of payroll for active members, along with anticipated contributions as provided by Senate Bill No. 2659 (effective July 1, 2004) and House Bill No. 1015 (effective July 1, 2013), for benefits then in effect, meet the basic financial objective. There are 520 active members as of June 30, 2013.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among HSPRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of HSPRS during the years 2008 to 2012. Assets are valued according to a market

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC

Board of Trustees
October 29, 2013
Page 2

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.

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

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

Respectfully submitted,

Thomas J. Cavanaugh

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

TJC:kc

S:\Mississippi Highway Patrol\2013 Correspondence\2013 HP CAFR letter.doc

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

October 29, 2013

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

Dear Board Members:

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

(1) Will be in amounts sufficient, but not more than necessary, to maintain the actuarially soundness of the Funds for all future years (the tax may be increased but not by more than one-half mill per year), and which

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

In addition, MRS maintains a funding policy that was revised in 2011. In this new funding policy, contributions are extended past 2020 and an employer contribution rate, expressed as a millage rate tax applied to assessed property values, is established beginning in the 2011-2012 fiscal year that will generate an ultimate reserve level equal to a reasonable percentage (initially 100% - 150%) of the next year's projected benefit payment. At that point, employer contributions will be set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level.

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 June 30, 2013. This is a change in the valuation date from September 30 to June 30, 2013. These valuations indicate that the current contribution rates, for benefits then in effect, meet the basic financial objective. The employee contribution rates vary by participating City and are 7% - 10% of payroll for active members. There were 16 active members as of June 30, 2013.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among PERS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of PERS during the years 2008 to 2012. 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.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC

Board of Trustees
October 29, 2013
Page 2

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

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

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

Respectfully submitted,

Thomas J. Cavanaugh

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

TJC:kc

S:\Mississippi Municipal\2013\2013 MRS CAFR letter.docx

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

October 29, 2013

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

Dear Board Members:

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

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

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

In addition, SLRP maintains a funding policy that was revised in 2012. In order to meet the objectives listed above, the System will strive to meet the following funding goals:

(1) To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;

(2) To maintain adequate asset levels to finance the benefits promised to members;

(3) To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method.

In order to measure progress toward this fundamental objective and funding policy, 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, 2013. This valuation indicates that contribution rates of 7.40% of payroll for employers and 3.00% of payroll for active members, for benefits then in effect, meet the basic financial objective and the goals of the funding policy as listed above. There are 175 active members as of June 30, 2013.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among SLRP members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of SLRP during the years 2008 to 2012. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC

Board of Trustees
October 29, 2013
Page 2

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.

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

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

Respectfully submitted,

Thomas J. Cavanaugh

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

TJC:kc

S:\Mississippi SLRP\Correspondence\2013 SLRP CAFR letter.doc

Public Employees' Retirement System of Mississippi:

Statement of Actuarial Assumptions & Methods

All assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted on June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

	ANNUAL RATES OF					
	WITHDRAWAL & VESTING*		DEATH**		DISABILITY**	
AGE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
20	22.0%	25.0%	0.01%	0.01%	0.01%	0.01%
25	15.0	15.0	0.01	0.01	0.02	0.01
30	10.0	10.5	0.02	0.01	0.02	0.02
35	7.5	8.0	0.03	0.02	0.04	0.02
40	6.0	6.0	0.04	0.02	0.12	0.09
45	5.5	5.0	0.07	0.04	0.22	0.15
50	5.5	5.0	0.14	0.05	0.32	0.23
55	5.5	5.0	0.19	0.05	0.52	0.40
60	5.5	5.0	0.22	0.08	0.38	0.32
65	5.5	5.0	0.40	0.10	-	-
70	5.5	5.0	0.40	0.10	-	-
74	5.5	5.0	0.40	0.10	-	-

For all ages, rates of 32.0 percent for first year of employment and 22.0 percent for second year.
***94.0 percent are presumed to be non-duty related, and 6.0 percent are assumed to be duty related.*

	ANNUAL RATES OF SERVICE RETIREMENTS			
	MALE		FEMALE	
AGE	UNDER 25 YEARS OF SERVICE***	25 YEARS OF SERVICE & OVER***	UNDER 25 YEARS OF SERVICE***	25 YEARS OF SERVICE & OVER***
45	-%	18.0%	-%	14.0%
50	-	13.0	-	11.0
55	-	17.0	-	18.0
60	10.0	20.0	12.5	22.0
62	19.0	33.0	18.0	36.0
65	22.0	30.0	27.0	42.0
70	19.0	25.0	21.0	22.0
75	100.0	100.0	100.0	100.0

****For Tier 4 member, 30 years of service.*

SALARY INCREASES: Representative values of the assumed annual rates of salary increase are as follows:

	ANNUAL RATES OF SALARY INCREASES		
SERVICE	MERIT & SENIORITY	BASE (ECONOMY)	INCREASE NEXT YEAR
0	15.25%	4.25%	19.0%
1	5.25	4.25	9.50
2	2.75	4.25	7.00
3	1.75	4.25	6.00
4	1.25	4.25	5.50
5	0.75	4.25	5.00
10	0.25	4.25	4.50
15	0.25	4.25	4.50
20	0.25	4.25	4.50
25	0.25	4.25	4.50
30	-	4.25	4.25
35	-	4.25	4.25

PAYROLL GROWTH: 4.25 percent per annum, compounded annually.

PRICE INFLATION: 3.5 percent per annum, compounded annually.

TIMING OF DECREMENTS AND PAY INCREASES: Middle of year.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected with Scale AA to 2025 (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85.0 percent married with the husband three years older than wife.

UNUSED SICK LEAVE: 0.5 years at retirement.

MILITARY SERVICE: 0.25 years at retirement.

DEFERRED VESTED: 30.0 percent of vested participants will forfeit their accrued benefit and receive their employee contributions with interest.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of PERS are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his or her behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the PERS. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

Mississippi Highway Safety Patrol Retirement System: Statement of Actuarial Assumptions & Methods

All the assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of separation from active service are as follows:

	ANNUAL RATES OF					
			DISABILITY			
AGE	WITHDRAWAL & VESTING	DEATH	NON-DUTY	DUTY	SERVICE	SERVICE RETIREMENT*
25	4.0%	0.03%	0.09%	0.01%	5	5.0%
30	3.5	0.04	0.12	0.02	10	5.0
35	2.5	0.05	0.16	0.04	15	5.0
40	1.0	0.07	0.20	0.07	20	10.0
45	1.0	0.11	0.30	0.06	25	15.0
50	0.5	0.16	0.50	0.05	30	25.0
55	-	0.21	0.91	0.02	35	25.0

**The annual rate of service retirement is 100.0 percent at age 60.*

It is assumed that a member will be granted one and three-quarter years of service credit for unused leave at termination of employment. In addition, it is assumed that, on average, one quarter 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
20	5.59%	4.25%	9.84%
25	2.32	4.25	6.57
30	1.50	4.25	5.75
35	1.50	4.25	5.75
40	1.50	4.25	5.75
45	1.00	4.25	5.25
50	0.50	4.25	4.75
55	0.50	4.25	4.75

PAYROLL GROWTH: 4.25 percent per annum, compounded annually.

PRICE INFLATION: 3.5 percent per annum, compounded annually.

TIMING OF DECREMENT AND PAY INCREASES: Middle of year.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected to 2025 by Scale AA (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under selected table.

MARRIAGE ASSUMPTION: 100.0 percent married with the husband three years older than wife.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of MHSPRS are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his or her behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the MHSPRS. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

Municipal Retirement Systems: Statement of Actuarial Assumptions & Methods

All the assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted on June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net after investment expenses) for prior funding policy rate determination and GASB disclosure.

6.5 percent per annum, compounded annually (net after investment expenses) for current funding policy rate determination.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of separation from active service are as follows:

	ANNUAL RATES OF				
		DEATH		DISABILITY	
AGE	WITHDRAWAL	NON-DUTY	DUTY	NON-DUTY	DUTY
20	10.65%	0.04%	0.02%	0.08%	0.06%
25	8.64	0.05	0.03	0.12	0.12
30	6.87	0.08	0.04	0.18	0.26
35	4.86	0.11	0.05	0.24	0.52
40	2.97	0.15	0.07	0.36	0.60
45	1.44	0.22	0.09	0.64	0.54
50	0.24	0.34	0.14	1.10	0.88
55	-	0.44	0.20	1.58	1.18
60	-	0.51	0.32	2.20	1.30
64	-	0.57	0.42	2.86	1.38

YEARS OF SERVICE	SERVICE RETIREMENT
20	45.0%
21-28	17.5
29-33	35.0
34 & OVER	20.0
AGE 65	100.0

SALARY INCREASES: 4.25 percent for wage inflation, plus the following chart:

AGES	MERIT & SENIORITY SALARY INCREASE
UNDER 43	1.75%
43-47	1.25
48-52	0.75
53 & OVER	0.25

PRICE INFLATION: 3.5 percent per annum, compounded annually.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected with Scale AA to 2025 (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85.0 percent married with the husband three years older than 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 percent per annum, compounded annually (used in determining the millage rate under the prior funding policy).

EXPENSE LOAD: 2.0 percent of employer contributions.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value. Actuarial value of assets was set equal to market value on September 30, 2006, and smoothing commenced in 2007. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

Supplemental Legislative Retirement Plan:

Statement of Actuarial Assumptions & Methods

All the assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

	ANNUAL RATES OF		
	DEATH		
AGE	MALE	FEMALE	DISABILITY*
20	0.02%	0.01%	0.04%
25	0.03	0.02	0.05
30	0.04	0.02	0.07
35	0.05	0.03	0.11
40	0.08	0.04	0.17
45	0.13	0.06	0.23
50	0.24	0.10	0.30
55	0.39	0.15	0.35
60	0.60	0.25	0.40
65	0.96	0.43	-
70	1.61	0.72	-

**94.0 percent are presumed to be non-duty related, and 6.0 percent are assumed to be duty related.*

WITHDRAWAL AND VESTING: 20.0 percent in an election year, none in a non-election year.

SERVICE RETIREMENT: 25.0 percent in an election year, none in a non-election year. All members are assumed to retire no later than age 75. It is assumed that a member will be granted two and a half years of service credit for unused leave at termination of employment.

PRICE INFLATION: 3.5 percent per annum, compounded annually.

PAYROLL GROWTH: 4.25 percent per annum, compounded annually.

TIMING OF DECREMENTS AND PAY INCREASES: Middle of year.

SALARY INCREASES: 4.25 percent per annum, for all ages.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected to 2025 by Scale AA (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85.0 percent married with the husband three years older than wife.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of SLRP are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his or her behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the SLRP. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

Public Employees' Retirement System of Mississippi:

Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2013, 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 July 1 and ending June 30. "Credited service" means service while a contributing member plus additional service as described below. "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to February 1, 1953, active-duty military service, out-of-state service, professional leave, and non-covered and retroactive service.

The maximum covered earnings for employers and employees over the years are as follows:

DATE FROM	DATE TO	EMPLOYER RATE	MAXIMUM COVERED EARNINGS	EMPLOYEE RATE	MAXIMUM COVERED EARNINGS
2/1/53	6/30/58	2.50%	$6,000	4.00%	$4,800*
7/1/58	6/30/60	2.50	9,000	4.00	7,800*
7/1/60	6/30/66	2.50	15,000	4.00	13,800*
7/1/66	6/30/68	3.00	15,000	4.50	13,800*
7/1/68	3/31/71	4.50	15,000	4.50	15,000
4/1/71	6/30/73	4.50	35,000	4.50	35,000
7/1/73	6/30/76	5.85	35,000	5.00	35,000
7/1/76	6/30/77	7.00	35,000	5.00	35,000
7/1/77	6/30/78	7.50	35,000	5.50	35,000
7/1/78	6/30/80	8.00	35,000	5.50	35,000
7/1/80	6/30/81	8.00	53,000	5.50	53,000
7/1/81	12/31/83	8.75	53,000	6.00	53,000
1/1/84	6/30/88	8.75	63,000	6.00	63,000
7/1/88	6/30/89	8.75	75,600	6.00	75,600
7/1/89	12/31/89	8.75	75,600	6.50	75,600
1/1/90	6/30/91	9.75	75,600	6.50	75,600
7/1/91	6/30/92	9.75	75,600	7.25	75,600
7/1/92	6/30/02	9.75	125,000	7.25	125,000
7/1/02	6/30/05	9.75	150,000	7.25	150,000
7/1/05	6/30/06	10.75	150,000	7.25	150,000
7/1/06	6/30/07	11.30	150,000	7.25	150,000
7/1/07	6/30/08	11.85	150,000	7.25	150,000
7/1/08	6/30/09	11.85	230,000	7.25	230,000
7/1/09	6/30/10	12.00	245,000	7.25	245,000
7/1/10	6/30/11	12.00	245,000	9.00	245,000
7/1/11	12/31/11	12.00	245,000	9.00	245,000
1/1/12	6/30/12	12.93	245,000	9.00	245,000
7/1/12	6/30/13	14.26	250,000	9.00	250,000
7/1/13	6/30/14	15.75	255,000	9.00	255,000

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

Benefits

SUPERANNUATION RETIREMENT

Condition for Retirement

a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service. A retirement allowance may also be paid upon the completion of 25 years of creditable service for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

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

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

Amount of Allowance

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

1. A member's annuity that is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus

2. For a member hired prior to July 1, 2011, an employer's annuity that, together with the member's annuity, is equal to 2.0 percent of his or her 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.

