MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JUNE 30, 2006

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 7, 2006

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, 2006. 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, 2007, and to provide information required for the system's financial statements. In addition, this report recommends employer contribution rates for fiscal 2008.

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

		June 30, 2006	June 30, 2005
Valuation Date:		June 30, 2006	June 30, 2005
Census Summary:	Active Members	5,109	5,289
	Retirees and Beneficiaries	2,588	2,512
	Terminated Due a Deferred Benefit	179	186
	Terminated Due a Refund	2,148	2,263
Payroll:		$ 140,773,796	$ 140,020,164
Benefits in Payment:		$ 32,315,373	$ 30,555,460
Frozen Unfunded Actuarial Accrued Liability:		$ 72,305,460	$ 71,277,872
Market Value of Assets:		$ 567,015,013	$ 521,411,279
Actuarial Asset Value:		$ 565,604,518	$ 510,523,409
Actuarial Accrued Liability (as defined by GASB-25)		$ 637,909,978	$ 581,801,281
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability:		88.67%	87.75%

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	FISCAL 2007	FISCAL 2006
Employer Normal Cost (July 1):	$ 17,605,646	$ 21,026,001
Amortization Cost (July 1):	$ 4,512,328	$ 4,328,373
Interest Adjusted Gross Employer Actuarially Required Contribution Including Estimated Administrative Costs:	$ 23,618,133	$ 26,980,193
Projected Ad Valorem and Revenue Sharing Funds	$ 3,673,051	$ 3,389,890
Net Direct Employer Actuarially Required Contribution:	$ 19,945,082	$ 23,590,303
Actuarially Required Net Direct Employer Contribution Rate	13.89%	16.30%
Actual Net Direct Employer Contribution Rate:	16.25%	16.00%

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Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2008: 13.50%

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: The actuarial value of assets is based on the market value of investment securities adjusted to average in asset earnings above or below the assumed rate of return over a four-year period. In addition, expense fund assets were allocated to each plan in proportion to covered payroll.

Changes in Valuation Methods, Assumptions, and Amortization Periods: Changes were made in the mortality table used for disabled lives, the percentage of terminated vested employees who elect a deferred benefit, and certain statistics related to children of members including the percent of members with minor children, the average age of those children, and the average number of children in the household. The actuarial asset valuation method was changed from 2-year smoothing of realized and unrealized capital gains to 4-year smoothing of all earnings above or below the valuation interest rate.

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

		June 30, 2006	June 30, 2005
Valuation Date:		June 30, 2006	June 30, 2005
Census Summary:	Active Members	2,060	2,038
	Retirees and Beneficiaries	763	745
	Terminated Due a Deferred Benefit	77	79
	Terminated Due a Refund	777	806
Payroll:		$ 51,055,201	$ 48,690,316
Benefits in Payment:		$ 5,872,330	$ 5,649,984
Frozen Unfunded Actuarial Accrued Liability:		$ 5,703,945	$ 5,955,605
Market Value of Assets:		$ 111,581,452	$ 101,109,899
Actuarial Asset Value:		$ 111,404,638	$ 96,417,685
Actuarial Accrued Liability (as defined by GASB-25)		$ 117,108,583	$ 102,373,290
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability:		95.13%	94.18%

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	FISCAL 2007	FISCAL 2006
Employer Normal Cost (July 1):	$ 3,972,111	$ 4,981,639
Amortization Cost (July 1):	$ 660,691	$ 674,174
Interest Adjusted Gross Employer Actuarially Required Contribution Including Estimated Administrative Costs:	$ 5,043,954	$ 6,097,169
Projected Ad Valorem and Revenue Sharing Funds	$ 1,332,285	$ 1,178,793
Net Direct Employer Actuarially Required Contributions:	$ 3,711,669	$ 4,918,376
Actuarially Required Net Direct Employer Contribution Rate	7.08%	9.86%
Actual Net Direct Employer Contribution Rate:	9.75%	9.75%

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Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2008: 6.75%

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: The actuarial value of assets is based on the market value of investment securities adjusted to average in asset earnings above or below the assumed rate of return over a four-year period. In addition, expense fund assets were allocated to each plan in proportion to covered payroll.

Changes in Valuation Methods, Assumptions, and Amortization Periods: Changes were made in the mortality table used for disabled lives, the percentage of terminated vested employees who elect a deferred benefit, and certain statistics related to children of members including the percent of members with minor children, the average age of those children, and the average number of children in the household. The actuarial asset valuation method was changed from 3-year smoothing of realized and unrealized capital gains to 4-year smoothing of all earnings above or below the valuation interest rate.

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 5,109 active members in Plan A of whom 2,337 have vested retirement benefits including 230 participants in the Deferred Retirement Option Plan (DROP); 2,588 former Plan A members or their beneficiaries are receiving retirement benefits. An additional 2,327 Plan A members have contributions remaining on deposit with the system; of this number, 179 have vested rights for future retirement benefits. Census data on Plan B members may be found in Exhibit XXI. There are 2,060 active members in Plan B of whom 802 have vested retirement benefits including 44 participants in the Deferred Retirement Option Plan (DROP); 763 former Plan B members or their beneficiaries are receiving retirement benefits. An additional 854 Plan B members have contributions remaining on deposit with the system; of this number, 77 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 $567,015,013 as of June 30, 2006. Net investment income for fiscal 2006 measured on a market value basis for Plan A amounted to $44,676,037. Contributions to the system for the fiscal year totaled $40,754,603; benefits and expenses amounted to $39,826,906. The net market value of Plan B's assets was $111,581,452 as of June 30, 2006. Net investment income for fiscal 2005 measured on a market value basis for Plan B amounted to $8,703,587. Contributions to the system for the fiscal year totaled $9,114,073; benefits and expenses amounted to $7,346,107.

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.

The actuarial assumptions utilized for the report are outlined on pages sixty-one through sixty-four. For the fiscal 2006 valuation several assumptions were adjusted to reflect recent plan and general population experience and trends. The percentage of eligible persons who terminate employment and elect deferred retirement benefits in lieu of a refund of contributions was changed from 65% to a range of percentages that is age dependent based on recent plan experience; these percentages are detailed in the Actuarial Assumption section in this report. Disabled lives mortality was changed from 175% of the 1971 Group Annuity Mortality Table to the RP-2000 Disabled Lives Mortality Table. In addition, family composition statistics were updated to reflect information developed in the 2000 U. S. Census. Both the new assumptions and those used for the prior year are listed in the Assumption Section of the report. The effect of the change in assumptions was to decrease the normal cost rate by 0.1846% in Plan A and 0.1935% in Plan B.

In addition to the above changes in assumptions, the actuarial asset valuation method was changed from a two year smoothing of realized and unrealized capital gains and losses in Plan A and three year smoothing of realized and unrealized capital gains and losses in Plan B to a four year smoothing of all investment returns above or below the current valuation interest rate. The effect of this change in Plan A was to increase the actuarial value of assets by $16,944,683 which reduced the normal cost accrual rate by 1.6209%. The effect of this change in Plan B was to increase the actuarial value of assets by $6,091,263 which reduced the normal cost accrual rate by 1.5528%.

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 590 provides that interest accruing on individual Deferred Retirement Option Plan accounts is to be credited on a daily basis rather than an annual basis.

Act 678 provides that any employee of a state or statewide retirement system who has not retired, whose participation in the Deferred Retirement Option Plan of that system was interrupted or ceased upon their being terminated due to a reduction-in-force necessitated by Hurricane Katrina or Hurricane Rita or both, will have the time period applicable to their plan participation adjusted upon their reemployment and resumption of membership in the retirement system to which they belonged before being terminated. However, in no case will this statute apply to anyone who becomes reemployed more than one year after being furloughed or terminated, whichever occurs first, or to anyone reemployed on or after December 31, 2006.

Act 780 defines "monthly average final compensation" for individuals hired on or after July 1, 2006. For members hired on or after July 1, 2006, "monthly average final compensation" means the average of a member's monthly salary during the highest compensated sixty consecutive months or successive joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth month will not exceed one hundred twenty-five percent of the earnings for the first through the twelfth month. The earnings to be considered for the twenty-fifth through the thirty-sixth month will not exceed one hundred twenty-five percent of the earnings for the thirteenth through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month will not exceed one hundred twenty-five percent of the earnings for the twenty-fifth through the thirty-sixth month. The earnings to be considered for the final twelve months may not exceed one hundred twenty-five percent of the earnings for the thirty-seventh through the forty-eighth month.

For any member hired on or after July 1, 2006, whose period of additional service after their DROP participation period ends is less than sixty months, the final compensation figure used to calculate the additional benefit will be that used to calculate the original benefit. If their period of additional service is sixty months or more, the final compensation figure used to calculate the additional benefit will be based on their compensation during the period of additional service.

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.

		Actuarial Value		Market Value
PLAN A	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%
	2004	3.5%		9.6%
	2005	9.6%	****	7.2%
	2006	10.7%	*****	8.6%

		Actuarial Value		Market Value
PLAN B	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%
	2004	3.1%		9.7%
	2005	6.4%		7.2%
	2006	13.7%	*****	8.5%

* 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.

**** Includes the effect of a change from three year smoothing of realized and unrealized capital gains to two year smoothing of realized and unrealized capital gains.

***** Includes effect of change in asset valuation method. Effective with the 2006 valuation the method was changed from smoothing capital gains and losses over 3 years to smoothing investment gains and losses over 4 years.

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. In addition to the smoothing of investment returns above or below the assumed rate of return of 8.0%, the actuarial and market rates of return differ due to the allocation of expense fund assets and income to both Plan A and Plan B. During 2006, the fund earned $8,842,923 of dividends and interest for Plan A and $1,678,183 for Plan B. This income was increased by realized and unrealized capital gains of $37,926,932 for Plan A and $7,440,238 for Plan B and offset by net investment expenses of $2,093,818 for Plan A and $414,834 for Plan B. The geometric mean of the market value rates of return measured over the last ten years was 7.0% for Plan A and 6.8% for Plan B.

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 capital gains or losses as given in Exhibit VI for Plan A and Exhibit XVII for Plan B, adjusted for any change in asset determination methodology. Investment income used to calculate this yield is based upon a smoothing of gains or losses over a four-year period. The difference between rates of return on an actuarial and market value basis results from the smoothing of gains or losses on investments relative to the valuation interest rate over a four-year period. In addition, the transition from the prior smoothing method is captured in the calculation of the actuarial rate of return for fiscal 2006. 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 7.0% for Plan A and 6.6% for Plan B. Absent the change in method of calculating the actuarial value of assets in fiscal 2006, Plan A experienced net actuarial investment earnings of $3,376,517 less than the actuarial assumed earnings rate of 8%. For Plan B, the shortfall in earnings amounted to $562,206. These actuarial losses increased the normal cost accrual rate by 0.3230% and 0.1433% respectively for Plan A and Plan B.

At the end of each fiscal year, a review of the data is made to identify current members of Plan A and Plan B who have consecutive service credit in both plans and have not been addressed in previous transfers of assets and liabilities between the Plan A and Plan B trust funds pursuant to the provisions of R.S. 11: 1862(F). In the course of reviewing data for the June 30, 2006 valuation we found no such members and therefore do not recommend any such transfer be made for fiscal 2006.

PLAN A – DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the Plan is given in Exhibit X. The Plan's active membership decreased during the fiscal year by 180 members. The plan has experienced a decline in the active plan population of 346 members between 2001 and 2006. 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 76 during the fiscal year and by 333 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 decrease in the percentage of members with service less than ten years; the percentage of members with service over ten years has increased. These trends are indicative of a maturing population.

Plan liability experience for fiscal 2006 was favorable. There was no one significant factor affecting liability experience. Salary increases were less than projected levels. Both regular and disability retirements were less than projected; withdrawals and retiree deaths were above projections. 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 0.5228%.

PLAN B – DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the Plan is given in Exhibit XXI. The Plan's active membership increased during the fiscal year by 22 members. Over the last five years the active population decreased by nine members. The number of retirees and beneficiaries receiving benefits from the system increased by eighteen. Over the last five years this group increased by sixty-three.

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 ten 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 2006 was favorable. There was no one significant factor affecting liability experience. Retirements, disabilities, DROP entries, and salary increases were below projected levels. Withdrawals and retiree deaths were above projected levels. All of these elements contributed to cost reduction. Plan liability gains decreased the normal cost accrual rate by 0.4758%.

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 2007 as of July 1, 2006, is $17,605,646. The amortization payment on the plan's frozen unfunded actuarial accrued liability as of July 1, 2006, is $4,512,328. 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 2007 is $23,618,133. When this amount is reduced by projected tax contributions and revenue sharing funds the resulting employers' net direct actuarially required contribution for fiscal 2007 is $19,945,082. This is 13.89% of the projected Plan A payroll for fiscal 2007.

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 2006	15.8971%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	0.3230%
Contribution Shortfall	0.0100%
Factors Decreasing the Normal Cost Accrual Rate:	
Change in Asset Valuation Method	-1.6209%
Assumption Changes	-0.1846%
New Members	-0.6290%
Liability Experience	-0.5228%
Normal Cost Accrual Rate – Fiscal 2007	13.2728%

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 2007 as of July 1, 2006, is $3,972,111. The amortization payment on the plan's frozen unfunded actuarial accrued liability as of July 1, 2006, is $660,691. 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 2007 is $5,043,954. When this amount is reduced by projected tax contributions and revenue sharing funds the resulting employers' net direct actuarially required contribution for fiscal 2007 is $3,711,669. This is 7.08% of the projected Plan B payroll for fiscal 2007.

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

Normal Cost Accrual Rate – Fiscal 2006	11.0337%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	0.1433%

Factors Decreasing the Normal Cost Accrual Rate:	
Asset Method Change	-1.5529%
New Members	-0.5470%
Liability Experience	-0.4758%
Assumption Changes	-0.1935%
Contribution Gain	-0.0053%
Normal Cost Accrual Rate – Fiscal 2007	8.4025%

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 2007, the net effect of the change in payroll on amortization costs was an increase of 0.15% of payroll for Plan A, and reduced costs 0.10% 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 2007 will increase by 0.22% of payroll; in Plan B the corresponding increase is also 0.18%. Although the actuarially required net direct employer contribution rate for Plan A for fiscal 2007 is 13.89%, the actual employer contribution rate for fiscal 2007 is 16.25% of payroll. After giving consideration to the expected surplus in contributions collected in fiscal 2007, as detailed in Exhibit I, we recommend a minimum net direct employer contribution of 13.50% of payroll for Plan A during fiscal 2008. Although the actuarially required net direct employer contribution rate in Plan B is 7.08%, the actual employer contribution rate for fiscal 2007 is 9.75% of payroll. After giving consideration to the expected contribution surplus in fiscal 2007, as detailed in Exhibit XII, we recommend a minimum net direct employer contribution of 6.75% of payroll for Plan B during fiscal 2008.

Notwithstanding the allowable decrease in the employer contribution rate for fiscal 2008 for Plan A, under provisions of R. S. 11:105, the board of trustees may elect to maintain the net direct employer contribution rate at the current level of 16.25% and allocate any additional funds collected to reduce the system's frozen unfunded actuarial accrued liability. We estimate that should the board elect to freeze the current employer contribution rate the additional funds so collected would amount to approximately $3.82 million. The effect of such an amount of additional contributions would be to eliminate one year from the end of the Plan's unfunded liability amortization schedule and greatly reduce the payment for the preceding year.

