



Financial Statements  
June 30, 2016

# Municipal Retirement Systems and Fire and Police Disability and Relief Fund



## **Independent Auditor's Report**

To the Board of Trustees  
Municipal Retirement Systems and Fire and Police Disability and Relief Fund  
Jackson, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying Schedule of Changes in Fiduciary Net Position by Employer (the Schedule) of the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (the Plan), and the related footnotes to the Schedule, which includes the fiduciary net position as of June 30, 2016, and the changes in fiduciary net position of the year then ended. We have also audited the fiduciary net position of each individual employer as of June 30, 2016, and the changes in fiduciary net position of each individual employer for the year then ended, included in the accompany Schedule. The Public Employees' Retirement System of Mississippi (the System) is the administrator of the Plan.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America; 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on the fiduciary net position and the changes in fiduciary net position included in the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fiduciary net position and the changes in fiduciary net position included in the Schedule are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the fiduciary net position and the changes in fiduciary net position included in the Schedule, 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 fiduciary net position and the changes in fiduciary net position included in the Schedule 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 fiduciary net position and the changes in fiduciary net position included in the Schedule.

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

## **Opinions**

In our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the Plan, as of June 30, 2016, and the changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2016, and the changes in fiduciary net position of each individual employer for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

We have audited, in accordance with auditing standards general accepted in the United States of America, the financial statements of the Public Employees' Retirement System of Mississippi as of and for the year ended June 30, 2016, and our report thereon, dated November 28, 2016, expressed an unmodified opinion on those financial statements.

Our report is intended solely for the information and use of the management of the System, the Board of Trustees of the System, the participating employers in the Plan and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
November 28, 2016

Municipal Retirement Systems and Fire and Police Disability and Relief Fund  
Schedule of Changes in Fiduciary Net Position by Employer  
Year Ended June 30, 2016  
(Amounts in Thousands)

	Member contribution	Employer contribution	Net investment income	Total additions	Retirement annuities	Refunds to terminated employees	Administrative fees	Total deductions	Net increase (decrease)	Beginning of year net position restricted for pensions	End of year net position restricted for pensions
Biloxi	\$ -	\$ 490	\$ 27	\$ 517	\$ 290	\$ -	\$ 10	\$ 300	\$ 217	\$ 4,733	\$ 4,950
Biloxi Fire and Police	-	871	22	893	2,029	-	17	2,046	(1,153)	5,198	4,045
Clarksdale	5	468	5	478	617	-	9	626	(148)	1,722	1,574
Clinton	17	190	8	215	759	-	4	763	(548)	9,025	8,477
Columbus	-	975	47	1,022	1,212	-	20	1,232	(210)	1,258	1,048
Greenville	-	613	18	631	1,003	-	12	1,015	(384)	3,610	3,226
Greenwood	9	465	50	524	778	-	9	787	(263)	3,236	2,973
Gulfport	-	899	114	1,013	1,980	-	18	1,998	(985)	10,239	9,254
Hattiesburg	10	1,327	16	1,353	3,349	-	27	3,376	(2,023)	22,704	20,681
Jackson	6	5,100	307	5,413	12,432	-	102	12,534	(7,121)	63,141	56,020
Laurel	-	994	17	1,011	1,112	-	20	1,132	(121)	4,305	4,184
McComb	-	260	23	283	360	-	5	365	(82)	954	872
Meridian	6	723	45	774	710	-	15	725	49	3,004	3,053
Meridian Fire and Police	-	1,938	11	1,949	1,939	-	39	1,978	(29)	8,164	8,135
Natchez	-	468	5	473	783	-	9	792	(319)	2,460	2,141
Pascagoula	-	706	40	746	1,390	-	14	1,404	(658)	7,916	7,258
Tupelo	-	893	30	923	1,348	-	18	1,366	(443)	5,976	5,533
Vicksburg	-	1,009	59	1,068	2,099	-	20	2,119	(1,051)	11,852	10,801
Yazoo City	-	153	2	155	239	-	3	242	(87)	489	402
Totals	\$ 53	\$ 18,542	\$ 846	\$ 19,441	\$ 34,429	\$ -	\$ 371	\$ 34,800	\$ (15,359)	\$ 169,986	\$ 154,627

## **Note 1 - Plan Description**

The Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS or the Plan) is an agent multiple-employer defined benefit pension plan comprised of municipal employee plans from around the State of Mississippi for municipal employees, firefighters, and police officers serving in the participating municipalities. The Public Employees' Retirement System of Mississippi (PERS), in coordination with the governing authorities of the respective municipalities, has administered these plans since July 1, 1987.

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. Members covered by MRS are required to contribute varying amounts of their salary, depending on the actuarial soundness of their respective plans. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS.

Plan provisions are established by Mississippi 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 Plan is included in the PERS Comprehensive Annual Financial Report (CAFR) as part of the pension trust funds. The System's most recent CAFR for the year ended June 30, 2016 should be read in conjunction with these financial statements.

### **Administration of the Plan**

The Plan is administered as an agent multiple-employer defined benefit pension plan by PERS, in coordination with the governing authorities of the respective municipalities.

### **Contribution Requirements**

Each plan has an established employee contribution rate. Employer contributions in each municipality are paid through an annual millage rate on the assessed property values in that municipality. These millage rates are determined through reviews of each plan's benefit structure during the MRS annual actuarial valuation and certifications by the actuary as to the funding level required of each participating municipality.

Service credit is awarded for employment in a covered position based on the number of months a member works during a fiscal year. All wages and contributions must be properly reported before service credit can be awarded.

### **Description of the Benefit Terms**

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 full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

The retirees and beneficiaries of MRS plans with provisions for a Cost-of-Living Adjustment (COLA) 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, 2016, the total COLAs for MRS plans were \$5,533,876.

## **Note 2 - Summary of Significant Accounting Policies**

### **Basis of Accounting**

The Schedule of Changes in Fiduciary Net Position by Employer (the Schedule) is prepared on the accrual basis of accounting based on the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. Member and employer contributions are recognized as revenue when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

### **Investment Income**

Investment income is recognized when earned, and includes an estimate for the fair value of investments. Net investment income credited to each employer is allocated to each employer based on the employer's balance of Fiduciary Net Position. Please refer to the Plan's financial statements as of and for the year ended June 30, 2016, for further information pertaining to the methods used to estimate the fair value of the Plan's investments.

### **Administrative Fees**

Employers of MRS contribute an administrative fee to the System equal to 2.0 percent of the Plan's respective employer contributions. For the year ended June 30, 2016, administrative fees were \$370,842 in total for MRS.

### **Use of Estimates**

The preparation of the Schedule in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts and fiduciary net position at the date of the Schedule. Actual results could differ from these estimates.