3. For a member hired on or after July 1, 2011, an employer's annuity that, together with the member's annuity, is equal to 2.0 percent of his or her average compensation for each of the first 30 years of creditable service plus 2.5 percent for each year of creditable service over 30 years. An actuarial reduction will be made for each year of creditable service below 30 or for each year of age below 65, whichever is less.

For members hired prior to July 1, 2011, the minimum allowance is $120 for each year of creditable service.

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 who has accumulated eight or more years* of membership service.

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

Amount of Allowance

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

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus

2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

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

1. A temporary allowance equal to the greater of (a) 40.0 percent of average compensation plus 10.0 percent for each dependent child up to a maximum of two, 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 & 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 & later	one year

   For members hired prior to July 1, 2011, 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 40.0 percent of average compensation, or (b) the member's accrued allowance.

   For members hired prior to July 1, 2011, the minimum allowance is $120 per year of creditable service.

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

ACCIDENTAL DISABILITY RETIREMENT

Condition for Retirement

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

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 50.0 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 50.0 percent of average compensation payable to the spouse and 25.0 percent of average compensation payable to one dependent child or 50.0 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

ORDINARY DEATH BENEFIT

Condition for Benefit

Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable (in lieu of a refund of the member's accumulated contributions) to his or her spouse, if said spouse has been married to the member for not less than one year.

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

Amount of Allowance

The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of:

1. The allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced retirement benefits, or

2. A lifetime benefit equal to 20.0 percent of the deceased member's average compensation, but not less than $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 10.0 percent of average compensation or $50 per month for each dependent child up to three.

RETURN OF CONTRIBUTIONS

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

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

Interest is currently credited to the member's account at 3.5 percent per annum.

NORMAL FORM OF BENEFIT

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

OPTIONAL BENEFITS

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

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

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

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

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

Option 4C. A member may elect any option with the added provision that he or she shall receive, so far as possible, the same total amount annually (considering both PERS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement.

A member hired prior to July 1, 2011, and who has at least 28 years of creditable service* or a member hired on or after July 1, 2011, who has at least 33 years of creditable service may select the Partial-Lump-Sum Option at retirement. Under this option, the retiree has the option of taking a partial-lump-sum distribution equal to 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the Partial-Lump-Sum Option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

**Or at least age 63 with four years of membership service for those who entered the System before July 1, 2007.*

POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

The allowances of retired members are adjusted annually by an amount equal to:

a) 3.0 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) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55*.

**Age 60 for members hired on or after July 1, 2011.*

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

CONTRIBUTIONS

Members contribute 9.0 percent of compensation. The Board of Trustees sets employer contribution rates for PERS, as per Mississippi statute. The adequacy of these rates is checked annually by actuarial valuation. Refer to Note 7 of the basic financial statements for additional information.

Mississippi Highway Safety Patrol Retirement System:

Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2013, 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 consecutive years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. "Credited service" means service while a contributing member plus additional service as described below. "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to July 1, 1958, active-duty military service, and retroactive service.

The maximum covered earnings for employers and members over the years are as follows:

DATE FROM	DATE TO	EMPLOYER RATE	MAXIMUM COVERED EARNINGS*	MEMBER RATE	MAXIMUM COVERED EARNINGS*
7/1/1958	6/30/1968	13.33%	$-	5.00%	$-
7/1/1968	6/30/1971	15.33	-	5.00	-
7/1/1971	6/30/1973	18.59	-	5.00	-
7/1/1973	6/30/1975	20.77	-	5.00	-
7/1/1975	6/30/1978	24.65	-	5.00	-
7/1/1978	6/30/1980	26.16	-	6.00	-
7/1/1980	6/30/1989	26.16	-	6.50	-
7/1/1989	6/30/1990	27.97	-	6.50	-
7/1/1990	6/30/2003	26.16	-	6.50	-
7/1/2003	6/30/2006	28.16	-	6.50	-
7/1/2006	6/30/2008	30.30	-	6.50	-
7/1/2008	12/31/2011	30.30	-	7.25	-
1/1/2012	6/30/2012	35.21	-	7.25	-
7/1/2012	6/30/2014	37.00	-	7.25	-

**Maximum covered earnings equal wages paid, not to exceed wages paid to the Commissioner of the Department of Public Safety (currently $146,850).*

Effective July 1, 2004, additional contributions will be made to the System as a result of the enactment of Senate Bill No. 2659. The additional contributions are estimated to be $3,400,000 annually based on current experience.

Effective July 1, 2013, additional contributions will be made to the System as a result of the enactment of House Bill No. 1015. The additional contributions are estimated to be $1,200,000 annually based on current experience.

Benefits

SUPERANNUATION RETIREMENT

Condition for Retirement

a) A retirement allowance is payable to any member who retires and has attained age 55 and completed at least five years of membership 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 63 shall be retired forthwith. Effective July 1, 2011, the Commissioner of Public Safety is authorized to allow a member who has attained age 63 to continue in active service. Such continued service may be authorized annually until the member attains age 65.

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

Amount of Allowance

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

1. A member's annuity that is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement; plus

2. An employer's annuity that, together with the member's annuity, is equal to 2.5 percent of his or her 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 100.0 percent of average compensation, regardless of service, for retirements on or after January 1, 2000; 85.0 percent for retirements prior to January 1, 2000.

The minimum allowance for both service and disability retirement is based on the following table for each year of creditable service, reduced if necessary as indicated below.

YEARS OF SERVICE	MONTHLY BENEFIT
LESS THAN 10	$250
10-15	300
15 OR MORE	500

The annual retirement allowance payable to a member who retires under condition (a) above prior to age 55 is computed in accordance with the above formula except that the employer's annuity and prior service annuity are reduced 3.0 percent for each year of age below age 55, or 3.0 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 five years of membership service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to the greater of 50.0 percent of his or her 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 that would have been payable had he or she been retired on his or her 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.

b) 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 or her widower is eligible for a benefit equal to 50.0 percent of his or her 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 25.0 percent of his or her retirement allowance. The benefit to the widow or widower is payable for life and to children until they attain age 19 (23 if a full-time student) or for life if they are totally and permanently disabled.

REFUND OF CONTRIBUTIONS

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

Interest is currently credited to the member's account at 3.5 percent per annum.

NORMAL FORM OF BENEFIT

The normal form of benefit is an allowance payable during the life of the member. Upon death the benefits described above are payable.

OPTIONAL BENEFITS

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

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

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

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

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

Option 4C. A member may elect any option with the added provision that he or she shall receive, so far as possible, the same total amount annually (considering both MHSPRS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement.

A member who qualifies for an unreduced retirement allowance may select the Partial-Lump-Sum Option at retirement. Under this option, the retiree has the option of taking a partial-lump-sum distribution equal to 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting 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) 3.0 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) 3.0 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 benefits are terminated between July 1 and December 1.

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

**This age will be reduced in five phases to age 55 if the actuary certifies that reducing the age will not result in the amortization period of the unfunded accrued liability exceeding 20 years.*

CONTRIBUTIONS

Members contribute 7.25 percent of compensation and the employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Municipal Retirement Systems::

Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF BENEFIT PROVISIONS EVALUATED

The following summary presents the main provisions of the Systems in effect June 30, 2013, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average compensation of a member during the six-month period prior to receipt of an allowance.

Benefits

SERVICE RETIREMENT

Condition for Retirement

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

Any general employee member who has attained age 70 and any firefighter or police officer 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. 50.0 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 66.67 percent (87.0 percent for the city of Clinton) of average compensation, regardless of service.

DISABILITY RETIREMENT

Condition for Retirement

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

Amount of Allowance

The annual disability retirement allowance payable is equal to 50.0 percent of his or her salary at the time of retirement, if the disability is due to causes in the performance of duty.

If the disability is not in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20, times his or her salary at the time of retirement for firefighters and police officers, 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 five years of credited service.

The benefit is payable to the surviving spouse until remarriage and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. For the cities of Clarksdale, Columbus, Gulfport, Hattiesburg, Jackson, McComb, Meridian, Vicksburg, and Yazoo City, benefits payable to spouses do not cease upon remarriage.

Amount of Benefits

The annual benefit payable, under all conditions in the case of firefighters and police officers 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 66.67 percent (87.0 percent for the city of Clinton) of average compensation.

For general employee members under condition (c), the annual benefit payable is equal to 50.0 percent of salary at the time of death.

REFUND OF CONTRIBUTIONS

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

MINIMUM ALLOWANCES

The minimum monthly allowances paid to members from the following municipalities, for all retirement and death benefits, are:

BILOXI	$600
COLUMBUS	500
GULFPORT	500
HATTIESBURG	750
JACKSON	500
MERIDIAN	600
TUPELO	300
VICKSBURG	1,415

POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

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

Those cities adjustments are limited as follows:

Biloxi: 3.0 percent per year (not to exceed 64.4 percent) for each full fiscal year of retirement after June 30, 2000, for all retirees and beneficiaries with the COLA being compounded beginning with the state fiscal year in which the retired member turns age 55. This is in addition to the previously granted maximum of 3.0 percent per year (not to exceed 9.0 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 10.0 percent) for service retirements only.

Columbus: Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

Greenville: Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

Gulfport: Maximum of 3.0 percent per year (not to exceed 27.0 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 2.0 percent per year (not to exceed 6.0 percent) for those retiring before July 1, 2001.

Hattiesburg: 2.5 percent per year for all retirees and beneficiaries (not to exceed 30.0 percent).

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

Laurel: 2.0 percent per year, compounded annually (maximum of three years) for each fiscal year of retirement after June 30, 2002, for all retirees and beneficiaries. COLA increases begin at the later of age 60 or after one full fiscal year of retirement.

McComb: Maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 10.0 percent).

Pascagoula: Maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 15.0 percent).

Vicksburg: 3.0 percent per year for all retirees and beneficiaries.

Yazoo City: Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

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

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

All Tupelo retirees and beneficiaries received an increase of 5.0 percent in allowances effective December 1, 1991. Additional 3.0 percent ad hoc benefit increases were granted to members retired at least one 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 2.0 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 1999, and a 2.34 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 2001. Furthermore, a 2.0 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 2010.

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

CONTRIBUTIONS

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

FISCAL YEAR 10/1 - 9/30	VALUATION DATE 9/30	ANNUAL REQUIRED CONTRIBUTION (A)	ACTUAL CONTRIBUTION (B)	DIFFERENCE (A-B)	PERCENTAGE CONTRIBUTED
1996-97	1996	$20,674	$71,350	$50,676	345.1%
1997-98	1997	14,727	14,200	(527)	96.4
1998-99	1998	13,803	13,770	(33)	99.8
1999-00	1999	12,364	14,162	1,798	114.5
2000-01	2000	11,276	14,201	2,925	125.9
2001-02	2001	10,823	14,338	3,515	132.5
2002-03	2002	11,989	13,979	1,990	116.6
2003-04	2003	13,286	13,890	604	104.5
2004-05	2004	14,091	14,173	82	100.6
2005-06	2005	15,397	15,635	238	101.5
2006-07	2006	15,426	14,976	(450)	97.1
2007-08	2007	15,219	16,132	913	106.0
2008-09	2008	14,765	16,892	2,127	114.4
2009-10	2009	17,739	21,426	3,687	120.8
2010-11	2010	18,576	22,791	4,215	122.7
2011-12	2011	18,751	23,823	5,072	127.0

Supplemental Legislative Retirement Plan:

Summary of Main System Provisions as Interpreted for Valuation Purposes

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2013, 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 July 1 and ending June 30. "Eligibility service" means service while a contributing member of PERS plus additional service as described below. (Old: "Eligibility service" is all service in PERS, including that credited for SLRP service.) "Credited Service" means service while a contributing member of SLRP plus additional service as described below. (Old: "Creditable service" includes only SLRP service.) "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to July 1, 1989, including active-duty military service.

The maximum covered earnings for employers and employees over the years are as follows:

DATE FROM	DATE TO	EMPLOYER RATE	MAXIMUM COVERED EARNINGS	MEMBER RATE	MAXIMUM COVERED EARNINGS
7/1/1989	6/30/1992	6.33%	$75,600	3.00%	$75,600
7/1/1992	6/30/2002	6.33	125,000	3.00	125,000
7/1/2002	6/30/2006	6.33	150,000	3.00	150,000
7/1/2006	6/30/2008	6.65	150,000	3.00	150,000
7/1/2008	6/30/2009	6.65	230,000	3.00	230,000
7/1/2009	12/31/2011	6.65	245,000	3.00	245,000
1/1/2012	6/30/2012	7.40	245,000	3.00	245,000
7/1/2012	6/30/2013	7.40	250,000	3.00	250,000
7/1/2013	6/30/2014	7.40	255,000	3.00	255,000

Benefits

SUPERANNUATION RETIREMENT

Condition for Retirement

a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service under PERS. A retirement allowance may also be paid upon the completion of at least 25 years of creditable service under PERS for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of membership service under PERS is entitled to receive (in lieu of a refund of his or her accumulated contributions) a retirement allowance commencing at age 60.

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

Amount of Allowance

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

1. A member's annuity that is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement, plus

2. An employer's annuity that, together with the member's annuity, is equal to 1.0 percent of his or her average compensation for each of the first 25 years of creditable service plus 1.25 percent for each year of creditable service over 25 years.

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

DISABILITY RETIREMENT

Condition for Retirement

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

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

Amount of Allowance

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

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus

2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

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

1. A temporary allowance equal to the greater of (a) 20.0 percent of average compensation plus 5.0 percent for each dependent child up to a maximum of two, 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 & 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 & 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 20.0 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 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 25.0 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 performance of duty.

