

**MUNICIPAL EMPLOYEES'
RETIREMENT SYSTEM**

ACTUARIAL VALUATION AS OF
JUNE 30, 2003

G. S. CURRAN & COMPANY, LTD.

Actuarial Services

10555 N. Glenstone Place • Baton Rouge, Louisiana 70810 • (225) 769-4825

Gary S. Curran, FCA, MAAA, ASA, EA
Consulting Actuary

December 18, 2003

Board of Trustees
Municipal Employees' Retirement System
7937 Office Park Blvd.
Baton Rouge, LA 70809

Ladies and Gentlemen:

We are pleased to present our report on the actuarial valuation of the Municipal Employees' Retirement System for the fiscal year ending June 30, 2003. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrative director and auditors. This report was prepared at the request of the Board of Trustees of the Municipal Employees' Retirement System. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2004, and to provide information required for the system's financial statements. In addition, this report recommends employer contribution rates for fiscal 2005.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and to the best of our knowledge and belief fairly reflects the actuarial present values and costs stated herein.

Sincerely,

G. S. CURRAN & COMPANY, LTD.

By: _____
Gary Curran, F.C.A., A.S.A.

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**SUMMARY OF VALUATION RESULTS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - PLAN A**

Valuation Date:	June 30, 2003	June 30, 2002
Census Summary: Active Members	5,533	5,481
Retirees and Beneficiaries	2,372	2,316
Terminated Due a Deferred Benefit	192	193
Terminated Due a Refund	2,185	2,158
Payroll:	\$ 135,876,426	\$ 130,191,230
Benefits in Payment:	\$ 27,431,127	\$ 26,145,224
Frozen Unfunded Actuarial Accrued Liability:	\$ 68,936,307	\$ 67,650,205
Market Value of Assets:	\$ 444,996,698	\$ 432,669,352
Actuarial Asset Value:	\$ 452,830,104	\$ 463,477,324
Actuarial Accrued Liability (as defined by GASB-25)	\$ 521,766,411	\$ 531,127,529
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability:	86.79%	87.26%

FISCAL 2004
FISCAL 2003

Net Employer Normal Cost (July 1):	\$ 17,747,260	\$ 12,048,989
Amortization Cost (July 1):	\$ 3,982,653	\$ 3,820,291
Total Employer Actuarially Required Contribution (Including Estimated Administrative Costs):	\$ 23,606,316	\$ 17,490,652
Net Direct Employer Actuarially Required Contribution as a Percentage of Projected Payroll:	14.61%	10.78%

Recommended Net Direct Employer Contribution Rate: For Fiscal 2005: 15.00% For Fiscal 2004: 11.00%

Employee Contribution Rate: 9.25% of Payroll

Actuarial Cost Method: Frozen Attained Age Normal Actuarial Cost Method

Valuation Interest Rate: 8% (Net of Investment Expense)

Exclusions from Census: None

Basis of Actuarial Asset Value: Market Value of Assets adjusted to reflect a three year smoothing of realized and unrealized capital gains. Expense fund assets were allocated to each plan in proportion to reported payroll.

Changes in Valuation Methods, Assumptions, and Amortization Periods: Change in the method of calculating the actuarial value of assets; changes in methods of modeling survivor benefits.

Method of Recognizing Gains and Losses: Under the Frozen Attained Age Normal Method, actuarial gains and losses are spread over future normal costs.

**SUMMARY OF VALUATION RESULTS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - PLAN B**

Valuation Date:	June 30, 2003	June 30, 2002
Census Summary: Active Members	2,064	2,066
Retirees and Beneficiaries	720	705
Terminated Due a Deferred Benefit	63	60
Terminated Due a Refund	790	761
 Payroll:	 \$ 45,260,679	 \$ 43,560,002
Benefits in Payment:	\$ 5,216,962	\$ 5,039,462
Frozen Unfunded Actuarial Accrued Liability:	\$ 6,444,919	\$ 6,683,817
Market Value of Assets:	\$ 83,836,074	\$ 81,767,131
Actuarial Asset Value:	\$ 86,170,714	\$ 88,697,416
Actuarial Accrued Liability (as defined by GASB-25)	\$ 92,615,633	\$ 95,381,233
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability:	93.04%	92.99%

	FISCAL 2004	FISCAL 2003
Net Employer Normal Cost (July 1):	\$ 4,137,770	\$ 3,202,523
Amortization Cost (July 1):	\$ 701,973	\$ 716,299
Total Employer Actuarially Required Contribution (Including Estimated Administrative Costs):	\$ 5,370,680	\$ 4,406,746
Net Direct Employer Actuarially Required Contribution as a Percentage of Projected Payroll:	9.22%	7.53%

Minimum Recommended Net Direct Employer Contribution Rate: Fiscal 2005: 9.50% Fiscal 2004: 7.75%

Employee Contribution Rate: 5.00% of Payroll

Actuarial Cost Method: Frozen Attained Age Normal Actuarial Cost Method

Valuation Interest Rate: 8% (Net of Investment Expense)

Exclusions from Census: None

Basis of Actuarial Asset Value: Market Value of Assets adjusted to reflect a three year smoothing of realized and unrealized capital gains. Expense fund assets were allocated to each plan in proportion to reported payroll.

Changes in Valuation Methods, Assumptions, and Amortization Periods: Change in the method of calculating the actuarial value of assets; changes in methods of modeling survivor benefits.

Method of Recognizing Gains and Losses: Under the Frozen Attained Age Normal Method, actuarial gains and losses are spread over future normal costs.

COMMENTS ON DATA

For the valuation, the administrative director of the system furnished a census on magnetic diskette derived from the system's master data processing file indicating each active covered employee's sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing dates of birth of retirees and beneficiaries, as well as option categories and benefit amounts, was provided in like manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Exhibit X, there are 5,533 active members in Plan A of whom 2,325 have vested retirement benefits including 202 participants in the Deferred Retirement Option Plan (DROP); 2,372 former Plan A members or their beneficiaries are receiving retirement benefits. An additional 2,377 Plan A members have contributions remaining on deposit with the system; of this number, 192 have vested rights for future retirement benefits. Census data on Plan B members may be found in Exhibit XXI. There are 2,064 active members in Plan B of whom 765 have vested retirement benefits including 57 participants in the Deferred Retirement Option Plan (DROP); 720 former Plan B members or their beneficiaries are receiving retirement benefits. An additional 853 Plan B members have contributions remaining on deposit with the system; of this number, 63 have vested rights for future retirement benefits. All individuals submitted were included in the valuation.

Census data submitted to our office is tested for errors. Several types of census data errors are possible; to ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. In order to minimize coverage errors (i.e., missing or duplicated individual records) the records are checked for duplicates, and a comparison of the current year's records to those submitted in prior years is made. Changes in status, new records, and previous records which have no corresponding current record are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions, such as retirement rates, rates of withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas, such as age, service, salary, and current benefits. The records identified by this review as questionable are checked against data from prior valuations; those not recently verified are included in a detailed list of items sent to the system's administrative staff for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

In addition to the statistical information provided on the system's participants, the system's administrative director furnished general information related to other aspects of the system's expenses, benefits and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, L.L.P. As indicated in the system's audit report, the net market value of Plan A's assets was \$444,996,698 as of June 30, 2003. Net investment income for fiscal 2003 measured on a market value basis for Plan A amounted to \$18,705,480. Contributions to the system for the fiscal year totaled \$27,203,364; benefits and expenses amounted to \$33,581,498. The net market value of Plan B's assets was \$83,836,074 as of June 30, 2003. Net investment income for fiscal 2003 measured on a market value basis for Plan B amounted to \$3,080,558. Contributions to the system for the fiscal year totaled \$6,169,357; benefits and expenses amounted to \$7,180,972.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS

This valuation is based on the Frozen Attained Age Normal actuarial cost method with the unfunded actuarial accrued liability frozen as of June 30, 1989. Under the provisions of Louisiana R.S. 11:103 the unfunded accrued liability for Plan A, which was determined to be \$48,466,297 as of June 30, 1989, was amortized over forty years with payments increasing at 4.25% per year. The unfunded accrued liability for Plan B, which was determined to be \$9,853,175 as of June 30, 1989, was amortized over forty years with payments decreasing at 2% per year. In accordance with R. S. 11:105, in any year in which the net direct employer contribution is scheduled to decrease, the board of trustees may freeze the net direct employer contribution rate and use the excess funds collected, if any, to reduce the frozen unfunded actuarial accrued liability. In Plan B, the board elected to freeze the employer contribution rate in fiscal 2001. As a result of this freeze in rates, the unfunded accrued liability will be fully amortized by June 30, 2023. In Plan A, payroll growth in excess of 4.25% per year will reduce future amortization payments as a percent of payroll. In Plan B, any payroll growth or payroll decline less than 2% per year will reduce future amortization payments as a percent of payroll. Under the Frozen Attained Age Normal Cost Method, actuarial gains and losses are spread over future normal costs. Thus, favorable plan experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. In addition, changes in benefits and assumptions are also spread over future normal costs.

For the 2003 valuation the method of determining the actuarial value of assets was changed. In the past the value of fixed income investments used in the valuation was based on their amortized cost. The active management of fixed income securities, including increased frequency of active trading, has made the amortized cost measure less valuable as a tool for smoothing the changes in the actuarial value of assets. Therefore, the asset valuation method was changed to the market value of fixed income investments less one-third of all realized and unrealized capital gains or losses accrued during the prior year and less two-thirds of all realized and unrealized capital gains or losses accrued during the current fiscal year. This change slightly increased the actuarial value of assets and reduced costs. A technical change in the valuation method for determining the present value of survivor benefits was made for both Plan A and Plan B. This change served to increase costs. The sum total of the effect of all of these changes was to reduce the normal cost accrual rate by 0.3324% in Plan A and 0.0734% in Plan B.

The actuarial assumptions utilized for the report are outlined on pages sixty-two through sixty-five. In the aggregate the assumptions represent our "best estimate" of future long-term experience for the fund. All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from that assumed, adjustments will be required to contribution levels. Such differences will be revealed in future actuarial valuations.

CHANGES IN PLAN PROVISIONS

Act 555 exempts those individuals who have retired from any Louisiana state public retirement system, plan or fund, and are over the age of sixty-five from the requirement that they participate in this retirement system if they accept a position with an employer whose employees are enrolled in the system.

Act 684 provides that any repayment of previously refunded employee contributions received by the system on or after January 1, 2002, may be accomplished by a trustee-to-trustee transfer of monies to this fund from an annuity in compliance with Section 403(b) of the Internal Revenue Code or from a deferred compensation plan in compliance with Section 457 of the Internal Revenue code so long as such transfer otherwise complies with all other applicable provisions of federal and state law.

Act 845 expands the definition of "employer" given in R.S. 11:1732(14)(a) to allow employees of planning and development commissions to join the retirement system.

Act 860 provides that an elected official who would otherwise be required to be a member of the system but who is subject to term limits which prevent him from earning the minimum number of years of creditable service necessary to receive a benefit will not be eligible to be a member of the system. Any elected official who is a member of the system on July 1, 2003, who has been paying employee contributions, and who is subject to term limits, will no longer be a member of the system and may apply for a refund of his employee contributions immediately. Any person who withdraws his contributions or who is not eligible to be a member of the system under the provisions of this statute who later wishes to receive credit for service for these years in this or any other system covered by Title 11 will pay to the system an amount sufficient to offset any additional liability to the system, calculated on an actuarial basis in accordance with R.S. 11:158(C).

Act 938 defines "supplemental marshals' earnings" to mean the salary received from the state of Louisiana, fees received for service of civil papers, and commissions received as a result of sales and garnishments pursuant to R.S. 33:1704. The act provides for an additional regular retirement benefit for any city marshal or deputy city marshal, based on their supplemental marshals' earnings.

Act 953 states that any member of a state or statewide retirement system board of trustees who does not hold an office by virtue of an election conducted pursuant to the Louisiana Election Code will be deemed a public employee for purposes of compliance with the Code of Governmental Ethics. By December first of each calendar year, the board of trustees of each state and statewide retirement system is required to submit to the House and Senate Committees on retirement a proposed schedule of all board and committee meetings for the following calendar year. The proposed schedule will be subject to review by the committees, and the chairman of either committee may request changes in the proposed schedule of any system in order to avoid conflicting meetings or for any other purpose. Members of the board of trustees are required to attend at least eight hours of investment training, two hours of actuarial information education, and one hour of ethics. Board members may not receive per diem during any calendar year until they have completed the ethics requirement and at least one hour each of investment and actuarial training. The system is required to submit evidence of training in compliance of this requirement to the speaker of the House of Representatives and the president of the Senate within fourteen days after the completion thereof.

New board members are not allowed to vote on any matter until they have completed one hour each of ethics, investment, and actuarial education. By January fifteenth of each year the board of trustees is required to submit to the House and Senate committees on retirement a letter stating whether or not each member of that board has met these requirements.

Act 962 requires that, for individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest at the actual rate of return earned on the subaccount investments less one-fourth of one percent per annum, or at the option of the system, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the state or the system, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Act 967 re-establishes the Commission on Public Retirement, which previously terminated on August 31, 1990. In addition to its original purpose to study and make recommendations concerning the administration, benefits, investments, and funding of the state and statewide public retirement systems, this act stipulates that the commission will study and make recommendations concerning the efficiency and accountability of the state and statewide public retirement systems. The commission will meet at least quarterly, beginning in September, 2003, for a maximum of sixty months as required and will issue electronic reports to the House and Senate committees on retirement, to be submitted annually at least sixty days before convening of the regular session of the legislature. The commission will hold a public meeting in the week before the convening of the regular session of the legislature to review and prioritize all bills prefiled for that session affecting state or statewide retirement systems.

ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below. These rates of return on assets were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

		<u>Actuarial Value</u>	<u>Market Value</u>
PLAN A	1994	5.6%	1.0%
	1995	10.0%	13.2%
	1996	12.0%	10.6%
	1997	9.1% *	14.1%
	1998	10.0% **	16.4%
	1999	12.1%	8.2%
	2000	11.0%	9.1%
	2001	4.5%	-4.2%
	2002	1.1%	-1.8%
	2003	-1.0% ***	4.4%

		<u>Actuarial Value</u>	<u>Market Value</u>
PLAN B	1994	5.7%	-0.3%
	1995	9.8%	13.6%
	1996	11.6%	10.5%
	1997	9.2% *	14.7%
	1998	9.7% **	16.2%
	1999	11.7%	7.9%
	2000	10.8%	8.4%
	2001	4.2%	-4.2%
	2002	0.3%	-2.8%
	2003	-1.8% ***	3.8%

- * Includes the effect of a change in methodology for determining actuarial value of assets. Prior to 1997 the values were based on market values for stocks and amortized cost for fixed income securities. In 1997, values for common stock were based on two-year smoothing of realized and unrealized capital gains.
- ** Includes the effect of a change from two-year smoothing of realized and unrealized capital gains on common stock to a three-year smoothing method.
- *** Includes the effect of a change from amortized cost for fixed income securities to three year smoothing of realized and unrealized capital gains.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 8% used for the valuation. This rate is calculated based on the actuarial value of assets and all interest, dividends, other investment income, and recognized capital gains as given in Exhibit VI for Plan A and Exhibit XVII for Plan B, adjusted for any change in asset determination methodology. For Fiscal 2003, it includes one-third of all realized and unrealized capital gains or losses on common stock and fixed income securities accrued during the fiscal year and one-third of those gains or losses accrued in the prior two fiscal years. Prior to fiscal 2003, various other methods were used to calculate the actuarial value of assets as indicated above. Yields in excess of the 8% assumption will reduce future costs; yields below 8% will increase future costs. The geometric mean rate of return on an actuarial basis over the past ten years has been 7.3% for Plan A and 7.0% for Plan B. For fiscal 2003, Plan A experienced net actuarial investment earnings of \$47,770,093 less than the actuarial assumed earnings rate of 8%. For Plan B, the shortfall in earnings amounted to \$9,468,697. These actuarial losses increased the normal cost accrual rate by 4.4854% and 2.5005% respectively for Plan A and B.

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. The deferral of realized and unrealized capital gains and/or losses on securities was the main reason for the difference between the actuarial and market rates of return. Also, the allocation of expense fund assets and income to both Plan A and Plan B produces an additional very small difference between the actuarial and market rates of return. During 2003, the fund earned \$15,915,542 of dividends and interest for Plan A and \$2,998,765 for Plan B. This income was increased by realized and unrealized capital gains of \$4,079,705 for Plan A and \$348,899 for Plan B and offset by investment expenses of \$1,289,767

for Plan A and \$267,106 for Plan B. The geometric mean of the market value rates of return measured over the last ten years was 6.9% for Plan A and 6.5% for Plan B.

At the end of each fiscal year, a transfer of assets and liabilities should be made between the Plan A and Plan B trust funds pursuant to the provisions of R.S. 11: 1862(F). For fiscal 2003, we identified twenty-nine members, including twenty-seven from the Town of Farmerville, who had changed plans during the fiscal year. The Town of Farmerville left membership in Plan B to become members of Plan A. In order to properly assign liabilities to the plan in which they are currently contributing we recommend a transfer of assets of \$847,534 for these individuals from Plan B to Plan A (adjusted with 8% interest from June 30, 2003 to the date of the transfer). The actuarial and market value of assets as of June 30, 2003, for Plan A and Plan B reflect the receivables and payables related to the transfer of these assets.

PLAN A -- DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the Plan is given in Exhibit X. The Plan's active membership increased slightly during the fiscal year with a population increase of 52 members. This is a modest deviation from the recent past. The plan had experienced a decline in the active plan population of 207 members between 1998 and 2003. Should the five year trend in plan population continue, a change in the structure of the amortization of the frozen unfunded actuarial accrued liability will be required to prevent continual increases in contributions as a percentage of payroll. The number of retirees and beneficiaries receiving benefits from the system increased by 56 during the fiscal year and by 291 over the last five years.

A review of the active census by age indicates that over the last ten years the population in the under-forty age group has decreased while the proportion of active members over-forty increased. Over the same ten-year period the plan showed a slight decrease in the percentage of members with service less than five years; the percentage of members with service over fifteen years has increased. These trends are indicative of a maturing population.