Notwithstanding the allowable decrease in the employer contribution rate for fiscal 2008 for Plan B, under provisions of R. S. 11:105, the board of trustees may elect to maintain the net direct employer contribution rate at the current level of 9.75% and allocate any additional funds collected to reduce the system's frozen unfunded actuarial accrued liability. We estimate that should the board elect to freeze the current employer contribution rate the additional funds so collected would amount to approximately $1.57 million. The effect of such an amount of additional contributions would be to eliminate eight years from the end of the Plan's unfunded liability amortization schedule.

Please note that estimates of the additional funds collected and reduction in the number of remaining on the frozen unfunded accrued liability are based on the assumption that the current actuarial required contribution rate remains stable.

COST OF LIVING INCREASES

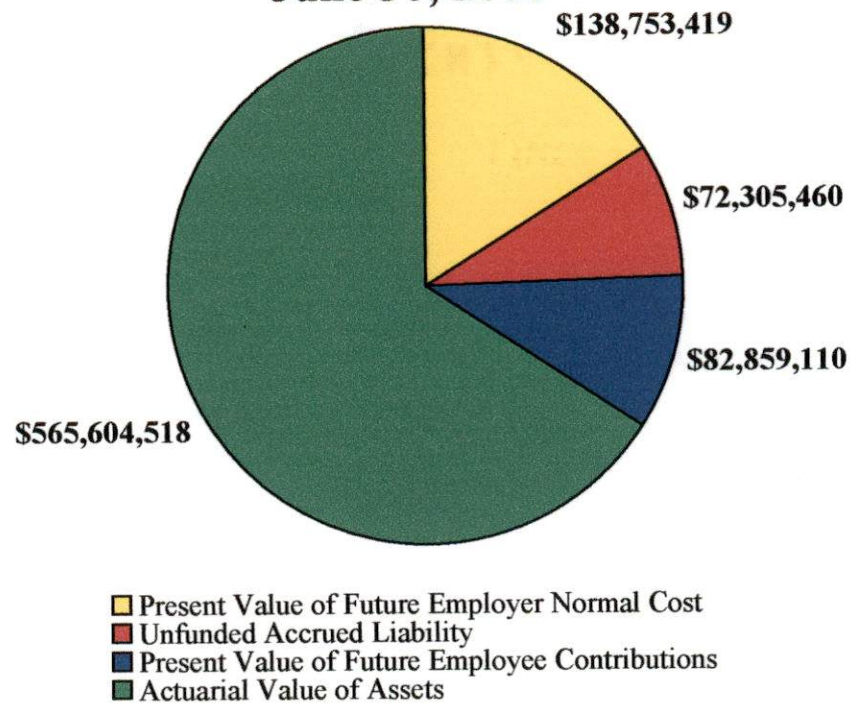
During fiscal 2006 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 4.32%. Cost of living provisions for the system are detailed in R.S. 11:1761 and R.S. 11:246. The former statute allows the board to use interest earnings in excess of the normal requirements to 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 2006 Plan A does not meet the target ratio; however Plan B has met the necessary target ratio. In addition we have determined that Plan B has earned $5,529,057 in excess interest for fiscal 2006.

Below is a summary of available cost of living increases and their respective costs.

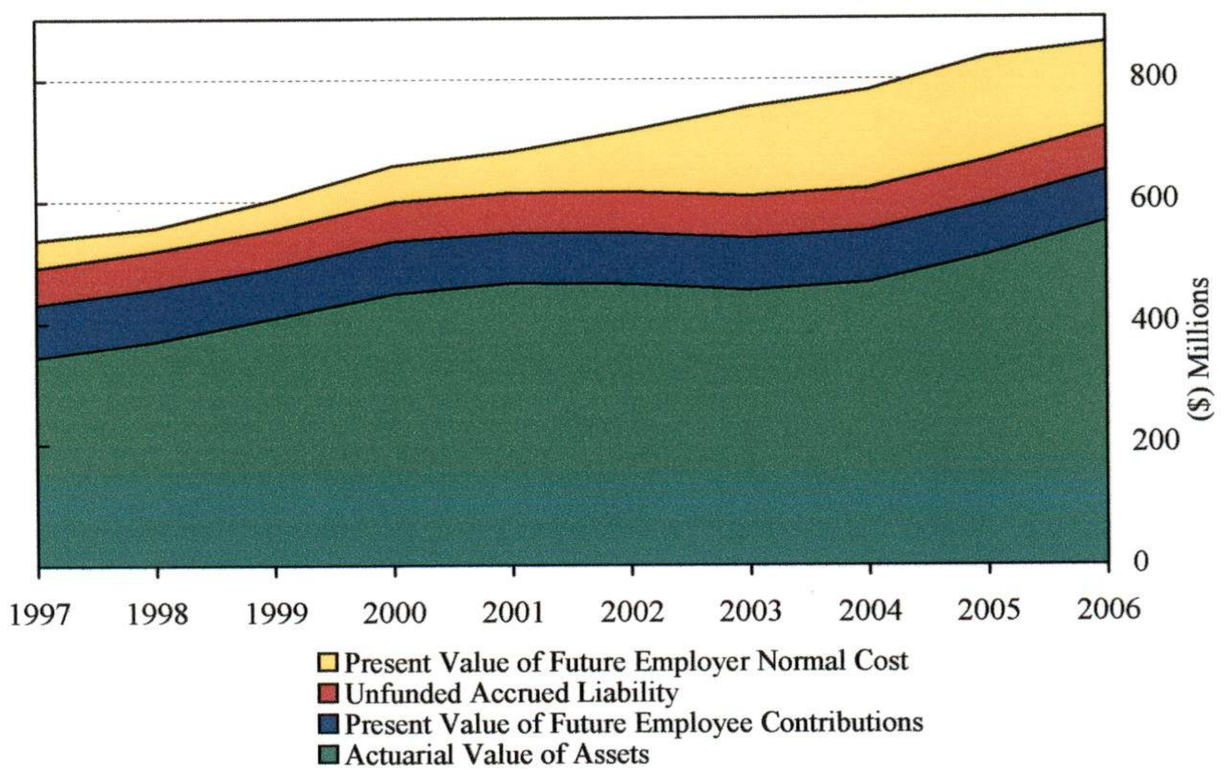
COLA Description	Plan	Increase in Benefits	Present Value Of Increase	Contribution Cost
2% to all allowable pensioners	B	$ 101,972	$ 837,110	0.21%
2% to pensioners over age 65	B	$ 81,104	$ 623,488	0.16%

In lieu of awarding the cost of living increases described above, RS 11:241(B) allows the board to grant a cost of living increase of an amount not to exceed $1 for every year of service plus the number of years since retirement. There is insufficient information available on the system's database to provide meaningful estimates of the costs associated with awarding this type of cost of living increase.

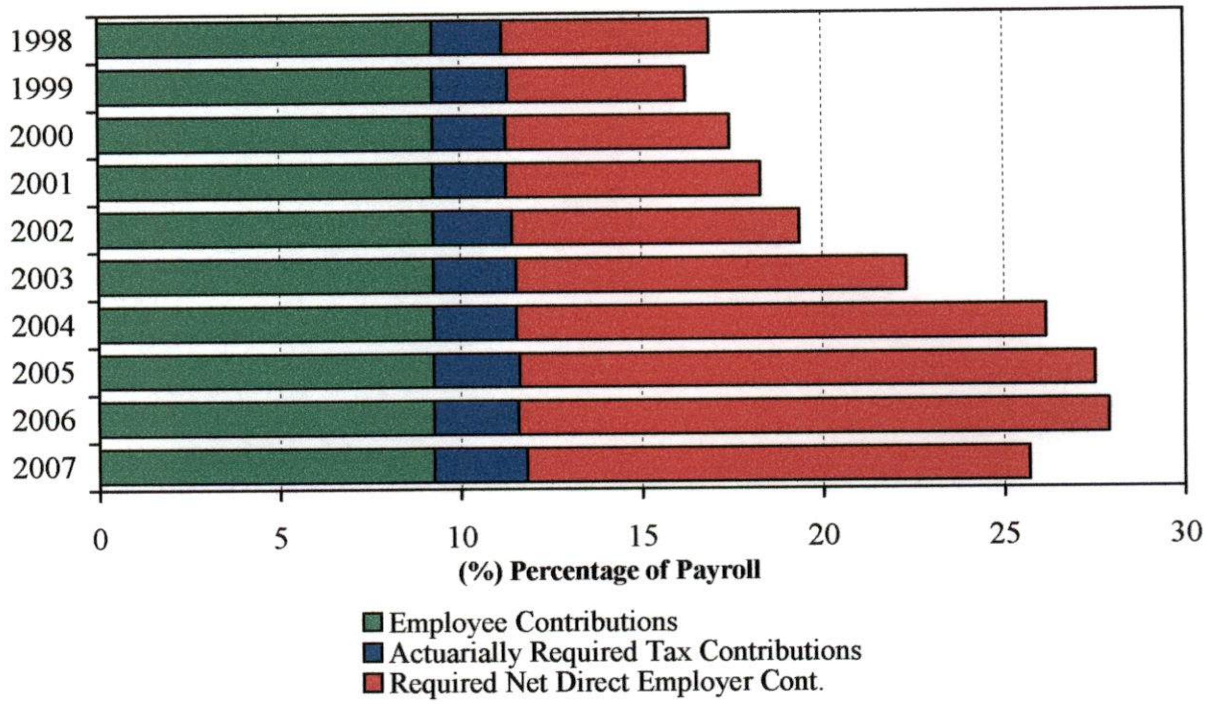
Plan A - Components of Present Value of Future Benefits
June 30, 2006



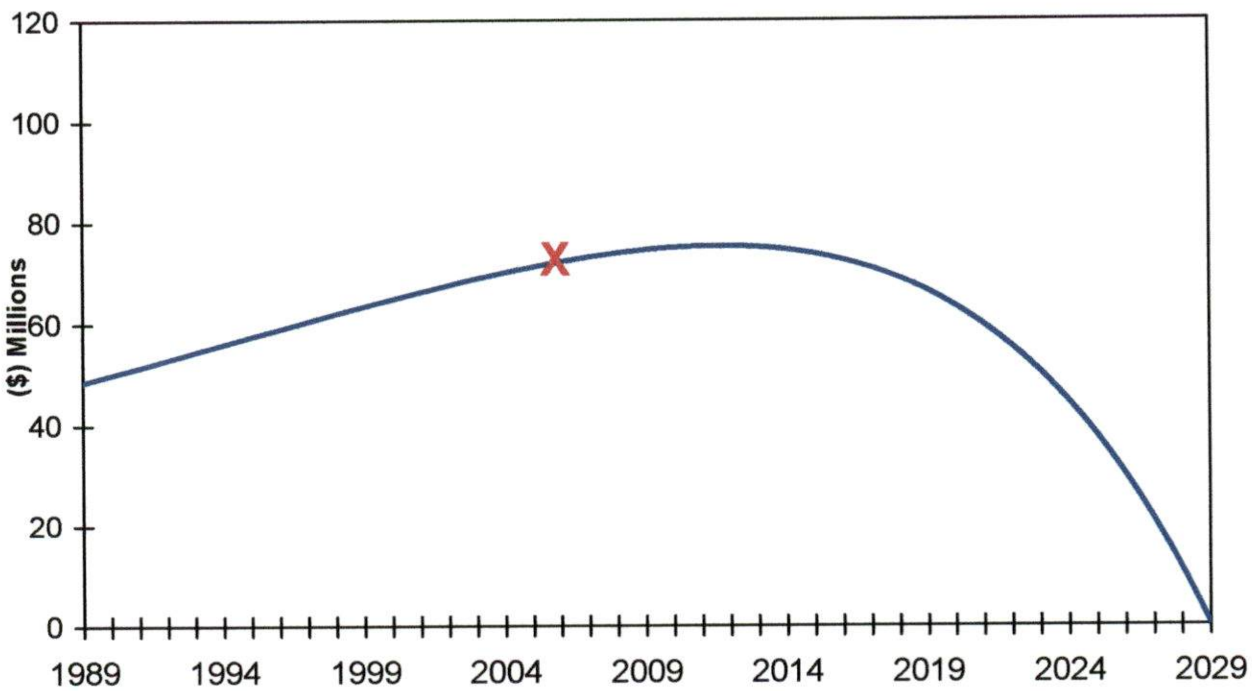
Plan A - Components of Present Value of Future Benefits



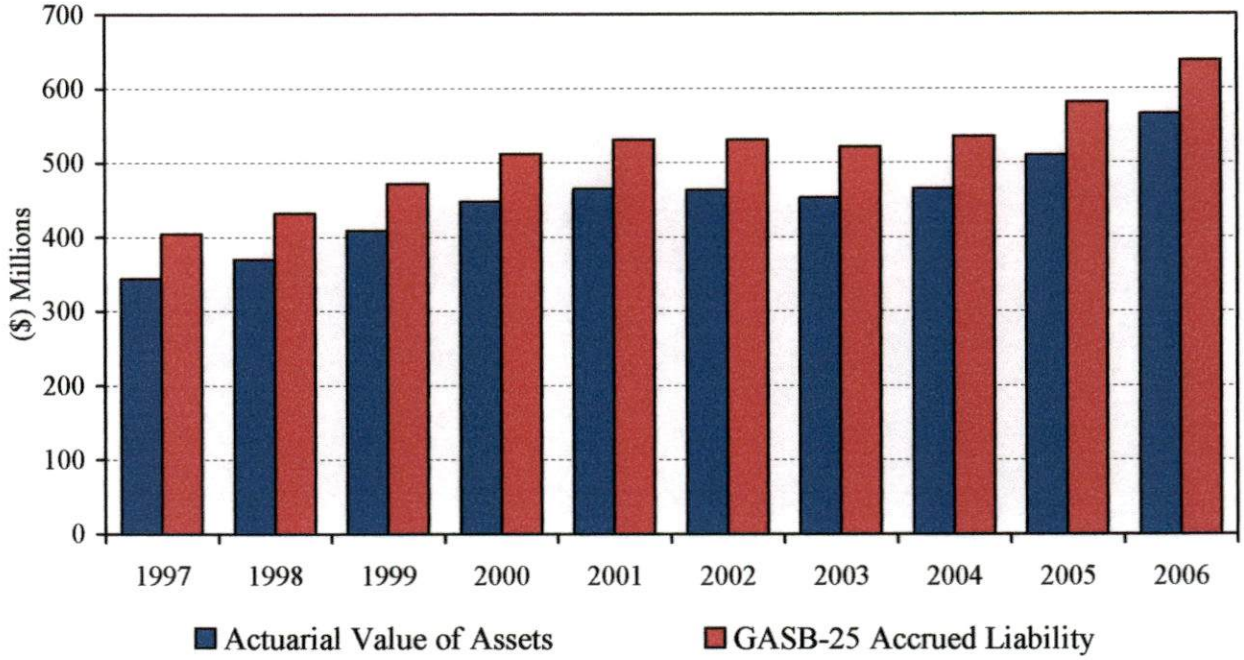
Plan A - Components of Actuarial Funding



