



**MUNICIPAL RETIREMENT SYSTEMS AND FIRE AND POLICE
DISABILITY AND RELIEF FUND**

Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2015

(With Independent Auditors' Report Thereon)



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Independent Auditors' Report

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

We have audited the fiduciary net position as of June 30, 2015, and the changes in fiduciary net position for the year then ended, included in the accompanying Schedule of Changes in Fiduciary Net Position by Employer (Schedule) of the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (the Plan), and the related notes. We have also audited the fiduciary net position of each individual employer as of June 30, 2015, and the changes in fiduciary net position of each individual employer for the year then ended, included in the accompanying Schedule. The Public Employees' Retirement System of Mississippi (the System) is the administrator of the Plan.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' 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 from 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 auditors' 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, 2015, and the changes in fiduciary net position for the year then ended, in accordance with U.S. generally accepted accounting principles. 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, 2015, and the changes in fiduciary net position of each individual employer for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally 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, 2015, and our report thereon, dated December 7, 2015, expressed an unmodified opinion on those financial statements.

Restriction of Use

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.

KPMG LLP

Jackson, Mississippi
April 13, 2016

**MUNICIPAL RETIREMENT SYSTEMS AND FIRE AND POLICE
DISABILITY AND RELIEF FUND**

Schedule of Changes in Fiduciary Net Position by Employer

For the year ended June 30, 2015

(Amounts in thousands)

	Member contributions	Employer contributions	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	\$ (8)	485	158	635	295	—	10	305	330	4,403	4,733
Biloxi Fire and Police	—	848	174	1,022	2,041	—	17	2,058	(1,036)	6,234	5,198
Clarksdale	5	425	57	487	628	—	9	637	(150)	1,872	1,722
Clinton	18	249	302	569	742	—	5	747	(178)	9,203	9,025
Columbus	1	973	42	1,016	1,215	—	20	1,235	(219)	1,477	1,258
Greenville	—	593	121	714	1,005	—	12	1,017	(303)	3,913	3,610
Greenwood	8	491	109	608	802	—	10	812	(204)	3,440	3,236
Gulfport	—	970	343	1,313	1,982	—	20	2,002	(689)	10,928	10,239
Hattiesburg	9	1,629	760	2,398	3,346	—	31	3,377	(979)	23,683	22,704
Jackson	5	5,565	2,117	7,687	12,598	—	115	12,713	(5,026)	68,167	63,141
Laurel	—	1,066	143	1,209	1,136	—	21	1,157	52	4,253	4,305
McComb	—	249	32	281	374	—	5	379	(98)	1,052	954
Meridian	5	729	101	835	729	—	14	743	92	2,912	3,004
Meridian Fire and Police	—	1,810	274	2,084	1,996	—	36	2,032	52	8,112	8,164
Natchez	2	467	81	550	797	—	7	804	(254)	2,714	2,460
Pascagoula	—	703	265	968	1,428	—	13	1,441	(473)	8,389	7,916
Tupelo	—	657	200	857	1,343	1	13	1,357	(500)	6,476	5,976
Vicksburg	—	1,154	397	1,551	2,102	—	23	2,125	(574)	12,426	11,852
Yazoo City	—	281	16	297	240	—	6	246	51	438	489
Total	\$ 45	19,344	5,692	25,081	34,799	1	387	35,187	(10,106)	180,092	169,986

See accompanying notes to the schedule of changes in fiduciary net position by employer

**MUNICIPAL RETIREMENT SYSTEMS AND FIRE AND POLICE
DISABILITY AND RELIEF FUND**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2015

(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, 2015 should be read in conjunction with these financial statements.

(a) 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.

(b) 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.

(c) 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

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2015

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, 2015, the total COLAs for MRS plans were \$5,487,322.

(2) Summary of Significant Accounting Policies

(a) 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.

(b) 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, 2015, for further information pertaining to the methods used to estimate the fair value of the Plan's investments.

(c) 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, 2015, administrative fees were \$386,885 in total for MRS.

(d) 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.