Plan liability experience for fiscal 2003 was slightly favorable. There was no one significant factor affecting liability experience. Both regular and disability retirements were less than projected; withdrawals and retiree deaths were above projections. Salary increases were less than projected. All of these elements contributed to cost reduction. DROP entries were above projected levels, partially offsetting the cost reduction. Plan liability gains reduced the normal cost accrual rate by 0.2495%.

PLAN B -- DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the Plan is given in Exhibit XXI. The Plan's active membership decreased during the fiscal year with a population decrease of two members over the last year. Over the last five years the active population decreased by thirty-eight members. The number of retirees and beneficiaries receiving benefits from the system increased by fifteen. Over the last five years this group increased by sixty-seven.

A review of the active census by age indicates that over the last ten years the population in the under-forty age group has decreased while the proportion of active members over-forty increased. Over the same ten-year period the system showed a slight decrease in the percentage of members with service less than five years and the corresponding increase in the percentage of members with service over ten years. These trends are indicative of a maturing population.

Plan liability experience for fiscal 2003 was favorable. The most significant factors reducing costs were related to withdrawals and retiree deaths above projections. Retirements and DROP entries were at projected levels. Salary increases were slightly above projections, although most of those increases above the assumed rate of 6% occurred among the groups with low service. Plan liability gains reduced the normal cost accrual rate by 0.3431%.

FUNDING ANALYSIS AND RECOMMENDATIONS

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by an actuarial valuation based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. Each year a determination is made of two cost components, and the actuarially required contributions are based on the sum of these two components plus administrative expenses. These two components are the normal cost and the amortization payment on the unfunded actuarial accrued liability. The normal cost refers to the portion of annual cost based on the salary of active participants. The term unfunded accrued liability (UAL) refers to the excess of the present value of plan benefits over the sum of current assets and future normal costs. Each year the UAL grows with interest and is reduced by payments. Under the funding method used for both plans, changes in plan experience, benefits, or assumptions do not affect the unfunded actuarial accrued liability. These items increase or decrease future normal costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions, funding method, and method of amortizing the UAL. Thus, the determination of what contribution is actuarially required depends upon the funding method and amortization schedules employed. Regardless of the method selected, the ultimate cost of providing benefits is dependent upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

For Plan A, the derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for fiscal 2004 as of July 1, 2003, is \$17,747,260. The amortization payment on the plan's frozen unfunded actuarial accrued liability as of July 1, 2003, is \$3,982,653. The total actuarially required contribution is determined by adjusting these two values for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 14 of Exhibit I, the total actuarially required contribution for fiscal 2004 is \$23,606,316. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' net direct actuarially required contribution for fiscal 2004 is \$20,406,697. This is 14.61% of the projected Plan A payroll for fiscal 2004.

Liability and asset experience as well as changes in assumptions and benefits can increase or lower plan costs. In addition to these factors, any COLA granted in the prior fiscal year will increase required contributions. New entrants to the system can also increase or lower costs as a percent of payroll depending upon their demographic distribution and other factors related to prior plan experience. Finally, contributions above or below requirements may reduce or increase future costs.

The effects of various factors on the cost structure for Plan A are outlined below:

Normal Cost Accrual Rate – Fiscal 2003	9.7553%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	4.4854%
Contribution Shortfall	0.2905%
Factors Decreasing the Normal Cost Accrual Rate:	
Assumption Gain	-0.3324%
New Members	-0.1789%
Liability Experience	-0.2495%
Normal Cost Accrual Rate – Fiscal 2004	13.7704%

For Plan B, the derivation of the actuarially required contribution for the current fiscal year is given in Exhibit XII. The normal cost for fiscal 2004 as of July 1, 2003, is \$4,137,770. The amortization payment on the plan's frozen unfunded actuarial accrued liability as of July 1, 2003, is \$701,973. The total actuarially required contribution is determined by adjusting these two values for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 14 of Exhibit XII, the total actuarially required contribution for fiscal 2004 is \$5,370,680. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' net direct actuarially required contribution for fiscal 2004 is \$4,304,882. This is 9.22% of the projected Plan B payroll for fiscal 2004.

The effects of various factors on the cost structure for Plan B are outlined below:

Normal Cost Accrual Rate – Fiscal 2003	7.7692 %
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	2.5005%
Contribution Shortfall	0.1172%
Factors Decreasing the Normal Cost Accrual Rate:	
Assumption Gain	-0.0734%
Liability Experience	-0.3431%
New Members	-0.2865%
Normal Cost Accrual Rate – Fiscal 2004	9.6839%

In addition to the above factors, payroll growth affects plan costs to the extent that payments on the system's unfunded liability are on a schedule that varies from actual trends in payroll growth or decline. If payroll changes at rates not consistent with the amortization schedule the result will be costs that change as a percentage of payroll. For fiscal 2004, the net effect of the change in payroll on amortization costs was negligible for Plan A, and reduced costs 0.09% of payroll for Plan B. Required net direct employer contributions are also affected by the available ad valorem taxes and revenue sharing funds which the system receives each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. We estimate that for Plan A these funds collected in fiscal 2004 will increase by 0.01% of payroll; in Plan B the corresponding increase is 0.01%. Although the actuarially required net direct employer contribution rate for Plan A for fiscal 2004 is 14.61%, the actual employer contribution rate for fiscal 2004 is 11.00% of payroll. After giving consideration to the expected shortfall in contributions collected in fiscal 2004, as detailed in Exhibit I, we recommend a net direct employer contribution of 15.00% of payroll for Plan A during fiscal 2005. Although the actuarially required net direct employer contribution rate in Plan B is 9.22%, the actual employer contribution rate for fiscal 2004 is 7.75% of payroll. After giving consideration to the expected contribution shortfall in fiscal 2004, as detailed in Exhibit XII, we recommend a net direct employer contribution of 9.50% of payroll for Plan B during fiscal 2005.

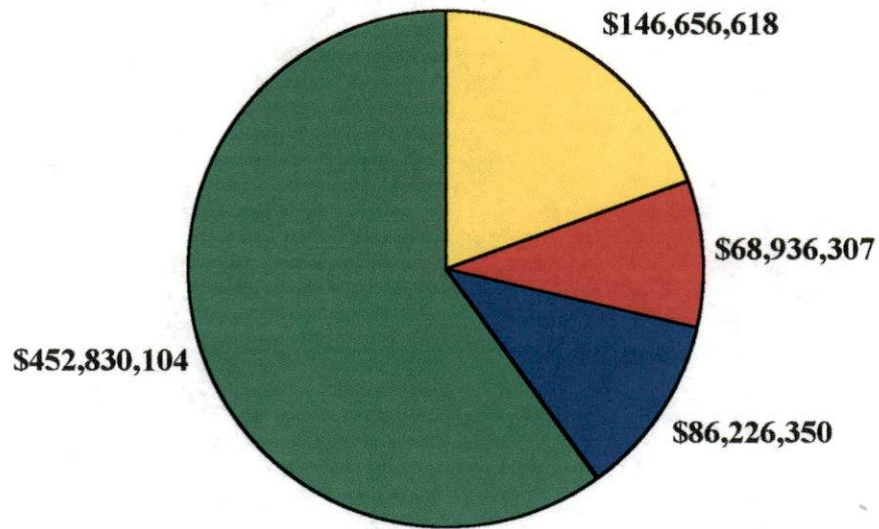
Capital market conditions over the last four fiscal years have resulted in asset experience losses for the Fund that have significantly increased its cost structure. These market conditions may be temporary or it may indicate that future return expectations should be reduced. In order to illustrate the impact of a reduction in return expectations, we have performed an alternative valuation at an assumed valuation interest rate of 7.5% with all other assumptions unchanged. Lowering the valuation interest rate by 0.50% would significantly increase required funding. The employer normal cost accrual rate would be increased in excess of 3.9% for Plan A and 2.2% for Plan B, although there would be a small offset resulting from lower amortization payments on the frozen unfunded accrued liability. In Plan A, the total employer actuarially required contribution would be increased by \$5,077,533 to \$25,484,230 and would increase the actuarially required net direct employer contribution rate for fiscal 2004 from 14.61% to 18.25%. In Plan B, the total employer actuarially required contribution would be increased by \$916,434 to \$5,221,316 and would increase the actuarially required net direct employer contribution rate for fiscal 2004 from 9.22% to 11.19%. After adjusting for the contribution shortfall in fiscal 2004, lowering the valuation interest rate from 8% to 7.50% in fiscal 2004 would result in a recommended minimum net direct employer contribution rate of 19.00% for Plan A and 11.50% for Plan B for fiscal 2005. Whether or not the system's valuation rate will need to be adjusted will depend on the actual future portfolio performance and future long term expectations for the capital markets in general.

COST OF LIVING INCREASES

During fiscal 2003 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 2.11%. Cost of living provisions for the system are detailed in R.S. 11:1761 and R.S. 11:246. The former statute allows the board to use interest earnings in excess of the normal requirements to grant annual cost of living increases of 2% of each retiree's original benefit. R.S. 11:246 provides cost of living increases of retirees and beneficiaries over the age of 65 equal to 2%

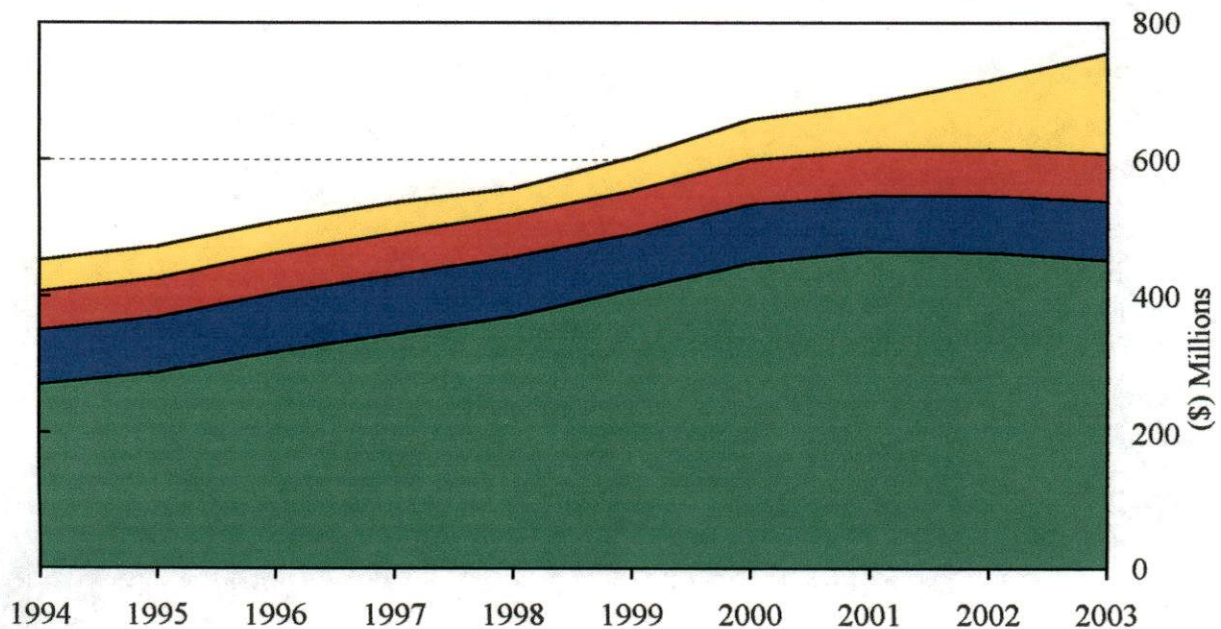
of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date. R.S. 11:241 provides that cost of living benefits shall be in the form (unless the board otherwise specifies) of $\$X \times (A+B)$ where X is at most \$1 and "A" represents the number of years of credited service accrued at retirement or at death of the member or retiree and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase. The provisions of this subpart do not repeal provisions relative to cost of living adjustments contained within the individual laws governing systems; however, they are to be controlling in cases of conflict. All of the above provisions require that the system earn sufficient excess interest earnings to fund the increases. In addition, the ratio of the plan's assets to benefit obligations must meet the criteria established in R.S. 11:242. This section sets forth a minimum "target ratio" of the actuarial value of assets to the Pension Benefit Obligation. We have determined that for fiscal 2003 Plan A no longer meets the target ratio although Plan B has met the necessary target ratio. In both plans investment experience was below assumptions. Since COLAs can only be paid out of investment income in excess of the 8% assumption, neither plan is able to fund any cost of living increase for the fiscal year.

Plan A - Components of Present Value of Future Benefits June 30, 2003



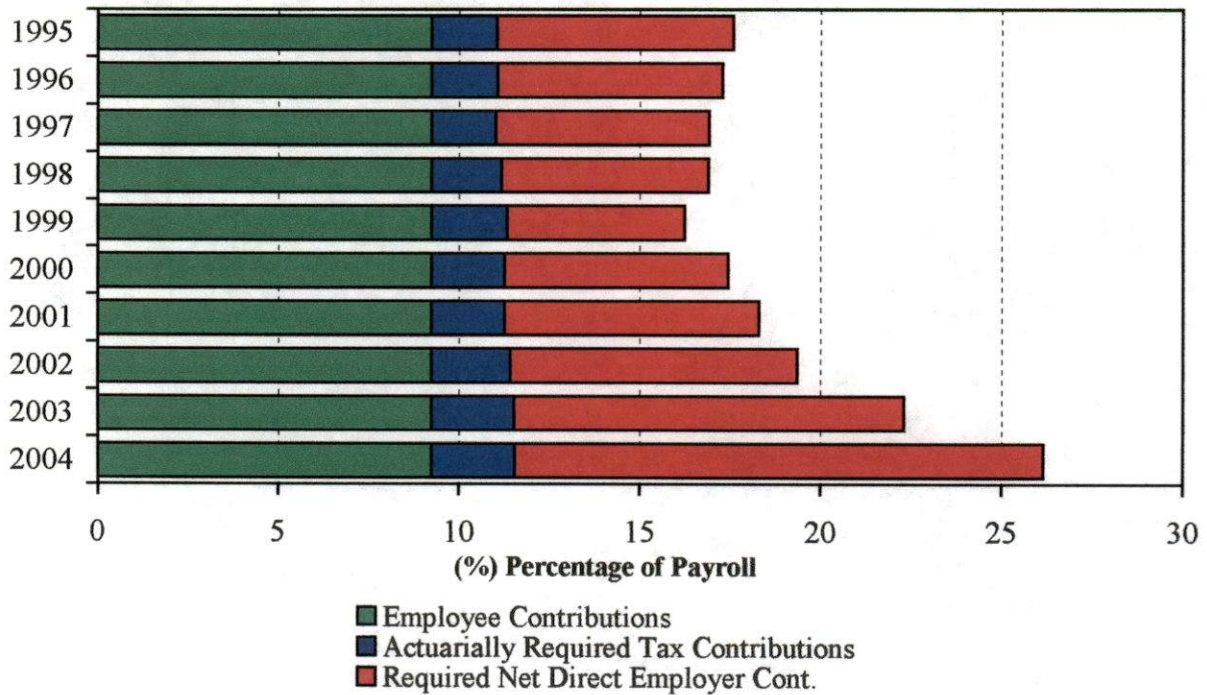
- Present Value of Future Employer Normal Cost
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

Plan A - Components of Present Value of Future Benefits

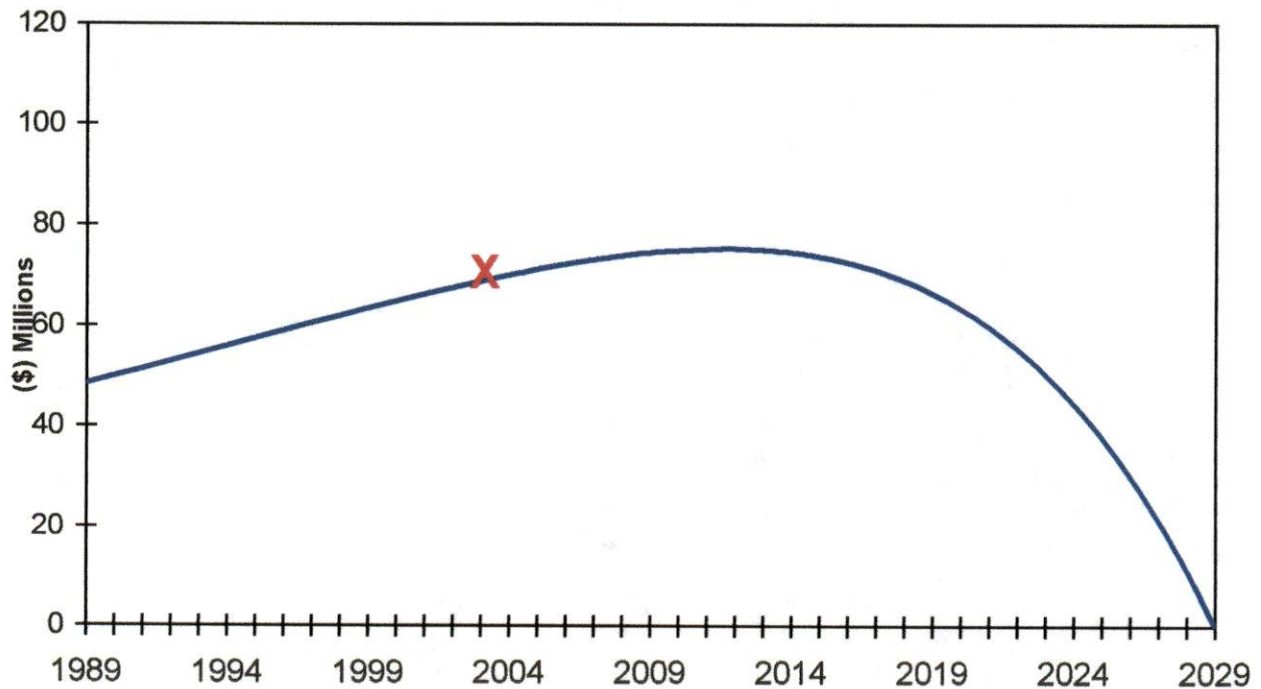


- Present Value of Future Employer Normal Cost
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