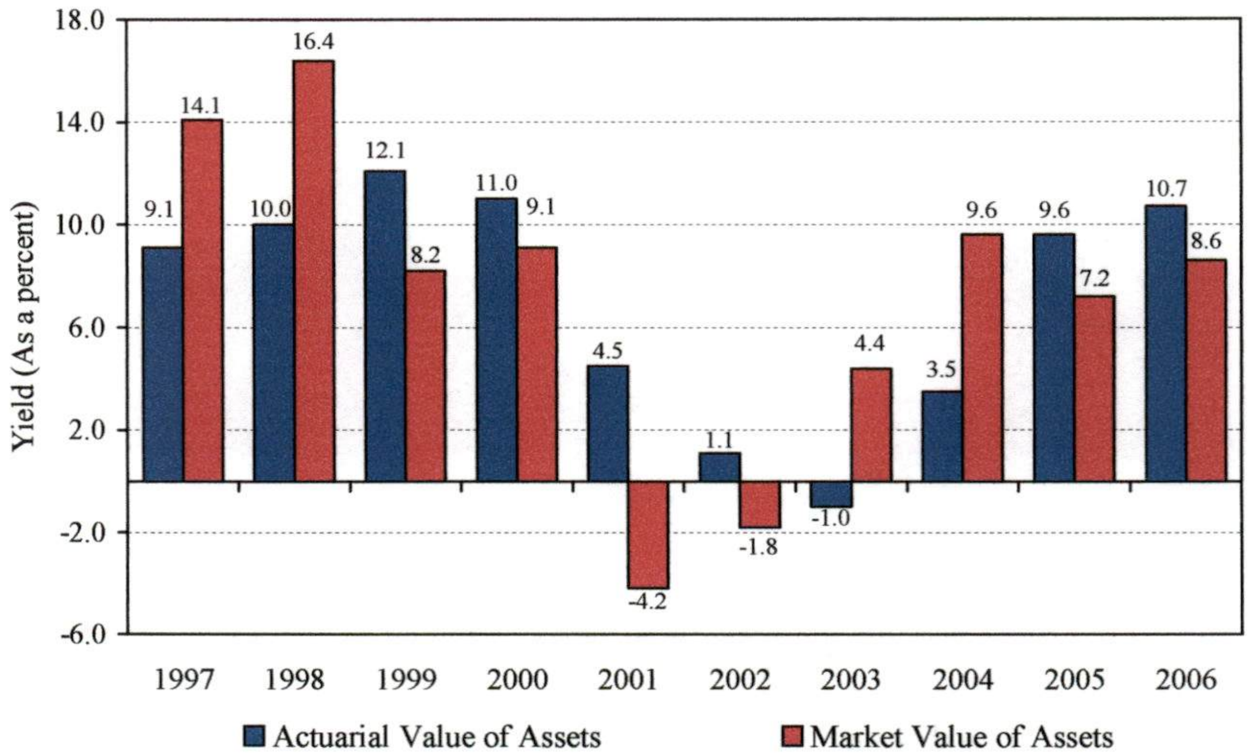
Plan A – Frozen Unfunded Accrued Liability



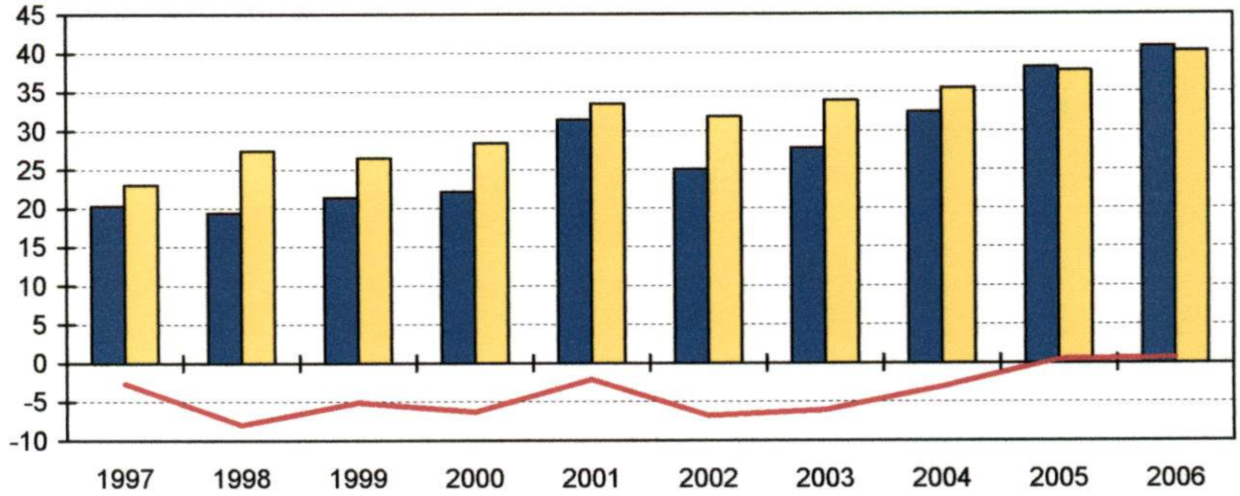
Plan A
Actuarial Value of Assets vs. GASB-25 Accrued Liability



Plan A – Historical Asset Yield

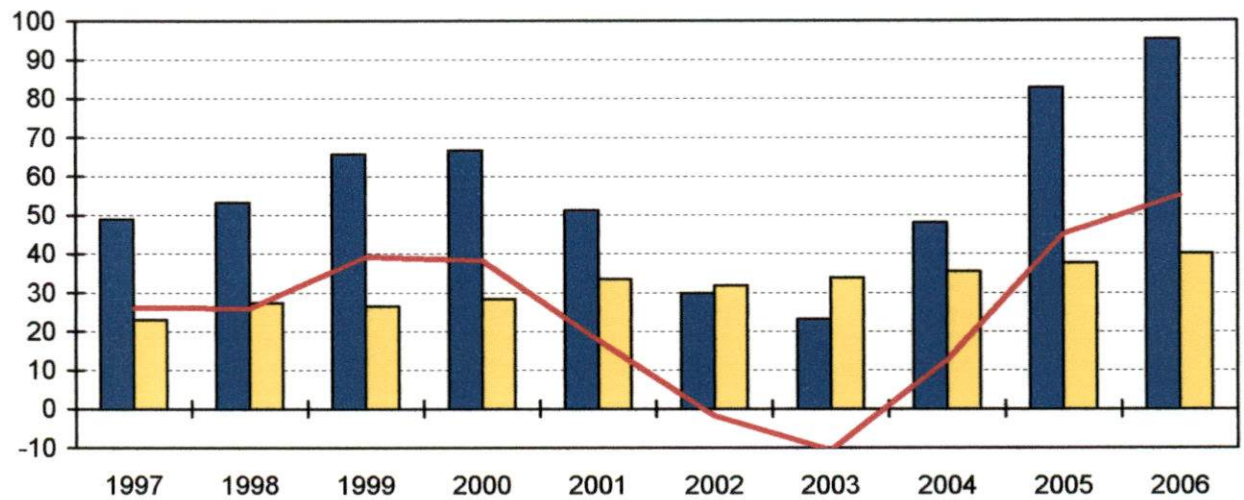


Plan A - Net Non-Investment Income



		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Non-Investment Income ($Mil)		20.3	19.4	21.4	22.1	31.4	25.0	27.8	32.4	38.1	40.8
Benefits and Expenses ($Mil)		23.0	27.4	26.5	28.4	33.5	31.8	33.9	35.5	37.7	40.2
Net Non-Investment Income ($Mil)		-2.7	-8.0	-5.1	-6.3	-2.1	-6.8	-6.1	-3.1	0.4	0.6

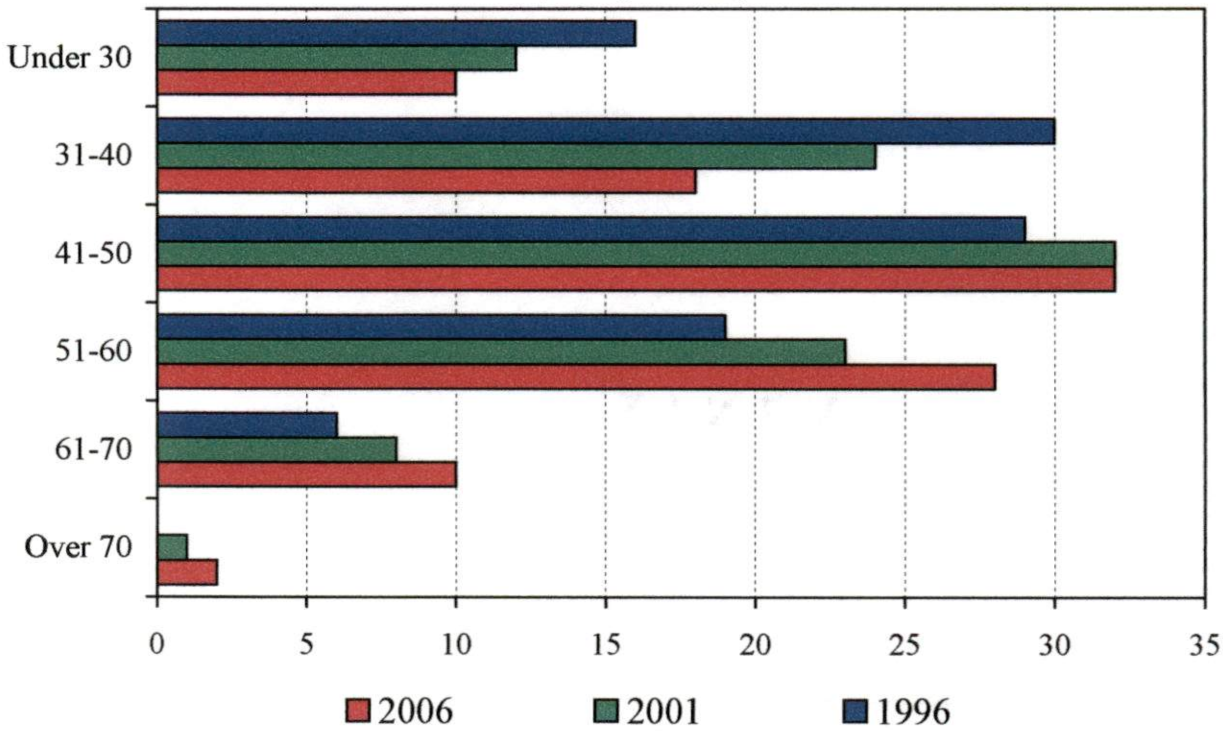
Plan A - Total Income vs. Expenses
(Based on Actuarial Value of Assets)



		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Income ($Mil)		49.0	53.3	65.7	66.7	51.2	29.9	23.2	48.1	82.8	95.2
Benefits and Expenses ($Mil)		23.0	27.4	26.5	28.4	33.5	31.8	33.9	35.5	37.7	40.2
Net Change in AVA ($Mil)		26.0	25.9	39.2	38.3	17.7	-1.9	-10.7	12.6	45.1	55.0

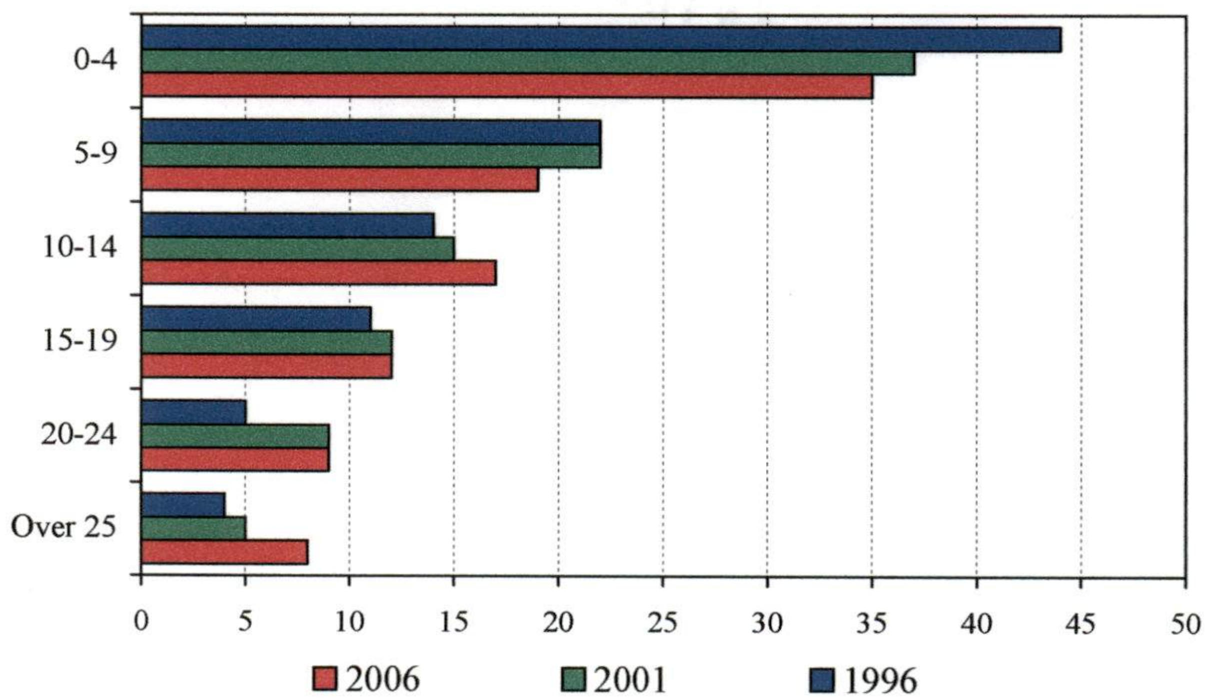
Plan A - Active – Census By Age

(as a percent)