Amount of Allowance

The annual retirement allowance is equal to 25.0 percent of average compensation payable to the spouse and 12.5 percent of average compensation payable to one dependent child or 25.0 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

ORDINARY DEATH BENEFIT

Condition for Benefit

Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable (in lieu of a refund of the member's accumulated contributions) to his or her spouse, if said spouse has been married to the member for not less than one year.

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

Amount of Allowance

The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of:

1. The allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced benefits, or

2. A lifetime benefit equal to 20.0 percent of the deceased member's average compensation, but not less than $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 5.0 percent of average compensation or $25 per month for each dependent child up to three.

RETURN OF CONTRIBUTIONS

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

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

Interest is currently credited to the member's account at 3.5 percent per annum.

NORMAL FORM OF BENEFIT

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

OPTIONAL BENEFIT

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

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

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

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

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

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the member divorces the designated beneficiary.

A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married at retirement.

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

**Or at least age 63 with four years of membership service for those who entered PERS before July 1, 2007.*

POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

The allowances of retired members are adjusted annually by an amount equal to:

a) 3.0 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) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55.

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

CONTRIBUTIONS

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

Changes in Plan Provisions

The Mississippi Legislature ended its 2013 legislative session with various changes to the Mississippi Code of 1972 plan provisions of the Public Employees' Retirement System of Mississippi. Legislation is effective July 1, 2013, except where otherwise provided.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI (PERS)

House Bill 369 – Regular Session

» Mississippi Charter Schools Act of 2013 Coverage – Prohibits employees in charter schools from participating in PERS, but allows employees in charter schools to participate in retirement and other benefit programs made available by their employer.

House Bill 990 – Regular Session

» Investments – Amends Miss. Code Ann. Sec. 25-11-121 to clarify language consistent with the current investment environment and to update the investment opportunity set to allow PERS to take advantage of additional investment options.

Senate Bill 2395 – Regular Session

» Early Learning Collaborative Act of 2013 Coverage – Amends Miss. Code. Ann. Sec. 37-21-51 to provide that a teacher, assistant teacher, or other employee whose salary and fringe benefits are paid from state funds under this act shall only be classified as a state or local school district employee eligible for state health insurance benefits or membership in PERS if the person's employer is already an agency or instrumentality of the state, such as a school district, and the employee would be eligible for such benefits in the normal course of business.

Senate Bill 2405 – Regular Session, effective October 1, 2013

» Employer Contributions for Constables – Amends Miss. Code Ann. Sec. 25-11-106, 25-11-123, and 25-11-125 to clarify that the county is responsible for the employer contributions to PERS on all direct payments to the constable from the county and the constable is responsible for the employee contributions to PERS on direct payments to the constable from the county and both the employer and employee share of contributions on his or her net fee income. The bill also authorizes the county board of supervisors to elect to be responsible for the employer share of contributions to PERS on the net fee income of its constables for contributions required for calendar years beginning on or after January 1, 2014. The bill provides that, if the county board of supervisors elects to be responsible for the employer share of contributions to PERS on the net fee income of its constables, the election shall be irrevocable until the board of supervisors takes office for the next succeeding term of office, at which time the board may elect whether to continue such election. The bill provides that notice of such election by the board of supervisors shall be filed with the executive director of PERS within five days after the election is made and that, if the county elects to be responsible for contributions on the net fee income of each of its constables, the board of supervisors of the county shall appropriate a sufficient sum to pay to PERS the required employer contributions, which shall be included by the clerk of the board in his or her regular reports and remittals to PERS for other county officers and employees.

MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM (MHSPRS)

House Bill 1015 – Regular Session

» Financing – Amends Miss. Code Ann. Sec. 63-1-46 to increase the driver's license reinstatement fee and to provide that $25 of the increased fee shall be paid to PERS for funding MHSPRS.

OPTIONAL RETIREMENT PLAN FOR INSTITUTIONS OF HIGHER LEARNING (ORP) AND SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN (SLRP)

House Bill 1174 – Regular Session

» Definition of Earned Compensation – Amends Miss. Code Ann. Sec. 25-11-103(k) to prospectively exclude the value of maintenance (employer-provided housing, utilities, meals) from earned compensation and to grandfather those who have maintenance reported to PERS as earned compensation as of June 30, 2013. The bill also clarifies that employer-paid health and life insurance premiums for an employee are not earned compensation, whether taxable or nontaxable to the employee. The bill prospectively excludes performance-based incentive payments from earned compensation and clarifies that in-kind benefits are not reportable to PERS as earned compensation.

SOLVENCY TESTS

[in thousands]

VALUATION 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
Public Employees' Retirement System of Mississippi				
6/30/04	$3,571,428	$10,657,920	$8,617,912	$17,103,285
6/30/05	3,819,498	11,260,642	8,646,958	17,180,705
6/30/06	3,955,066	12,228,330	8,745,068	18,321,063
6/30/07	3,788,781	13,342,531	9,731,324	19,791,564
6/30/08	3,991,804	14,306,528	10,236,362	20,814,720
6/30/09	4,235,466	15,665,712	10,693,368	20,597,581
6/30/10	4,266,621	16,763,455	10,369,912	20,143,426
6/30/11	4,356,556	18,001,718	10,296,191	20,315,165
6/30/12	4,463,252	19,547,367	10,482,254	19,992,797
6/30/13	5,053,888	20,789,551	9,699,409	20,490,555
Mississippi Highway Safety Patrol Retirement System				
6/30/04	$18,352	$201,573	$96,645	$256,481
6/30/05	18,972	214,844	101,301	253,477
6/30/06	19,906	222,281	108,451	265,637
6/30/07	20,870	231,771	118,592	284,626
6/30/08	21,371	242,265	117,942	298,630
6/30/09	20,136	273,774	100,720	292,322
6/30/10	20,658	284,106	106,513	281,088
6/30/11	20,621	292,234	101,577	278,265
6/30/12	20,760	300,753	99,902	268,424
6/30/13	23,706	306,273	101,596	271,097

SOLVENCY TESTS (CONTINUED)

[in thousands]

VALUATION DATE	PORTIONS OF ACCRUED LIABILITIES COVERED BY ASSETS (1)	(2)	(3)
Public Employees' Retirement System of Mississippi			
6/30/04	100.0%	100.0%	33.3%
6/30/05	100.0	100.0	24.3
6/30/06	100.0	100.0	24.4
6/30/07	100.0	100.0	27.3
6/30/08	100.0	100.0	24.6
6/30/09	100.0	100.0	6.5
6/30/10	100.0	94.7	-
6/30/11	100.0	88.7	-
6/30/12	100.0	79.4	-
6/30/13	100.0	74.3	-
Mississippi Highway Safety Patrol Retirement System			
6/30/04	100.0%	100.0%	37.8%
6/30/05	100.0	100.0	19.4
6/30/06	100.0	100.0	21.6
6/30/07	100.0	100.0	27.0
6/30/08	100.0	100.0	29.7
6/30/09	100.0	99.4	-
6/30/10	100.0	91.7	-
6/30/11	100.0	88.2	-
6/30/12	100.0	82.3	-
6/30/13	100.0	80.8	-

SOLVENCY TESTS (CONTINUED)

[in thousands]

VALUATION 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
Municipal Retirement Systems				
9/30/04	$5,190	$365,243	$22,628	$235,198
9/30/05	4,138	367,345	15,903	217,140
9/30/06	3,353	368,128	11,874	213,553
9/30/07	3,015	366,139	10,430	213,432
9/30/08	2,688	356,413	9,030	208,479
9/30/09	2,522	369,470	9,044	191,179
9/30/10	2,295	362,444	8,158	175,988
9/30/11	2,256	353,609	7,739	167,604
9/30/12	1,957	348,121	6,493	155,484
6/30/13*	1,483	343,770	4,335	153,241
Supplemental Legislative Retirement Plan				
6/30/04	$2,030	$6,395	$4,509	$10,323
6/30/05	2,076	6,813	4,513	10,634
6/30/06	2,061	7,230	4,773	11,620
6/30/07	2,301	7,378	5,375	12,722
6/30/08	2,102	8,295	5,218	13,412
6/30/09	2,327	8,756	5,452	13,386
6/30/10	2,509	8,777	5,795	13,241
6/30/11	2,642	8,734	7,229	13,606
6/30/12	2,105	11,428	6,004	13,268
6/30/13	2,416	11,908	5,654	13,554

**Municipal Retirement Systems plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

SOLVENCY TESTS (CONTINUED)

[in thousands]

VALUATION DATE	PORTIONS OF ACCRUED LIABILITIES COVERED BY ASSETS (1)	(2)	(3)
Municipal Retirement Systems			
9/30/04	100.0%	63.0%	-%
9/30/05	100.0	58.0	-
9/30/06	100.0	57.1	-
9/30/07	100.0	57.5	-
9/30/08	100.0	57.7	-
9/30/09	100.0	51.1	-
9/30/10	100.0	47.9	-
9/30/11	100.0	46.8	-
9/30/12	100.0	44.1	-
6/30/13*	100.0	44.1	-
Supplemental Legislative Retirement Plan			
6/30/04	100.0%	100.0%	42.1%
6/30/05	100.0	100.0	38.7
6/30/06	100.0	100.0	48.8
6/30/07	100.0	100.0	56.6
6/30/08	100.0	100.0	57.8
6/30/09	100.0	100.0	42.2
6/30/10	100.0	100.0	33.7
6/30/11	100.0	100.0	30.8
6/30/12	100.0	97.7	-
6/30/13	100.0	93.5	-

**Municipal Retirement Systems plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF EMPLOYERS	ACTIVE MEMBERS			
		NUMBER OF EMPLOYEES	ANNUAL PAYROLL	ANNUAL AVERAGE PAY	INCREASE IN AVERAGE PAY
Public Employees' Retirement System of Mississippi					
6/30/04	880	156,353	$4,617,272,973	$29,531	3.2%
6/30/05	861	157,101	4,786,280,398	30,466	3.2
6/30/06	861	158,091	4,971,973,661	31,450	3.2
6/30/07	861	162,804	5,196,294,899	31,917	1.5
6/30/08	863	165,733	5,544,704,937	33,456	4.8
6/30/09	866	167,122	5,831,863,534	34,896	4.3
6/30/10	868	164,896	5,763,556,195	34,953	0.2
6/30/11	872	161,676	5,684,624,214	35,161	0.6
6/30/12	870	162,311	5,857,789,376	36,090	2.6
6/30/13	873	161,744	5,823,577,978	36,005	(0.2)
Mississippi Highway Safety Patrol Retirement System					
6/30/04	1	559	$22,683,404	$40,579	4.7%
6/30/05	1	540	22,342,918	41,376	2.0
6/30/06	1	564	24,499,296	43,438	5.0
6/30/07	1	591	27,037,063	45,748	5.3
6/30/08	1	626	29,597,374	47,280	3.3
6/30/09	1	570	26,389,909	46,298	(2.1)
6/30/10	1	542	26,353,400	48,623	5.0
6/30/11	1	515	24,872,085	48,295	(0.7)
6/30/12	1	547	25,670,030	46,929	(2.8)
6/30/13	1	520	25,815,787	49,646	5.8

SCHEDULE OF ACTIVE MEMBER VALUATION DATA (CONTINUED)

VALUATION DATE	NUMBER OF EMPLOYERS	ACTIVE MEMBERS			
		NUMBER OF EMPLOYEES	ANNUAL PAYROLL	ANNUAL AVERAGE PAY	INCREASE IN AVERAGE PAY
Municipal Retirement Systems					
9/30/04	17	84	$3,674,877	$43,749	5.0%
9/30/05	17	65	2,909,190	44,757	2.3
9/30/06	17	49	2,223,090	45,369	1.4
9/30/07	17	42	1,952,642	46,491	2.5
9/30/08	17	35	1,712,743	48,936	5.3
9/30/09	17	31	1,608,396	51,884	6.0
9/30/10	17	27	1,424,636	52,764	1.7
9/30/11	17	25	1,356,858	54,274	2.9
9/30/12	17	21	1,131,252	53,869	(0.7)
6/30/13*	17	16	793,841	49,615	(7.9)
Supplemental Legislative Retirement Plan					
6/30/04	5	175	$5,794,099	$33,109	(7.9)%
6/30/05	5	175	6,530,045	37,315	12.7
6/30/06	5	173	6,353,542	36,726	(1.6)
6/30/07	5	175	6,554,229	37,453	2.0
6/30/08	5	175	6,752,960	38,588	3.0
6/30/09	5	174	6,803,339	39,100	1.3
6/30/10	5	175	6,605,037	37,743	(3.6)
6/30/11	5	174	6,809,770	39,137	3.7
6/30/12	5	175	6,871,757	39,267	0.3
6/30/13	5	175	6,695,359	38,259	(2.6)