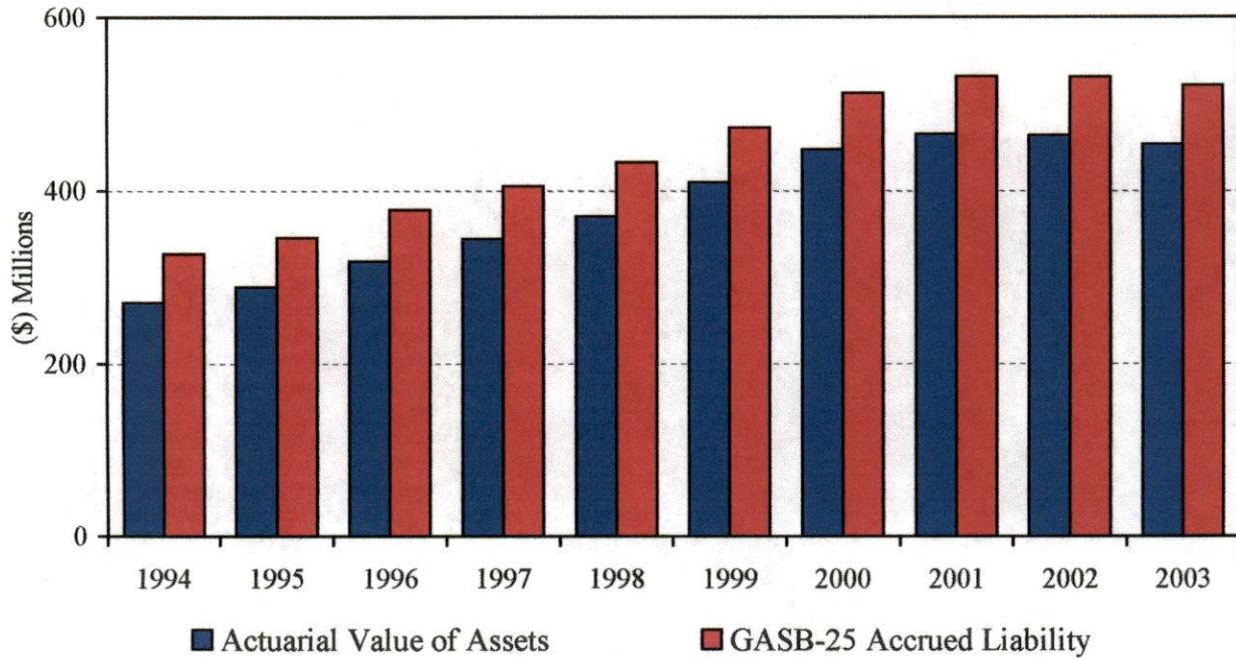
Plan A - Components of Actuarial Funding



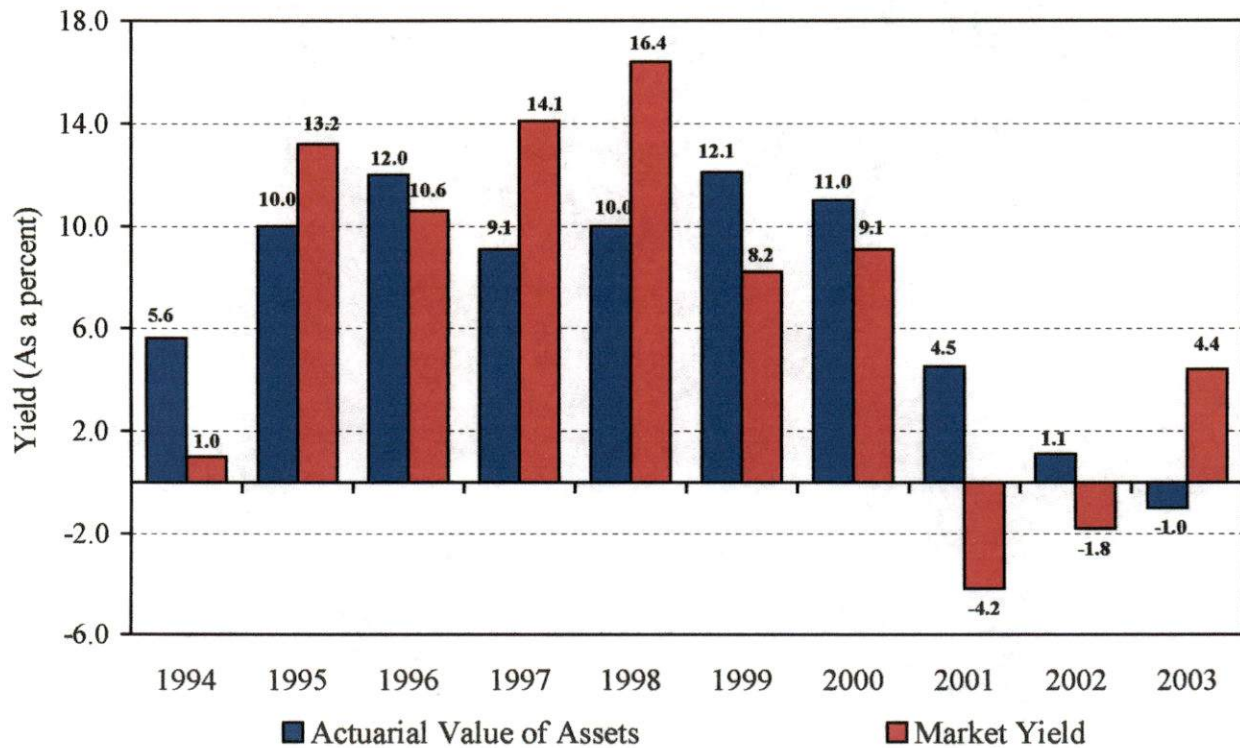
Plan A – Frozen Unfunded Accrued Liability



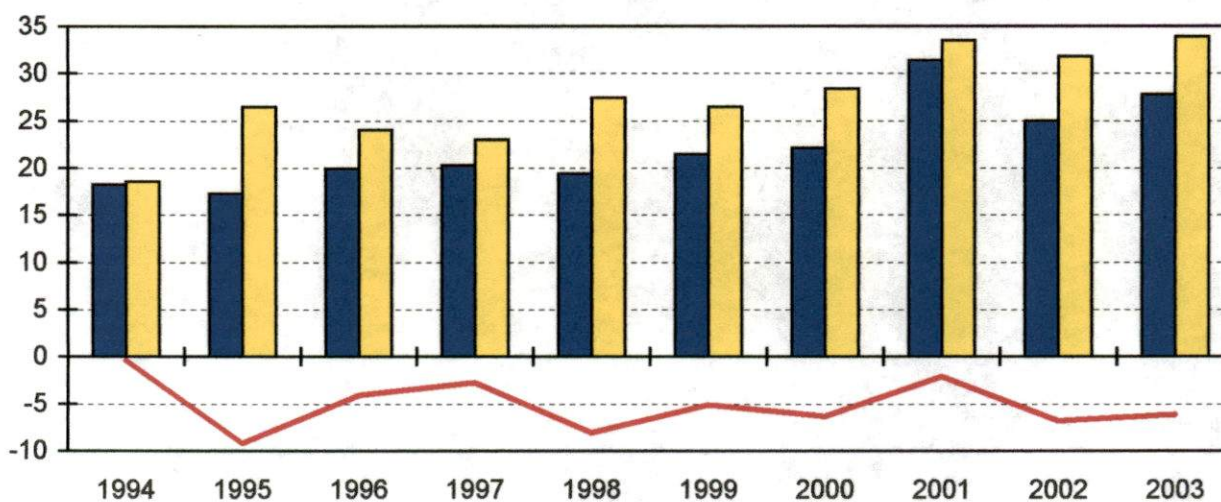
Plan A Actuarial Value of Assets vs. GASB-25 Accrued Liability



Plan A – Historical Asset Yield

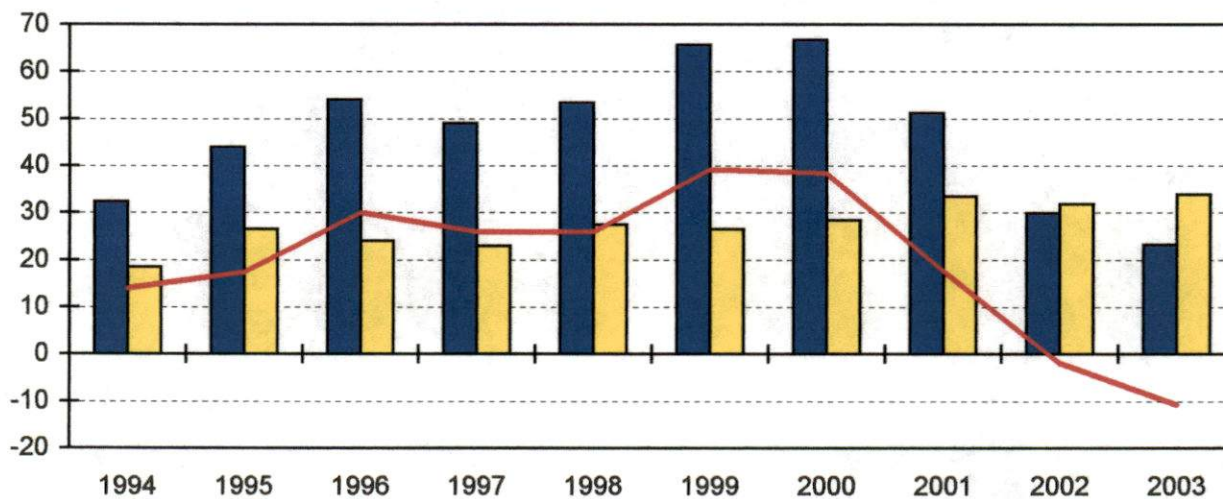


Plan A - Net Non-Investment Income



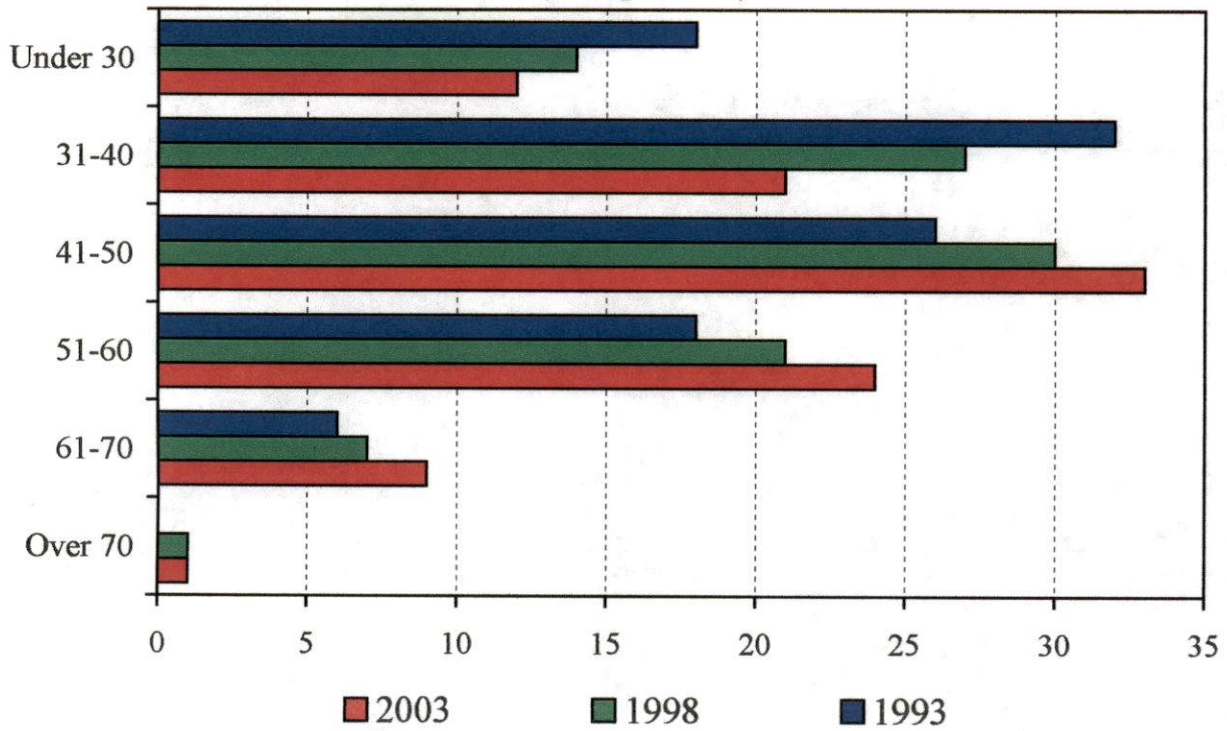
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Non-Investment Income (\$Mil)	■	18.2	17.3	19.9	20.3	19.4	21.4	22.1	31.4	25.0	27.8
Benefits and Expenses (\$Mil)	■	18.6	26.5	24.0	23.0	27.4	26.5	28.4	33.5	31.8	33.9
Net Non-Investment Income (\$Mil)	—	-0.4	-9.2	-4.1	-2.7	-8	-5.1	-6.3	-2.1	-6.8	-6.1

Plan A - Total Income vs. Expenses (Based on Actuarial Value of Assets)

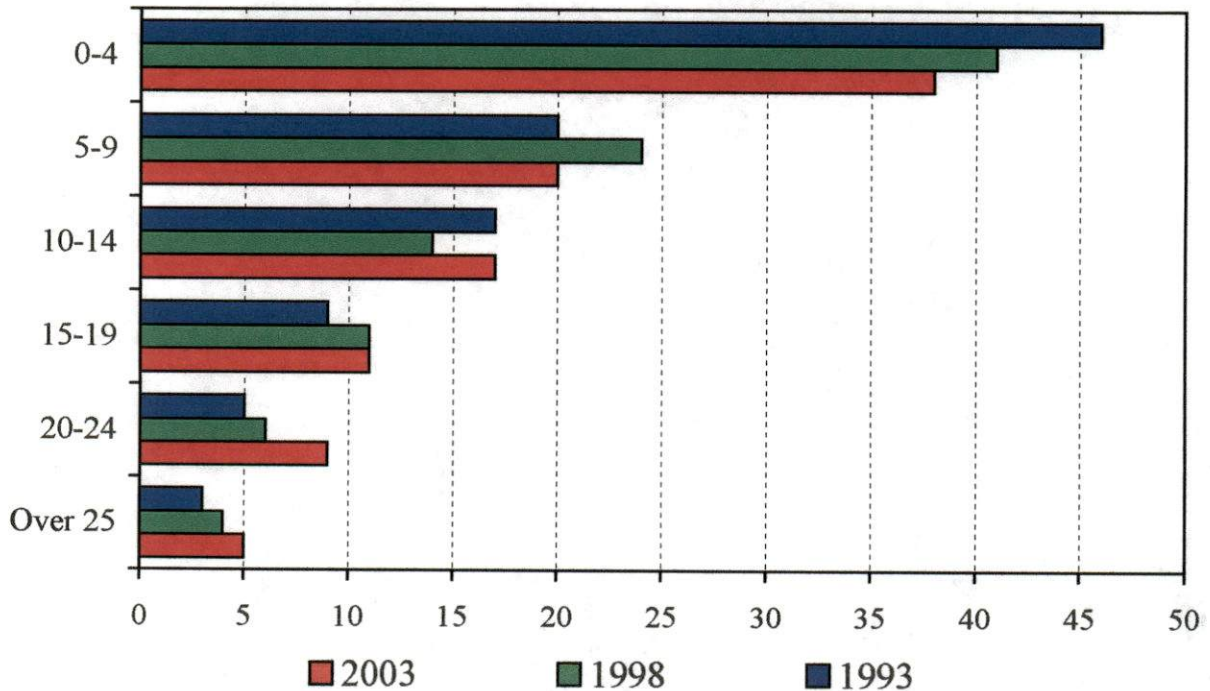


		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Income (\$Mil)	■	32.4	43.9	54.1	49.0	53.3	65.7	66.7	51.2	29.9	23.2
Benefits and Expenses (\$Mil)	■	18.5	26.5	24.0	23.0	27.4	26.5	28.4	33.5	31.8	33.9
Net Change in AVA (\$Mil)	—	13.9	17.4	30.1	26.0	25.9	39.2	38.3	17.7	-1.9	-10.7

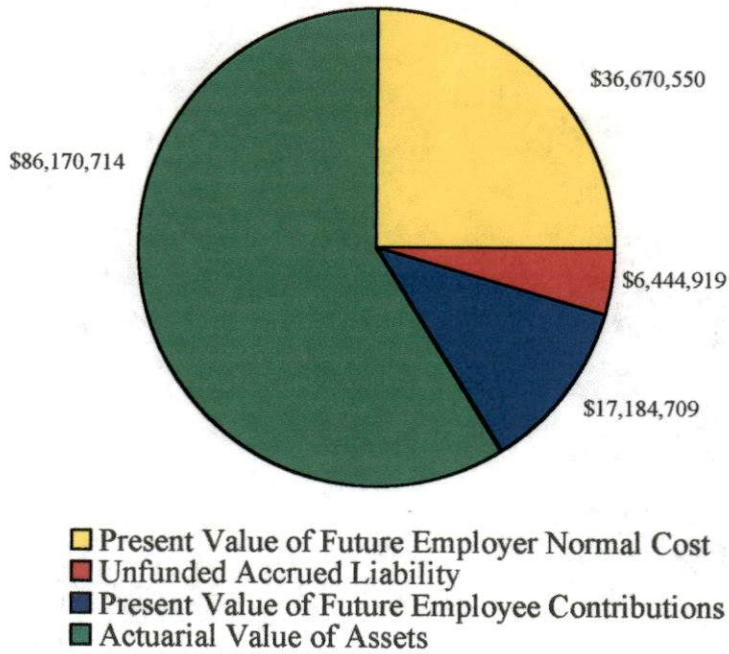
Plan A - Active – Census By Age (as a percent)