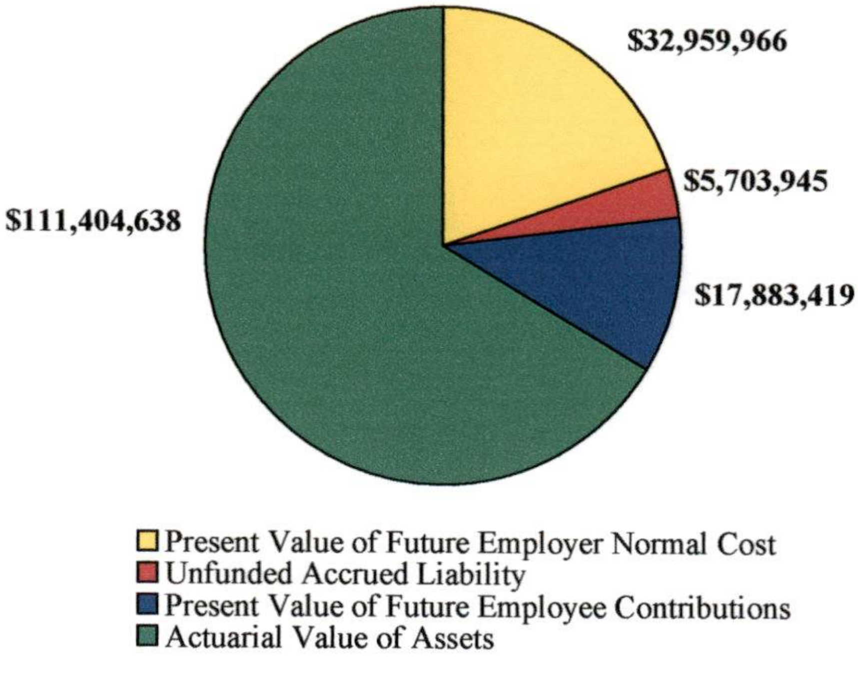


Plan A - Active – Census By Service

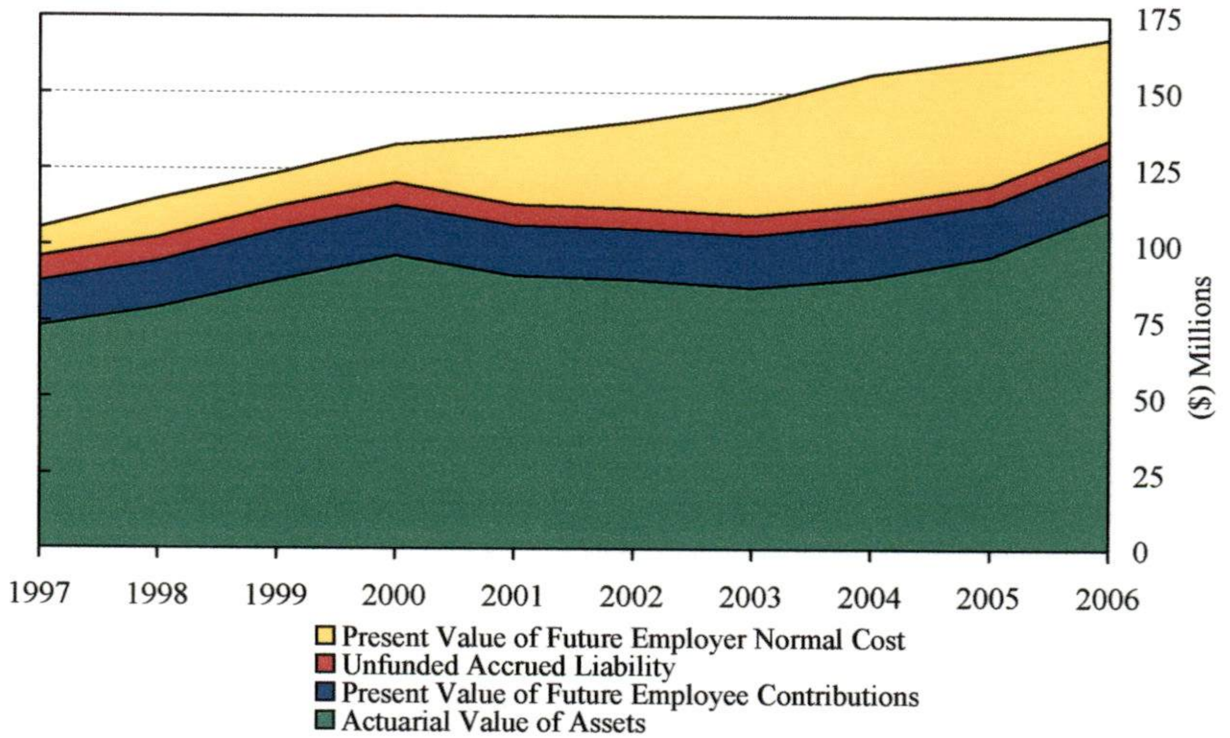
(as a percent)



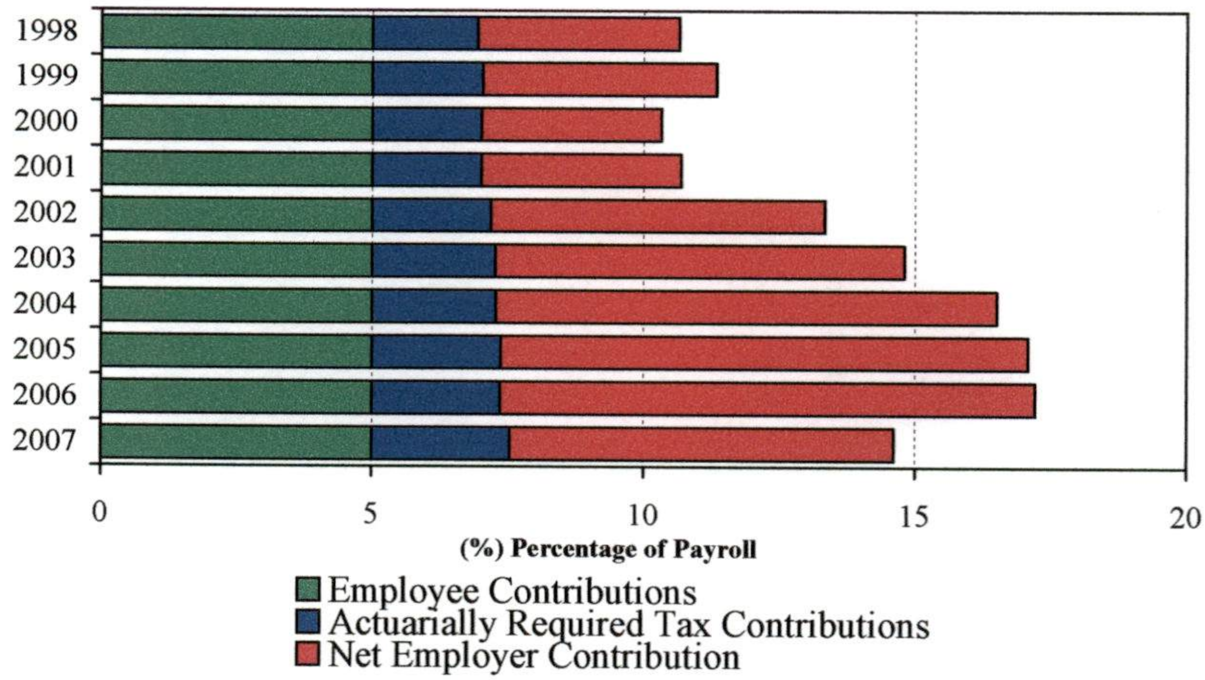
Plan B - Components of Present Value of Future Benefits
June 30, 2006



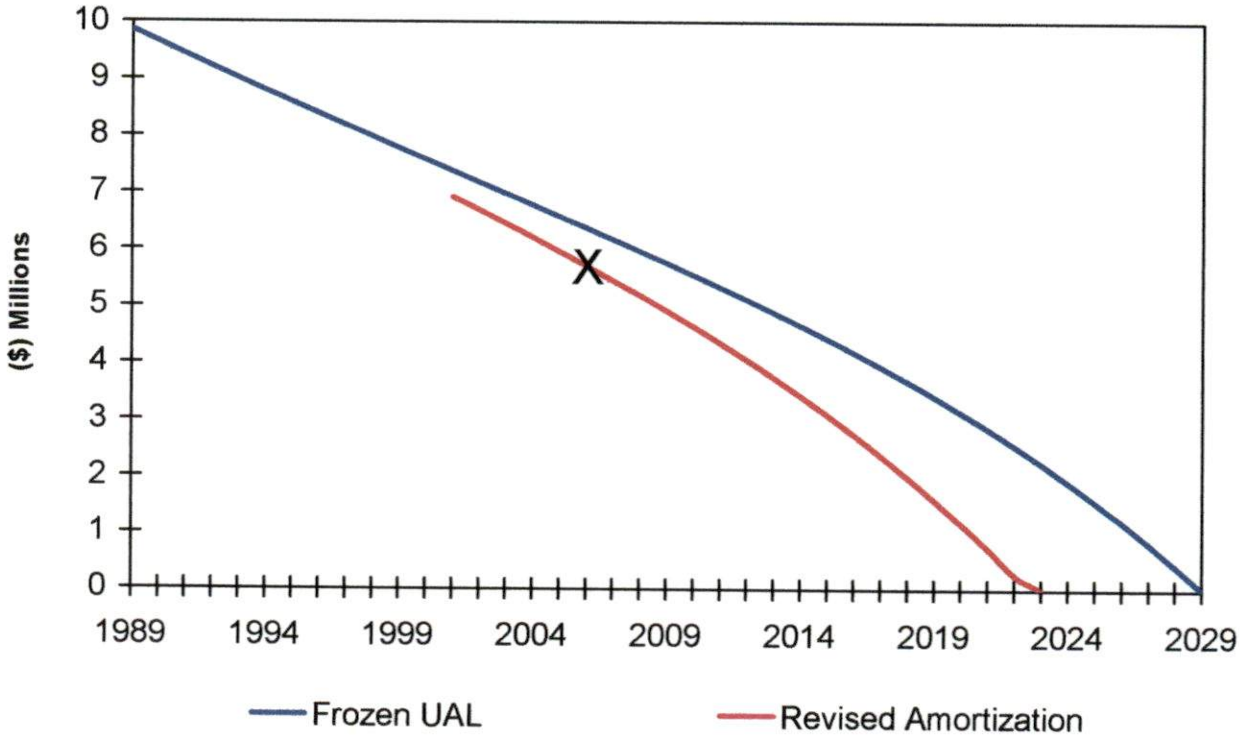
Plan B - Components of Present Value of Future Benefits



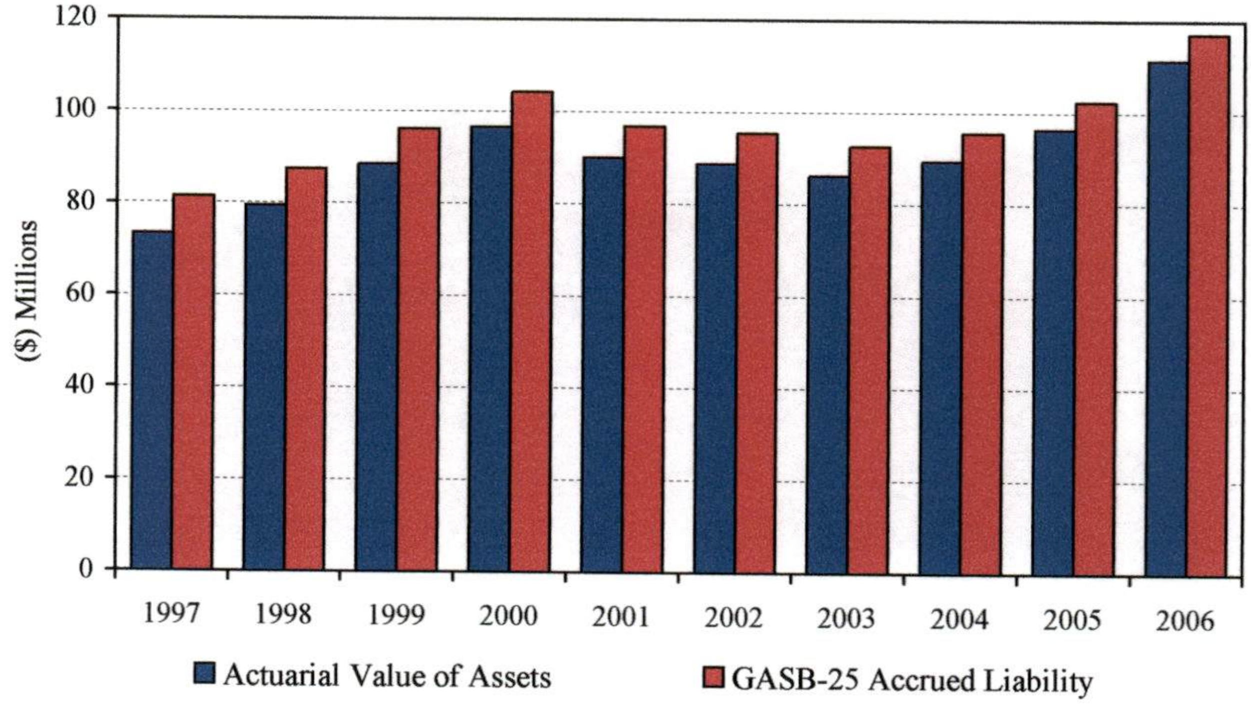
Plan B - Components of Actuarial Funding



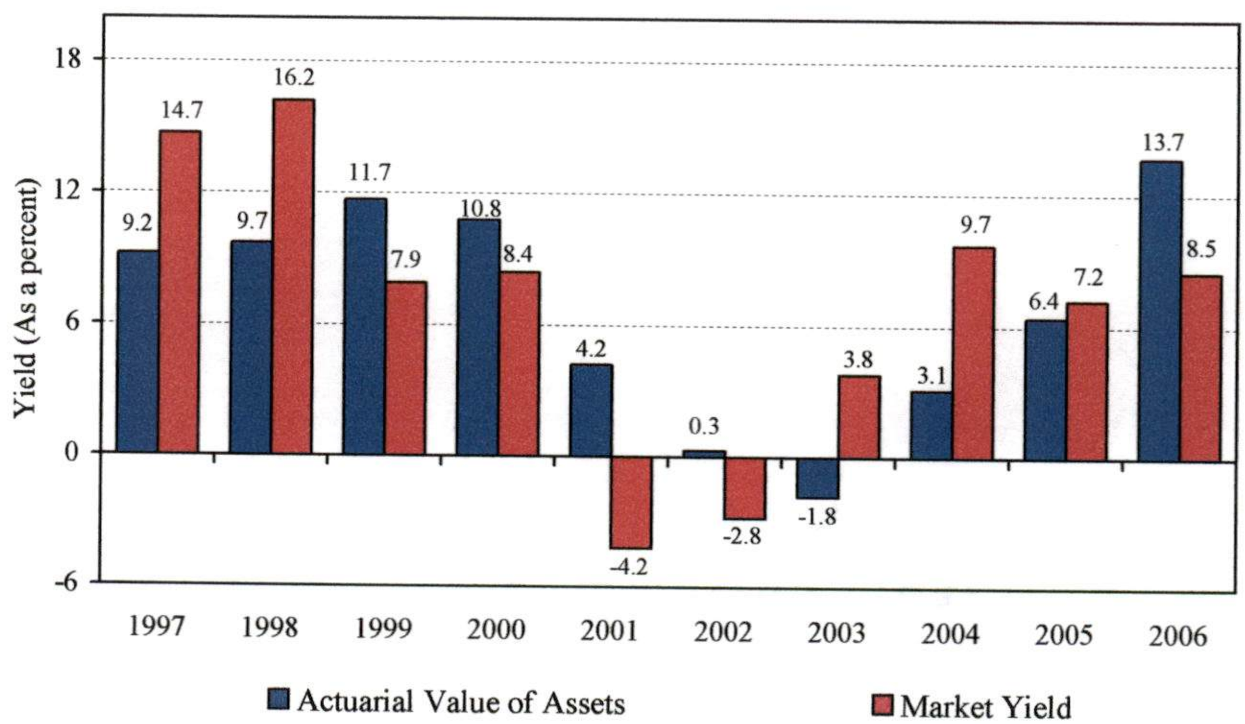
Plan B – Frozen Unfunded Accrued Liability