**Municipal Retirement Systems' plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

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	INCREASE DUE TO ANNUAL COLA
JUNE 30, 2008	PERS	5,335	$93,694,780	(2,551)	$(35,621,113)	$33,449,790
	MHSPRS	42	1,341,416	(29)	(739,677)	474,361
	MRS	42	744,852	(75)	(998,616)	429,844
	SLRP	20	107,569	(8)	(29,585)	19,012
JUNE 30, 2009	PERS	4,965	87,403,913	(2,362)	(33,633,667)	36,261,313
	MHSPRS	62	2,263,514	(21)	(556,046)	487,986
	MRS	39	538,293	(83)	(894,867)	257,171
	SLRP	7	33,316	(4)	(26,188)	19,288
JUNE 30, 2010	PERS	5,747	103,950,841	(2,722)	(40,358,965)	39,131,221
	MHSPRS	22	806,092	(18)	(450,658)	550,146
	MRS	37	549,390	(70)	(873,282)	324,773
	SLRP	6	36,400	(5)	(46,742)	21,781
JUNE 30, 2011	PERS	6,566	127,035,815	(2,619)	(39,518,227)	41,632,866
	MHSPRS	32	1,089,231	(24)	(609,133)	595,921
	MRS	44	676,051	(78)	(1,000,144)	285,981
	SLRP	7	30,133	(2)	(22,703)	23,836
JUNE 30, 2012	PERS	6,569	125,378,708	(2,855)	(45,787,704)	45,202,325
	MHSPRS	31	1,157,796	(22)	(574,614)	609,050
	MRS	46	792,381	(86)	(1,233,853)	187,499
	SLRP	33	230,576	(7)	(31,217)	23,377
JUNE 30, 2013	PERS	6,276	120,592,399	(2,891)	(47,237,330)	48,758,557
	MHSPRS	23	642,344	(23)	(596,871)	622,206
	MRS	79	1,586,257	(154)	(2,026,041)	381,076
	SLRP	20	77,003	(5)	(26,497)	24,226

**Information for MRS is as of September 30 for fiscal years 2008 through 2012. For fiscal year 2013, information is for the 21-month period ending June 30.*

SCHEDULE OF RETIRANTS ADDED TO AND REMOVED FROM ROLLS (CONTINUED)

- LAST SIX FISCAL YEARS -

FISCAL YEAR ENDED*	PLAN	INCREASE DUE TO PLAN AMENDMENTS	ROLLS AT END OF YEAR: NUMBER	ROLLS AT END OF YEAR: ANNUAL ALLOWANCES	INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
JUNE 30, 2008	PERS	-	73,540	$1,305,908,320	7.54%	$17,758
	MHSPRS	-	651	19,798,655	5.75	30,413
	MRS	191,067	2,167	35,555,206	1.04	16,408
	SLRP	-	138	754,815	14.75	5,470
JUNE 30, 2009	PERS	-	76,143	1,395,939,879	6.89	18,333
	MHSPRS	-	692	21,994,109	11.09	31,783
	MRS	-	2,123	35,455,803	(0.28)	16,701
	SLRP	-	141	781,231	3.50	5,541
JUNE 30, 2010	PERS	-	79,168	1,498,662,976	7.36	18,930
	MHSPRS	-	696	22,899,689	4.12	32,902
	MRS	-	2,090	35,456,684	0.00	16,965
	SLRP	-	142	792,670	1.46	5,582
JUNE 30, 2011	PERS	-	83,115	1,627,813,430	8.62	19,585
	MHSPRS	-	704	23,975,708	4.70	34,056
	MRS	-	2,056	35,418,572	(0.11)	17,227
	SLRP	-	147	823,936	3.94	5,605
JUNE 30, 2012	PERS	-	86,829	1,752,606,759	7.67	20,185
	MHSPRS	-	713	25,167,940	4.97	35,299
	MRS	-	2,016	35,164,599	(0.72)	17,443
	SLRP	-	173	1,046,672	27.03	6,050
JUNE 30, 2013	PERS	-	90,214	1,874,720,385	6.97	20,781
	MHSPRS	-	713	25,835,619	2.65	36,235
	MRS	-	1,941	35,105,891	(0.17)	18,086
	SLRP	-	188	1,121,404	7.14	5,965

**Information for MRS is as of September 30 for fiscal years 2008 through 2012. For fiscal year 2013, information is for the 21-month period ending June 30.*

ANALYSIS OF FINANCIAL EXPERIENCE
GAINS AND LOSSES IN ACCRUED LIABILITIES RESULTING FROM DIFFERENCES BETWEEN ASSUMED EXPERIENCE AND ACTUAL EXPERIENCE
- FOR THE YEAR ENDED JUNE 30, 2013 -

[in thousands]

TYPE OF ACTIVITY	GAIN (LOSS) FOR YEAR			
	PERS	MHSPRS	MRS*	SLRP
AGE & SERVICE RETIREMENTS: IF MEMBERS RETIRE AT OLDER AGES, THERE IS A GAIN. IF YOUNGER AGES, A LOSS.	$(90,800.0)	$904.3	$(60.3)	$48.3
DISABILITY RETIREMENTS: IF DISABILITY CLAIMS ARE LESS THAN ASSUMED, THERE IS A GAIN. IF MORE CLAIMS, A LOSS.	(26,000.0)	147.0	-	12.0
DEATH-IN-SERVICE BENEFITS: IF SURVIVOR CLAIMS ARE LESS THAN ASSUMED, THERE IS A GAIN. IF MORE CLAIMS, A LOSS.	(100.0)	40.6	4.7	(28.1)
WITHDRAWAL FROM EMPLOYMENT: IF MORE LIABILITIES ARE RELEASED BY WITHDRAWALS THAN ASSUMED, THERE IS A GAIN. IF SMALLER RELEASES, A LOSS.	34,700.0	927.9	-	66.0
PAY INCREASES: IF THERE ARE SMALLER PAY INCREASES THAN ASSUMED, THERE IS A GAIN. IF GREATER INCREASES, A LOSS.	349,600.0	3,256.1	134.0	284.5
NEW MEMBERS: ADDITIONAL UNFUNDED ACCRUED LIABILITY WILL PRODUCE A LOSS.	(63,800.0)	-	-	(24.6)
INVESTMENT INCOME: IF THERE IS GREATER INVESTMENT INCOME THAN ASSUMED, THERE IS A GAIN. IF LESS INCOME, A LOSS.	(416,800.0)	(6,480.0)	(3,682.1)	(255.0)
DEATH AFTER RETIREMENT: IF RETIRANTS LIVE LONGER THAN ASSUMED, THERE IS A LOSS. IF NOT AS LONG, A GAIN.	(32,700.0)	(384.8)	(73.8)	(19.0)
OTHER: MISCELLANEOUS GAINS AND LOSSES RESULTING FROM CHANGES IN VALUATION SOFTWARE, DATA ADJUSTMENTS, TIMING OF FINANCIAL TRANSACTIONS, ETC.	(175,600.0)	(2,164.3)	(344.0)	(253.4)
GAIN (OR LOSS) DURING YEAR FROM FINANCIAL EXPERIENCE	(421,500.0)	(3,753.2)	(4,021.5)	(169.3)
NON-RECURRING ITEMS: ADJUSTMENTS FOR PLAN AMENDMENTS, ASSUMPTION CHANGES, OR METHOD CHANGES.	226,100.0	(1,121.6)	758.8	190.3
COMPOSITE GAIN (OR LOSS) DURING YEAR	$(195,400.0)	$(4,874.8)	$(3,262.7)	$21.0

**Due to change of plan year, the valuation information furnished for MRS is for the period of October 1, 2012, to June 30, 2013.*

Three generations of teachers. All PERS members. Norweida Roberts followed in her mother's footsteps and became an educator. Her daughter, Felicia, has also chosen the same career path. Enjoying the security of receiving a consistent monthly payment, Norweida spends her retirement actively involved in various organizations. Or, as she puts it, "I retired, and I re-wired." Knowing that her mother is financially stable gives Felicia peace of mind. And Norweida has no worries about the next generation either, confidently saying, "Felicia [also] belongs to PERS."

PERS CREATES STABILITY FOR GENERATIONS OF MEMBERS

PERS pensions give families
confidence about retirement,
for the ones they love and for themselves.

Paying an average yearly benefit of $20,781, the PERS defined benefit plan helps ease the financial burden for families of retired PERS members. PERS' monthly payments help more than 93,000 retirees avoid public assistance and remain active, independent citizens, which helps the state minimize public assistance costs. And for the more than 162,000 active members, like Felicia, who are still enjoying their careers, PERS gives them the comfort of knowing that their future will be taken care of when they choose to retire.

OPPOSITE: From left, PERS retiree Norweida Roberts and PERS member Felicia Reese. Illustration by Tonwen Jones, Colagene.com, featuring portrait photography by James Patterson.

Statistical

Statistical Report

The objectives of the statistical section are to provide additional historical perspective, context, and details to assist readers in using the information in the financial statements, notes to financial statements, and required supplementary information.

Financial Trends

The schedule of Changes in Net Position presented on pages 142 through 145 contains historical information related to the System's revenues, expenses, changes in net position, and net position restricted for benefits, as well as a 10-year history of employer and member contribution rates. To help address the funded status of plans within the System, the Board of Trustees approved increases in employer contribution rates to 14.26 percent for PERS and 37.0 percent for MHSPRS, which were effective for fiscal year 2013. The SLRP employer contribution rate remained at 7.4 percent. The Board again took action, based on the recommendation of our consulting actuary, to increase the PERS employer contribution rate from 14.26 percent to 15.75 percent for fiscal year 2014. The MHSPRS employer contribution rate remained at 37.0 percent, and the SLRP employer contribution rate continued at 7.4 percent. Also effective for fiscal year 2014, Mississippi House Bill No. 1015 increased the contribution of certain fees toward employer contributions of the MHSPRS.

During its October 2012 meeting, the Board adopted a revised funding policy aimed at stabilizing the PERS employer contribution rate at 15.75 percent, effective July 1, 2013, and establishing a goal for PERS to be more than 80.0 percent funded by 2042. Under the revised policy, contribution rates would no longer be determined based on a rolling 30-year amortization period, but would focus on a declining amortization period and a reduction in volatility of the contribution rate. These actions represent the Board's continuing commitment to further strengthen sustainability and advance the funding status of System plans. A discussion of changes in employer contribution rates and funding can be found on page 25 in the MD&A and on pages 60 and 61, Notes 1 and 2 to the Required Supplementary Information.

Changes were enacted in the PERS retirement benefit structure, for those hired on or after July 1, 2011, to better position the System for long-term sustainability. Modifications include retirement eligibility from 25 years of service at any age to 30 years of service at any age, as well as Partial-Lump-Sum Option eligibility from 28 years of service at any age to 33 years of service at any age. Additional changes were adopted for new hires affecting the retirement formula, Cost-of-Living Adjustment calculation, and spouse survivor retirement benefits. A detailed description of plan benefits can be found in Note 1 on pages 34 through 38 and in the Summary of Main System Provisions for each plan beginning on page 110.

Demographic and Economic Information

The schedule of Total Active Members by Attained Age and Years of Service, shown on pages 158 through 160, provides relevant details about the composition of the System's membership, including concentration of members within various age groups and selected group averages for each pension plan. Page 162 contains comparative information regarding the 10 largest participating employers of the multiple-employer plans, which are the Public Employees' Retirement System and Municipal Retirement Systems. The schedule of Benefit Payments by County on page 161 offers information on the amount of economic contribution attributed to benefit payments by county within Mississippi.

Operating Information

Pages 146 through 149 illustrate the number of participants and total benefit payments by type for each retirement plan administered by the System. Additional details regarding monthly benefit distribution by option can be found on pages 154 through 157. The schedule of Average Benefit Payments presents average monthly benefits, average final salary, and the number of active retirees by years of credited service by plan on pages 150 through 152. Comparative supplemental information on employer and member groups covered by the Public Employees' Retirement System cost-sharing plan is offered on page 153, with details of participating employers covered by separate agreements on pages 163 through 165.

Statistical data is provided from the System's internal resources. The System had no outstanding debt as of June 30, 2013.