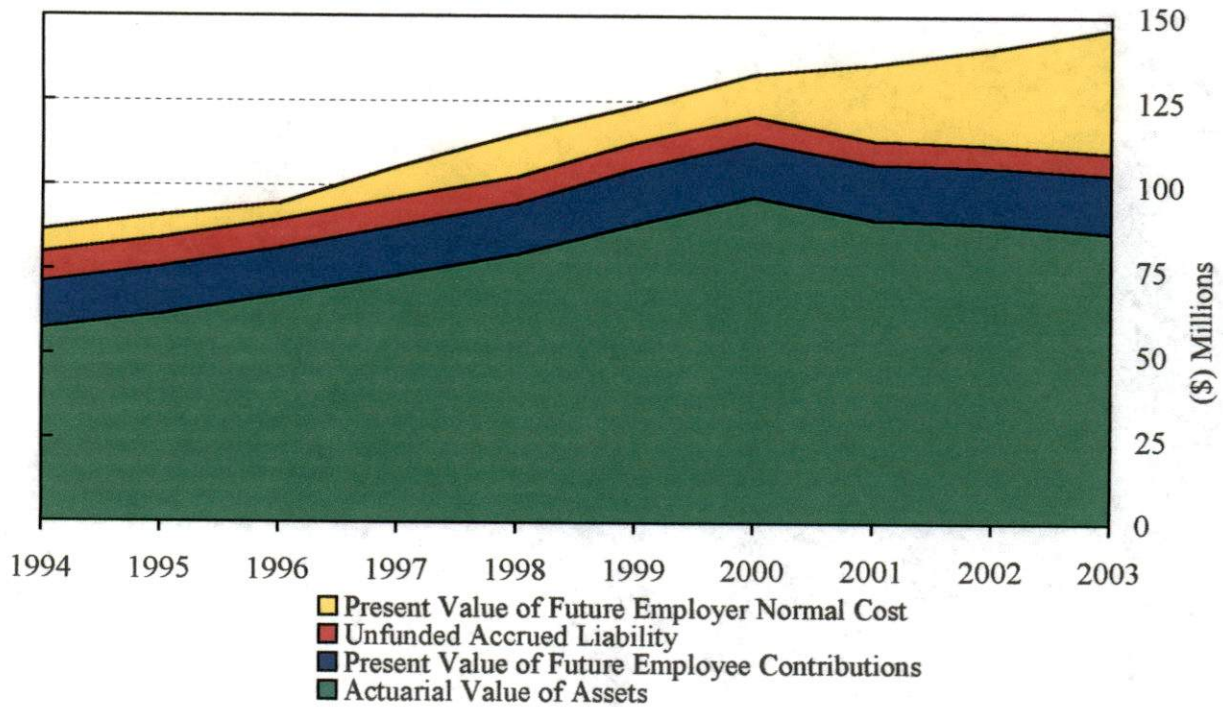
Plan A - Active – Census By Service (as a percent)



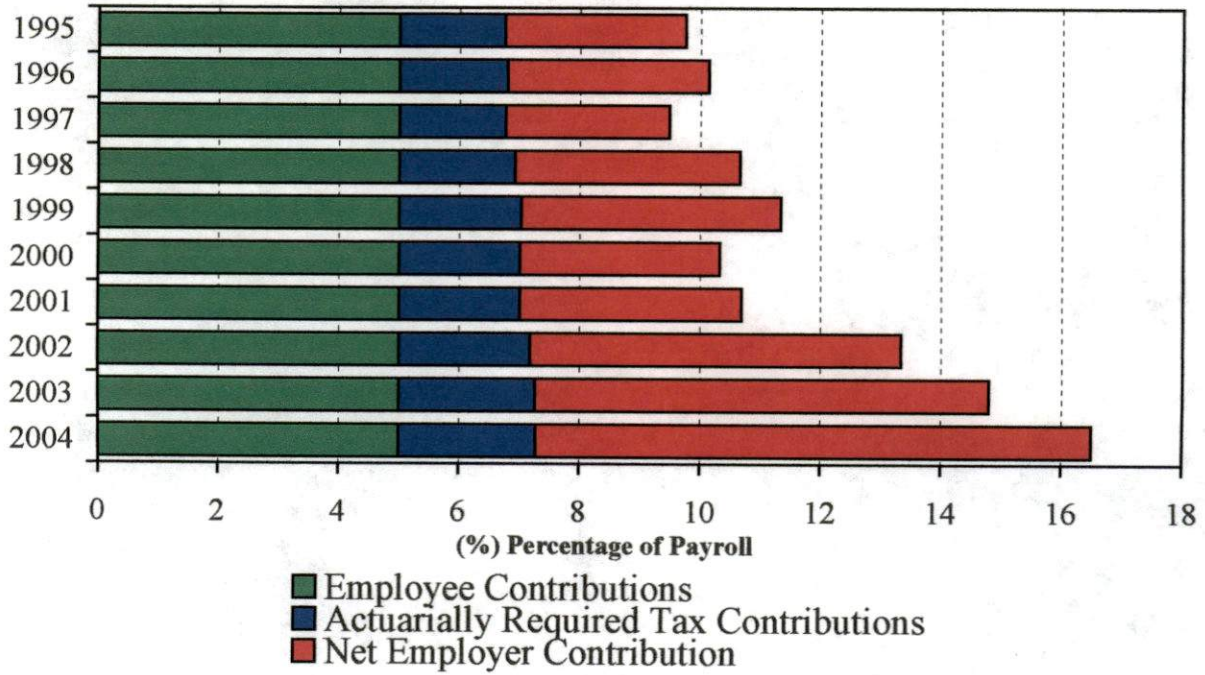
Plan B - Components of Present Value of Future Benefits June 30, 2003



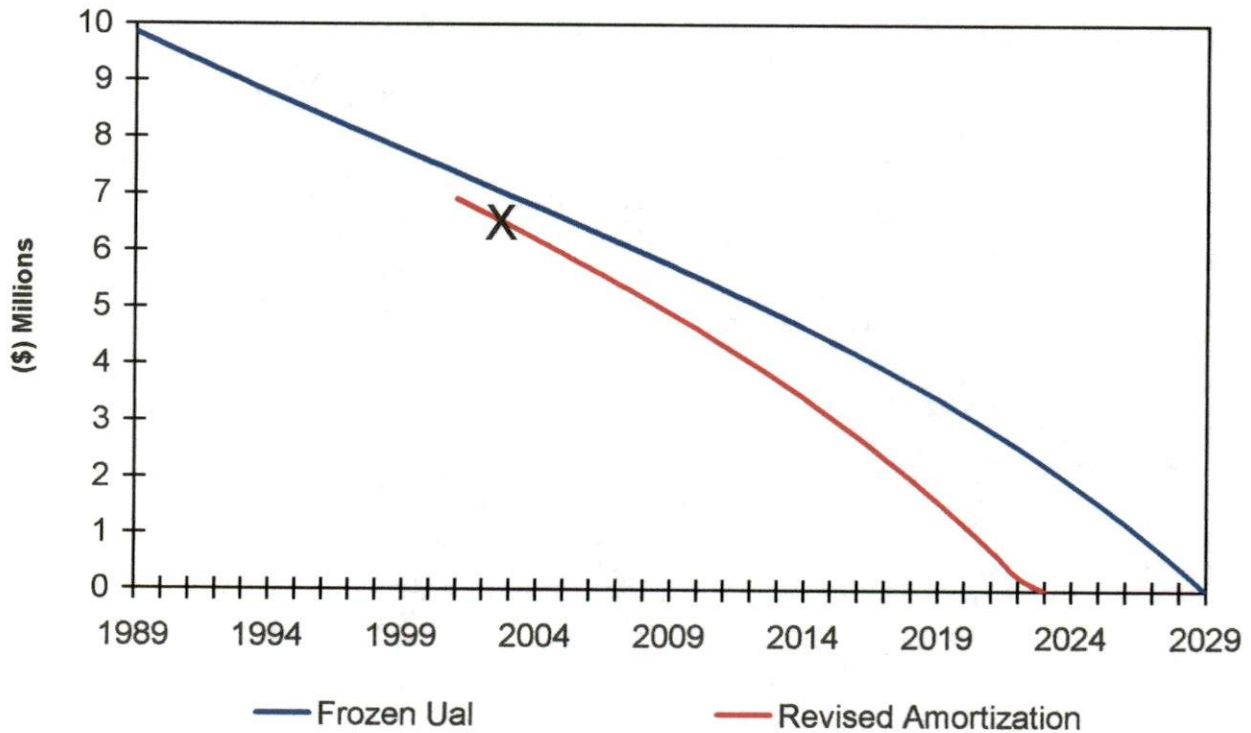
Plan B - Components of Present Value of Future Benefits



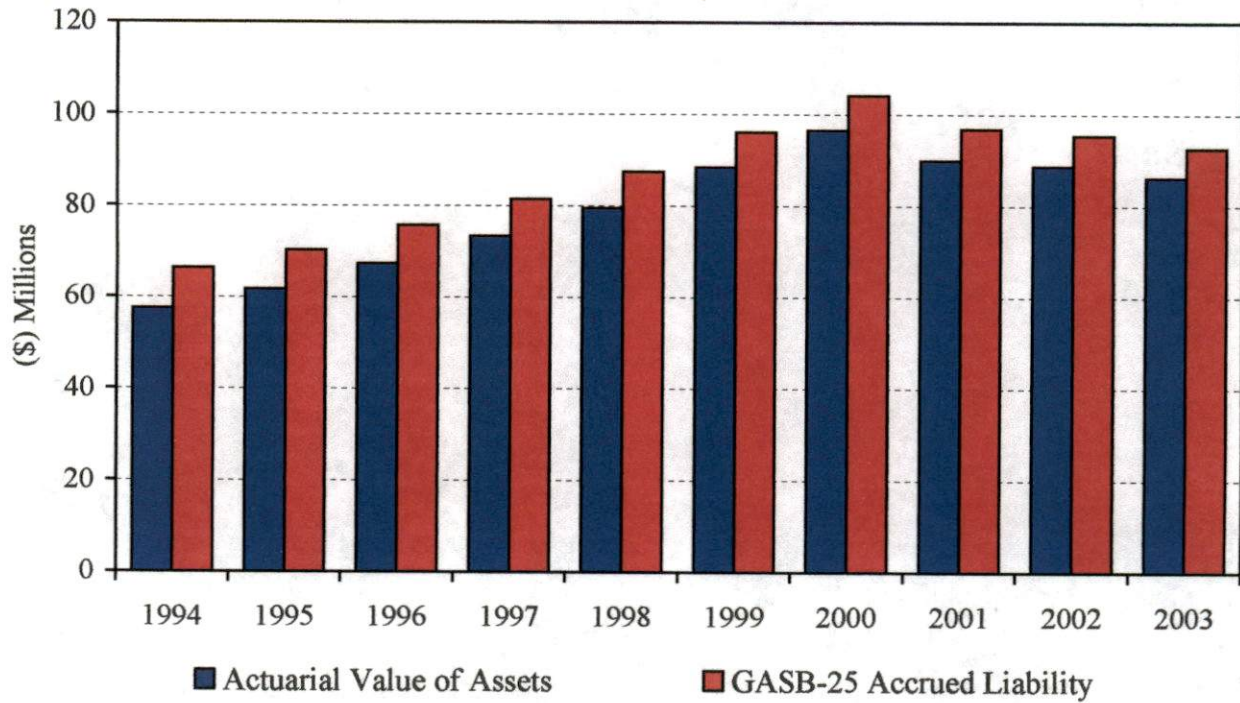
Plan B - Components of Actuarial Funding



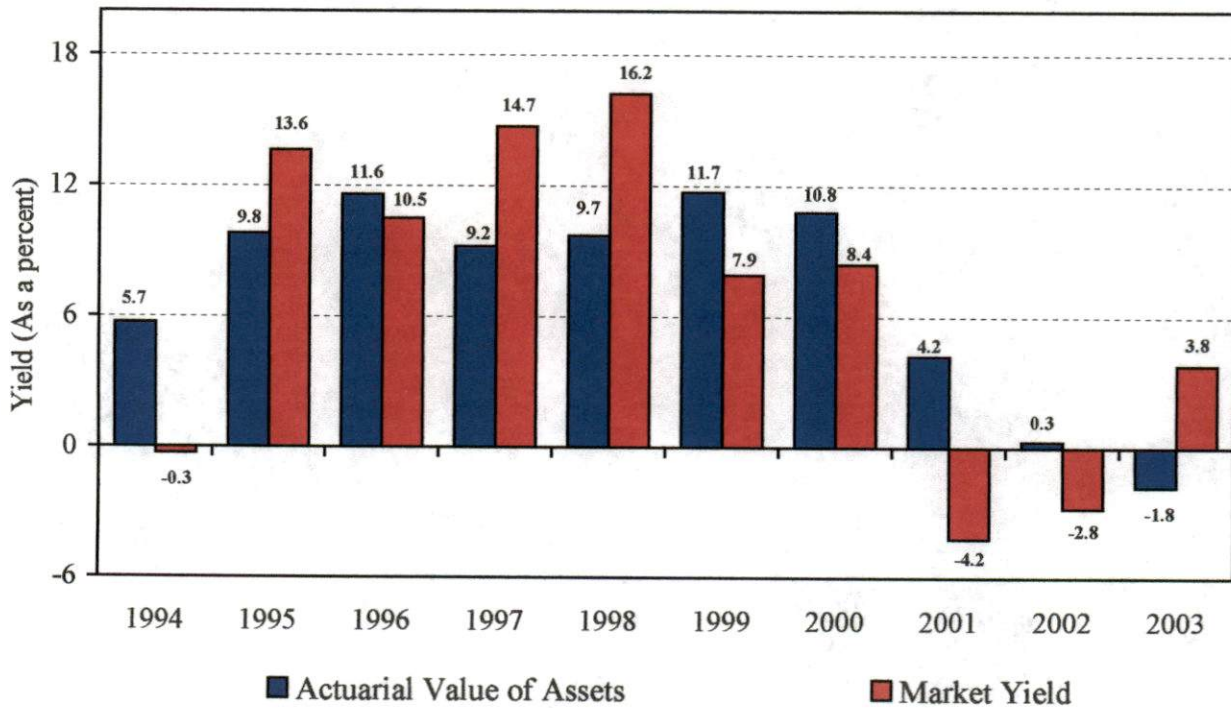
Plan B - Frozen Unfunded Accrued Liability



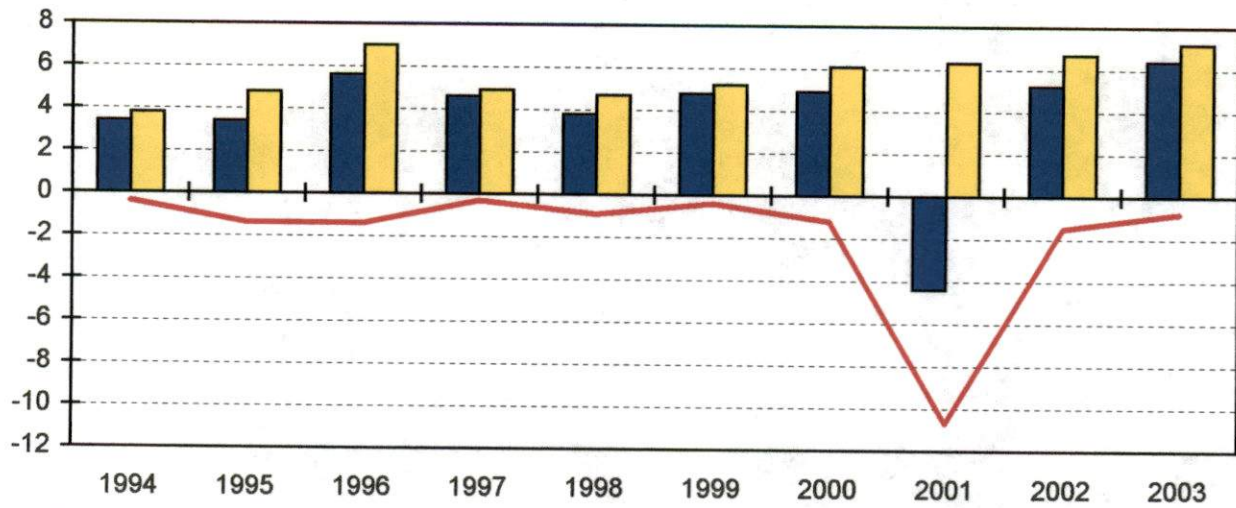
Plan B Actuarial Value of Assets vs. GASB-25 Accrued Liability