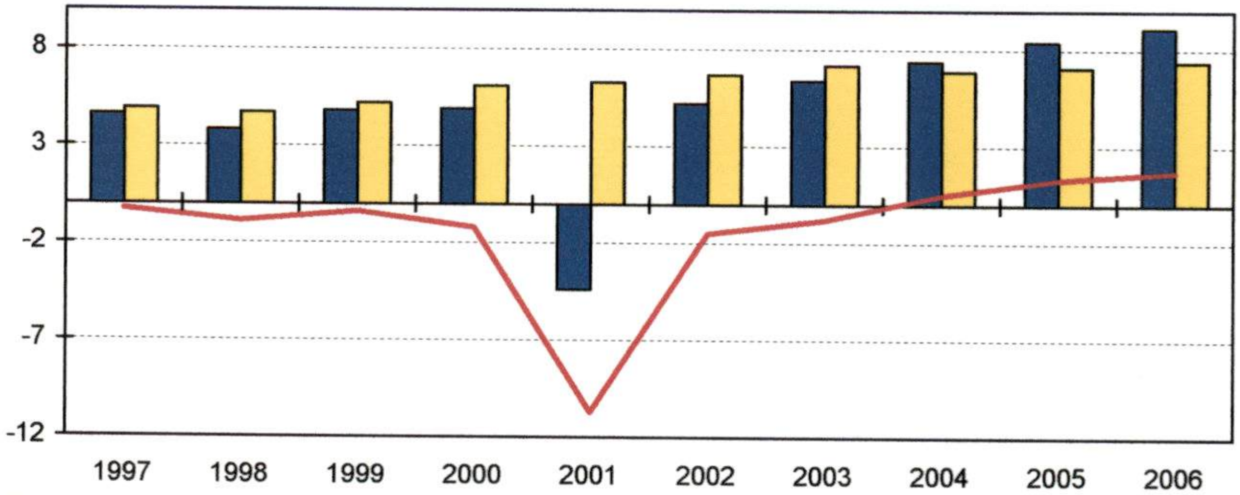
Plan B
Actuarial Value of Assets vs. GASB-25 Accrued Liability



Plan B – Historical Asset Yield

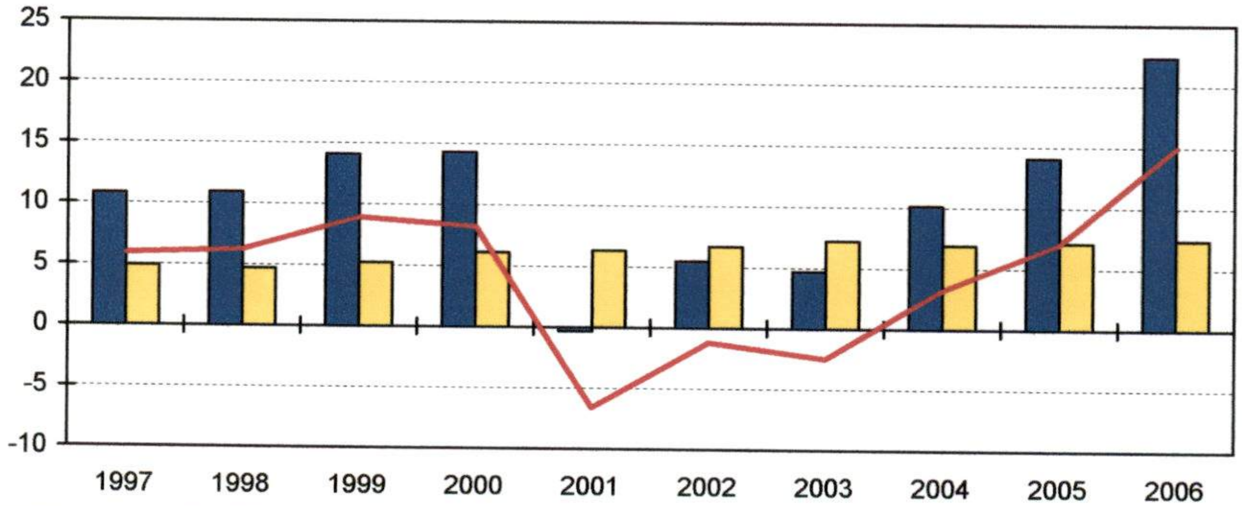


Plan B - Net Non-Investment Income



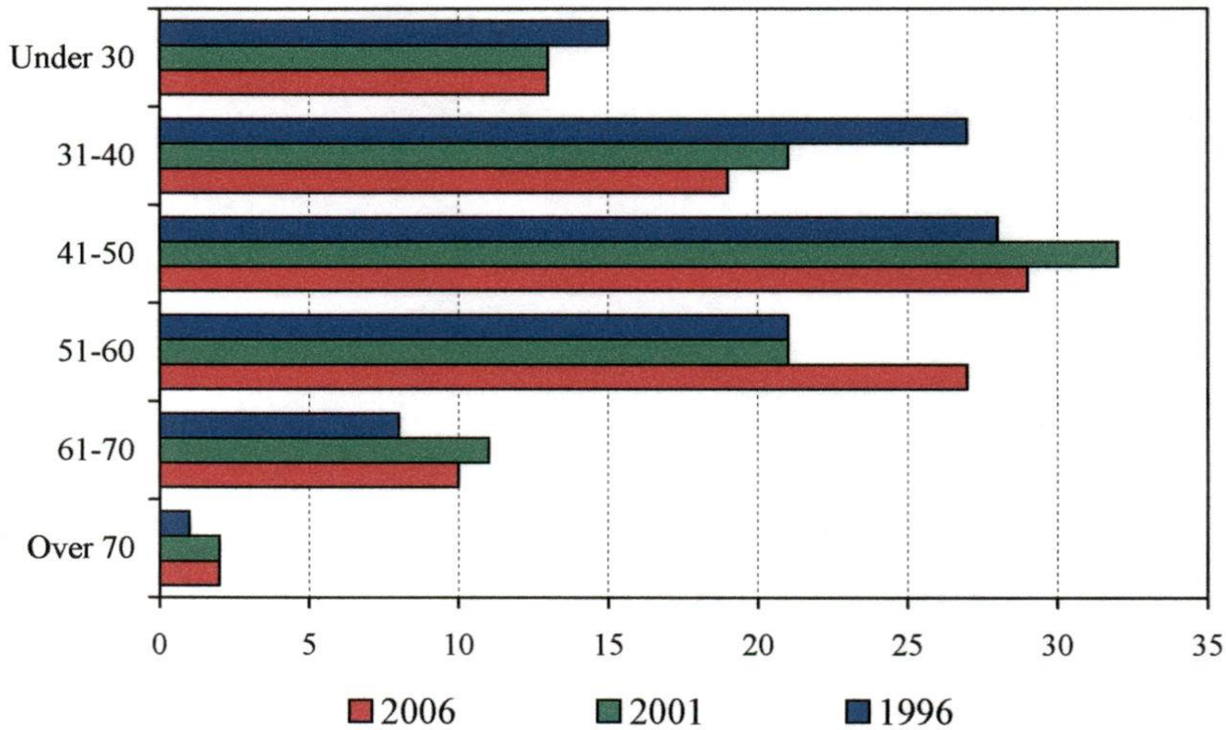
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Non-Investment Income ($Mil)		4.6	3.8	4.8	4.9	-4.4	5.2	6.4	7.4	8.4	9.1
Benefits and Expenses ($Mil)		4.9	4.7	5.2	6.1	6.3	6.7	7.2	6.9	7.1	7.4
Net Non-Investment Income ($Mil)		-0.3	-0.9	-0.4	-1.2	-10.7	-1.5	-0.8	0.5	1.3	1.7

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



		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Income ($Mil)		10.8	10.9	14.1	14.3	-0.3	5.5	4.7	10.1	14.1	22.4
Benefits and Expenses ($Mil)		4.9	4.7	5.2	6.1	6.3	6.7	7.2	6.9	7.1	7.4
Net Change in AVA ($Mil)		5.9	6.2	8.9	8.2	-6.6	-1.2	-2.5	3.2	7.0	15.0

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



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

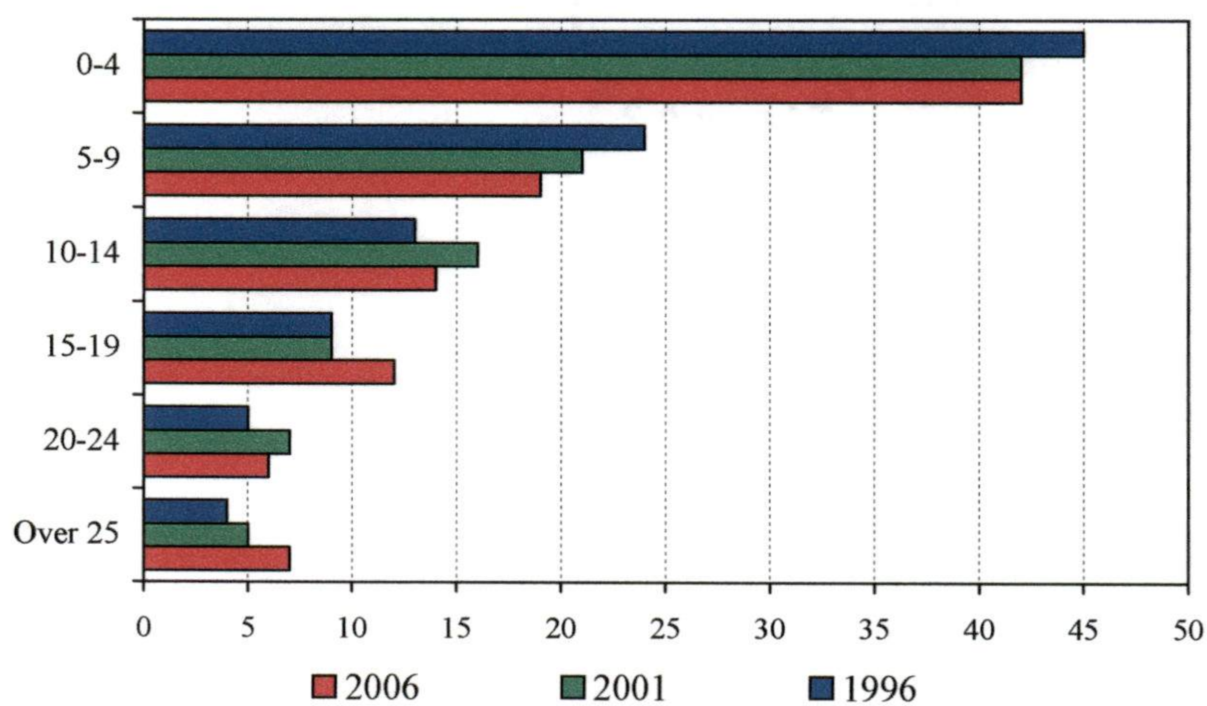


EXHIBIT I

PLAN A: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1. Present Value of Future Benefits	$	859,522,507
2. Frozen Unfunded Actuarial Accrued Liability	$	72,305,460
3. Actuarial Value of Assets	$	565,604,518
4. Present Value of Future Employee Contributions	$	82,859,110
5. Present Value of Future Employer Normal Costs (1-2-3-4)	$	138,753,419
6. Present Value of Future Salaries	$	1,045,399,629
7. Employer Normal Cost Accrual Rate (5 ÷ 6)		13.272763%
8. Projected Fiscal 2007 Salary for Current Membership	$	132,644,921
9. Employer Normal Cost as of July 1, 2006 (7 x 8)	$	17,605,646
10. Amortization Payment on Frozen Unfunded Accrued Liability of $72,305,460 over 23 remaining years with Payments increasing at 4.25% per year	$	4,512,328
11. Total Employer Normal Cost & Amortization Payment (9 + 10)	$	22,117,974
12. Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment	$	22,985,673
13. Estimated Administrative Cost for Fiscal 2007	$	632,460
14. Gross Employer Actuarially Required Contribution for Fiscal 2007 (12 + 13)	$	23,618,133
15. Projected Tax Contributions for Fiscal 2007	$	3,557,894
16. Projected Revenue Sharing Funds for Fiscal 2007	$	115,157
17. Net Direct Employer Actuarially Required Contribution for Fiscal 2007 (14 - 15 - 16)	$	19,945,082
18. Projected Payroll (July 1, 2006 through June 30, 2007)	$	143,630,335
19. Employers Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2007 (17 ÷18)		13.89%
20. Actual Employer Contribution Rate for Fiscal 2007		16.25%
21. Contribution Shortfall (Excess) as a Percentage of Payroll (19-20)		(2.36%)
22. Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)		(0.30%)
23. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2008 (19 + 22, Rounded to nearest .25%)		13.50%

EXHIBIT II
PLAN A: PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	$ 514,293,148	
Survivor Benefits	14,764,704	
Disability Benefits	9,254,801	
Vested Deferred Termination Benefits	11,886,253	
Contribution Refunds	15,574,108	
TOTAL Present Value of Future Benefits for Active Members		$ 565,773,014

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement	$ 10,325,647	
Terminated Members with Reciprocals Due Benefits at Retirement	621,852	
Terminated Members Due a Refund	1,470,777	
TOTAL Present Value of Future Benefits for Terminated Members		$ 12,418,276

Present Value of Future Benefits for Retirees:

Regular Retirees	$ 226,755,212	
Disability Retirees	15,237,253	
Survivors & Widows	36,028,089	
Reserve for Accrued Retiree DROP Account Balances	3,310,663	
TOTAL Present Value of Future Benefits for Retirees & Survivors		$ 281,331,217

TOTAL Present Value of Future Benefits	$ 859,522,507

EXHIBIT III
PLAN A: ACTUARIAL VALUE OF ASSETS

Current Assets:		
Cash	$ 7,884,832	
Contributions Receivable from Employers	1,905,029	
Investment Receivable	1,428,063	
Contributions Receivable from Members	1,040,342	
Due From Plan B	749,048	
Accrued Interest and Dividends on Investments	344,042	
Ad Valorem Taxes Receivable	119,446	
TOTAL CURRENT ASSETS		$ 13,470,802
Allocated Share of the Expense Fund		$ 608,288
Property Plant & Equipment		$ 562,933
Investments:		
Common Stock	$ 185,648,275	
Mutual Fund – Equities	141,383,010	
Co-Mingled Funds	72,870,334	
Cash Equivalents	62,005,327	
Mutual Fund – Fixed Income	59,073,816	
Limited Partnerships	32,263,451	
Federal National Mortgage Corporation	950,428	
Federal Home Loan Mortgage Corporation	198,923	
Government National Mortgage Association	728,280	
Adjustment for Actuarial Smoothing	(2,018,783)	
TOTAL INVESTMENTS		$ 553,103,061
TOTAL ASSETS		$ 567,745,084
Current Liabilities:		
Investment Payable	1,379,882	
Accounts Payable	455,000	
Refunds Payable	305,684	
TOTAL CURRENT LIABILITIES		$ 2,140,566
ACTUARIAL VALUE OF ASSETS		$ 565,604,518

EXHIBIT IV
PLAN A: PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund	$ 82,859,110
Employer Normal Contributions to the Pension Accumulation Fund	138,753,419
Employer Amortization Payments to the Pension Accumulation Fund	72,305,460
TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	$293,917,989

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

Prior Year Frozen Unfunded Accrued Liability		$ 71,277,872
Interest on Frozen Unfunded Accrued Liability	$ 5,702,230	
Employer Normal Cost for Prior Year	21,026,001	
Interest on the Normal Cost	1,682,080	
Administrative Expenses	590,134	
Interest on Expenses	23,151	
TOTAL Increases to Frozen Unfunded Accrued Liability		$ 29,023,596
Gross Regular Employer Contributions	$ 26,797,819	
Interest on Employer Contributions	1,051,291	
Contribution Shortfall (Excess)	141,353	
Interest on Contribution Shortfall (Excess)	5,545	
TOTAL Decreases to Frozen Unfunded Accrued Liability		$ 27,996,008
CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY		$ 72,305,460