CHANGES IN NET POSITION

- LAST 10 FISCAL YEARS -

[in thousands]

FISCAL YEAR	BEGINNING NET POSITION	MEMBER CONTRIBUTIONS AMOUNT	MEMBER CONTRIBUTIONS PERCENT*	EMPLOYER CONTRIBUTIONS AMOUNT	EMPLOYER CONTRIBUTIONS PERCENT*	NET INVESTMENT INCOME (LOSS)	OTHER REVENUES & TRANSFERS
Public Employees' Retirement System of Mississippi							
2004	$14,012,183	$358,241	7.25%	$459,567	9.75%	$2,003,253	$596
2005	15,723,660	365,355	7.25	492,434	9.75	1,507,079	530
2006	16,890,535	375,612	7.25	557,831	10.75	1,777,853	580
2007	18,321,063	392,268	7.25	610,888	11.30	3,402,562	604
2008	21,353,016	417,119	7.25	683,189	11.85	(1,725,434)	637
2009	19,251,069	434,081	7.25	713,569	11.85	(3,717,016)	657
2010	15,134,487	439,397	7.25	731,544	12.00	2,148,749	610
2011	16,788,214	533,369	9.00	723,836	12.00	4,167,042	639
2012	20,377,236	545,587	9.00	768,914	12.93	59,595	664
2013	19,781,387	547,792	9.00	881,847	14.26	2,564,097	691
Mississippi Highway Safety Patrol Retirement System							
2004	$212,657	$1,508	6.50%	$6,528	28.16%	$30,464	$-
2005	234,345	1,462	6.50	6,335	28.16	21,897	2,388
2006	248,209	1,589	6.50	6,884	28.16	25,934	2,628
2007	265,637	1,778	6.50	8,275	30.30	49,104	2,341
2008	307,152	1,985	6.50	9,253	30.30	(24,886)	3,156
2009	276,154	2,166	7.25	9,066	30.30	(52,869)	3,208
2010	214,374	2,043	7.25	8,613	30.30	29,942	3,985
2011	232,873	1,948	7.25	8,067	30.30	57,090	3,427
2012	277,563	1,946	7.25	8,798	35.21	805	3,246
2013	265,232	1,951	7.25	9,952	37.00	34,270	3,414

**Percentage of annual covered payroll. The rates shown for 2012 for PERS, MHSPRS, and SLRP were effective as of January 1, 2012. For 2012, the rates prior to January 1, 2012, were 12.00 percent, 30.30 percent, and 6.65 percent, respectively.*

CHANGES IN NET POSITION (CONTINUED)

- LAST 10 FISCAL YEARS -

[in thousands]

FISCAL YEAR	TOTAL ADDITIONS (DELETIONS)	RETIREMENT ANNUITIES	REFUNDS	EXPENSES & DEPRECIATION	TRANSFERS	TOTAL DEDUCTIONS	NET CHANGE IN POSITION	ENDING NET POSITION
Public Employees' Retirement System of Mississippi								
2004	$2,821,657	$1,033,205	$67,245	$9,730	$-	$1,110,180	$1,711,477	$15,723,660
2005	2,365,398	1,116,405	71,064	11,054	-	1,198,523	1,166,875	16,890,535
2006	2,711,876	1,198,230	73,344	9,774	-	1,281,348	1,430,528	18,321,063
2007	4,406,322	1,291,456	72,572	10,341	-	1,374,369	3,031,953	21,353,016
2008	(624,489)	1,393,175	72,750	11,533	-	1,477,458	(2,101,947)	19,251,069
2009	(2,568,709)	1,465,500	70,050	12,323	-	1,547,873	(4,116,582)	15,134,487
2010	3,320,300	1,580,808	73,580	12,185	-	1,666,573	1,653,727	16,788,214
2011	5,424,886	1,734,475	88,343	13,046	-	1,835,864	3,589,022	20,377,236
2012	1,374,760	1,862,826	93,379	14,404	-	1,970,609	(595,849)	19,781,387
2013	3,994,427	1,965,660	108,365	14,878	-	2,088,903	1,905,524	21,686,911
Mississippi Highway Safety Patrol Retirement System								
2004	$38,500	$16,605	$76	$-	$131	$16,812	$21,688	$234,345
2005	32,082	18,005	86	-	127	18,218	13,864	248,209
2006	37,035	19,359	110	-	138	19,607	17,428	265,637
2007	61,498	19,774	44	-	165	19,983	41,515	307,152
2008	(10,492)	20,295	26	-	185	20,506	(30,998)	276,154
2009	(38,429)	23,098	72	-	181	23,351	(61,780)	214,374
2010	44,583	25,847	65	-	172	26,084	18,499	232,873
2011	70,532	25,620	60	-	162	25,842	44,690	277,563
2012	14,795	26,926	24	-	176	27,126	(12,331)	265,232
2013	49,587	27,052	112	-	199	27,363	22,224	287,456

CHANGES IN NET POSITION (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

FISCAL YEAR	BEGINNING NET POSITION	MEMBER CONTRIBUTIONS AMOUNT	MEMBER CONTRIBUTIONS PERCENT*	EMPLOYER CONTRIBUTIONS AMOUNT	EMPLOYER CONTRIBUTIONS PERCENT*	NET INVESTMENT INCOME (LOSS)	OTHER REVENUES & TRANSFERS
Municipal Retirement Systems							
2004	$210,436	$437	**	$14,013	**	$28,495	$-
2005	219,650	378	**	14,371	**	19,337	-
2006	219,034	263	**	15,613	**	21,563	-
2007	220,877	203	**	15,050	**	38,269	-
2008	238,434	176	**	15,900	**	(18,046)	-
2009	200,155	154	**	17,415	**	(35,930)	-
2010	145,467	145	**	21,420	**	19,369	-
2011	150,203	126	**	22,860	**	35,363	-
2012	172,451	121	**	23,449	**	487	-
2013	160,688	100	**	21,718	**	19,837	-
Supplemental Legislative Retirement Plan							
2004	$8,498	$176	3.00%	$372	6.33%	$1,246	$-
2005	9,581	197	3.00	417	6.33	932	-
2006	10,518	195	3.00	411	6.33	1,137	-
2007	11,620	195	3.00	432	6.65	2,209	-
2008	13,748	203	3.00	449	6.65	(1,120)	-
2009	12,412	207	3.00	458	6.65	(2,437)	-
2010	9,832	202	3.00	446	6.65	1,432	-
2011	11,079	206	3.00	457	6.65	2,832	-
2012	13,737	206	3.00	490	7.40	39	-
2013	13,169	204	3.00	503	7.40	1,715	-

**Percentage of annual covered payroll. The rates shown for 2012 for PERS, MHSPRS, and SLRP were effective as of January 1, 2012. For 2012, the rates prior to January 1, 2012, were 12.00 percent, 30.30 percent, and 6.65 percent, respectively.*

***Employee and employer rates vary among the 19 systems that comprise the Municipal Retirement Systems.*

CHANGES IN NET POSITION (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

FISCAL YEAR	TOTAL ADDITIONS (DELETIONS)	RETIREMENT ANNUITIES	REFUNDS	EXPENSES & DEPRECIATION	TRANSFERS	TOTAL DEDUCTIONS	NET CHANGE IN POSITION	ENDING NET POSITION
Municipal Retirement Systems								
2004	$42,945	$33,342	$-	$-	$389	$33,731	$9,214	$219,650
2005	34,086	34,296	11	-	395	34,702	(616)	219,034
2006	37,439	35,165	1	-	430	35,596	1,843	220,877
2007	53,522	35,544	1	-	420	35,965	17,557	238,434
2008	(1,970)	35,870	-	-	439	36,309	(38,279)	200,155
2009	(18,361)	35,848	12	-	467	36,327	(54,688)	145,467
2010	40,934	35,766	3	-	429	36,198	4,736	150,203
2011	58,349	35,609	35	-	457	36,101	22,248	172,451
2012	24,057	35,348	3	-	469	35,820	(11,763)	160,688
2013	41,655	35,227	34	-	434	35,695	5,960	166,648
Supplemental Legislative Retirement Plan								
2004	$1,794	$696	$8	$-	$7	$711	$1,083	$9,581
2005	1,546	599	2	-	8	609	937	10,518
2006	1,743	632	1	-	8	641	1,102	11,620
2007	2,836	699	-	-	9	708	2,128	13,748
2008	(468)	845	14	-	9	868	(1,336)	12,412
2009	(1,772)	790	9	-	9	808	(2,580)	9,832
2010	2,080	804	20	-	9	833	1,247	11,079
2011	3,495	828	-	-	9	837	2,658	13,737
2012	735	1,268	25	-	10	1,303	(568)	13,169
2013	2,422	1,182	25	-	10	1,217	1,205	14,374

BENEFIT AND REFUND PAYMENTS BY TYPE: PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

- LAST 10 FISCAL YEARS -

FISCAL YEAR	SERVICE	DISABILITY	SURVIVOR	TOTAL	REFUNDS
Number of Participants by Type of Benefit					
2004	50,196	4,232	7,979	62,407	16,133
2005	52,370	4,468	7,101	63,939	22,102
2006	54,736	4,659	7,362	66,757	19,202
2007	57,019	4,903	8,834	70,756	18,207
2008	59,406	5,075	9,059	73,540	16,105
2009	61,466	5,257	9,420	76,143	15,654
2010	64,049	5,399	9,720	79,168	14,433
2011	67,486	5,676	9,953	83,115	16,595
2012	70,843	5,845	10,141	86,829	18,053
2013	73,830	6,030	10,354	90,214	19,920
Total Payments by Type of Benefit *[in thousands]*					
2004	$944,037	$63,701	$25,467	$1,033,205	$67,245
2005	1,019,133	70,076	27,196	1,116,405	71,064
2006	1,093,235	76,167	28,828	1,198,230	73,344
2007	1,178,654	82,168	30,634	1,291,456	72,572
2008	1,272,211	88,937	32,027	1,393,175	72,750
2009	1,339,209	92,925	33,366	1,465,500	70,050
2010	1,444,987	99,920	35,901	1,580,808	73,580
2011	1,588,369	107,657	38,449	1,734,475	88,343
2012	1,707,922	115,042	39,862	1,862,826	93,379
2013	1,804,812	120,342	40,506	1,965,660	108,365

BENEFIT AND REFUND PAYMENTS BY TYPE:
MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM
- LAST 10 FISCAL YEARS -

FISCAL YEAR	SERVICE	DISABILITY	SURVIVOR	TOTAL	REFUNDS
Number of Participants by Type of Benefit					
2004	414	21	170	605	6
2005	421	21	179	621	11
2006	425	20	180	625	11
2007	435	19	184	638	5
2008	443	18	190	651	4
2009	480	16	196	692	14
2010	489	18	189	696	5
2011	500	18	186	704	14
2012	510	19	184	713	7
2013	510	19	184	713	9
Total Payments by Type of Benefit *[in thousands]*					
2004	$14,770	$401	$1,434	$16,605	$76
2005	16,064	455	1,486	18,005	86
2006	17,380	477	1,502	19,359	110
2007	17,870	471	1,433	19,774	44
2008	18,453	448	1,394	20,295	26
2009	21,194	478	1,426	23,098	72
2010	24,029	472	1,346	25,847	65
2011	23,953	507	1,160	25,620	60
2012	25,337	516	1,073	26,926	24
2013	25,476	522	1,054	27,052	112

BENEFIT AND REFUND PAYMENTS BY TYPE: MUNICIPAL RETIREMENT SYSTEMS*

- LAST 10 FISCAL YEARS -

FISCAL YEAR	SERVICE	DISABILITY	SURVIVOR	TOTAL	REFUNDS
Number of Participants by Type of Benefit					
2004*	1,569	121	552	2,242	4
2005*	1,548	112	565	2,225	1
2006*	1,532	109	559	2,200	1
2007*	1,507	104	556	2,167	1
2008*	1,470	96	557	2,123	12
2009*	1,431	93	566	2,090	3
2010*	1,388	84	584	2,056	9
2011*	1,334	80	602	2,016	7
2012*	1,302	75	601	1,978	-
2013**	1,260	71	610	1,941	4
*Total Payments by Type of Benefit**** *[in thousands]*					
2004*	$25,873	$1,045	$5,264	$32,182	$11
2005*	25,971	985	5,598	32,554	1
2006*	26,353	969	5,757	33,079	1
2007*	27,872	1,072	6,611	35,555	1
2008*	27,720	1,011	6,725	35,456	12
2009*	27,409	1,003	7,045	35,457	3
2010*	27,062	927	7,430	35,419	35
2011*	26,315	894	7,956	35,165	3
2012*	26,056	850	8,190	35,096	-
2013**	25,787	817	8,623	35,227	34

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

*** Valuation information furnished for MRS is as of June 30, due to plan year change.*

****Individual MRS COLA increases are paid if funding is available.*

BENEFIT AND REFUND PAYMENTS BY TYPE: SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

- LAST 10 FISCAL YEARS -

FISCAL YEAR	SERVICE	DISABILITY	SURVIVOR	TOTAL	REFUNDS
Number of Participants by Type of Benefit					
2004	87	2	17	106	3
2005	94	2	18	114	2
2006	99	2	21	122	1
2007	97	2	27	126	-
2008	110	2	26	138	3
2009	113	2	26	141	1
2010	117	2	23	142	3
2011	118	2	27	147	-
2012	143	2	28	173	8
2013	150	2	36	188	4
Total Payments by Type of Benefit *[in thousands]*					
2004	$640	$8	$48	$696	$8
2005	550	12	37	599	2
2006	585	12	35	632	1
2007	639	12	48	699	-
2008	773	14	58	845	14
2009	739	12	39	790	9
2010	758	12	34	804	20
2011	781	12	35	828	-
2012	1,184	16	68	1,268	25
2013	1,104	13	65	1,182	25

AVERAGE BENEFIT PAYMENTS:
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

RETIREMENT EFFECTIVE DATES: JULY 1, 2008, TO JUNE 30, 2013	YEARS CREDITED SERVICE 0-4	5-9	10-14	15-19	20-24	25	26-29	30	31+
2013									
AVERAGE MONTHLY BENEFIT	$430	$444	$695	$964	$1,422	$1,925	$2,017	$2,188	$2,931
AVERAGE FINAL SALARY	$28,954	$30,707	$34,404	$36,876	$41,550	$47,768	$48,862	$49,470	$56,341
NUMBER OF ACTIVE RETIRANTS	115	800	901	740	758	496	1,121	224	1,121
2012									
AVERAGE MONTHLY BENEFIT	$503	$426	$656	$984	$1,325	$1,823	$1,957	$2,283	$2,938
AVERAGE FINAL SALARY	$27,325	$29,424	$32,872	$37,561	$40,246	$46,050	$47,965	$51,720	$56,263
NUMBER OF ACTIVE RETIRANTS	146	861	867	779	736	501	1,135	260	1,281
2011									
AVERAGE MONTHLY BENEFIT	$490	$445	$637	$975	$1,347	$1,792	$1,996	$2,176	$2,911
AVERAGE FINAL SALARY	$26,297	$29,798	$31,063	$36,095	$39,613	$45,296	$48,620	$49,084	$55,608
NUMBER OF ACTIVE RETIRANTS	247	837	808	741	743	456	1,050	245	1,439
2010									
AVERAGE MONTHLY BENEFIT	$320	$386	$620	$905	$1,240	$1,718	$1,898	$2,175	$2,833
AVERAGE FINAL SALARY	$23,675	$27,192	$30,890	$33,781	$37,426	$43,924	$46,537	$49,426	$54,049
NUMBER OF ACTIVE RETIRANTS	220	765	773	641	627	428	867	237	1,189
2009									
AVERAGE MONTHLY BENEFIT	$396	$374	$582	$875	$1,314	$1,673	$1,865	$2,116	$2,822
AVERAGE FINAL SALARY	$26,414	$26,280	$29,481	$32,707	$37,865	$42,352	$45,058	$47,003	$53,867
NUMBER OF ACTIVE RETIRANTS	192	703	669	572	535	378	732	223	961