Plan B – Historical Asset Yield

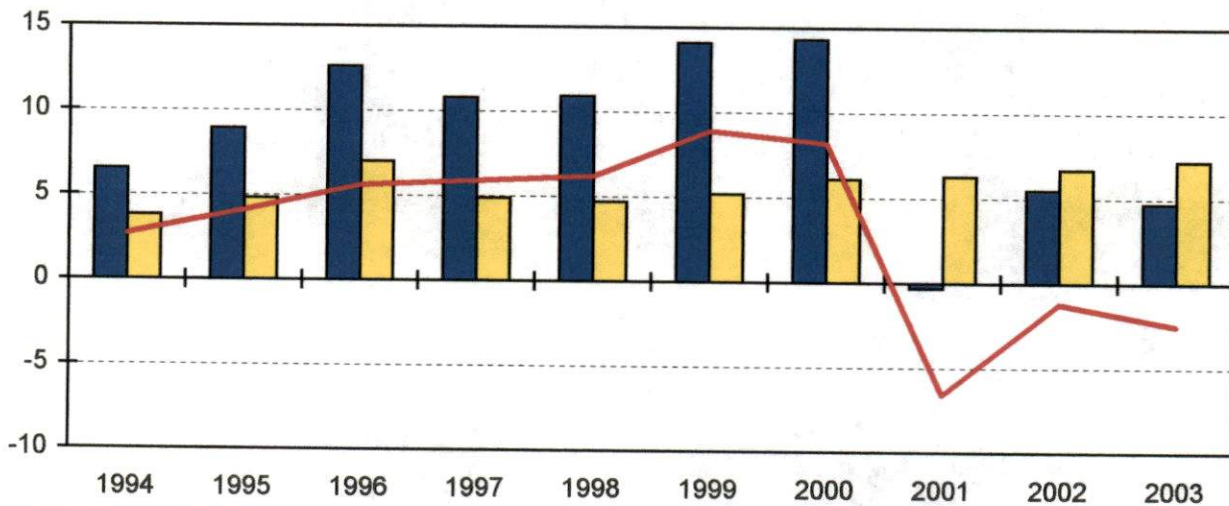


Plan B - Net Non-Investment Income



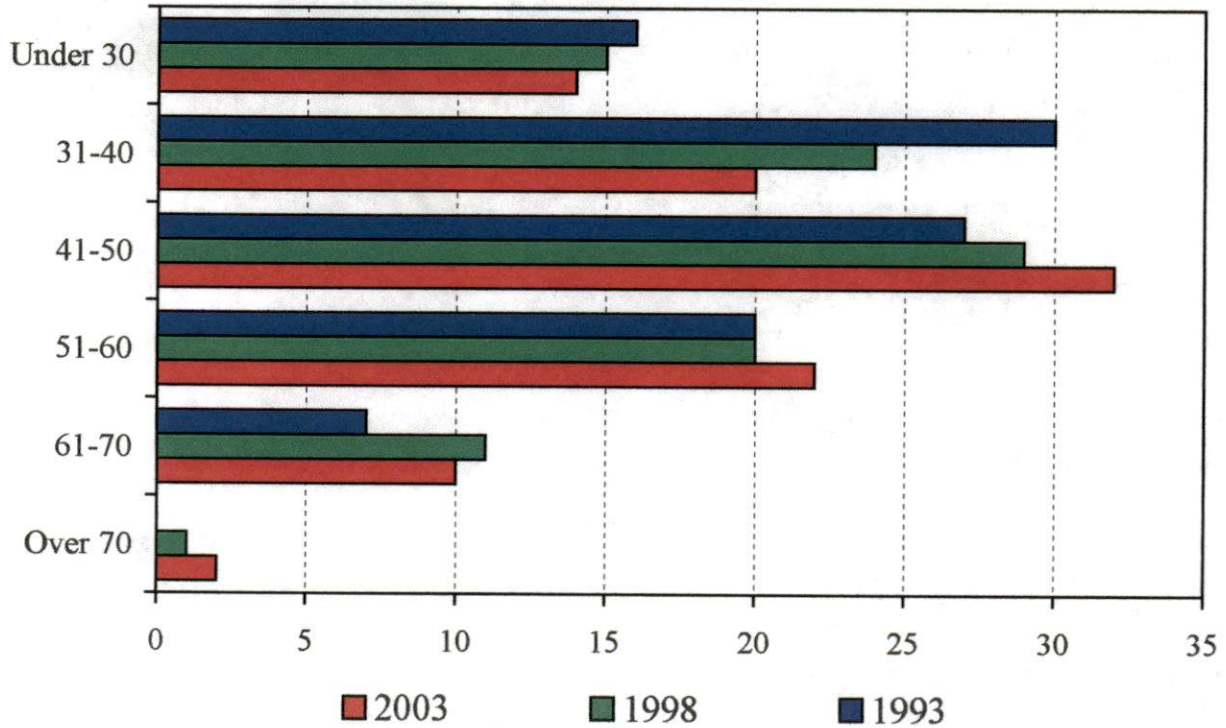
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Non-Investment Income (\$Mil)		3.4	3.4	5.6	4.6	3.8	4.8	4.9	-4.4	5.2	6.4
Benefits and Expenses (\$Mil)		3.8	4.8	7.0	4.9	4.7	5.2	6.1	6.3	6.7	7.2
Net Non-Investment Income (\$Mil)		-0.4	-1.4	-1.4	-0.3	-0.9	-0.4	-1.2	-10.7	-1.5	-0.8

Plan B - Total Income vs. Expenses (Based on Actuarial Value of Assets)



		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Income (\$Mil)		6.5	8.9	12.6	10.8	10.9	14.1	14.3	-0.3	5.5	4.7
Benefits and Expenses (\$Mil)		3.8	4.8	7.0	4.9	4.7	5.2	6.1	6.3	6.7	7.2
Net Change in AVA (\$Mil)		2.7	4.1	5.6	5.9	6.2	8.9	8.2	-6.6	-1.2	-2.5

Plan B - Active – Census By Age (as a percent)



Plan B - Active – Census By Service (as a percent)

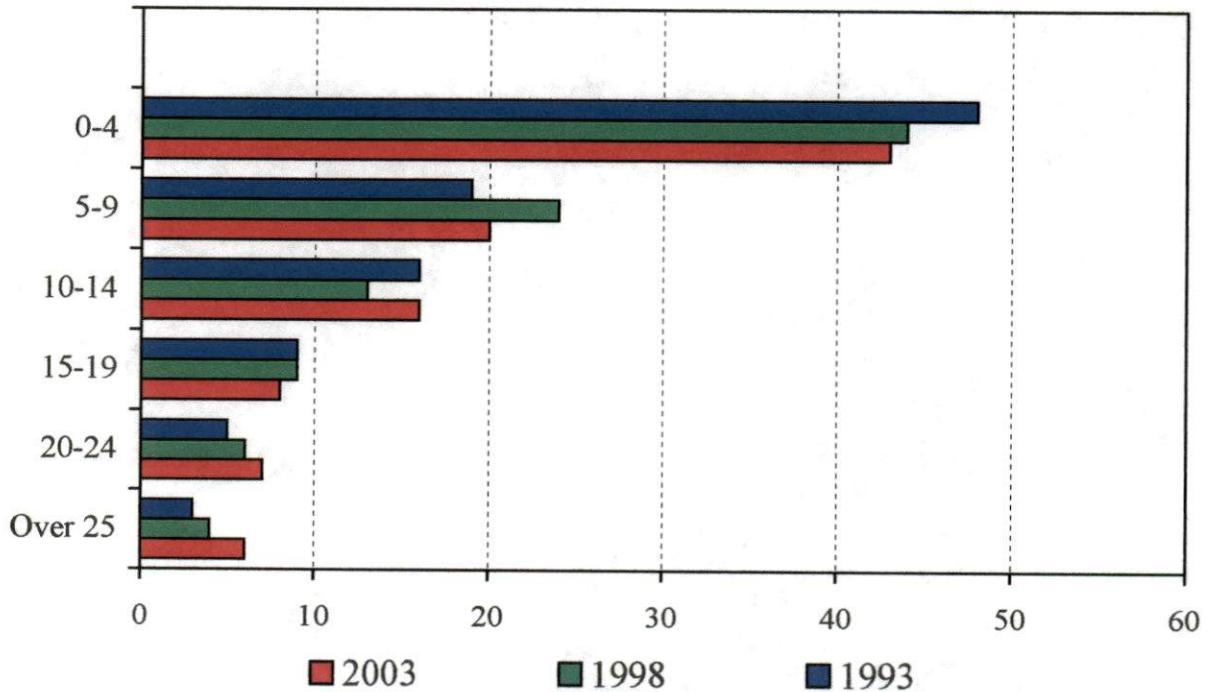


EXHIBIT I
PLAN A: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1. Present Value of Future Benefits.....	\$ 754,649,379
2. Frozen Unfunded Actuarial Accrued Liability.....	\$ 68,936,307
3. Actuarial Value of Assets.....	\$ 452,830,104
4. Present Value of Future Employee Contributions.....	\$ 86,226,350
5. Present Value of Future Employer Normal Costs (1-2-3-4).....	\$ 146,656,618
6. Present Value of Future Salaries	\$1,065,009,738
7. Employer Normal Cost Accrual Rate (5 ÷ 6).....	13.770449%
8. Projected Fiscal 2004 Salary for Current Membership	\$ 128,879,314
9. Employer Normal Cost as of July 1, 2003 (7 x 8).....	\$ 17,747,260
10. Amortization Payment on Frozen Unfunded Accrued Liability of \$68,936,307 over 27 remaining years with Payments increasing at 4.25% per year	\$ 3,982,653
11. Total Employer Normal Cost & Amortization Payment (9 + 10).....	\$ 21,729,913
12. Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment.....	\$ 22,582,388
13. Estimated Administrative Cost for Fiscal 2004.....	\$ 1,023,928
14. Gross Employer Actuarially Required Contribution for Fiscal 2004 (12 + 13).....	\$ 23,606,316
15. Projected Tax Contributions for Fiscal 2004.....	\$ 3,081,144
16. Projected Revenue Sharing Funds for Fiscal 2004.....	\$ 118,475
17. Net Direct Employer Actuarially Required Contribution for Fiscal 2004 (14 - 15 - 16).....	\$ 20,406,697
18. Projected Payroll (July 1, 2003 through June 30, 2004)	\$ 139,668,358
19. Net Direct Employer Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2004 (17 ÷ 18).....	14.61%
20. Actual Employer Contribution Rate for Fiscal 2004.....	11.00%
21. Contribution Gain (Loss) as a Percentage of Payroll (20 - 19)	(3.61%)
22. Adjustment to Following Year Payment for Contribution Gain (Loss)	(0.44%)
23. Recommended Net Direct Employer Contribution Rate for 2005 (19 - 22) (Rounded to nearest .25%)	15.00%

EXHIBIT II
PLAN A: PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	\$ 447,109,666
Survivor Benefits	17,636,706
Disability Benefits	17,010,279
Vested Deferred Termination Benefits	17,890,364
Contribution Refunds.....	13,127,252
 TOTAL Present Value of Future Benefits for Active Members	 \$ 512,774,267

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement..	\$ 7,590,662
Terminated Members with Reciprocals	
Due Benefits at Retirement	1,057,167
Terminated Members Due a Refund	1,337,740
 TOTAL Present Value of Future Benefits for Terminated Members.....	 \$ 9,985,569

Present Value of Future Benefits for Retirees:

Regular Retirees	\$ 181,752,011
Disability Retirees	15,497,678
Survivors & Widows	31,799,919
Reserve for Accrued Retiree DROP Account Balances.....	2,839,935
 TOTAL Present Value of Future Benefits for Retirees & Survivors.....	 \$ 231,889,543
 TOTAL Present Value of Future Benefits	 \$ 754,649,379

EXHIBIT III
PLAN A: ACTUARIAL VALUE OF ASSETS

Current Assets:

Cash	\$ 2,841,243
Contributions Receivable from Members.....	2,923,060
Contributions Receivable from Employers	2,701,063
Accrued Interest and Dividends on Investments	2,830,764
Investment Receivable	244,063
Due From Plan B	1,498,789

TOTAL CURRENT ASSETS \$ 13,038,982

Allocated Share of the Expense Fund \$ 2,397,518

Property Plant & Equipment \$ 563,036

Investments:

Common Stock	\$ 143,952,578
Corporate Bonds	140,915,419
Federal National Mortgage Corporation.....	59,739,915
International Equities.....	39,512,965
Federal Home Loan Mortgage Corporation	16,734,681
Government National Mortgage Association	6,111,270
U.S. Treasury Notes, Bonds and Bills	7,222,712
Cash Equivalents	17,714,728
Deferred Capital Losses.....	5,435,888

TOTAL INVESTMENTS \$ 437,340,156

TOTAL ASSETS..... \$ 453,339,692

Current Liabilities:

Investment Payable.....	\$ 113,600
Accounts Payable	216,755
Refunds Payable	179,233

TOTAL CURRENT LIABILITIES..... \$ 509,588

ACTUARIAL VALUE OF ASSETS \$ 452,830,104

EXHIBIT IV
PLAN A: PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund.....	\$ 86,226,350
Employer Normal Contributions to the Pension Accumulation Fund	146,656,618
Employer Amortization Payments to the Pension Accumulation Fund.....	68,936,307
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	 \$301,819,275

EXHIBIT V
PLAN A: CHANGE IN FROZEN UNFUNDED ACTUARIAL ACCRUED LIABILITY

Prior Year Frozen Unfunded Accrued Liability.....	\$ 67,650,205
 Interest on Frozen Unfunded Accrued Liability	 \$ 5,412,016
Employer Normal Cost for Prior Year	12,048,989
Interest on the Normal Cost	963,919
Administrative Expenses	570,641
Interest on Expenses.....	22,387
 TOTAL Increases to Frozen Unfunded Accrued Liability	 \$ 19,017,952
 Gross Regular Employer Contributions	 \$ 14,065,724
Interest on Employer Contributions	551,805
Contribution Shortfall (Excess).....	2,996,756
Interest on Contribution Shortfall (Excess).....	117,565
 TOTAL Decreases to Frozen Unfunded Accrued Liability	 \$ 17,731,850
 CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY	 \$ 68,936,307

EXHIBIT VI
PLAN A: ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets (June 30, 2002).....	\$	463,477,324
Income:		
Member Contributions	\$	12,155,055
Employer Contributions		11,059,848
Ad Valorem Taxes		2,881,880
Revenue Sharing Funds		123,996
Irregular Contributions.....		951,372
Due from Plan B		632,008
Other Income		31,213
Total Contribution Income	\$	27,835,372
Interest and Dividend Income	\$	15,915,542
Recognized Realized Capital Gains (Losses).....		(8,093,875)
Recognized Unrealized Capital Gains (Losses)		(11,167,815)
Investment Income Allocated from Expense Fund		36,002
Allocated Share of Investment Expense.....		(1,289,767)
Net Investment Income	\$	(4,599,913)
TOTAL Income.....	\$	23,235,459
Expenses:		
Retirement Benefits	\$	26,917,845
Funds Transferred to Another System		900,862
Refunds of Contributions		2,777,389
DROP Disbursements		2,541,866
Transfer to Plan B		193,835
Allocated Share of Administrative Expenses.....		570,641
TOTAL Expenses.....	\$	33,902,438
Net Income for Fiscal 2003 (Income - Expenses).....	\$	(10,666,979)
Unadjusted Fund Balance as of June 30, 2003.....	\$	452,810,345
Adjustment for Change in Allocated Expense Fund Balance	\$	19,759
Actuarial Value of Assets (June 30, 2003).....	\$	452,830,104

EXHIBIT VII
PLAN A: FUND BALANCE

Present Assets of the System Creditable to:

Annuity Savings Fund.....	\$ 91,246,482
Annuity Reserve Fund.....	229,049,608
Pension Accumulation Fund	111,850,707
Deferred Retirement Option Plan Account.....	12,849,901
NET MARKET VALUE OF ASSETS	\$ 444,996,698
ADJUSTMENT FOR DEFERRAL OF REALIZED AND UNREALIZED CAPITAL LOSSES (GAINS) ON SECURITIES.....	5,435,888
ALLOCATED SHARE OF THE EXPENSE FUND	2,397,518
ACTUARIAL VALUE OF ASSETS.....	\$ 452,830,104

EXHIBIT VIII
PLAN A: PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees ...	\$ 332,994,052
Present Value of Benefits Payable to Terminated Employees.....	9,985,569
Present Value of Benefits Payable to Current Retirees and Beneficiaries	231,889,543
TOTAL PENSION BENEFIT OBLIGATION	574,869,164

EXHIBIT IX
PLAN A: COST OF LIVING ADJUSTMENTS - TARGET RATIO

1. Actuarial Value of Asséts Divided by PBO as of Fiscal 1986:.....	65.05%
2. Amortization of Unfunded Balance over 30 years:.....	19.81%

Adjustments in Funded Ratio Due to Changes in Assumption(s):

Changes for Fiscal 1988	4.97%
Changes for Fiscal 1989	(1.98)%
Changes for Fiscal 1995	(1.38)%
Changes for Fiscal 1997	(3.44)%
Changes for Fiscal 1998	(3.63)%
Changes for Fiscal 2000	(1.35)%
Changes for Fiscal 2003	0.89%

3. TOTAL Adjustments	(5.92%)
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Amortization of Adjustments in Funded Ratio over 30 years:

Changes for Fiscal 1988	(2.49)%
Changes for Fiscal 1989	0.92%
Changes for Fiscal 1995	0.37%
Changes for Fiscal 1997	0.69%
Changes for Fiscal 1998	0.61%
Changes for Fiscal 2000	0.14%
Changes for Fiscal 2003	0.00%

4. TOTAL Amortization of Adjustments	0.24%
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5. Target Ratio for Current Fiscal Year (Lesser of 1+2+3+4 or 100%).....	79.18%
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6. Actuarial Value of Assets Divided by PBO as of June 30, 2003	78.77%
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EXHIBIT X
PLAN A: CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2002	5,264	2,351	217	2,316	10,148
Additions to Census					
Initial membership	648	35			683
Death of another member	(10)	(1)		11	
Omitted in error last year	2			1	3
Change in Status during Year					
Actives terminating service	(121)	121			
Actives who retired	(74)			74	
Actives entering DROP	(79)		79		
Term. members rehired	18	(18)			
Term. members who retire		(6)		6	
Retirees who are rehired					
Refunded who are rehired	22	26			48
DROP participants retiring			(51)	51	
DROP returned to work	43		(43)		
Survivor due benefit at age 60		5		(5)	
Eliminated from Census					
Refund of contributions	(379)	(134)		(4)	(517)
Deaths	(4)	(2)		(81)	(87)
Included in error last year				(1)	(1)
Adjustment for multiple records	1			4	5
Number of members as of June 30, 2003	5,331	2,377	202	2,372	10,282

PLAN A - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	41	1	42	14,203	596,525
21 - 25	222	57	279	16,219	4,525,161
26 - 30	237	122	359	19,755	7,092,006
31 - 35	326	146	472	22,589	10,661,774
36 - 40	456	228	684	23,556	16,112,369
41 - 45	556	344	900	25,404	22,863,177
46 - 50	647	289	936	27,192	25,451,247
51 - 55	486	249	735	27,084	19,906,613
56 - 60	401	171	572	26,144	14,954,315
61 - 65	235	107	342	25,021	8,557,185
66 - 70	93	40	133	25,773	3,427,760
71 - 75	43	8	51	22,005	1,122,265
76 - 80	17	3	20	20,822	416,440
81 - 85	5	1	6	27,668	166,007
86 - 90	2	0	2	11,791	23,582
TOTAL	3,767	1,766	5,533	24,557	135,876,426

THE ACTIVE CENSUS INCLUDES 2,325 ACTIVES WITH VESTED BENEFITS, INCLUDING 202 DROP PARTICIPANTS AND 117 ACTIVE FORMER DROP PARTICIPANTS.