EXHIBIT VI
PLAN A: ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets (June 30, 2005)			$	510,523,409
Income:				
Member Contributions	$	12,641,735		
Employer Contributions		23,203,836		
Ad Valorem Taxes		3,472,109		
Revenue Sharing Funds		121,874		
Irregular Contributions		1,315,049		
Total Contribution Income			$	40,754,603
Net Appreciation in Fair Value of Investments	$	37,926,932		
Interest Income		6,245,306		
Dividends		2,505,599		
Investment Income Allocated from Expense Fund		26,975		
Securities Lending		92,018		
Allocated Share of Investment Expense		(2,093,818)		
Adjustment for Actuarial Smoothing		9,732,359		
Net Investment Income			$	54,435,371
TOTAL Income			$	95,189,974
Expenses:				
Retirement Benefits	$	31,287,658		
Funds Transferred to Another System		908,094		
Refunds of Contributions		4,175,996		
DROP Disbursements		3,188,143		
Allocated Share of Administrative Expenses		590,134		
TOTAL Expenses			$	40,150,025
Net Income for Fiscal 2006 (Income - Expenses)			$	55,039,949
Unadjusted Fund Balance as of June 30, 2006			$	565,563,358
Adjustment for Change in Allocated Expense Fund Balance			$	41,160
Actuarial Value of Assets (June 30, 2006)			$	565,604,518

EXHIBIT VII
PLAN A: FUND BALANCE

Present Assets of the System Creditable to:

Annuity Savings Fund	$	97,180,857
Annuity Reserve Fund		278,020,554
Pension Accumulation Fund		174,625,288
Deferred Retirement Option Plan Account		17,188,314
NET MARKET VALUE OF ASSETS	$	567,015,013
ADJUSTMENT FOR ACTUARIAL SMOOTHING		(2,018,783)
ALLOCATED SHARE OF THE EXPENSE FUND		608,288
ACTUARIAL VALUE OF ASSETS	$	565,604,518

EXHIBIT VIII
PLAN A: PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees	$	385,214,200
Present Value of Benefits Payable to Terminated Employees		12,418,276
Present Value of Benefits Payable to Current Retirees and Beneficiaries		281,331,217
TOTAL PENSION BENEFIT OBLIGATION		678,963,693
TOTAL ACTUARIAL VALUE OF ASSETS		565,604,518
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation		83.30%

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

1.	Actuarial Value of Assets Divided by PBO as of Fiscal 1986:		65.05%
2.	Amortization of Unfunded Balance over 30 years:		23.30%
	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%	
	Changes for Fiscal 2005	0.02%	
	Changes for Fiscal 2006	2.66%	
3.	TOTAL Adjustments		(3.24%)
	Amortization of Adjustments in Funded Ratio over 30 years:		
	Changes for Fiscal 1988	(2.98%)	
	Changes for Fiscal 1989	1.12%	
	Changes for Fiscal 1995	0.51%	
	Changes for Fiscal 1997	1.03%	
	Changes for Fiscal 1998	0.97%	
	Changes for Fiscal 2000	0.27%	
	Changes for Fiscal 2003	(0.09%)	
	Changes for Fiscal 2005	(0.00%)	
	Changes for Fiscal 2006	(0.00%)	
4.	TOTAL Amortization of Adjustments		0.83%
5.	Target Ratio for Current Fiscal Year (Lesser of 1+2+3+4 or 100%)		85.94%
6.	Actuarial Value of Assets Divided by PBO as of June 30, 2006		83.30%

EXHIBIT X
PLAN A: CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2005	5,073	2,449	216	2,512	10,250
Additions to Census					
Initial membership	590	29			619
Death of another member	(2)	(2)	(1)	5	
Omitted in error last year					
Change in Status during Year					
Actives terminating service	(157)	157			
Actives who retired	(90)			90	
Actives entering DROP	(96)		96		
Term. members rehired	18	(18)			
Term. members who retire		(11)		11	
Retirees who are rehired					
Refunded who are rehired	19	1			20
DROP participants retiring			(41)	41	
DROP returned to work	39		(39)		
Survivor due benefit at age 60					
Eliminated from Census					
Refund of contributions	(505)	(256)			(761)
Deaths	(8)	(1)	(1)	(84)	(94)
Included in error last year	(2)				(2)
Adjustment for multiple records		(21)		13	(8)
Number of members as of June 30, 2006	4,879	2,327	230	2,588	10,024

PLAN A - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	31	3	34	15,310	520,538
21 - 25	155	51	206	18,400	3,790,366
26 - 30	181	110	291	21,957	6,389,471
31 - 35	258	147	405	24,472	9,911,015
36 - 40	345	174	519	26,395	13,699,174
41 - 45	481	264	745	28,111	20,942,833
46 - 50	553	320	873	29,800	26,015,424
51 - 55	551	263	814	30,179	24,566,041
56 - 60	419	200	619	29,987	18,562,169
61 - 65	254	115	369	27,703	10,222,472
66 - 70	102	46	148	27,782	4,111,790
71 - 75	38	17	55	25,466	1,400,632
76 - 80	15	6	21	21,635	454,345
81 - 85	7	1	8	18,396	147,165
86 - 92	2	0	2	20,181	40,361
TOTAL	3,392	1,717	5,109	27,554	140,773,796

THE ACTIVE CENSUS INCLUDES 2,337 ACTIVES WITH VESTED BENEFITS, INCLUDING 230 DROP PARTICIPANTS AND 141 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	1	0	1	10,498	10,498
36 - 40	5	9	14	11,348	158,874
41 - 45	14	10	24	12,280	294,729
46 - 50	21	21	42	10,942	459,552
51 - 55	21	12	33	15,217	502,150
56 - 60	32	12	44	12,405	545,840
61 - 65	10	4	14	3,044	42,615
66 - 70	4	2	6	7,906	47,433
71 - 75	0	1	1	1,437	1,437
TOTAL	108	71	179	11,526	2,063,128

PLAN A - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging From		To	Number	Total Contributions
0	-	99	1,675	100,530
100	-	499	178	45,739
500	-	999	69	47,584
1000	-	1999	70	102,727
2000	-	4999	73	243,455
5000	-	9999	54	373,578
10000	-	19999	24	333,122
20000	-	99999	5	162,204
		TOTAL	2,148	1,408,939

PLAN A - REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
41 - 45	12	3	15	18,074	271,111
46 - 50	29	12	41	16,773	687,680
51 - 55	70	19	89	23,788	2,117,162
56 - 60	92	40	132	21,412	2,826,375
61 - 65	197	63	260	16,649	4,328,836
66 - 70	307	85	392	14,325	5,615,213
71 - 75	261	72	333	13,151	4,379,293
76 - 80	184	72	256	11,798	3,020,315
81 - 85	140	41	181	10,329	1,869,542
86 - 90	52	23	75	9,512	713,432
91 - 99	20	6	26	6,433	167,246
TOTAL	1,364	436	1,800	14,442	25,996,205

PLAN A - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
26 - 30	0	1	1	10,869	10,869
31 - 35	1	0	1	8,208	8,208
36 - 40	1	1	2	13,119	26,237
41 - 45	8	0	8	8,216	65,730
46 - 50	16	5	21	10,534	221,210
51 - 55	33	11	44	10,084	443,708
56 - 60	31	4	35	10,218	357,645
61 - 65	23	9	32	8,578	274,497
66 - 70	15	2	17	7,387	125,575
71 - 75	10	3	13	6,992	90,891
76 - 80	4	2	6	4,883	29,300
81 - 85	3	0	3	9,262	27,787
TOTAL	145	38	183	9,189	1,681,657

PLAN A - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0 - 25	1	9	10	3,000	30,002
31 - 35	1	1	2	6,990	13,979
36 - 40	3	4	7	2,323	16,263
41 - 45	3	15	18	8,258	148,642
46 - 50	1	23	24	6,898	165,552
51 - 55	4	26	30	9,250	277,509
56 - 60	2	34	36	7,358	264,878
61 - 65	3	59	62	9,606	595,562
66 - 70	4	74	78	8,298	647,212
71 - 75	3	85	88	7,378	649,305
76 - 80	1	109	110	9,220	1,014,148
81 - 85	6	58	64	6,885	440,644
86 - 90	1	55	56	4,732	264,967
91 - 99	0	20	20	5,442	108,848
TOTAL	33	572	605	7,665	4,637,511

PLAN A - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 20	28	5	1									34
21 - 25	97	47	27	13	14	8						206
26 - 30	83	53	20	28	33	70	4					291
31 - 35	86	41	27	29	24	111	78	9				405
36 - 40	66	45	29	20	34	131	127	62	5			519
41 - 45	71	53	38	41	27	141	135	109	113	17		745
46 - 50	72	47	43	45	32	152	147	115	112	102	6	873
51 - 55	54	53	23	32	35	157	124	115	97	85	39	814
56 - 60	30	31	26	29	31	108	104	109	77	47	27	619
61 - 65	20	12	10	14	13	75	74	62	54	21	14	369
66 - 70	7	9	3	1	5	26	36	21	21	9	10	148
71 & Over	5	3	2	5	2	19	22	10	10	4	4	86
Totals	619	399	249	257	250	998	851	612	489	285	100	5109

PLAN A - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Salary
0 - 20	15,118	17,193	11,276									15,310
21 - 25	16,400	19,033	21,131	21,681	20,833	20,119						18,400
26 - 30	18,698	21,751	20,041	22,900	25,762	24,011	27,957					21,957
31 - 35	17,882	22,664	24,671	22,768	25,456	26,842	28,718	31,902				24,472
36 - 40	16,876	23,451	25,414	19,774	25,661	25,752	30,818	33,343	34,107			26,395
41 - 45	20,983	24,245	21,659	21,506	25,388	24,440	29,614	33,034	35,956	39,422		28,111
46 - 50	20,255	23,222	25,899	24,095	28,953	25,756	29,553	32,829	37,197	37,712	49,003	29,800
51 - 55	20,472	25,657	23,563	29,120	25,359	25,644	29,499	34,452	34,776	37,199	39,948	30,179
56 - 60	22,638	27,663	25,295	26,986	24,424	27,202	29,083	32,933	32,622	37,278	37,480	29,987
61 - 65	25,530	22,695	22,173	21,751	27,742	24,694	25,263	27,660	32,855	35,353	42,833	27,703
66 - 70	24,203	26,129	22,075	17,221	38,265	29,209	23,958	27,356	26,346	31,722	39,726	27,782
71 & Over	17,679	21,043	16,297	26,249	31,798	23,132	17,692	25,142	28,208	35,775	39,558	23,750
Average	18,932	23,264	23,464	23,784	25,990	25,622	28,686	32,390	34,549	37,199	40,191	27,554

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 30												0
31 - 35										1		1
36 - 40									14			14
41 - 45								24				24
46 - 50							42					42
51 - 55	1					32						33
56 - 60	9	12	10	7	6							44
61 - 65	14											14
66 - 70	6											6
71 - 75	1											1
76 & Over												0
Totals	31	12	10	7	6	32	42	24	14	1	0	179

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										10,498		10,498
36 - 40									11,348			11,348
41 - 45								12,280				12,280
46 - 50							10,942					10,942
51 - 55	25,901					14,883						15,217
56 - 60	12,350	10,196	12,518	9,180	20,483							12,405
61 - 65	3,044											3,044
66 - 70	7,906											7,906
71 - 75	1,437											1,437
76 & Over												0
Average	7,372	10,196	12,518	9,180	20,483	14,883	10,942	12,280	11,348	10,498	0	11,526

PLAN A - *SERVICE RETIREES:*

Attained Ages	Completed Years Since Retirement											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 50	18	13	7	6	7	5						56
51 - 55	25	16	14	17	7	9		1				89
56 - 60	17	21	18	17	17	39	2	1				132
61 - 65	40	45	39	27	35	53	15	5		1		260
66 - 70	20	25	34	34	39	146	60	28	4	2		392
71 - 75	9	11	12	10	5	103	120	49	12	2		333
76 - 80	2	2	2	3	3	32	88	91	27	6		256
81 - 85	2	4	1	3		10	17	74	56	14		181
86 - 90		1			1	3		15	30	24	1	75
91 & Over						1	2	5	2	12	4	26
Totals	133	138	127	117	114	401	304	269	131	61	5	1800

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	19,730	17,485	17,744	15,402	14,270	11,968						17,121
51 - 55	22,807	23,272	33,763	22,625	16,463	21,920		4,808				23,788
56 - 60	20,945	21,971	20,400	21,458	19,740	22,689	24,683	7,109				21,412
61 - 65	14,848	14,083	14,188	15,977	16,845	20,383	24,222	15,189		7,333		16,649
66 - 70	15,506	11,539	13,060	11,283	12,049	13,294	18,615	23,167	7,235	5,798		14,325
71 - 75	10,816	7,910	13,476	8,671	10,111	11,524	12,599	19,129	19,989	9,942		13,151
76 - 80	22,912	4,408	21,783	5,790	12,379	10,036	11,472	10,813	16,448	18,135		11,798
81 - 85	11,267	10,587	3,835	5,396		7,453	10,051	11,298	9,463	12,376		10,329
86 - 90		4,975			29,435	8,956		10,672	9,064	8,686	11,691	9,512
91 & Over						23,837	3,890	7,210	3,435	5,878	5,542	6,433
Average	17,678	15,409	17,091	15,189	15,152	14,455	13,914	13,614	11,615	9,834	6,772	14,442

PLAN A - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 30	1											1
31 - 35						1						1
36 - 40						2						2
41 - 45	1					3	4					8
46 - 50	1		1	2	6	6	4	1				21
51 - 55	4	7	2		3	16	9	2	1			44
56 - 60		2	2	2	2	11	11	3		2		35
61 - 65	2	1		2	1	10	11	2	3			32
66 - 70			2	1		1	9	1	1	1	1	17
71 - 75			2			1	3	2	4		1	13
76 - 80	1						4		1			6
81 - 85						1			1		1	3
86 & Over												0
Totals	10	10	9	7	12	52	55	11	11	3	3	183

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 30	10,869											10,869
31 - 35						8,208						8,208
36 - 40						13,118						13,118
41 - 45	12,884					6,353	8,446					8,216
46 - 50	12,835		19,373	8,502	11,543	10,313	8,688	6,110				10,534
51 - 55	18,296	11,192	7,575		6,500	9,391	8,678	11,552	6,060			10,084
56 - 60		5,504	6,523	8,860	9,020	12,280	12,376	6,830		3,062		10,218
61 - 65	4,480	6,641		4,096	5,267	8,158	11,732	5,738	7,776			8,578
66 - 70			6,973	4,623		9,081	8,059	5,186	8,741	5,856	5,611	7,387
71 - 75			4,200			5,174	4,435	10,606	9,395		5,220	6,992
76 - 80	4,344						4,082		8,627			4,883
81 - 85						13,175			8,458		6,154	9,262
86 & Over												0
Average	12,308	9,599	7,768	6,791	9,339	9,803	9,345	7,962	8,436	3,993	5,662	9,189