AVERAGE BENEFIT PAYMENTS: MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

RETIREMENT EFFECTIVE DATES: JULY 1, 2008, TO JUNE 30, 2013	YEARS CREDITED SERVICE								
	0-4	5-9	10-14	15-19	20-24	25	26-29	30	31+
2013									
AVERAGE MONTHLY BENEFIT	$-	$662	$710	$-	$1,173	$1,696	$2,860	$-	$3,270
AVERAGE FINAL SALARY	$-	$21,844	$36,998	$-	$31,852	$28,673	$54,158	$-	$54,646
NUMBER OF ACTIVE RETIRANTS	-	1	2	-	3	2	11	-	4
2012									
AVERAGE MONTHLY BENEFIT	$-	$1,649	$-	$2,341	$982	$1,569	$2,268	$4,335	$3,799
AVERAGE FINAL SALARY	$-	$39,568	$-	$58,021	$39,971	$28,717	$48,824	$71,048	$62,979
NUMBER OF ACTIVE RETIRANTS	-	1	-	1	1	1	10	5	12
2011									
AVERAGE MONTHLY BENEFIT	$-	$-	$716	$1,021	$2,434	$1,897	$2,409	$3,792	$3,297
AVERAGE FINAL SALARY	$-	$-	$28,058	$26,202	$60,343	$43,144	$50,020	$52,042	$51,856
NUMBER OF ACTIVE RETIRANTS	-	-	1	2	3	2	11	4	9
2010									
AVERAGE MONTHLY BENEFIT	$-	$-	$-	$1,405	$-	$3,155	$3,025	$3,461	$2,974
AVERAGE FINAL SALARY	$-	$-	$-	$37,963	$-	$59,219	$47,431	$30,160	$41,004
NUMBER OF ACTIVE RETIRANTS	-	-	-	4	-	2	5	2	9
2009									
AVERAGE MONTHLY BENEFIT	$-	$466	$-	$439	$1,580	$3,178	$3,144	$4,604	$3,056
AVERAGE FINAL SALARY	$-	$33,560	$-	$16,845	$38,404	$61,298	$59,584	$75,126	$52,752
NUMBER OF ACTIVE RETIRANTS	-	3	-	1	7	13	21	7	10

AVERAGE BENEFIT PAYMENTS:
SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

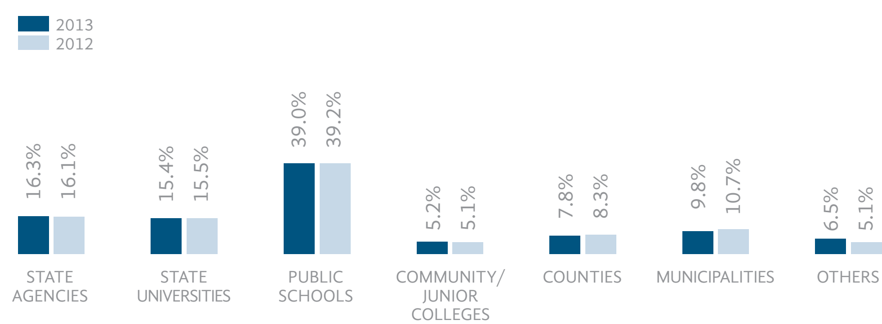
	YEARS CREDITED SERVICE								
RETIREMENT EFFECTIVE DATES: JULY 1, 2008, TO JUNE 30, 2013	0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
2013									
AVERAGE MONTHLY BENEFIT	$-	$168	$183	$463	$550	$-	$731	$-	$-
AVERAGE FINAL SALARY	$-	$27,925	$29,576	$36,140	$39,581	$-	$38,727	$-	$-
NUMBER OF ACTIVE RETIRANTS	-	6	7	1	4	-	2	-	-
2012									
AVERAGE MONTHLY BENEFIT	$-	$194	$405	$430	$676	$-	$731	$-	$1,237
AVERAGE FINAL SALARY	$-	$33,827	$43,765	$36,045	$38,901	$-	$38,645	$-	$57,275
NUMBER OF ACTIVE RETIRANTS	-	10	6	3	4	-	3	-	7
2011									
AVERAGE MONTHLY BENEFIT	$104	$261	$109	$-	$305	$-	$-	$-	$369
AVERAGE FINAL SALARY	$33,200	$34,762	$19,188	$-	$36,782	$-	$-	$-	$27,287
NUMBER OF ACTIVE RETIRANTS	1	1	1	-	2	-	-	-	2
2010									
AVERAGE MONTHLY BENEFIT	$-	$130	$517	$-	$759	$-	$-	$-	$1,295
AVERAGE FINAL SALARY	$-	$29,883	$48,827	$-	$45,504	$-	$-	$-	$36,181
NUMBER OF ACTIVE RETIRANTS	-	3	1	-	1	-	-	-	1
2009									
AVERAGE MONTHLY BENEFIT	$-	$195	$-	$-	$547	$-	$833	$411	$339
AVERAGE FINAL SALARY	$-	$29,237	$-	$-	$37,853	$-	$39,683	$41,404	$34,997
NUMBER OF ACTIVE RETIRANTS	-	3	-	-	1	-	1	1	1

ANALYSIS OF EMPLOYER AND MEMBER CONTRIBUTIONS
- FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2012 -

[contributions in thousands]

	EMPLOYER		MEMBER			
EMPLOYER GROUP	UNITS	CONTRIBUTIONS	NUMBER	CONTRIBUTIONS	TOTAL CONTRIBUTIONS	PERCENT
2013						
STATE AGENCIES	112	$143,915	32,921	$89,415	$233,330	16.3%
STATE UNIVERSITIES	9	135,816	17,636	84,364	220,180	15.4
PUBLIC SCHOOLS	149	343,667	64,045	213,474	557,141	39.0
COMMUNITY/JUNIOR COLLEGES	15	45,958	6,272	28,547	74,505	5.2
COUNTIES	82	68,615	13,904	42,621	111,236	7.8
MUNICIPALITIES	241	86,622	17,108	53,807	140,429	9.8
OTHERS	265	57,254	9,858	35,564	92,818	6.5
TOTALS	**873**	**$881,847**	**161,744**	**$547,792**	**$1,429,639**	**100.0%**
2012						
STATE AGENCIES	112	$124,129	32,618	$88,159	$212,288	16.1%
STATE UNIVERSITIES	9	119,151	17,746	84,668	203,819	15.5
PUBLIC SCHOOLS	150	301,600	64,252	213,587	515,187	39.2
COMMUNITY/JUNIOR COLLEGES	15	39,151	6,265	27,800	66,951	5.1
COUNTIES	82	63,824	14,771	45,340	109,164	8.3
MUNICIPALITIES	240	81,947	18,527	58,224	140,171	10.7
OTHERS	262	39,112	8,132	27,809	66,921	5.1
TOTALS	**870**	**$768,914**	**162,311**	**$545,587**	**$1,314,501**	**100.0%**

PERCENT OF TOTAL CONTRIBUTIONS BY AGENCY TYPE



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

RETIRED MEMBERS BY TYPE OF BENEFIT
- JUNE 30, 2013 -

AMOUNT OF MONTHLY BENEFIT*	OPTION SELECTED**					
	LIFE	OPT. 1	OPT. 2	OPT. 3	OPT. 4	OPT. 4A
Public Employees' Retirement System of Mississippi						
$1 - 100	1,715	78	319	13	-	33
101 - 200	3,958	209	674	26	10	88
201 - 300	4,126	205	614	18	18	103
301 - 400	3,699	217	579	26	8	117
401 - 500	3,398	184	598	17	22	155
501 - 600	2,877	136	547	19	15	121
601 - 700	2,672	152	470	19	11	139
701 - 800	2,484	159	460	15	13	180
801 - 900	2,324	162	494	13	19	193
901 - 1,000	2,247	128	479	17	24	174
OVER 1,000	29,421	1,692	8,299	283	344	4,334
TOTALS	**58,921**	**3,322**	**13,533**	**466**	**484**	**5,637**
Mississippi Highway Safety Patrol Retirement System						
$1 - 100	1	-	-	-	-	-
101 - 200	4	-	-	-	-	-
201 - 300	6	-	-	-	-	-
301 - 400	22	-	1	-	-	-
401 - 500	9	-	-	-	-	3
501 - 600	16	-	-	-	-	3
601 - 700	13	-	-	-	-	2
701 - 800	16	-	-	-	-	5
801 - 900	23	-	-	1	-	3
901 - 1,000	22	-	-	-	-	2
OVER 1,000	57	1	45	2	-	442
TOTALS	**189**	**1**	**46**	**3**	**-**	**460**

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent survivorship; Opt. 4B - years certain and life; Opt. 4C - Social Security leveling; Opt. 5 - pop up; PLSO - Partial-Lump-Sum Option.*

RETIRED MEMBERS BY TYPE OF BENEFIT (CONTINUED)
- JUNE 30, 2013 -

AMOUNT OF MONTHLY BENEFIT*	OPTION SELECTED** (CONTINUED) OPT. 4B	OPT. 4C***	OPT. 5	PLSO 1 YR.***	PLSO 2 YR.***	PLSO 3 YR.***
Public Employees' Retirement System of Mississippi						
$1 - 100	204	5	6	55	43	408
101 - 200	463	23	39	105	87	495
201 - 300	443	39	45	110	84	412
301 - 400	443	58	28	105	96	362
401 - 500	354	71	26	109	84	309
501 - 600	367	94	26	117	82	304
601 - 700	275	143	22	104	76	233
701 - 800	240	172	46	97	84	248
801 - 900	269	194	31	110	68	299
901 - 1,000	248	224	51	109	55	292
OVER 1,000	3,930	1,873	295	2,302	1,999	8,759
TOTALS	**7,236**	**2,896**	**615**	**3,323**	**2,758**	**12,121**
Mississippi Highway Safety Patrol Retirement System						
$1 - 100	-	-	-	-	-	-
101 - 200	-	-	-	-	-	-
201 - 300	-	-	-	-	-	-
301 - 400	-	-	-	-	-	-
401 - 500	-	-	-	-	-	-
501 - 600	-	-	-	-	-	-
601 - 700	-	-	-	-	-	-
701 - 800	-	-	-	-	-	-
801 - 900	-	1	-	-	1	-
901 - 1,000	-	-	-	-	-	-
OVER 1,000	14	10	-	32	18	103
TOTALS	**14**	**11**	**-**	**32**	**19**	**103**

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent 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.*

RETIRED MEMBERS BY TYPE OF BENEFIT (CONTINUED)

- JUNE 30, 2013 -

AMOUNT OF MONTHLY BENEFIT* *Supplemental Legislative Retirement Plan*	OPTION SELECTED** LIFE	OPT. 1	OPT. 2	OPT. 3	OPT. 4	OPT. 4A
$1 - 100	5	-	3	-	-	-
101 - 200	13	1	15	-	-	-
201 - 300	19	-	11	2	-	2
301 - 400	18	1	12	-	-	2
401 - 500	7	1	6	-	-	1
501 - 600	3	-	1	-	-	-
601 - 700	4	-	7	-	-	1
701 - 800	4	-	2	-	-	-
801 - 900	5	-	1	-	-	1
901 - 1,000	1	-	-	-	-	-
OVER 1,000	3	-	3	1	-	-
TOTALS	**82**	**3**	**61**	**3**	**-**	**7**

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity;*
Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship;
Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent survivorship; Opt. 4B - years certain and life;
Opt. 4C - Social Security leveling; Opt. 5 - pop up; PLSO - Partial-Lump-Sum Option.