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	1	1	11,700	11,700
36 - 40	2	9	11	7,765	85,418
41 - 45	12	15	27	8,389	226,498
46 - 50	21	14	35	12,130	424,562
51 - 55	31	8	39	10,100	393,905
56 - 60	41	13	54	8,610	464,938
61 - 65	20	2	22	3,078	67,726
66 - 70	1	1	2	6,379	12,758
76 - 80	1	0	1	3,828	3,828
TOTAL	129	63	192	8,809	1,691,333

PLAN A - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	99	1,548	38,807
100	499	361	80,175
500	999	71	48,647
1000	1999	67	96,929
2000	4999	67	224,173
5000	9999	39	281,271
10000	19999	28	361,601
20000	99999	4	121,981
TOTAL		2,185	1,253,584

PLAN A - REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
41 - 45	8	2	10	13,413	134,128
46 - 50	22	4	26	19,873	516,686
51 - 55	44	18	62	20,746	1,286,280
56 - 60	78	14	92	20,871	1,920,150
61 - 65	221	58	279	15,376	4,289,863
66 - 70	267	69	336	14,150	4,754,384
71 - 75	243	73	316	12,333	3,897,187
76 - 80	190	62	252	10,842	2,732,181
81 - 85	124	40	164	9,961	1,633,680
86 - 90	58	14	72	7,098	511,037
91 - 99	17	5	22	6,000	131,994
TOTAL	1,272	359	1,631	13,371	21,807,570

PLAN A - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	2	0	2	10,135	20,270
36 - 40	3	2	5	9,162	45,809
41 - 45	13	1	14	8,617	120,642
46 - 50	24	7	31	9,296	288,168
51 - 55	33	3	36	10,681	384,529
56 - 60	27	10	37	8,875	328,392
61 - 65	20	4	24	7,924	190,184
66 - 70	15	2	17	6,975	118,583
71 - 75	10	3	13	5,144	66,869
76 - 80	8	1	9	5,639	50,749
81 - 85	1	0	1	2,014	2,014
TOTAL	156	33	189	8,551	1,616,209

PLAN A - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0 - 25	1	9	10	3,172	31,721
26 - 30	1	1	2	4,426	8,852
31 - 35	0	2	2	8,362	16,723
36 - 40	3	6	9	5,970	53,726
41 - 45	1	10	11	7,643	84,071
46 - 50	4	20	24	7,732	185,571
51 - 55	0	25	25	6,246	156,151
56 - 60	2	31	33	7,899	260,674
61 - 65	4	63	67	8,784	588,539
66 - 70	1	64	65	7,555	491,063
71 - 75	4	94	98	8,755	857,946
76 - 80	7	67	74	7,861	581,679
81 - 85	5	69	74	6,089	450,570
86 - 90	0	46	46	4,291	197,365
91 - 99	1	11	12	3,558	42,697
TOTAL	34	518	552	7,260	4,007,348

PLAN A - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	34	8													42
21 - 25	107	76	54	21	16	5									279
26 - 30	93	63	49	38	24	90	2								359
31 - 35	62	50	49	37	34	140	97	3							472
36 - 40	80	49	49	57	44	158	162	74	11						684
41 - 45	97	61	48	41	36	187	158	118	145	9					900
46 - 50	64	53	48	40	49	186	164	113	136	77	6				936
51 - 55	42	53	35	35	33	128	129	106	98	55	21				735
56 - 60	32	36	34	26	21	119	104	87	57	36	20				572
61 - 65	11	11	21	9	9	70	77	50	43	27	14				342
66 - 70	6	5	2	10	4	29	26	20	12	12	7				133
71 & Over	3	1	6	5	3	13	20	11	4	6	7				79
Totals	631	466	395	319	273	1125	939	582	506	222	75				5533

PLAN A - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	13,324	17,939													14,203
21 - 25	14,498	16,793	16,524	19,066	18,141	22,927									16,219
26 - 30	16,026	18,336	21,402	21,988	19,615	22,451	35,422								19,755
31 - 35	16,113	20,394	20,203	19,586	22,761	24,657	26,938	29,875							22,589
36 - 40	16,121	20,055	19,842	21,848	19,081	23,108	28,251	30,004	30,397						23,556
41 - 45	18,084	21,495	19,986	21,208	22,822	23,376	26,005	32,304	31,467	32,506					25,404
46 - 50	20,241	21,029	20,840	17,696	24,806	24,122	27,270	31,901	34,449	34,226	38,890				27,192
51 - 55	17,626	20,496	18,914	21,391	25,182	23,698	28,175	29,764	32,448	38,399	34,461				27,084
56 - 60	21,107	21,039	23,742	23,687	22,729	23,056	25,263	28,392	34,089	31,806	34,590				26,144
61 - 65	18,849	21,787	20,266	18,200	23,790	22,234	27,934	27,934	29,605	31,053	33,148				25,021
66 - 70	17,354	25,898	15,514	22,810	20,045	25,701	25,114	24,506	30,254	28,012	38,176				25,773
71 & Over	36,244	61,944	19,366	18,478	27,821	14,897	16,376	25,149	35,694	33,708	17,533				21,877
Average	16,908	19,911	20,012	20,790	22,336	23,439	26,477	30,095	32,577	34,062	33,371				24,557

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 30												0
31 - 35						1			10		1	1
36 - 40												11
41 - 45								26	1			27
46 - 50							34	1				35
51 - 55		12	12	10	9	37	1	1				39
56 - 60	11											54
61 - 65	22											22
66 - 70	2											2
71 - 75												0
76 - 80	1											1
81 & Over												0
Totals	36	12	12	10	9	38	35	28	11	1	0	192

PLAN A - AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 30												0
31 - 35						1,480			8,394		11,700	11,700
36 - 40									7,834			7,765
41 - 45								8,410				8,389
46 - 50							12,297	6,480				12,130
51 - 55						10,014	7,596	15,804				10,100
56 - 60	8,498	7,651	8,462	10,230	8,422							8,610
61 - 65	3,078											3,078
66 - 70	6,379											6,379
71 - 75												0
76 - 80	3,828											3,828
81 & Over												0
Average	4,939	7,651	8,462	10,230	8,422	9,789	12,162	8,605	8,343	11,700	0	8,809

PLAN A - SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 50	17	11	2	6	1	2	2					36
51 - 55	17	16	9	15	8	17	5					62
56 - 60	18	20	14	10	8	17	5					92
61 - 65	46	52	37	23	25	61	28	4	2	1		279
66 - 70	10	15	25	30	38	131	57	28	2			336
71 - 75	11	3	5	14	11	101	113	45	12	1		316
76 - 80	2	2	3	1	4	25	91	93	28	3		252
81 - 85	1	1	2	2	1	5	25	64	54	9		164
86 - 90			1			2	5	10	32	22		72
91 & Over					1	2	2	1	2	13	3	22
Totals	122	120	98	101	89	344	328	245	132	49	3	1631

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 50	21,378	14,752	10,217	17,445	32,636	26,741	6,791					18,078
51 - 55	21,779	19,065	20,122	22,013	22,273	22,682	12,258					20,746
56 - 60	19,479	20,477	21,707	23,103	14,976	20,021	19,787	10,671	8,383	4,374		20,871
61 - 65	12,105	12,943	14,253	13,872	11,600	13,567	19,378	22,071	10,471			15,376
66 - 70	9,704	11,655	9,073	9,802	9,997	11,277	12,055	15,911	18,537			14,150
71 - 75	8,922	12,003	6,604	11,753	9,254	9,899	11,668	10,222	12,097	15,868		12,333
76 - 80	4,157	7,413	9,292	7,784	9,254	9,899	11,668	10,222	12,097	12,569		10,842
81 - 85	7,875	29,435	12,875	7,474	7,126	8,671	12,709	8,948	9,609	10,656		9,961
86 - 90			3,447			3,890	11,085	8,125	5,485	8,527		7,098
91 & Over					23,837		6,008	4,594	7,606	5,606	1,154	6,000
Average	15,184	15,041	13,773	14,518	13,528	14,172	13,850	12,187	9,913	8,456	1,154	13,371

PLAN A - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Total		
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over	
0 - 30													0
31 - 35				1									2
36 - 40					1	3							5
41 - 45		3	2		2	6	1						14
46 - 50	2	6	2	3	3	12	3						31
51 - 55		2	4	3	2	13	8	4					36
56 - 60	3	3	5	5	4	7	4		6				37
61 - 65		1	2	1	1	6	8		3	1			24
66 - 70	1					8	4	2	2				17
71 - 75						4	5	1	1	2			13
76 - 80					1		3	1	1	2	1		9
81 - 85								1		1			1
86 & Over										1			0
Totals	6	15	15	13	14	60	37	8	13	6	2		189

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Average Benefit		
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over	
0 - 30													0
31 - 35				8,208									10,135
36 - 40					14,175	7,908	7,909						9,162
41 - 45			6,476		8,388	8,928	6,110						8,617
46 - 50	9,502	10,413	8,886	9,913	11,030	8,347	9,386						9,296
51 - 55		6,004	9,943	12,044	15,128	12,678	8,963	7,463					10,681
56 - 60	7,462	9,296	11,248	5,956	10,127	10,722	10,709		5,617				8,875
61 - 65		7,644	5,104	9,081	5,221	8,650	9,508		6,467	5,052			7,924
66 - 70	4,623					5,687	8,710	7,582	9,229				6,975
71 - 75						4,409	4,092	8,627	9,815	5,165			5,144
76 - 80							5,133	8,458	245	4,950			5,639
81 - 85					13,175					2,014			2,014
86 & Over													0
Average	7,336	9,401	9,130	8,687	10,943	9,074	8,202	7,762	6,278	4,549	4,592		8,551

PLAN A - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 20	7			2		1						10
21 - 25												0
26 - 30		1					1					2
31 - 35	1				1							2
36 - 40		2		1	1	1	1		4			9
41 - 45	1				4	2	4	1				11
46 - 50	2	1		2	4	9	6	1				24
51 - 55	1	1		1	1	11	6	4				25
56 - 60	1	1	2	2	2	14	7	4				33
61 - 65	1	3	1	1	4	18	19	15	4	1		67
66 - 70	1	1	2	1	2	16	24	13	3	3		65
71 - 75	2	1	2	1	2	8	35	31	12	4	1	98
76 - 80				2	2	2	10	25	23	7	3	74
81 - 85						1	7	13	30	22	1	74
86 - 90							2	3	13	21	7	46
91 & Over									8	4		12
Totals	17	9	6	12	19	83	122	111	89	66	18	552

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 20	2,428					5,836	7,042					3,172
21 - 25												0
26 - 30		1,810										4,426
31 - 35	12,169				4,554	5,095	9,446	6,416	1,165			8,361
36 - 40				20,823	7,286	11,212	4,531	4,942				5,970
41 - 45	10,067	9,224	4,750	13,540	10,740	8,108	4,148	6,186				7,643
46 - 50	6,736				4,554	6,927	4,249	4,682				7,732
51 - 55	12,844	5,492			8,572	8,494	7,502	4,051				6,246
56 - 60	17,717	5,059	9,406	7,149	8,572	9,713	9,296	5,635	4,856	10,416		7,899
61 - 65	6,723	18,079	7,439	13,176	10,285	8,164	7,431	8,673	7,707	4,415	257	8,784
66 - 70			7,094	3,898	7,317	10,146	8,190	11,419	6,701	2,731	1,398	7,555
71 - 75	6,286	6,405		11,242	5,894	7,286	9,728	8,543	7,837	5,203	941	8,755
76 - 80				5,548	12,829	9,573	15,375	6,337	5,588	3,634	3,408	6,089
81 - 85							3,937	7,551	6,689	3,476	983	4,291
86 - 90										3,836	3,002	3,558
91 & Over												
Average	6,985	10,161	7,532	9,208	8,932	8,581	8,130	8,309	6,320	3,858	1,565	7,260

EXHIBIT XI
PLAN A: YEAR-TO-YEAR COMPARISON

	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000
Number of Active Members	5,533	5,481	5,455	5,558
Number of Retirees and Survivors	2,372	2,316	2,255	2,213
Number Terminated Due Deferred Benefits	192	193	189	187
Number Terminated Due Refund	2,185	2,158	2,122	2,108
Active Lives Payroll	\$ 135,876,426	\$ 130,191,230	\$ 125,304,827	\$ 124,683,590
Retiree Benefits in Payment	\$ 27,431,127	\$ 26,145,224	\$ 24,838,273	\$ 23,418,404
Market Value of Assets	\$ 444,996,698	\$ 432,669,352	\$ 447,796,046	\$ 469,525,372
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability	86.79%	87.26%	87.53%	87.33%
Actuarial Accrued Liability (As defined by GASB- 25)	\$ 521,766,411	\$ 531,127,529	\$ 531,562,970	\$ 512,465,288
Actuarial Value of Assets	\$ 452,830,104	\$ 463,477,324	\$ 465,259,344	\$ 447,557,888
Unfunded Actuarial Accrued Liability	\$ 68,936,307	\$ 67,650,205	\$ 66,303,626	\$ 64,907,400
Present Value of Future Employer Normal Cost	\$ 146,656,618	\$ 100,815,782	\$ 67,974,883	\$ 59,512,163
Present Value of Future Employee Contributions	\$ 86,226,350	\$ 83,902,996	\$ 82,237,210	\$ 83,646,334
Present Value of Future Benefits	\$ 754,649,379	\$ 715,846,307	\$ 681,775,063	\$ 655,623,785

	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Employee Contribution Rate	9.25%	9.25%	9.25%	9.25%
Proj. Tax Contribution as % of Projected Payroll	2.29%	2.28%	2.17%	2.02%
Actuarially Req'd Net Direct Employer Cont. Rate	14.61%	10.78%	7.89%	7.03%
Actual Employer Direct Contribution Rate	11.00%	8.00%	7.00%	6.25%

Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995	Fiscal 1994
5,706	5,740	5,880	5,820	5,668	5,655
2,130	2,081	2,045	2,022	1,951	1,923
150	152	163	158	135	124
2,010	1,942	1,882	1,888	1,827	1,755
\$ 120,568,583	\$ 116,609,501	\$ 115,687,749	\$ 112,212,880	\$ 105,755,181	\$ 102,250,546
\$ 21,553,214	\$ 20,129,226	\$ 18,865,469	\$ 17,947,961	\$ 16,540,168	\$ 15,975,744
\$ 436,446,684	\$ 408,685,269	\$ 358,812,541	\$ 317,277,291	\$ 290,829,063	\$ 265,002,413
86.57%	85.65%	85.05%	84.36%	83.37%	82.87%
\$ 472,653,880	\$ 432,158,125	\$ 404,727,303	\$ 377,279,030	\$ 345,626,503	\$ 326,696,611
\$ 409,182,585	\$ 370,154,019	\$ 344,213,563	\$ 318,271,740	\$ 288,135,401	\$ 270,725,765
\$ 63,471,295	\$ 62,004,106	\$ 60,513,740	\$ 59,007,290	\$ 57,491,102	\$ 55,970,846
\$ 48,158,874	\$ 38,443,452	\$ 45,413,959	\$ 46,384,507	\$ 46,295,326	\$ 46,572,782
\$ 81,782,562	\$ 86,763,021	\$ 87,008,081	\$ 85,308,608	\$ 80,932,808	\$ 79,722,087
\$ 602,595,316	\$ 557,364,598	\$ 537,149,343	\$ 508,972,145	\$ 472,854,637	\$ 452,991,480

Fiscal 2000	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995
9.25%	9.25%	9.25%	9.25%	9.25%	9.25%
2.02%	2.08%	1.93%	1.76%	1.81%	1.80%
6.20%	4.92%	5.73%	5.91%	6.24%	6.55%
5.75%	5.75%	5.75%	6.25%	6.75%	5.50%

Plan B Exhibits

EXHIBIT XII
PLAN B: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1. Present Value of Future Benefits.....	\$ 146,470,892
2. Frozen Unfunded Actuarial Accrued Liability.....	\$ 6,444,919
3. Actuarial Value of Assets.....	\$ 86,170,714
4. Present Value of Future Employee Contributions.....	\$ 17,184,709
5. Present Value of Future Employer Normal Costs (1 - 2 - 3 - 4).....	\$ 36,670,550
6. Present Value of Future Salaries	\$ 378,674,373
7. Employer Normal Cost Accrual Rate (5 ÷ 6).....	9.683927%
8. Projected Fiscal 2004 Salary for Current Membership	\$ 42,728,228
9. Employer Normal Cost as of July 1, 2003 (7 x 8).....	\$ 4,137,770
10. Amortization Payment on Frozen Unfunded Accrued Liability of \$6,444,919 with Payments decreasing at 2% per year	\$ 701,973
11. TOTAL Employer Normal Cost & Amortization Payment (9 + 10)	\$ 4,839,743
12. Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment.....	\$ 5,029,608
13. Estimated Administrative Cost for Fiscal 2004.....	\$ 341,072
14. TOTAL Employer Actuarially Required Contribution for Fiscal 2004 (12 + 13).....	\$ 5,370,680
15. Projected Tax Contributions for Fiscal 2004	\$ 1,026,334
16. Projected Revenue Sharing Funds for Fiscal 2004.....	\$ 39,464
17. Net Direct Employer Actuarially Required Contribution for Fiscal 2004 (14-15-16)	\$ 4,304,882
18. Projected Payroll (July 1, 2003 through June 30, 2004)	\$ 46,666,148
19. Net Direct Employer Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2004 (17 ÷ 18).....	9.22%
20. Actual Employer Contribution Rate for Fiscal 2004.....	7.75%
21. Contribution Gain (Loss) as a Percentage of Payroll (20 - 19)	(1.47%)
22. Adjustment to Following Year Payment for Contribution Gain(Loss)	(0.17%)
23. Recommended Net Direct Employer Contribution Rate for 2005 (19 - 22) (Rounded to nearest .25%)	9.50%

EXHIBIT XIII
PLAN B: PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	\$ 86,091,638
Survivor Benefits	4,523,650
Disability Benefits	4,134,722
Vested Deferred Termination Benefits	5,196,673
Contribution Refunds.....	2,691,337

TOTAL Present Value of Future Benefits for Active Members \$ 102,638,020

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement....	\$ 1,492,386
Terminated Members with Reciprocal	
Due Benefits at Retirement	144,386
Terminated Members Due a Refund	266,159

TOTAL Present Value of Future Benefits for Terminated Members..... \$ 1,902,931

Present Value of Future Benefits for Retirees:

Regular Retirees	\$ 32,162,800
Disability Retirees	2,274,298
Survivors & Widows	7,020,780
Reserve for Accrued Retiree DROP Account Balances.....	472,063

TOTAL Present Value of Future Benefits for Retirees & Survivors..... \$ 41,929,941

TOTAL Present Value of Future Benefits \$ 146,470,892

EXHIBIT XIV
PLAN B: ACTUARIAL VALUE OF ASSETS

Current Assets:

Cash	\$	538,353
Contributions Receivable from Members.....		559,324
Contributions Receivable from Employers		726,143
Accrued Interest on Investments		438,311
Dividends Receivable		25,160
Investments Receivable		52,289

TOTAL CURRENT ASSETS \$ 2,339,580

Allocated Share of the Expense Fund \$ 798,617

Property, Plant & Equipment \$ 174,306

Investments:

Common Stock	\$	35,526,774
Federal National Mortgage Corporation.....		12,395,264
Corporate Bonds		26,742,014
US Treasury Bonds and Notes.....		3,329,893
Federal Home Loan Mortgage Corporation		1,268,971
Cash Equivalents		3,014,022
Government National Mortgage Association		632,581
Deferred Capital Losses.....		1,536,023

TOTAL INVESTMENTS \$ 84,445,542

TOTAL ASSETS..... \$ 87,758,045

Current Liabilities:

Investments Payable	\$	28,741
Accounts Payable.....		41,678
Refunds Payable		18,123
Funds Payable to Plan A.....		1,498,789

TOTAL CURRENT LIABILITIES \$ 1,587,331

ACTUARIAL VALUE OF ASSETS \$ 86,170,714

EXHIBIT XV
PLAN B: PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund.....	\$ 17,184,709
Employer Normal Contributions to the Pension Accumulation Fund	36,670,550
Employer Amortization Payments to the Pension Accumulation Fund.....	6,444,919
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	 \$ 60,300,178

EXHIBIT XVI
PLAN B: CHANGE IN FROZEN UNFUNDED ACTUARIAL ACCRUED LIABILITY

Prior Year Frozen Unfunded Accrued Liability.....	\$ 6,683,817
 Interest on Frozen Unfunded Accrued Liability	 \$ 534,705
Employer Normal Cost for Prior Year	3,202,523
Interest on the Normal Cost	256,202
Administrative Expenses	189,679
Interest on Expenses.....	7,441
 TOTAL Increases to Frozen Unfunded Accrued Liability	 \$ 4,190,550
 Gross Employer Contributions.....	 \$ 3,855,018
Interest on Employer Contributions	151,234
Contribution Shortfall (Excess).....	407,220
Interest on Contribution Shortfall (Excess).....	15,976
 TOTAL Decreases to Frozen Unfunded Accrued Liability	 \$ 4,429,448
 CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY	 \$ 6,444,919

EXHIBIT XVII
PLAN B: ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets (June 30, 2002).....	\$ 88,697,416
Income:	
Member Contributions	\$ 2,188,629
Employer Contributions.....	2,836,103
Ad Valorem Taxes	977,130
Revenue Sharing Funds	41,785
Irregular Contributions.....	125,710
Due from Plan A	193,835
Total Contribution Income.....	\$ 6,363,192
Interest and Dividend Income	\$ 2,998,765
Recognized Realized Capital Gains (Losses).....	(1,750,795)
Recognized Unrealized Capital Gains (Losses).....	(2,615,131)
Investment Income Allocated from Expense Fund	11,992
Allocated Share of Investment Expense.....	(267,106)
Net Investment Income	\$ (1,622,275)
TOTAL Income.....	\$ 4,740,917
Expenses:	
Retirement Benefits.....	\$ 5,153,576
Refunds of Contributions	632,946
Funds Transferred to Another System	194,953
DROP Disbursements	444,698
Transfer to Plan A	632,008
Allocated Share of Administrative Expenses.....	189,679
TOTAL Expenses.....	\$ 7,247,860
Net Income for Fiscal 2003 (Income - Expenses).....	\$ (2,506,943)
Unadjusted Fund Balance as of June 30, 2003 (Fund Balance Previous Year + Net Income)	\$ 86,190,473
Adjustment for Change in Allocated Expense Fund Balance	\$ (19,759)
Actuarial Value of Assets (June 30, 2003).....	\$ 86,170,714

EXHIBIT XVIII
PLAN B: FUND BALANCE

Present Assets of the System Creditable to:

Annuity Savings Fund.....	\$	15,460,936
Annuity Reserve Fund.....		41,457,878
Pension Accumulation Fund		24,794,874
Deferred Retirement Option Plan Account		2,122,386
NET MARKET VALUE OF ASSETS	\$	83,836,074
ADJUSTMENT FOR DEFERRAL OF REALIZED AND UNREALIZED CAPITAL LOSSES (GAINS) ON SECURITIES		1,536,023
ALLOCATION OF EXPENSE FUND.....		798,617
ACTUARIAL VALUE OF ASSETS	\$	86,170,714

EXHIBIT XIX
PLAN B: PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees	\$	62,181,682
Present Value of Benefits Payable to Terminated Employees		1,902,931
Present Value of Benefits Payable to Current Retirees and Beneficiaries		41,929,941
TOTAL PENSION BENEFIT OBLIGATION	\$	106,014,554

EXHIBIT XX
PLAN B: COST OF LIVING ADJUSTMENTS - TARGET RATIO

1. Actuarial Value of Assets Divided by PBO as of Fiscal 1986:.....	63.44%
2. Amortization of Unfunded Balance over 30 years:.....	20.72%

Adjustments in Funded Ratio Due to Changes in Assumption(s):

Changes for Fiscal 1988	2.40%
Changes for Fiscal 1989	(2.94%)
Changes for Fiscal 1995	(1.22%)
Changes for Fiscal 1997	(3.84%)
Changes for Fiscal 1998	(3.71%)
Changes for Fiscal 2000	(2.29%)
Changes for Fiscal 2001	1.21%
Changes for Fiscal 2003	0.53%

3. TOTAL Adjustments	(9.86%)
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Amortization of Adjustments in Funded Ratio over 30 years:

Changes for Fiscal 1988	(1.20%)
Changes for Fiscal 1989	1.37%
Changes for Fiscal 1995	0.33%
Changes for Fiscal 1997	0.77%
Changes for Fiscal 1998	0.62%
Changes for Fiscal 2000	0.23%
Changes for Fiscal 2001	(0.08%)
Changes for Fiscal 2003	0.00%

4. TOTAL Amortization of Adjustments	2.04%
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5. Target Ratio for Current Fiscal Year (Lesser of 1+2+3+4 or 100%).....	76.34%
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6. Actuarial Value of Assets Divided by PBO as of June 30, 2003	81.28%
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EXHIBIT XXI
PLAN B - CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2002	2,013	821	53	705	3,592
Additions to Census					
Initial membership	317	16			333
Death of another member	(6)			6	
Omitted in error last year				1	1
Change in Status during Year					
Actives terminating service	(84)	84			
Actives who retired	(31)			31	
Actives entering DROP	(22)		22		
Term. members rehired	11	(11)			
Term. members who retire		(3)		3	
Retirees who are rehired					
Refunded who are rehired	9	5			14
DROP participants retiring			(7)	7	
DROP returned to work	11		(11)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(171)	(58)			(229)
Deaths	(6)			(33)	(39)
Included in error last year					
Adjustment for multiple records					
Moved to Plan A	(34)	(1)			(35)
Number of members as of June 30, 2003	2,007	853	57	720	3,637

PLAN B - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	18	2	20	14,412	288,243
21 - 25	87	37	124	15,277	1,894,334
26 - 30	106	39	145	17,765	2,575,943
31 - 35	131	67	198	18,864	3,734,980
36 - 40	165	62	227	20,933	4,751,709
41 - 45	217	113	330	22,702	7,491,563
46 - 50	233	101	334	23,103	7,716,448
51 - 55	183	73	256	24,439	6,256,308
56 - 60	141	52	193	24,887	4,803,195
61 - 65	99	28	127	24,191	3,072,273
66 - 70	52	22	74	26,548	1,964,559
71 - 75	21	3	24	20,973	503,355
76 - 80	9	0	9	17,280	155,516
81 - 85	2	1	3	17,418	52,253
TOTAL	1,464	600	2,064	21,929	45,260,679

THE ACTIVE CENSUS INCLUDES 765 ACTIVES WITH VESTED BENEFITS, INCLUDING 57 DROP PARTICIPANTS AND 29 ACTIVE FORMER DROP PARTICIPANTS.

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	1	1	6,100	6,100
36 - 40	1	1	2	5,957	11,914
41 - 45	4	0	4	7,377	29,509
46 - 50	9	4	13	8,252	107,280
51 - 55	10	4	14	5,632	78,850
56 - 60	15	6	21	4,239	89,023
61 - 65	5	0	5	871	4,354
71 - 75	0	2	2	1,184	2,367
76 - 80	0	1	1	1,812	1,812
TOTAL	44	19	63	5,257	331,209

PLAN B - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	616	14,370
100	- 499	91	19,148
500	- 999	21	14,550
1000	- 1999	26	41,784
2000	- 4999	23	72,319
5000	- 9999	11	73,069
10000	- 19999	2	22,298
TOTAL		790	257,538

PLAN B - REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
51 - 55	3	1	4	16,330	65,321
56 - 60	11	0	11	14,488	159,363
61 - 65	55	15	70	9,466	662,641
66 - 70	102	29	131	8,576	1,123,406
71 - 75	90	22	112	7,639	855,514
76 - 80	62	24	86	7,889	678,489
81 - 85	42	21	63	5,970	376,103
86 - 90	18	5	23	5,403	124,274
91 - 99	7	4	11	3,276	36,035
TOTAL	390	121	511	7,987	4,081,146

PLAN B - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
41 - 45	3	1	4	5,361	21,442
46 - 50	4	2	6	5,349	32,091
51 - 55	8	2	10	6,535	65,353
56 - 60	7	1	8	5,948	47,586
61 - 65	2	1	3	7,310	21,929
66 - 70	3	1	4	6,887	27,549
76 - 80	2	1	3	3,263	9,789
TOTAL	29	9	38	5,941	225,739

PLAN B - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
26 - 30	0	1	1	4,143	4,143
41 - 45	1	0	1	5,022	5,022
46 - 50	2	4	6	4,245	25,467
51 - 55	0	8	8	4,995	39,963
56 - 60	0	10	10	5,980	59,803
61 - 65	1	18	19	6,456	122,664
66 - 70	0	19	19	6,680	126,912
71 - 75	2	29	31	6,229	193,113
76 - 80	1	32	33	4,802	158,468
81 - 85	1	29	30	4,800	143,988
86 - 90	0	8	8	2,562	20,492
91 - 99	0	5	5	2,008	10,042
TOTAL	8	163	171	5,322	910,077

PLAN B - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	16	3	1												20
21 - 25	61	31	17	6	4	5									124
26 - 30	52	24	13	10	13	32	1								145
31 - 35	46	21	12	16	12	52	29	1							198
36 - 40	35	32	24	22	14	47	33	16	4						227
41 - 45	30	20	24	20	24	77	57	33	42	3					330
46 - 50	37	29	25	13	14	56	70	33	35	20	2				334
51 - 55	20	17	12	9	13	44	59	26	20	24	12				256
56 - 60	18	6	12	9	7	34	44	23	18	13	9				193
61 - 65	4	4	3	9	3	34	24	17	8	15	6				127
66 - 70	3	3	3	4	2	17	14	12	10	6	3				74
71 & Over	1		2			10	9	9	2	3					36
Totals	323	187	157	118	106	408	340	170	139	84	32				2064

PLAN B - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	13,566	16,765	20,895												14,412
21 - 25	14,681	14,844	16,196	15,395	19,654	18,461									15,277
26 - 30	15,627	17,432	18,839	17,463	18,852	20,678	18,685								17,765
31 - 35	15,864	15,837	15,960	19,515	24,603	20,907	21,128								18,864
36 - 40	16,016	18,471	21,297	20,388	21,085	19,766	26,049	30,157	24,399						20,933
41 - 45	15,988	18,341	23,126	18,098	16,968	21,069	26,060	28,103	28,647	27,532					22,702
46 - 50	14,196	19,397	19,909	21,346	20,819	21,681	24,117	26,555	29,246	33,920	40,685				23,103
51 - 55	21,792	23,254	16,603	26,154	19,425	20,497	24,369	26,198	28,818	31,358	32,374				24,439
56 - 60	19,756	20,331	20,048	18,637	21,282	21,531	22,848	31,210	25,489	38,116	39,864				24,887
61 - 65	16,233	27,423	29,744	17,888	24,914	20,785	25,770	21,350	29,750	26,369	41,841				24,191
66 - 70	15,324		29,246	19,124	8,500	20,028	31,305	30,137	29,921	24,893	49,463				26,548
71 & Over	10,500		34,451			15,099	18,832	16,538	32,360	32,561					19,753
Average	15,892	18,229	19,910	19,558	19,869	20,683	24,512	26,853	28,500	31,567	38,377				21,929

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 30												0
31 - 35										1		1
36 - 40									2			2
41 - 45							4					4
46 - 50							1					1
51 - 55						14						14
56 - 60	8	5	1	2	4	1						21
61 - 65	5											5
66 - 70												0
71 - 75	2											2
76 - 80	1											1
81 & Over												0
Totals	16	5	1	2	4	15	12	5	2	1	0	63

PLAN B - AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 30												0
31 - 35										6,100		6,100
36 - 40									5,957			5,957
41 - 45							7,377					7,377
46 - 50							7,877					7,877
51 - 55								12,759				12,759
56 - 60	3,206	2,305	1,459	9,480	7,420	5,632						5,632
61 - 65	871					1,753						1,753
66 - 70												871
71 - 75												0
76 - 80	1,183											1,183
81 & Over	1,812											1,812
Average	2,136	2,305	1,459	9,480	7,420	5,374	7,877	8,454	5,957	6,100	0	5,257

PLAN B - SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 50												0
51 - 55	1	2	1									4
56 - 60	4	4	3									11
61 - 65	14	12	12	10	5	16	1					70
66 - 70	10	11	9	17	24	51	9					131
71 - 75	7	7	6	5	8	45	34	7				112
76 - 80	2	1	2	2	1	1	32	43	4			86
81 - 85			1		1	4	7	27	22	2		63
86 - 90						1		4	14	4		23
91 & Over							1		2	6	2	11
Totals	38	30	32	34	38	118	84	81	42	12	2	511

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 50												0
51 - 55	18,564	19,064	8,629									16,330
56 - 60	11,904	16,742	14,927									14,488
61 - 65	8,469	8,645	10,246	5,788	7,987	13,036	11,002					9,466
66 - 70	9,784	9,401	9,302	9,372	9,373	7,014	10,716					8,576
71 - 75	6,844	5,444	5,444	8,045	5,774	8,067	6,768	13,627				7,639
76 - 80	5,244	2,705	7,340	6,459	1,926	11,703	8,038	7,602	13,658			7,889
81 - 85						4,608	7,866	6,161	5,397	5,093		5,970
86 - 90						4,394	7,866	5,044	6,293	2,901		5,403
91 & Over							10,945		5,822	1,591	1,950	3,276
Average	8,973	10,498	9,377	7,951	8,237	8,168	7,867	7,516	6,503	2,611	1,950	7,987

PLAN B - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 40												0
41 - 45	1					1	2					4
46 - 50	1	1	2		1	1						6
51 - 55	1	1	2	2	1	1	3					10
56 - 60	1	1	2	2	1	1	2			1		8
61 - 65	1	1			1	1						3
66 - 70							3	1				4
71 - 75								1				0
76 - 80								1	2			3
81 & Over												0
Totals	4	3	2	6	3	5	10	2	2	1	0	38

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 40												0
41 - 45	8,335					4,619	4,244					5,360
46 - 50	9,061		2,578	3,847	4,282	8,476						5,349
51 - 55	5,869	11,902	7,112	6,837	7,169	2,795	5,611					6,535
56 - 60	4,394	10,479		4,124		3,928	7,267			6,002		5,948
61 - 65		6,637			9,969	5,322						7,310
66 - 70							8,032	3,453				6,887
71 - 75									2,959			0
76 - 80								3,870				3,263
81 & Over												0
Average	6,915	9,673	4,845	4,936	7,140	5,028	6,395	3,661	2,959	6,002	0	5,940

PLAN B - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 25													0
26 - 30													1
31 - 35						1							0
36 - 40													0
41 - 45													0
46 - 50								1					1
51 - 55								1					1
56 - 60	2	2	1		1	4	1	1	1				6
61 - 65	2	2	1		1	2	2	2					8
66 - 70	1	1	1	1	3	10	3	2		1			10
71 - 75	1	1	1	1	3	7	4	4					19
76 - 80	1	1	1		1	4	10	11	3				19
81 - 85	1			1			6	13	9	4			31
86 - 90							1	6	14	6	2		33
91 & Over						1		1	1	3	3	2	8
Totals	6	6	3	4	5	26	31	39	28	16	7		171

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 25													0
26 - 30													4,143
31 - 35													0
36 - 40													0
41 - 45													0
46 - 50								5,022					5,022
51 - 55								2,753					4,244
56 - 60	5,514	3,588	3,087	3,531	3,312	5,320	6,687						4,995
61 - 65	5,622	9,662	9,894	4,649	9,379	8,293	4,008		3,818				5,980
66 - 70		3,731	2,877	2,980	8,013	7,420	3,125			953			6,456
71 - 75		1,807				7,056	6,294	6,801					6,680
76 - 80						7,883	6,873	5,571	7,249				6,229
81 - 85				2,022		6,499	6,499	5,443	3,353	1,809			4,802
86 - 90						9,072	9,072	9,804	4,032	2,361	1,731		4,800
91 & Over						4,552		9,611	1,392	2,356	807		2,561
Average	5,596	5,340	5,286	3,296	7,892	6,870	6,240	6,399	4,056	2,003	1,250		5,322

EXHIBIT XXII
PLAN B: YEAR-TO-YEAR COMPARISON

	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000
Number of Active Members	2,064	2,066	2,069	2,068
Number of Retirees and Survivors	720	705	700	689
Number Terminated Due Deferred Benefits	63	60	53	52
Number Terminated Due Refund	790	761	713	715
Active Lives Payroll	\$ 45,260,679	\$ 43,560,002	\$ 42,572,472	\$ 41,586,147
Retiree Benefits in Payment	\$ 5,216,962	\$ 5,039,462	\$ 4,855,154	\$ 4,579,320
Market Value of Assets	\$ 83,836,074	\$ 81,767,131	\$ 87,702,933	\$ 100,649,110
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability	93.04%	92.99%	92.86%	92.73%
Actuarial Accrued Liability (As defined by GASB- 25)	\$ 92,615,633	\$ 95,381,233	\$ 96,857,576	\$ 104,176,006
Actuarial Value of Assets	\$ 86,170,714	\$ 88,697,416	\$ 89,937,940	\$ 96,602,212
Unfunded Actuarial Accrued Liability	\$ 6,444,919	\$ 6,683,817	\$ 6,919,636	\$ 7,573,794
Present Value of Future Employer Normal Cost	\$ 36,670,550	\$ 28,532,252	\$ 22,615,159	\$ 12,529,147
Present Value of Future Employee Contributions	\$ 17,184,709	\$ 16,666,322	\$ 16,496,208	\$ 16,317,771
Present Value of Future Benefits	\$ 146,470,892	\$ 140,579,807	\$ 135,968,943	\$ 133,022,924