PLAN A - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement: 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 20		1		5		2	2					10
21 - 25												0
26 - 30												0
31 - 35				1	1							2
36 - 40		1				2		1		3		7
41 - 45	1		2	2		4	5		1	3		18
46 - 50		3		1	2	5	8	2	3			24
51 - 55	2	2		2	3	8	5	7	1			30
56 - 60		1	1	2	2	13	8	7	2			36
61 - 65	2	3	2	3	2	18	16	9	6	1		62
66 - 70		2	3		1	17	19	22	10	4		78
71 - 75		1			1	12	20	28	17	7	2	88
76 - 80				2		4	17	36	32	19		110
81 - 85		1				2	2	7	21	23	8	64
86 - 90			1				3	4	8	29	11	56
91 & Over								1	1	6	12	20
Totals	5	15	9	18	12	87	105	124	102	95	33	605

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

Attained Ages	Completed Years Since Retirement: 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 20		1,507		2,538		4,443	3,458					3,000
21 - 25												0
26 - 30												0
31 - 35				12,169	1,810							6,990
36 - 40		3,931				4,052		1,836		797		2,323
41 - 45	8,150		4,151	14,383		14,723	7,197		4,685	1,288		8,258
46 - 50		9,222		1,507	8,405	9,050	6,326	3,199	5,771			6,898
51 - 55	10,165	18,140		12,529	8,705	11,576	9,019	3,891	4,788			9,250
56 - 60		13,437	9,275	10,631	5,685	10,233	4,782	4,771	2,426			7,358
61 - 65	7,534	23,586	11,329	11,533	19,850	9,628	9,682	4,357	6,194	8,180		9,606
66 - 70		17,201	11,919		14,537	9,766	6,123	8,918	6,053	5,863		8,298
71 - 75		1,450			6,405	6,558	9,482	8,235	6,908	3,265	1,133	7,378
76 - 80				6,286		7,297	8,859	11,009	9,586	6,248		9,220
81 - 85		11,669				11,072	8,449	12,956	7,853	5,112	2,094	6,885
86 - 90			4,193				9,661	4,939	4,926	5,329	1,644	4,732
91 & Over								6,843	8,150	7,335	4,153	5,442
Average	8,710	13,407	8,909	8,257	9,729	9,381	7,945	8,455	7,510	5,217	2,634	7,665

EXHIBIT XI
PLAN A: YEAR-TO-YEAR COMPARISON

	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Number of Active Members	5,109	5,289	5,325	5,533
Number of Retirees and Survivors	2,588	2,512	2,448	2,372
Number Terminated Due Deferred Benefits	179	186	193	192
Number Terminated Due Refund	2,148	2,263	2,266	2,185
Active Lives Payroll	$ 140,773,796	$ 140,020,164	$ 135,925,550	$ 135,876,426
Retiree Benefits in Payment	$ 32,315,373	$ 30,555,460	$ 29,043,640	$ 27,431,127
Market Value of Assets	$ 567,015,013	$ 521,411,279	$ 485,539,046	$ 444,996,698
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability	88.67%	87.75%	86.90%	86.79%
Actuarial Accrued Liability (As defined by GASB– 25)	$ 637,909,978	$ 581,801,281	$ 535,579,287	$ 521,766,411
Actuarial Value of Assets	$ 565,604,518	$ 510,523,409	$ 465,429,341	$ 452,830,104
Unfunded Actuarial Accrued Liability	$ 72,305,460	$ 71,277,872	$ 70,149,946	$ 68,936,307
Present Value of Future Employer Normal Cost	$ 138,753,419	$ 169,264,548	$ 161,387,026	$ 146,656,618
Present Value of Future Employee Contributions	$ 82,859,110	$ 84,762,421	$ 85,111,124	$ 86,226,350
Present Value of Future Benefits	$ 859,522,507	$ 835,828,250	$ 782,077,437	$ 754,649,379

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	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Employee Contribution Rate	9.25%	9.25%	9.25%	9.25%
Proj. Tax Contribution as % of Projected Payroll	2.56%	2.34%	2.38%	2.29%
Actuarially Req'd Net Direct Employer Cont. Rate	13.89%	16.30%	15.87%	14.61%
Actual Employer Direct Contribution Rate	16.25%	16.00%	15.00%	11.00%

Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998	Fiscal 1997
5,481	5,455	5,558	5,706	5,740	5,880
2,316	2,255	2,213	2,130	2,081	2,045
193	189	187	150	152	163
2,158	2,122	2,108	2,010	1,942	1,882
$ 130,191,230	$ 125,304,827	$ 124,683,590	$ 120,568,583	$ 116,609,501	$ 115,687,749
$ 26,145,224	$ 24,838,273	$ 23,418,404	$ 21,553,214	$ 20,129,226	$ 18,865,469
$ 432,669,352	$ 447,796,046	$ 469,525,372	$ 436,446,684	$ 408,685,269	$ 358,812,541
87.26%	87.53%	87.33%	86.57%	85.65%	85.05%
$ 531,127,529	$ 531,562,970	$ 512,465,288	$ 472,653,880	$ 432,158,125	$ 404,727,303
$ 463,477,324	$ 465,259,344	$ 447,557,888	$ 409,182,585	$ 370,154,019	$ 344,213,563
$ 67,650,205	$ 66,303,626	$ 64,907,400	$ 63,471,295	$ 62,004,106	$ 60,513,740
$ 100,815,782	$ 67,974,883	$ 59,512,163	$ 48,158,874	$ 38,443,452	$ 45,413,959
$ 83,902,996	$ 82,237,210	$ 83,646,334	$ 81,782,562	$ 86,763,021	$ 87,008,081
$ 715,846,307	$ 681,775,063	$ 655,623,785	$ 602,595,316	$ 557,364,598	$ 537,149,343

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Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998
9.25%	9.25%	9.25%	9.25%	9.25%	9.25%
2.28%	2.17%	2.02%	2.02%	2.08%	1.93%
10.78%	7.89%	7.03%	6.20%	4.92%	5.73%
8.00%	7.00%	6.25%	5.75%	5.75%	5.75%

Plan B Exhibits

EXHIBIT XII
PLAN B: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1.	Present Value of Future Benefits	$	167,951,968
2.	Frozen Unfunded Actuarial Accrued Liability	$	5,703,945
3.	Actuarial Value of Assets	$	111,404,638
4.	Present Value of Future Employee Contributions	$	17,883,419
5.	Present Value of Future Employer Normal Costs (1 – 2 – 3 – 4)	$	32,959,966
6.	Present Value of Future Salaries	$	392,264,533
7.	Employer Normal Cost Accrual Rate (5 ÷ 6)		8.402484%
8.	Projected Fiscal 2007 Salary for Current Membership	$	47,273,053
9.	Employer Normal Cost as of July 1, 2006 (7 x 8)	$	3,972,111
10.	Amortization Payment on Frozen Unfunded Accrued Liability of $5,703,945 with Payments decreasing at 2% per year	$	660,691
11.	TOTAL Employer Normal Cost & Amortization Payment (9 + 10)	$	4,632,802
12.	Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment	$	4,814,549
13.	Estimated Administrative Cost for Fiscal 2007	$	229,405
14.	TOTAL Employer Actuarially Required Contribution for Fiscal 2007 (12 + 13)	$	5,043,954
15.	Projected Tax Contributions for Fiscal 2007	$	1,290,516
16.	Projected Revenue Sharing Funds for Fiscal 2007	$	41,769
17.	Net Direct Employer Actuarially Required Contribution for Fiscal 2007 (14-15-16)	$	3,711,669
18.	Projected Payroll (July 1, 2006 through June 30, 2007)	$	52,451,365
19.	Employers' Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2007 (17 ÷ 18)		7.08%
20.	Actual Employer Contribution Rate for Fiscal 2007		9.75%
21.	Contribution Shortfall (Excess) as a Percentage of Payroll (19-20)		(2.67%)
22.	Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)		(0.32)%
23.	Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2008 (19+22, Rounded to nearest .25%)		6.75%

EXHIBIT XIII
PLAN B: PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	$ 100,346,101	
Survivor Benefits	4,331,989	
Disability Benefits	2,397,331	
Vested Deferred Termination Benefits	5,547,452	
Contribution Refunds	4,086,615	
TOTAL Present Value of Future Benefits for Active Members		$ 116,709,488

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement	$ 2,774,927	
Terminated Members with Reciprocals Due Benefits at Retirement	56,064	
Terminated Members Due a Refund	291,495	
TOTAL Present Value of Future Benefits for Terminated Members		$ 3,122,486

Present Value of Future Benefits for Retirees:

Regular Retirees	$ 37,393,625	
Disability Retirees	2,519,673	
Survivors & Widows	7,720,324	
Reserve for Accrued Retiree DROP Account Balances	486,372	
TOTAL Present Value of Future Benefits for Retirees & Survivors		$ 48,119,994
TOTAL Present Value of Future Benefits		$ 167,951,968

EXHIBIT XIV
PLAN B: ACTUARIAL VALUE OF ASSETS

Current Assets:

Cash	$ 2,300,043		
Contributions Receivable from Members	207,580		
Contributions Receivable from Employers	418,981		
Accrued Interest on Investments	31,549		
Dividends Receivable	33,742		
Investments Receivable	272,012		
Ad Valorem Taxes Receivable	38,608		
TOTAL CURRENT ASSETS		$ 3,302,515	
Allocated Share of the Expense Fund		$ 220,638	
Property, Plant & Equipment		$ 174,273	

Investments:

Common Stock	$ 36,536,938	
Mutual Fund – Equities	27,828,246	
Co-Mingled Funds	14,342,978	
Cash Equivalents	12,187,195	
Mutual Fund – Fixed Income	11,627,428	
Limited Partnerships	6,350,376	
Federal National Mortgage Corporation	187,072	
Government National Mortgage Association	143,346	
Federal Home Loan Mortgage Corporation	39,154	
Adjustment for Actuarial Smoothing	(397,452)	
TOTAL INVESTMENTS		$ 108,845,281
TOTAL ASSETS		$ 112,542,707

Current Liabilities:

Investments Payable	$ 262,834	
Accounts Payable	86,571	
Refunds Payable	39,616	
Funds Payable to Plan A	749,048	
TOTAL CURRENT LIABILITIES		$ 1,138,069
ACTUARIAL VALUE OF ASSETS		$ 111,404,638

EXHIBIT XV
PLAN B: PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund	$	17,883,419
Employer Normal Contributions to the Pension Accumulation Fund		32,959,966
Employer Amortization Payments to the Pension Accumulation Fund		5,703,945
TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	$	56,547,330

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

Prior Year Frozen Unfunded Accrued Liability			$	5,955,605
Interest on Frozen Unfunded Accrued Liability	$	476,448		
Employer Normal Cost for Prior Year		4,981,639		
Interest on the Normal Cost		398,531		
Administrative Expenses		213,179		
Interest on Expenses		8,363		
TOTAL Increases to Frozen Unfunded Accrued Liability			$	6,078,160
Gross Employer Contributions	$	6,152,138		
Interest on Employer Contributions		241,351		
Contribution Shortfall (Excess)		(61,266)		
Interest on Contribution Shortfall (Excess)		(2,403)		
TOTAL Decreases to Frozen Unfunded Accrued Liability			$	6,329,820
CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY			$	5,703,945

EXHIBIT XVII
PLAN B: ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets (June 30, 2005)			$	96,417,685
Income:				
Member Contributions	$	2,466,580		
Employer Contributions		4,990,293		
Ad Valorem Taxes		1,122,269		
Revenue Sharing Funds		39,576		
Irregular Contributions		495,355		
Total Contribution Income			$	9,114,073
Net Appreciation in Fair Value of Investments	$	7,440,238		
Interest and Dividend Income		1,657,304		
Investment Income Allocated from Expense Fund		9,784		
Securities Lending		20,879		
Allocated Share of Investment Expense		(414,834)		
Adjustment for Actuarial Smoothing		4,594,954		
Net Investment Income			$	13,308,325
TOTAL Income			$	22,422,398
Expenses:				
Retirement Benefits	$	5,759,774		
Refunds of Contributions		834,256		
Funds Transferred to Another System		73,007		
DROP Disbursements		514,069		
Allocated Share of Administrative Expenses		213,179		
TOTAL Expenses			$	7,394,285
Net Income for Fiscal 2006 (Income - Expenses)			$	15,028,113
Unadjusted Fund Balance as of June 30, 2006 (Fund Balance Previous Year + Net Income)			$	111,445,798
Adjustment for Change in Allocated Expense Fund Balance			$	(41,160)
Actuarial Value of Assets (June 30, 2006)			$	111,404,638

EXHIBIT XVIII
PLAN B: FUND BALANCE

Present Assets of the System Creditable to:

Annuity Savings Fund	$	18,184,518
Annuity Reserve Fund		47,633,622
Pension Accumulation Fund		42,827,603
Deferred Retirement Option Plan Account		2,935,709
NET MARKET VALUE OF ASSETS	$	111,581,452
ADJUSTMENT FOR ACTUARIAL SMOOTHING		(397,452)
ALLOCATION OF EXPENSE FUND		220,638
ACTUARIAL VALUE OF ASSETS	$	111,404,638

EXHIBIT XIX
PLAN B: PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees	$	74,513,098
Present Value of Benefits Payable to Terminated Employees		3,122,486
Present Value of Benefits Payable to Current Retirees and Beneficiaries		48,119,994
TOTAL PENSION BENEFIT OBLIGATION	$	125,755,578
NET ACTUARIAL VALUE OF ASSETS	$	111,404,638
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation		88.59%

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:		24.37%
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%	
Changes for Fiscal 2004	(1.12%)	
Changes for Fiscal 2006	5.18%	
3. TOTAL Adjustments		(5.80%)
Amortization of Adjustments in Funded Ratio over 30 years:		
Changes for Fiscal 1988	(1.44%)	
Changes for Fiscal 1989	1.67%	
Changes for Fiscal 1995	0.45%	
Changes for Fiscal 1997	1.15%	
Changes for Fiscal 1998	0.99%	
Changes for Fiscal 2000	0.46%	
Changes for Fiscal 2001	(0.20%)	
Changes for Fiscal 2003	(0.05%)	
Changes for Fiscal 2004	0.07%	
Changes for Fiscal 2006	(0.00%)	
4. TOTAL Amortization of Adjustments		3.10%
5. Target Ratio for Current Fiscal Year (Lesser of 1+2+3+4 or 100%)		85.11%
6. Actuarial Value of Assets Divided by PBO as of June 30, 2006		88.59%

EXHIBIT XXI
PLAN B - CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2005	1,987	885	51	745	3,668
Additions to Census					
Initial membership	283	19			302
Death of another member	(3)	(1)		4	
Omitted in error last year					
Change in Status during Year					
Actives terminating service	(44)	44			
Actives who retired	(25)			25	
Actives entering DROP	(16)		16		
Term. members rehired	9	(9)			
Term. members who retire		(4)		4	
Retirees who are rehired					
Refunded who are rehired	3				3
DROP participants retiring			(10)	10	
DROP returned to work	12		(12)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(186)	(93)			(279)
Deaths	(4)		(1)	(26)	(31)
Included in error last year					
Adjustment for multiple records		13		1	14
Moved to Plan A					
Number of members as of June 30, 2006	2,016	854	44	763	3,677

PLAN B - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	14	2	16	14,503	232,040
21 - 25	68	24	92	17,687	1,627,169
26 - 30	105	44	149	19,273	2,871,658
31 - 35	123	50	173	21,839	3,778,173
36 - 40	143	79	222	23,159	5,141,245
41 - 45	183	84	267	24,853	6,635,820
46 - 50	213	124	337	26,568	8,953,481
51 - 55	217	84	301	26,985	8,122,601
56 - 60	184	69	253	28,227	7,141,394
61 - 65	106	37	143	27,735	3,966,110
66 - 70	50	14	64	24,902	1,593,718
71 - 75	20	6	26	25,954	674,791
76 - 80	14	1	15	18,962	284,424
81 - 85	2	0	2	16,289	32,577
TOTAL	1,442	618	2,060	24,784	51,055,201