RETIRED MEMBERS BY TYPE OF BENEFIT (CONTINUED)

- JUNE 30, 2013 -

AMOUNT OF MONTHLY BENEFIT* *Supplemental Legislative Retirement Plan*	OPTION SELECTED** (CONTINUED) OPT. 4B	OPT. 4C***	OPT. 5	PLSO 1 YR.***	PLSO 2 YR.***	PLSO 3 YR.***
$1 - 100	3	1	-	-	-	1
101 - 200	4	-	1	-	-	4
201 - 300	3	-	1	-	-	2
301 - 400	6	-	1	1	-	6
401 - 500	3	-	-	-	2	3
501 - 600	2	-	1	1	-	-
601 - 700	2	-	-	-	-	1
701 - 800	-	-	1	-	-	2
801 - 900	2	-	-	-	-	1
901 - 1,000	1	-	-	-	1	1
OVER 1,000	1	-	-	-	-	3
TOTALS	**27**	**1**	**5**	**2**	**3**	**24**

**Excluding Cost-of-Living Adjustment.*

***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent 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.*

TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

- JUNE 30, 2013 -

	ACTIVE MEMBER YEARS OF SERVICE							TOTALS	
ATTAINED AGE	0-4	5-9	10-14	15-19	20-24	25-29	30+	NUMBER	VALUATION PAYROLL
UNDER 20	308	7	-	-	-	-	-	315	$4,104,421
20-24	6,695	121	-	-	-	-	-	6,816	152,997,862
25-29	12,258	3,606	53	-	-	-	-	15,917	474,104,656
30-34	8,259	8,305	2,549	49	-	-	-	19,162	653,135,450
35-39	6,480	5,589	5,586	1,725	34	-	-	19,414	712,315,262
40-44	5,924	5,250	4,451	4,433	1,810	56	-	21,924	831,433,462
45-49	4,885	4,415	3,721	3,279	3,474	1,334	43	21,151	794,524,637
50-54	4,249	4,088	3,826	3,265	2,987	2,498	838	21,751	822,142,851
55-59	3,260	3,561	3,157	2,853	2,818	1,966	1,512	19,127	743,095,584
60	508	540	521	436	457	330	298	3,090	122,827,559
61	419	517	470	402	371	295	253	2,727	107,721,084
62	324	457	371	305	303	221	198	2,179	88,041,672
63	260	380	290	257	211	159	188	1,745	69,759,010
64	210	288	229	209	177	133	126	1,372	55,318,553
65	164	251	181	161	145	98	112	1,112	46,154,432
66	154	191	184	129	96	73	94	921	37,672,195
67	97	111	100	69	59	36	63	535	19,889,109
68	74	108	99	60	53	34	52	480	19,401,451
69	72	78	79	56	32	25	50	392	15,913,166
70 & OVER	274	322	342	229	141	123	183	1,614	53,025,562
TOTALS	**54,874**	**38,185**	**26,209**	**17,917**	**13,168**	**7,381**	**4,010**	**161,744**	**$5,823,577,978**

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

Age: 44.4 years
Service: 10.2 years
Annual Pay: $36,005

TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

- JUNE 30, 2013 -

	ACTIVE MEMBER YEARS OF SERVICE							TOTALS	
ATTAINED AGE	0-4	5-9	10-14	15-19	20-24	25-29	30+	NUMBER	VALUATION PAYROLL
UNDER 20	-	-	-	-	-	-	-	-	$-
20-24	7	-	-	-	-	-	-	7	275,893
25-29	23	18	-	-	-	-	-	41	1,689,354
30-34	17	62	3	-	-	-	-	82	3,522,448
35-39	3	53	36	4	-	-	-	96	4,401,779
40-44	2	33	37	46	5	-	-	123	6,003,101
45-49	2	7	10	34	12	7	-	72	3,834,834
50-54	-	-	5	15	5	31	5	61	3,509,190
55-59	-	-	2	1	2	17	13	35	2,364,629
60 & OVER	-	1	-	-	-	1	1	3	214,559
TOTALS	**54**	**174**	**93**	**100**	**24**	**56**	**19**	**520**	**$25,815,787**

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

Age: 41.5 years
Service: 13.4 years
Annual Pay: $49,646

TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: MUNICIPAL RETIREMENT SYSTEMS

- JUNE 30, 2013 -

	ACTIVE MEMBER YEARS OF SERVICE							TOTALS	
ATTAINED AGE	0-4	5-9	10-14	15-19	20-24	25-29	30+	NUMBER	VALUATION PAYROLL
UNDER 20	-	-	-	-	-	-	-	-	$-
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	-	-
50-54	-	-	-	-	-	4	1	5	257,495
55-59	-	-	-	-	-	-	-	-	-
60 & OVER	-	-	-	-	-	-	11	11	536,346
TOTALS	**-**	**-**	**-**	**-**	**-**	**4**	**12**	**16**	**$793,841**

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

Age: 60.7 years
Service: 36.3 years
Annual Pay: $49,615

TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

- JUNE 30, 2013 -

	ACTIVE MEMBER YEARS OF SERVICE							TOTALS	
ATTAINED AGE	0-4	5-9	10-14	15-19	20-24	25-29	30+	NUMBER	VALUATION PAYROLL
UNDER 20	-	-	-	-	-	-	-	-	$-
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-
30-34	5	1	-	-	-	-	-	6	177,640
35-39	9	6	-	-	-	-	-	15	612,890
40-44	15	4	2	-	-	-	-	21	736,450
45-49	8	4	2	2	-	-	-	16	613,253
50-54	9	8	-	1	4	1	-	23	941,881
55-59	5	6	2	2	5	1	1	22	878,116
60	2	1	-	-	2	2	-	7	218,766
61	-	2	1	1	-	-	1	5	202,506
62	1	3	1	-	1	-	2	8	302,103
63	-	2	1	-	1	-	1	5	201,409
64	4	2	-	-	-	-	-	6	231,142
65	1	2	-	-	-	-	1	4	161,725
66	1	2	-	1	2	-	1	7	278,360
67	-	-	1	3	-	-	-	4	153,129
68	-	1	-	-	3	-	-	4	148,728
69	-	1	1	-	-	-	1	3	107,377
70 & OVER	-	5	1	2	7	3	1	19	729,884
TOTALS	**60**	**50**	**12**	**12**	**25**	**7**	**9**	**175**	**$6,695,359**

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

Age: 55.5 years
Benefit Service: 10.7 years
Eligibility Service: 15.7
Annual Pay: $38,259

TOTAL DEFINED BENEFIT PLANS—BENEFIT PAYMENTS BY COUNTY

- JUNE 30, 2013 -

COUNTY	NUMBER OF PAYMENTS*	AMOUNT PAID**	COUNTY	NUMBER OF PAYMENTS*	AMOUNT PAID**
ADAMS	1,154	$23,181,795	LOWNDES	1,612	$34,315,796
ALCORN	1,050	21,555,071	MADISON	2,973	81,225,529
AMITE	325	5,844,910	MARION	744	15,309,299
ATTALA	763	14,834,795	MARSHALL	611	11,688,157
BENTON	264	4,803,579	MONROE	907	19,447,672
BOLIVAR	1,306	29,440,346	MONTGOMERY	532	10,792,880
CALHOUN	435	8,682,377	NESHOBA	601	11,412,978
CARROLL	409	8,299,150	NEWTON	966	19,747,128
CHICKASAW	515	10,162,216	NOXUBEE	284	5,555,676
CHOCTAW	342	6,557,218	OKTIBBEHA	2,362	69,748,027
CLAIBORNE	316	6,820,954	PANOLA	1,020	19,725,160
CLARKE	568	9,809,045	PEARL RIVER	1,278	22,720,183
CLAY	572	12,932,806	PERRY	393	6,607,632
COAHOMA	953	21,870,852	PIKE	1,178	25,980,497
COPIAH	909	18,736,577	PONTOTOC	656	14,661,140
COVINGTON	670	13,795,287	PRENTISS	963	20,313,700
DESOTO	1,252	24,332,771	QUITMAN	273	5,007,877
FORREST	1,831	38,745,760	RANKIN	5,054	122,630,259
FRANKLIN	301	5,726,590	SCOTT	789	14,711,909
GEORGE	581	10,707,804	SHARKEY	200	4,136,136
GREENE	281	4,831,427	SIMPSON	1,025	19,822,463
GRENADA	682	14,190,961	SMITH	454	7,568,299
HANCOCK	760	14,719,168	STONE	629	13,669,359
HARRISON	4,038	92,658,588	SUNFLOWER	812	17,382,355
HINDS	9,018	219,250,462	TALLAHATCHIE	408	7,867,863
HOLMES	632	12,431,571	TATE	756	16,611,652
HUMPHREYS	267	5,860,433	TIPPAH	728	14,401,125
ISSAQUENA	19	375,905	TISHOMINGO	527	9,736,934
ITAWAMBA	599	12,325,279	TUNICA	165	3,313,419
JACKSON	3,180	67,599,788	UNION	761	15,534,774
JASPER	505	8,985,005	WALTHALL	367	7,172,713
JEFFERSON	358	8,019,097	WARREN	1,281	30,710,032
JEFFERSON DAVIS	378	6,940,849	WASHINGTON	1,501	31,967,200
JONES	2,334	46,358,836	WAYNE	462	9,032,291
KEMPER	327	6,732,387	WEBSTER	414	8,202,278
LAFAYETTE	1,879	51,405,168	WILKINSON	268	4,888,594
LAMAR	2,004	53,101,151	WINSTON	651	14,488,408
LAUDERDALE	2,458	52,747,283	YALOBUSHA	580	11,358,300
LAWRENCE	504	8,923,699	YAZOO	742	15,624,371
LEAKE	632	12,316,159	**MISSISSIPPI**	**85,301**	**1,884,041,076**
LEE	2,086	49,197,616	**OUT-OF-STATE**	7,648	144,581,647
LEFLORE	1,039	24,046,195	**OUT-OF-COUNTRY**	28	498,629
LINCOLN	878	19,094,081	**TOTALS**	**92,977**	**$2,029,121,352**

**The number of payments made in June 2013, annualized.*

***These figures were computed by using the percent paid out to each county during the month of June 2013 and applying that percent to the total benefits paid during the year.*

TEN LARGEST PARTICIPATING EMPLOYERS

PARTICIPATING EMPLOYER	2013 COVERED EMPLOYEES	2013 RANK	2013 PERCENTAGE OF TOTAL SYSTEM	2004 COVERED EMPLOYEES	2004 RANK	2004 PERCENTAGE OF TOTAL SYSTEM
Public Employees' Retirement System						
UNIVERSITY MEDICAL CENTER	7,239	1	4.31%	6,253	1	3.88%
JACKSON MUNICIPAL SEPARATE SCHOOLS	4,496	2	2.68	4,612	2	2.86
DESOTO COUNTY BOARD OF EDUCATION	3,868	3	2.30	2,489	7	1.54
MISSISSIPPI STATE UNIVERSITY	3,804	4	2.27	3,702	3	2.30
MISSISSIPPI DEPARTMENT OF HUMAN SERVICES	3,508	5	2.09	3,315	6	2.06
MISSISSIPPI DEPARTMENT OF TRANSPORTATION	3,410	6	2.03	3,319	5	2.06
CORRECTIONS DEPARTMENT	2,995	7	1.78	3,543	4	2.20
MISSISSIPPI DEPARTMENT OF HEALTH	2,456	8	1.46	2,251	9	1.40
RANKIN COUNTY BOARD OF EDUCATION	2,374	9	1.41	1,924	12	1.19
CITY OF JACKSON	2,064	10	1.23	2,186	11	1.36
ALL OTHER*	131,770	-	78.44	127,550	-	79.15
TOTALS (873 EMPLOYERS)	**167,984**	**-**	**100.00%**	**161,144**	**-**	**100.00%**
Municipal Retirement Systems						
CITY OF CLINTON	5	1	29.42%	15	3	16.67%
CITY OF HATTIESBURG	3	2	17.65	24	1	26.67
CITY OF GREENWOOD	2	3	11.76	5	5	5.56
ALL OTHER*	7	-	41.17	46	-	51.10
TOTALS (17 EMPLOYERS)	**17**	**-**	**100.00%**	**90**	**-**	**100.00%**

**In 2013, "All Other" consisted of:*

TYPE	NUMBER	EMPLOYEES
Public Employees' Retirement System		
STATE AGENCIES	108	20,926
STATE UNIVERSITIES	7	6,815
PUBLIC SCHOOLS	146	55,973
COMMUNITY/ JUNIOR COLLEGES	15	6,801
COUNTIES	82	14,558
MUNICIPALITIES	240	16,265
OTHER POLITICAL SUBDIVISIONS	265	10,432
TOTALS	**863**	**131,770**

TYPE	NUMBER	EMPLOYEES
Municipal Retirement Systems		
STATE AGENCIES	-	-
STATE UNIVERSITIES	-	-
PUBLIC SCHOOLS	-	-
COMMUNITY/ JUNIOR COLLEGES	-	-
COUNTIES	-	-
MUNICIPALITIES	7	7
OTHER POLITICAL SUBDIVISIONS	-	-
TOTALS	**7**	**7**