	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Employee Contribution Rate	5.00%	5.00%	5.00%	5.00%
Proj. Tax Contribution as % of Projected Payroll	2.28%	2.27%	2.18%	2.01%
Actuarially Req'd Net Direct Employer Cont. Rate	9.22%	7.53%	6.16%	3.68%
Actual Employer Direct Contribution Rate	7.75%	6.25%	4.50%	4.50%

Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995	Fiscal 1994
2,152	2,102	2,056	2,012	1,998	1,984
664	653	651	646	628	614
58	63	61	68	80	78
702	680	664	632	701	690
\$ 41,646,939	\$ 37,963,401	\$ 36,584,814	\$ 34,234,222	\$ 33,750,064	\$ 32,721,647
\$ 4,235,936	\$ 3,926,054	\$ 3,713,381	\$ 3,502,189	\$ 3,279,414	\$ 3,129,478
\$ 94,054,385	\$ 87,582,921	\$ 76,245,708	\$ 66,737,143	\$ 61,752,808	\$ 55,524,052
91.92%	90.88%	89.95%	88.92%	87.77%	86.73%
\$ 96,158,035	\$ 87,395,782	\$ 81,392,511	\$ 75,655,433	\$ 70,206,923	\$ 66,254,195
\$ 88,384,208	\$ 79,421,207	\$ 73,216,211	\$ 67,276,177	\$ 61,623,243	\$ 57,464,395
\$ 7,773,827	\$ 7,974,575	\$ 8,176,300	\$ 8,379,256	\$ 8,583,680	\$ 8,789,800
\$ 10,902,426	\$ 12,607,109	\$ 9,440,170	\$ 4,991,127	\$ 6,659,816	\$ 6,623,442
\$ 16,469,405	\$ 15,103,116	\$ 14,674,371	\$ 13,851,727	\$ 13,965,323	\$ 13,584,705
\$ 123,529,866	\$ 115,106,007	\$ 105,507,052	\$ 94,498,287	\$ 90,832,062	\$ 86,462,342

Fiscal 2000	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2.01%	2.03%	1.93%	1.77%	1.80%	1.76%
3.32%	4.31%	2.73%	2.72%	3.34%	3.00%
4.50%	3.75%	2.75%	3.25%	3.75%	4.00%

SUMMARY OF PRINCIPAL PLAN PROVISIONS

All members of the Municipal Employees' Retirement System are participants in either Plan A or B according to the provisions of the agreement entered into by their employer. All employees of a participating employer must participate in the same plan. The principal provisions of each plan are given below. The following summary of plan provisions as of July 1, 2003, is for general informational purposes only and does not constitute a guarantee of benefits.

MEMBERSHIP - All persons who are actively employed by a participating employer on a permanent, regularly scheduled basis of at least an average of thirty-five hours per week are members of this system. Excluded from membership are members of city councils, alderman, town councilmen, and constables; the exclusion does not apply to persons serving in excluded positions on January 1, 1997.

PLAN A PROVISIONS:

CONTRIBUTION RATES - Employee contributions in Plan A are 9.25% of the member's earnings. In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish, excepting Orleans Parish, and remits the money to the system on an annual basis. Taxes are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Taxes received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The system also receives revenue sharing funds each year as appropriated by the legislature. The remaining employer contributions are determined according to actuarial requirements and are set annually.

RETIREMENT BENEFITS - Members with ten years of creditable service may retire at age sixty; members with twenty-five years of service may retire regardless of age. The monthly retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; elected officials receive an additional one-half percent of final compensation for each year of such elective service. However, the accrued retirement benefits for those employees who were members of only the supplemental plan prior to October 1, 1978, are based on one percent of final compensation plus two dollars per month for each year of service credited prior to October 1, 1978. The retirement allowance may not exceed the greater of final annual salary or one hundred percent of the member's final three-year average compensation. Members with twenty years of service credit, not otherwise eligible for normal retirement, are eligible for a modified actuarially reduced early retirement.

DISABILITY BENEFITS - Five years of creditable service are required in order to be eligible for disability benefits. Twenty years of creditable service are required in order for a member to have a vested disability benefit. A disabled member receives a normal retirement allowance if eligible under regular retirement provisions; if he is not eligible for a normal retirement, he receives a disability benefit equal to the lesser of:

- 1) Forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or
- 2) Three percent of his final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

SURVIVOR BENEFITS - Five years of creditable service are required in order to be eligible for survivor benefits. If the member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option two benefit. If the member is not eligible for a normal retirement, the surviving spouse with minor children receives sixty percent of final compensation payable until no child in her care satisfies the definition of minor child. The surviving spouse with no minor children receives forty percent of final compensation payable upon attainment of age sixty by the spouse, or the actuarial equivalent of this amount payable immediately (such equivalent not to be less than 20% of final compensation). Minor children with no surviving unmarried parent receive thirty percent of final compensation each not to exceed a total of sixty percent of final compensation. Survivor benefits are also payable to the surviving spouse's of former members who have not withdrawn their accumulated contributions and who have at least twenty years of creditable service. The benefits payable are the actuarial equivalent of the Option 2 benefits that would have become payable to the surviving spouse at the time the former member would have begun receiving deferred normal retirement benefits, had the member survived until that date, election Option 2, and died at that time.

PLAN B PROVISIONS:

CONTRIBUTION RATES - Employee contributions in Plan B are 5.00% of the member's earnings. In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish, excepting Orleans Parish, and remits the money to the system on an annual basis. Taxes are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Taxes received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The system also receives revenue sharing funds each year as appropriated by the legislature. The remaining employer contributions are determined according to actuarial requirements and are set annually.

RETIREMENT BENEFITS - Members with ten years of creditable service may retire at age sixty; members with thirty years of service may retire at any age. The monthly retirement allowance is equal to two percent of the member's final compensation multiplied by his years of creditable service; elected officials receive an additional one-half percent of final compensation for each year of such elective service.

DISABILITY BENEFITS - Ten years of creditable service are required in order to be eligible for disability benefits. Twenty years of creditable service are required in order for a member to have a vested disability benefit. A disabled member receives a normal retirement allowance if eligible under regular retirement provisions; if he is not eligible for a normal retirement allowance, he receives a disability benefit equal to the lesser of:

- 1) Thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; and
- 2) Two percent of his final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

SURVIVOR BENEFITS - The surviving spouse of a member who was eligible for normal retirement at the time of death receives an automatic option two benefit. The surviving spouse of a member with five or more years of creditable service and not eligible for normal retirement at the time of death receives either 30% of the member's final compensation payable to the spouse when they attain age 60 or an actuarial equivalent of 30% of the deceased member's final compensation, but not less than 15% of such final compensation. Survivor benefits are also payable to the surviving spouse's of former members who have not withdrawn their accumulated contributions and who have at least twenty years of creditable service. The benefits payable are the actuarial equivalent of the Option 2 benefits that would have become payable to the surviving spouse at the time the former member would have begun receiving deferred normal retirement benefits, had the member survived until that date, elected Option 2, and died at that time.

PROVISIONS APPLICABLE TO BOTH PLAN A AND B:

UNUSED SICK & ANNUAL LEAVE – All unused sick and annual leave is credited at the time of retirement to the member if the employer so elects for his employees. The actuarial cost of providing this conversion is borne solely by the employer and must be paid to the board within thirty days of the member's retirement date.

OPTIONAL ALLOWANCES - Members may receive their benefits as a life annuity, or in lieu of such a reduced benefit according to the option selected which is the actuarial equivalent of the maximum benefit.

Option 2 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 - Upon retirement, the member elects to receive a board-approved benefit which is actuarially equivalent to the maximum benefit.

DEFERRED RETIREMENT OPTION PLAN - In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible for a normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP account. After a member terminates his participation in DROP his account will earn interest

at the actual rate of return earned on the funds left on deposit as certified by the custodian of the system's assets. This interest will be credited to the individual member's account balance on an annual basis. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the system has been terminated for at least one full year.

Upon termination of employment prior to, or at the end of, the specified period of participation, a participant in the plan may receive, at his option, a lump sum payment from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the DROP account will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system. Additional accrued benefits are based on final average compensation used to calculate the member's original benefit unless the additional period of service is at least thirty-six months.

COST OF LIVING INCREASES - The board of trustees is authorized to grant retired members, and widows of members, who have been retired for at least one full year an annual cost of living increase of two percent of their benefit and all retired members and widows who are sixty-five years of age and older a two percent increase in their original benefit (or their benefit as of October 1, 1977, if they retired prior to that time). In order for the board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings on investments. In lieu of other cost of living increases the board may grant an increase to retirees in the form " $X \times (A \& B)$ " where "A" is equal to the number of years of credited service accrued as retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00.

ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The effect of emerging experience on the fund is illustrated by the following chart.

Factor	Increase in Factor Results in
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

ACTUARIAL COST METHOD: Frozen Attained Age Normal Actuarial Cost Method with allocation based on earnings. The frozen actuarial accrued liabilities were calculated on the projected unit credit cost method.

ACTUARIAL ASSET VALUES: The actuarial value of assets is based on the market value of investment securities adjusted to smooth realized and unrealized capital gains over a three year period by deferring one-third of such gains accrued in the prior fiscal year and two thirds of such gains accrued in the current fiscal year. In addition, expense fund assets were allocated to each plan in proportion to covered payroll.

VALUATION INTEREST RATE: 8% (Net of Investment Expense)

ANNUAL SALARY INCREASE RATE: 6% (3.25% Inflation / 2.75% Merit)

ANNUITANT MORTALITY: 110% of 1971 Group Annuity Mortality Table (Female rates are based on 6 year setback of male rates)

RETIREE COST OF LIVING INCREASES: The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do

not include provisions for potential future increases not yet authorized by the Board of Trustees.

RATES OF RETIREMENT:

The table of these rates is included later in the report. These rates apply only to those individuals eligible to retire. Members are assumed to retire no earlier than normal retirement age.

DROP ENTRY RATES:

The table of these rates is included later in the report. These rates apply only to those individuals eligible to participate in DROP. In Plan A, the tabular rate is multiplied by 2.5 in the first year of eligibility.

DROP PARTICIPATION PERIOD:

All DROP participants are assumed to participate for 3 years and retire at the end of this participation period.

RETIREMENT RATES FOR ACTIVE FORMER DROP PARTICIPANTS:

Retirement rates for active former DROP participants are as follows:

Ages	Retirement Rates
Below 81	0.30
81-89	0.90
90	1.00

RATES OF WITHDRAWAL:

The table of these rates is included later in the report. In the first ten years of service, the tabular rates were multiplied by the following adjustment factors:

Service	Adjustment Factor
1	7.000
2	5.500
3	4.000
4	3.500
5	3.000
6	2.666
7	2.333
8	2.000
9	1.666
10	1.333

Note: The withdrawal rate for individuals eligible to retire is assumed to be zero.

MARRIAGE STATISTICS: 80% of the members are assumed to be married; husbands are assumed to be three years older than wives.

FAMILY STATISTICS: Assumptions utilized in determining the costs of various survivor benefits as listed below:

Age at Death	% With Children	Number of Children	Average Age
25	55%	2.2	7
35	80%	2.7	11
45	60%	1.9	13
55	20%	1.5	14
65	2%	1.0	17

DISABLED LIVES MORTALITY: 175% of 1971 Group Annuity Table
(Female rates are based on 6 year setback of male rates)

VESTING ELECTING PERCENTAGE: 65% of those vested elect deferred benefits in lieu of contribution refunds.

ACTUARIAL TABLES AND RATES

Age	Mortality Rates	Plan A Retirement Rates	Plan B Retirement Rates	Plan A DROP Entry Rates	Plan B DROP Entry Rates	Withdrawal Rates	Base Disability Rates	Remarriage Rates
18	0.00052	0.00000	0.00000	0.00000	0.00000	0.04000	0.00073	0.05665
19	0.00053	0.00000	0.00000	0.00000	0.00000	0.04000	0.00073	0.05665
20	0.00055	0.00000	0.00000	0.00000	0.00000	0.04000	0.00073	0.05665
21	0.00057	0.00000	0.00000	0.00000	0.00000	0.03950	0.00073	0.05213
22	0.00060	0.00000	0.00000	0.00000	0.00000	0.03900	0.00073	0.04834
23	0.00062	0.00000	0.00000	0.00000	0.00000	0.03850	0.00073	0.04522
24	0.00065	0.00000	0.00000	0.00000	0.00000	0.03800	0.00073	0.04270
25	0.00068	0.00000	0.00000	0.00000	0.00000	0.03750	0.00073	0.04070
26	0.00071	0.00000	0.00000	0.00000	0.00000	0.03700	0.00073	0.03915
27	0.00075	0.00000	0.00000	0.00000	0.00000	0.03650	0.00073	0.03799
28	0.00079	0.00000	0.00000	0.00000	0.00000	0.03600	0.00076	0.03714
29	0.00084	0.00000	0.00000	0.00000	0.00000	0.03550	0.00081	0.03654
30	0.00089	0.00000	0.00000	0.00000	0.00000	0.03500	0.00086	0.03611
31	0.00095	0.00000	0.00000	0.00000	0.00000	0.03450	0.00093	0.03578
32	0.00101	0.00000	0.00000	0.00000	0.00000	0.03400	0.00101	0.03549
33	0.00108	0.00000	0.00000	0.00000	0.00000	0.03350	0.00111	0.03515
34	0.00115	0.00000	0.00000	0.00000	0.00000	0.03300	0.00121	0.03471
35	0.00123	0.00000	0.00000	0.00000	0.00000	0.03250	0.00132	0.03409
36	0.00132	0.00000	0.00000	0.00000	0.00000	0.03200	0.00144	0.03286
37	0.00142	0.00000	0.00000	0.00000	0.00000	0.03150	0.00157	0.03139
38	0.00154	0.00000	0.00000	0.00000	0.00000	0.03100	0.00171	0.02973
39	0.00166	0.00000	0.00000	0.00000	0.00000	0.03050	0.00185	0.02787
40	0.00180	0.00000	0.00000	0.00000	0.00000	0.03000	0.00199	0.02585
41	0.00197	0.15000	0.00000	0.17000	0.00000	0.02950	0.00213	0.02352
42	0.00220	0.15000	0.00000	0.17000	0.00000	0.02900	0.00227	0.02111
43	0.00249	0.15000	0.00000	0.17000	0.00000	0.02850	0.00241	0.01868
44	0.00283	0.15000	0.00000	0.17000	0.00000	0.02800	0.00254	0.01629
45	0.00321	0.15000	0.00000	0.17000	0.00000	0.02750	0.00268	0.01400
46	0.00365	0.15000	0.18000	0.17000	0.25000	0.02700	0.00282	0.01208
47	0.00413	0.15000	0.18000	0.17000	0.25000	0.02650	0.00298	0.01034
48	0.00465	0.15000	0.18000	0.17000	0.25000	0.02600	0.00430	0.00879
49	0.00521	0.15000	0.18000	0.17000	0.25000	0.02550	0.00562	0.00744
50	0.00581	0.15000	0.18000	0.17000	0.25000	0.02500	0.00694	0.00629
51	0.00645	0.15000	0.18000	0.17000	0.25000	0.02450	0.00736	0.00551
52	0.00713	0.15000	0.18000	0.17000	0.25000	0.02400	0.00784	0.00493
53	0.00784	0.15000	0.18000	0.17000	0.25000	0.02350	0.00834	0.00451
54	0.00859	0.15000	0.18000	0.17000	0.25000	0.02300	0.00893	0.00423
55	0.00937	0.15000	0.15000	0.17000	0.20000	0.02250	0.00786	0.00406
56	0.01019	0.15000	0.15000	0.17000	0.20000	0.02200	0.00679	0.00000
57	0.01104	0.15000	0.15000	0.17000	0.20000	0.02150	0.00570	0.00000
58	0.01198	0.15000	0.15000	0.17000	0.20000	0.02100	0.00627	0.00000
59	0.01312	0.15000	0.15000	0.17000	0.20000	0.02050	0.00694	0.00000
60	0.01443	0.15000	0.20000	0.17000	0.30000	0.02000	0.00770	0.00000
61	0.01588	0.15000	0.15000	0.17000	0.20000	0.02000	0.00858	0.00000
62	0.01745	0.15000	0.15000	0.17000	0.20000	0.02000	0.00959	0.00000
63	0.01915	0.15000	0.15000	0.17000	0.20000	0.02000	0.01037	0.00000
64	0.02110	0.15000	0.15000	0.17000	0.20000	0.02000	0.01117	0.00000
65	0.02339	0.15000	0.15000	0.17000	0.20000	0.02000	0.01197	0.00000

GLOSSARY

Actuarial Assumptions - Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

Actuarial Cost Method - A procedure for determining an allocation of pension costs to each fiscal year. Although all proper cost methods will accumulate sufficient assets to provide for members pensions, some accumulate assets more or less rapidly than others by producing higher or lower costs in the earlier years with corresponding decreasing or increasing costs in future years.

Actuarial Present Value - The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the possibility of payments. For example: if \$600 invested today will be worth \$1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of \$1,000 payable to that person if he should survive 10 years is \$300.

Actuarial Value of Assets - The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to the book value, market value, or some modification involving either or both book and market value.

Asset Gain (Loss) - That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

Amortization Payment - That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

Contribution Shortfall (Excess) - The difference between contributions recommended in the prior valuation and the actual amount received.

Employer Normal Cost - That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

Net Direct Employer Contribution Rate - Contribution rate applied to the employers' active payroll. This does not include contributions made to the plan by revenue sharing or ad valorem taxes.

Normal Cost - That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

Pension Benefit Obligation - The actuarial present value of benefits earned or credited to date based on the member's expected final average compensation at retirement. For current retirees or terminated members this is equivalent to the actuarial present value of their accrued benefit.

Unfunded Actuarial Accrued Liability - The excess of the actuarial accrued liability over the actuarial value of assets.

Vested Benefits - Benefits that the members are entitled to even if they withdraw from service.