PUBLIC AGENCIES COVERED BY STATE RETIREMENT ANNUITY

Participating Employers Covered by Law

STATE AGENCIES
STATE UNIVERSITIES
COMMUNITY/JUNIOR COLLEGES
PUBLIC SCHOOL DISTRICTS

Participating Employers Covered by Separate Agreement

COUNTIES

Local Governmental Entities Covered by Separate Agreement

Municipalities

ABERDEEN
ACKERMAN
ALGOMA
AMORY
ANGUILLA
ARCOLA
ARTESIA
ASHLAND
BALDWYN
BASSFIELD
BATESVILLE
BAY SPRINGS
BAY ST. LOUIS
BEAUMONT
BELMONT
BELZONI
BENOIT
BENTONIA
BILOXI
BLUE MOUNTAIN
BOONEVILLE
BOYLE
BRANDON
BROOKHAVEN
BROOKSVILLE
BRUCE
BUDE
BURNSVILLE
BYHALIA
CALEDONIA
CALHOUN CITY
CANTON
CARTHAGE
CARY
CENTREVILLE
CHARLESTON
CHUNKY
CLARKSDALE
CLEVELAND
CLINTON
COFFEEVILLE
COLDWATER
COLLINS
COLUMBIA
COLUMBUS
COMO
CORINTH
CRAWFORD
CRENSHAW
CROSBY
CRYSTAL SPRINGS
DECATUR
DE KALB
D'LO
DERMA
D'IBERVILLE
DREW
DUCK HILL
DURANT
ECRU
EDWARDS
ELLISVILLE
ENTERPRISE
ETHEL
EUPORA
FALKNER
FARMINGTON
FLORA
FLORENCE
FLOWOOD
FOREST
FRENCH CAMP
FULTON
GAUTIER
GLOSTER
GOLDEN
GOODMAN
GREENVILLE
GREENWOOD
GRENADA
GULFPORT
GUNTOWN
HATLEY
HATTIESBURG
HAZLEHURST
HEIDELBERG
HERNANDO
HICKORY
HICKORY FLAT
HOLLANDALE
HOLLY SPRINGS
HORN LAKE
HOULKA
HOUSTON
INDIANOLA
INVERNESS
ITTA BENA
IUKA
JACKSON
JONESTOWN
JUMPERTOWN
KILMICHAEL
KOSCIUSKO
LAKE
LAMBERT
LAUREL
LEAKESVILLE
LELAND
LENA
LEXINGTON
LIBERTY
LONG BEACH
LOUIN
LOUISE
LOUISVILLE
LUCEDALE
LULA
LUMBERTON
LYON
MABEN
MACON
MADISON
MAGEE
MAGNOLIA
MANTACHIE
MARIETTA
MARION
MARKS
MATHISTON
MAYERSVILLE
MCCOMB
MCLAIN
MEADVILLE
MENDENHALL
MERIDIAN
MERIGOLD
MIZE
MONTICELLO
MOORHEAD
MORTON
MOSS POINT
MOUNT OLIVE
MYRTLE
NATCHEZ
NETTLETON
NEW ALBANY
NEW AUGUSTA
NEW HEBRON
NEWTON
NORTH CARROLLTON
NOXAPATER
OCEAN SPRINGS
OKOLONA
OLIVE BRANCH
OSYKA
OXFORD
PASCAGOULA
PASS CHRISTIAN
PEARL
PELAHATCHIE
PETAL
PHILADELPHIA
PICAYUNE
PLANTERSVILLE
POLKVILLE
PONTOTOC
POPLARVILLE
PORT GIBSON
POTTS CAMP
PRENTISS
PUCKETT
PURVIS
QUITMAN
RALEIGH
RAYMOND
RENOVA
RICHLAND
RICHTON
RIDGELAND
RIENZI
RIPLEY
ROLLING FORK
ROSEDALE
ROXIE
RULEVILLE
SALTILLO
SALLIS
SANDERSVILLE
SARDIS
SEBASTOPOL
SEMINARY
SENATOBIA
SHANNON
SHAW
SHELBY
SHERMAN
SHUBUTA
SHUQUALAK
SILVER CITY
SLEDGE
SMITHVILLE
SOSO
SOUTHAVEN
STARKVILLE
STATE LINE
STONEWALL
STURGIS
SUMMIT
SUMNER
SUMRALL
SUNFLOWER
TAYLORSVILLE
TCHULA
TISHOMINGO
TREMONT
TUNICA
TUPELO
TUTWILER
TYLERTOWN
UNION
VAIDEN
VARDAMAN
VERONA
VICKSBURG
WALNUT
WALNUT GROVE
WALTHALL
WATER VALLEY
WAVELAND
WAYNESBORO
WEIR
WESSON
WEST
WEST POINT
WIGGINS
WINONA
WOODLAND
WOODVILLE
YAZOO CITY

Juristic Entities

ADAMS COUNTY SOIL & WATER CONSERVATION DISTRICT
ADAMS COUNTY AIRPORT COMMISSION
BOGUE PHALIA DRAINAGE DISTRICT
BOLIVAR COUNTY SOIL & WATER CONSERVATION DISTRICT
CALEDONIA NATURAL GAS DISTRICT
CALHOUN COUNTY SOIL & WATER CONSERVATION DISTRICT
CANTON CONVENTION & VISITORS BUREAU
CANTON REDEVELOPMENT AUTHORITY
CHICKASAWHAY NATURAL GAS DISTRICT
CLAIBORNE COUNTY HUMAN RESOURCE AGENCY
CLEARY WATER, SEWER & FIRE DISTRICT
COAHOMA COUNTY SOIL & WATER CONSERVATION DISTRICT
COLUMBUS LOWNDES COUNTY RECREATION COMMISSION
COPIAH COUNTY HUMAN RESOURCE AGENCY
CORINTH-ALCORN AIRPORT BOARD
CORINTH-ALCORN CONVENTION & AGRICULTURE EXPOSITION CENTER
COVINGTON COUNTY SOIL & WATER CONSERVATION DISTRICT
CULKIN WATER DISTRICT
DELTA BLUES MUSEUM
DESOTO COUNTY CONVENTION & VISITORS BUREAU
DESOTO COUNTY REGIONAL UTILITY AUTHORITY
DESOTO COUNTY SOIL & WATER CONSERVATION DISTRICT
DIAMONDHEAD FIRE PROTECTION DISTRICT
EAST LEFLORE COUNTY WATER & 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
GRENADA COUNTY SOIL & WATER CONSERVATION DISTRICT
GULF REGIONAL PLANNING COMMISSION
GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
HANCOCK COUNTY HUMAN RESOURCE AGENCY
HANCOCK COUNTY PLANNING COMMISSION
HANCOCK COUNTY PORT & HARBOR COMMISSION
HANCOCK COUNTY SOIL CONSERVATION DISTRICT
HANCOCK COUNTY UTILITY AUTHORITY
HANCOCK COUNTY WATER & SEWER DISTRICT
HARRISON COUNTY DEVELOPMENT COMMISSION
HARRISON COUNTY SOIL & WATER CONSERVATION DISTRICT
HARRISON COUNTY UTILITY AUTHORITY
HATTIESBURG TOURISM COMMISSION
HINDS COUNTY SOIL & WATER CONSERVATION DISTRICT
HOLMES COUNTY SOIL & WATER CONSERVATION DISTRICT
ITAWAMBA COUNTY SOIL & WATER CONSERVATION DISTRICT
JACKSON COUNTY EMERGENCY/COMMUNICATIONS DISTRICT
JACKSON COUNTY PORT AUTHORITY
JACKSON COUNTY UTILITY AUTHORITY
JACKSON MUNICIPAL AIRPORT AUTHORITY
JONES COUNTY ECONOMIC DEVELOPMENT AUTHORITY
KILN WATER & FIRE PROTECTION DISTRICT-HANCOCK COUNTY
LAFAYETTE COUNTY SOIL & WATER CONSERVATION DISTRICT
LAMAR COUNTY SOIL & WATER CONSERVATION DISTRICT
LAUDERDALE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
LAUDERDALE COUNTY SOIL & WATER CONSERVATION DISTRICT
LAUREL AIRPORT AUTHORITY
LEE COUNTY SOIL & WATER CONSERVATION DISTRICT
MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MADISON COUNTY SOIL & WATER CONSERVATION DISTRICT
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
MID-MISSISSIPPI DEVELOPMENT DISTRICT
MISSISSIPPI COAST COLISEUM & CONVENTION CENTER
MISSISSIPPI LEVEE COMMISSIONERS
MUNICIPAL ENERGY AGENCY OF MISSISSIPPI
NATCHEZ-ADAMS COUNTY PORT COMMISSION
NESHOBA COUNTY SOIL CONSERVATION DISTRICT
NEWTON COUNTY SOIL CONSERVATION DISTRICT
NORTHEAST MISSISSIPPI REGIONAL WATER SUPPLY DISTRICT
NORTHEAST MISSISSIPPI NATURAL GAS DISTRICT
NOXUBEE COUNTY SOIL & WATER CONSERVATION DISTRICT
NROUTE TRANSIT COMMISSION
OTTER BAYOU DRAINAGE DISTRICT
OXFORD TOURISM COUNCIL
PANOLA COUNTY SOIL & WATER CONSERVATION DISTRICT
PHILADELPHIA-NESHOBA COUNTY PARK COMMISSION
PIKE COUNTY SOIL CONSERVATION DISTRICT
PINE BELT REGION SOLID WASTE MANAGEMENT AUTHORITY
PONTOTOC COUNTY SOIL & WATER CONSERVATION DISTRICT
PRENTISS COUNTY SOIL & WATER CONSERVATION DISTRICT
RANKIN COUNTY HUMAN RESOURCE AGENCY
RANKIN-HINDS PEARL RIVER FLOOD
RESERVOIR FIRE PROTECTION DISTRICT
RIDGELAND TOURISM COMMISSION
ROSEDALE-BOLIVAR COUNTY PORT COMMISSION
RUNNELSTOWN UTILITY DISTRICT
SEBASTOPOL NATURAL GAS DISTRICT
SIMPSON COUNTY PARKS & RECREATION
SOUTH MISSISSIPPI FAIR COMMISSION
STARKVILLE PARK COMMISSION
STONE COUNTY SOIL & WATER CONSERVATION DISTRICT
SUNFLOWER COUNTY SOIL & WATER CONSERVATION DISTRICT
TALLAHATCHIE COUNTY SOIL & WATER CONSERVATION DISTRICT
TENNESSEE-TOMBIGBEE WATERWAY DEVELOPMENT AUTHORITY
TUNICA COUNTY AIRPORT COMMISSION
TUNICA COUNTY TOURISM COMMISSION
TUPELO AIRPORT AUTHORITY
UNION COUNTY SOIL & WATER CONSERVATION DISTRICT
VICKSBURG CONVENTION & VISITORS BUREAU
WARREN COUNTY PARK COMMISSION
WARREN COUNTY SOIL & WATER CONSERVATION DISTRICT
WALTHALL COUNTY SOIL & WATER CONSERVATION DISTRICT
WAYNE COUNTY ECONOMIC DEVELOPMENT DISTRICT

PUBLIC AGENCIES COVERED BY STATE RETIREMENT ANNUITY (CONTINUED)

Juristic Entities (continued)

WAYNE COUNTY SOIL & WATER CONSERVATION DISTRICT
WEST JACKSON COUNTY UTILITY DISTRICT
WILKINSON COUNTY SOIL & WATER CONSERVATION DISTRICT
WINSTON COUNTY ECONOMIC DEVELOPMENT
WINSTON COUNTY SOIL & WATER CONSERVATION DISTRICT
YAZOO COUNTY CONVENTION & VISITORS BUREAU
YAZOO COUNTY SOIL & WATER CONSERVATION DISTRICT
YAZOO-MISSISSIPPI DELTA JOINT WATER MANAGEMENT DISTRICT
YAZOO-MISSISSIPPI DELTA LEVEE COMMISSION
YAZOO RECREATION COMMISSION

Housing Authorities

ATTALA
BALDWYN
BAY WAVELAND
BILOXI
BOONEVILLE
CANTON
CLARKSDALE
COLUMBUS
CORINTH
FOREST
GREENWOOD
HATTIESBURG
HAZLEHURST
HOLLY SPRINGS
ITTA BENA
IUKA
JACKSON
LAUREL
LOUISVILLE
MCCOMB
MERIDIAN
MS REG. IV-COLUMBUS
MS REG. V-NEWTON
MS REG. VI-JACKSON
MS REG. VIII-GULFPORT
MOUND BAYOU
NATCHEZ
OXFORD
PICAYUNE
PONTOTOC
RICHTON
SARDIS
SENATOBIA
SHELBY
SOUTH DELTA REGION
STARKVILLE
SUMMIT
TUPELO
VICKSBURG
WATER VALLEY
WAYNESBORO
WEST POINT
WINONA
YAZOO CITY

Local Hospitals

FIELD MEMORIAL COMMUNITY
FRANKLIN COUNTY MEMORIAL
GRENADA LAKE MEDICAL CENTER
HANCOCK MEDICAL CENTER
JEFFERSON COUNTY
MADISON COUNTY NURSING HOME
MAGNOLIA REGIONAL HEALTH CENTER
MONTFORT JONES MEMORIAL
NATCHEZ REGIONAL MEDICAL CENTER
NORTH SUNFLOWER MEDICAL CENTER
SOUTH SUNFLOWER COUNTY
TIPPAH COUNTY

Local Libraries

AMORY MUNICIPAL
BENTON COUNTY
BOLIVAR COUNTY
CARNEGIE PUBLIC
CARROLL COUNTY
CENTRAL MISSISSIPPI REGIONAL
COLUMBUS-LOWNDES PUBLIC
COPIAH-JEFFERSON REGIONAL
COVINGTON COUNTY
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
JUDGE GEORGE W ARMSTRONG
KEMPER-NEWTON COUNTY REGIONAL
LAMAR COUNTY
LAUREL-JONES COUNTY
LEE-ITAWAMBA COUNTY
LINCOLN-LAWRENCE-FRANKLIN
MADISON COUNTY-CANTON PUBLIC
MARKS-QUITMAN COUNTY
MARSHALL COUNTY
MERIDIAN-LAUDERDALE COUNTY
MID-MISSISSIPPI REGIONAL
NESHOBA COUNTY PUBLIC
NORTHEAST REGIONAL
NOXUBEE COUNTY
OKTIBBEHA COUNTY
PEARL RIVER COUNTY
PIKE-AMITE-WALTHALL COUNTY
PINE FOREST REGIONAL
SHARKEY-ISSAQUENA COUNTY
SOUTH MISSISSIPPI REGIONAL
SUNFLOWER COUNTY
TALLAHATCHIE COUNTY
TOMBIGBEE REGIONAL
WASHINGTON COUNTY
WAYNESBORO-WAYNE COUNTY
WILKINSON COUNTY
YALOBUSHA COUNTY
YAZOO LIBRARY ASSOCIATION

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

429 Mississippi Street
Jackson, Mississippi
39201-1005

WWW.PERS.MS.GOV

Design development by Communication Arts Company, Jackson, Mississippi