THE ACTIVE CENSUS INCLUDES 802 ACTIVES WITH VESTED BENEFITS, INCLUDING 44 DROP PARTICIPANTS AND 49 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	1	0	1	6,367	6,367
36 - 40	1	0	1	6,269	6,269
41 - 45	3	2	5	6,125	30,625
46 - 50	12	4	16	7,685	122,954
51 - 55	16	7	23	7,006	161,138
56 - 60	11	8	19	8,450	160,547
61 - 65	6	1	7	1,821	12,747
66 - 70	2	0	2	324	648
76 - 80	0	3	3	1,393	4,178
TOTAL	52	25	77	6,565	505,473

PLAN B - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging From		To	Number	Total Contributions
0	-	99	629	17,269
100	-	499	65	15,529
500	-	999	18	12,667
1000	-	1999	21	29,161
2000	-	4999	29	89,230
5000	-	9999	12	78,829
10000	-	19999	3	34,486
		TOTAL	777	277,171

PLAN B - REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	1	0	1	8,737	8,737
51 - 55	7	0	7	17,154	120,075
56 - 60	9	5	14	16,883	236,357
61 - 65	52	13	65	9,959	647,337
66 - 70	101	31	132	9,644	1,273,028
71 - 75	97	26	123	8,083	994,254
76 - 80	65	24	89	7,629	678,973
81 - 85	44	20	64	7,096	454,159
86 - 90	23	7	30	5,160	154,810
91 - 99	3	5	8	3,388	27,101
TOTAL	402	131	533	8,621	4,594,831

PLAN B - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
41 - 45	1	0	1	6,973	6,973
46 - 50	6	2	8	6,437	51,498
51 - 55	8	0	8	6,214	49,715
56 - 60	9	2	11	7,548	83,025
61 - 65	3	2	5	4,730	23,652
66 - 70	3	1	4	6,874	27,495
71 - 75	1	0	1	10,023	10,023
81 - 85	1	1	2	3,735	7,470
TOTAL	32	8	40	6,496	259,851

PLAN B - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	1	1	4,143	4,143
36 - 40	0	1	1	2,664	2,664
41 - 45	1	2	3	4,993	14,979
46 - 50	2	2	4	7,313	29,251
51 - 55	1	11	12	4,560	54,718
56 - 60	0	10	10	5,042	50,415
61 - 65	1	18	19	5,614	106,672
66 - 70	1	27	28	6,181	173,060
71 - 75	1	29	30	5,653	169,594
76 - 80	0	28	28	5,415	151,631
81 - 85	1	32	33	6,013	198,442
86 - 90	1	15	16	3,560	56,954
91 - 99	0	5	5	1,025	5,125
TOTAL	9	181	190	5,356	1,017,648

PLAN B - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 20	14	2										16
21 - 25	41	20	11	9	8	3						92
26 - 30	43	21	19	16	12	35	3					149
31 - 35	44	26	13	21	11	31	23	4				173
36 - 40	36	22	13	20	14	65	35	16	1			222
41 - 45	33	25	23	23	18	61	33	21	20	10		267
46 - 50	35	21	14	20	12	62	54	57	32	29	1	337
51 - 55	21	19	13	18	22	44	40	54	28	29	13	301
56 - 60	16	18	15	16	8	42	39	46	19	14	20	253
61 - 65	14	3	11	8	2	23	27	25	10	10	10	143
66 - 70	1	2	1	1	1	13	13	17	10	1	4	64
71 & Over	2		1			6	11	10	4	7	2	43
Totals	300	179	134	152	108	385	278	250	124	100	50	2060

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	13,986	18,121										14,503
21 - 25	16,135	18,413	17,357	20,190	21,528	17,500						17,687
26 - 30	14,733	20,161	21,816	18,602	20,419	22,260	26,161					19,273
31 - 35	18,641	21,392	17,427	24,909	23,563	22,569	25,090	29,057				21,839
36 - 40	18,819	19,873	21,144	21,066	22,449	25,265	24,371	30,206	37,592			23,159
41 - 45	18,684	19,025	23,939	19,132	24,393	24,955	29,352	31,970	32,663	29,840		24,853
46 - 50	19,579	20,251	20,713	23,327	20,460	22,987	27,674	30,845	34,502	35,201	38,239	26,568
51 - 55	19,893	21,317	21,594	21,504	22,672	24,632	24,612	31,447	31,680	33,177	39,821	26,985
56 - 60	22,034	24,698	24,274	25,509	28,550	23,969	25,766	31,289	34,247	35,005	37,600	28,227
61 - 65	24,473	33,182	23,655	26,933	31,921	24,820	24,522	26,103	26,064	32,969	50,855	27,735
66 - 70	16,234	24,875	25,168	17,260	26,123	21,274	21,427	26,651	27,179	52,000	31,802	24,902
71 & Over	15,895		19,210			21,095	14,717	29,630	26,333	23,444	43,296	23,065
Average	18,171	20,788	21,618	22,094	23,078	23,858	25,408	30,274	32,020	33,172	40,605	24,784

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 30												0
31 - 35										1		1
36 - 40									1			1
41 - 45								5				5
46 - 50							16					16
51 - 55						23						23
56 - 60	2	8	4	3	2							19
61 - 65	7											7
66 - 70	2											2
71 - 75												0
76 - 80	3											3
81 & Over												0
Totals	14	8	4	3	2	23	16	5	1	1	0	77

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										6,367		6,367
36 - 40									6,269			6,269
41 - 45								6,125				6,125
46 - 50							7,685					7,685
51 - 55						7,006						7,006
56 - 60	7,200	6,888	5,300	8,451	22,246							8,450
61 - 65	1,821											1,821
66 - 70	324											324
71 - 75												0
76 - 80	1,393											1,393
81 & Over												0
Average	2,284	6,888	5,300	8,451	22,246	7,006	7,685	6,125	6,269	6,367	0	6,565

PLAN B - SERVICE RETIREES:

Attained Ages	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
	Completed Years Since Retirement											
0 - 50	1											1
51 - 55	3		2		1	1						7
56 - 60	4	4	1	2	2	1						14
61 - 65	24	11	9	5	5	10	1					65
66 - 70	6	11	10	19	18	61	5	2				132
71 - 75		5	3	7	1	57	42	7	1			123
76 - 80	1		1	3		9	31	41	3			89
81 - 85				1		3	7	20	32	1		64
86 - 90			2			1	2	3	13	9		30
91 & Over									1	4	3	8
Totals	39	31	28	37	27	143	88	73	50	14	3	533

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
	Completed Years Since Retirement											
0 - 50	8,737											8,737
51 - 55	21,712		13,852		18,604	8,629						17,154
56 - 60	19,526	16,076	19,918	11,886	20,345	9,571						16,883
61 - 65	8,864	5,812	10,530	13,435	12,993	13,914	4,622					9,959
66 - 70	9,674	12,068	11,034	8,087	8,481	9,299	16,759	7,265				9,644
71 - 75		5,847	13,758	10,848	8,014	7,350	7,999	10,227	13,308			8,083
76 - 80	1,130		6,110	4,504		6,129	8,757	7,312	10,599			7,629
81 - 85				4,482		6,753	6,078	8,125	6,720	9,340		7,096
86 - 90			3,542			2,300	9,883	6,967	6,091	2,842		5,160
91 & Over									7,293	3,135	2,423	3,388
Average	10,869	9,362	10,972	9,149	10,553	8,540	8,615	7,799	6,932	3,390	2,423	8,621

PLAN B - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 40												0
41 - 45		1										1
46 - 50		1	1	2		1	3					8
51 - 55		2				4	2					8
56 - 60			1	1	2	5	2					11
61 - 65				1	1	1	1			1		5
66 - 70						1	2		1			4
71 - 75								1				1
76 - 80												0
81 - 85									1	1		2
86 & Over												0
Totals	0	4	2	4	3	12	10	1	2	2	0	40

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 40												0
41 - 45		6,973										6,973
46 - 50		6,068	9,303	8,698		5,625	4,369					6,437
51 - 55		9,905				5,661	3,631					6,214
56 - 60			8,229	5,869	11,191	5,818	8,728					7,548
61 - 65				4,394	6,637	3,928	2,690			6,002		4,730
66 - 70						9,969	7,036		3,453			6,874
71 - 75								10,023				10,023
76 - 80												0
81 - 85									3,870	3,600		3,735
86 & Over												0
Average	0	8,213	8,766	6,915	9,673	5,938	5,459	10,023	3,661	4,801	0	6,496

PLAN B - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 30												0
31 - 35						1						1
36 - 40	1											1
41 - 45			1			1		1				3
46 - 50					1		1	2				4
51 - 55			2	2	1	3	2	2				12
56 - 60	2			1	2	2	2		1			10
61 - 65	1	4	1	1		6	5	1				19
66 - 70					2	7	10	7	1	1		28
71 - 75		1	2			4	10	7	6			30
76 - 80	1				1		2	15	5	4		28
81 - 85	1			1		1	1	8	9	11	1	33
86 - 90							1		7	4	4	16
91 & Over											5	5
Totals	6	5	6	5	7	25	34	43	29	20	10	190

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

Attained Ages	Completed Years Since Retirement											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 30												0
31 - 35						4,143						4,143
36 - 40	2,664											2,664
41 - 45			11,936			2,169		874				4,993
46 - 50					4,416		17,060	3,388				7,313
51 - 55			4,573	5,514	2,759	4,817	4,271	4,397				4,560
56 - 60	2,123			4,087	9,662	4,089	5,381		3,818			5,042
61 - 65	9,714	3,772	4,856	7,156		6,120	5,387	6,200				5,614
66 - 70					3,218	8,265	6,191	5,732	5,778	953		6,181
71 - 75		10,852	4,584			6,333	5,110	6,134	5,034			5,653
76 - 80	481				1,807		10,150	5,776	3,943	5,674		5,415
81 - 85	12,285			11,304		2,022	412	6,205	8,594	4,072	643	6,013
86 - 90							2,603		5,805	2,053	1,377	3,560
91 & Over											1,025	1,025
Average	4,898	5,188	5,851	6,715	4,963	6,035	5,871	5,651	6,120	3,832	1,128	5,356

EXHIBIT XXII
PLAN B: YEAR-TO-YEAR COMPARISON

	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Number of Active Members	2,060	2,038	2,052	2,064
Number of Retirees and Survivors	763	745	734	720
Number Terminated Due Deferred Benefits	77	79	74	63
Number Terminated Due Refund	777	806	820	790
Active Lives Payroll	$ 51,055,201	$ 48,690,316	$ 47,676,817	$ 45,260,679
Retiree Benefits in Payment	$ 5,872,330	$ 5,649,984	$ 5,476,263	$ 5,216,962
Market Value of Assets	$ 111,581,452	$ 101,109,899	$ 92,904,743	$ 83,836,074
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability	95.13%	94.18%	93.51%	93.04%
Actuarial Accrued Liability (As defined by GASB– 25)	$ 117,108,583	$ 102,373,290	$ 95,618,087	$ 92,615,633
Actuarial Value of Assets	$ 111,404,638	$ 96,417,685	$ 89,415,704	$ 86,170,714
Unfunded Actuarial Accrued Liability	$ 5,703,945	$ 5,955,605	$ 6,202,383	$ 6,444,919
Present Value of Future Employer Normal Cost	$ 32,959,966	$ 41,742,178	$ 42,458,765	$ 36,670,550
Present Value of Future Employee Contributions	$ 17,883,419	$ 17,253,376	$ 18,040,618	$ 17,184,709
Present Value of Future Benefits	$ 167,951,968	$ 161,368,844	$ 156,117,470	$ 146,470,892

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	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Employee Contribution Rate	5.00%	5.00%	5.00%	5.00%
Proj. Tax Contribution as % of Projected Payroll	2.54%	2.36%	2.37%	2.28%
Actuarially Req'd Net Direct Employer Cont. Rate	7.08%	9.86%	9.72%	9.22%
Actual Employer Direct Contribution Rate	9.75%	9.75%	9.50%	7.75%

Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998	Fiscal 1997
2,066	2,069	2,068	2,152	2,102	2,056
705	700	689	664	653	651
60	53	52	58	63	61
761	713	715	702	680	664
$ 43,560,002	$ 42,572,472	$ 41,586,147	$ 41,646,939	$ 37,963,401	$ 36,584,814
$ 5,039,462	$ 4,855,154	$ 4,579,320	$ 4,235,936	$ 3,926,054	$ 3,713,381
$ 81,767,131	$ 87,702,933	$ 100,649,110	$ 94,054,385	$ 87,582,921	$ 76,245,708
92.99%	92.86%	92.73%	91.92%	90.88%	89.95%
$ 95,381,233	$ 96,857,576	$ 104,176,006	$ 96,158,035	$ 87,395,782	$ 81,392,511
$ 88,697,416	$ 89,937,940	$ 96,602,212	$ 88,384,208	$ 79,421,207	$ 73,216,211
$ 6,683,817	$ 6,919,636	$ 7,573,794	$ 7,773,827	$ 7,974,575	$ 8,176,300
$ 28,532,252	$ 22,615,159	$ 12,529,147	$ 10,902,426	$ 12,607,109	$ 9,440,170
$ 16,666,322	$ 16,496,208	$ 16,317,771	$ 16,469,405	$ 15,103,116	$ 14,674,371
$ 140,579,807	$ 135,968,943	$ 133,022,924	$ 123,529,866	$ 115,106,007	$ 105,507,052

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Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2.27%	2.18%	2.01%	2.01%	2.03%	1.93%
7.53%	6.16%	3.68%	3.32%	4.31%	2.73%
6.25%	4.50%	4.50%	4.50%	3.75%	2.75%

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 June 30, 2006, 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 elected 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, elected 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 elected 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 a daily basis beginning July 1, 2006. 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×(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: Invested assets are valued at market value adjusted to defer three-fourths of all earnings above or below the valuation interest rate in the valuation year, two-fourths of all earnings above or below the valuation interest rate in the prior year, and one-fourth of all earnings above or below the valuation interest rate from two years prior. 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: 1994 Uninsured Pensioners' Table set forward 2 years (male mortality is based on 2 year set forward of the male table and female mortality is based on 2 year set forward of the female table)

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. In the first year of eligibility the tabular rates are multiplied by 1.5.

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 the first year of eligibility the tabular rates are multiplied by 1.5.

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 89	0.21
90	1.00

RATES OF WITHDRAWAL: The rates of withdrawal are applied based upon completed years of service according to the following table:

Service	Plan A	Plan B
0	0.24	0.26
1	0.19	0.20
2	0.16	0.15
3	0.12	0.15
4	0.10	0.10
5	0.08	0.10
6	0.08	0.09
7	0.08	0.09
8	0.06	0.06
9	0.06	0.05
10	0.06	0.05
11	0.05	0.05
12	0.05	0.05
13	0.05	0.05
14	0.03	0.05
15	0.03	0.05
16	0.03	0.03

17	0.01	0.03
18	0.01	0.03
19	0.01	0.03
20	0.01	0.02
over 20	0.01	0.02

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

RATES OF DISABILITY: 25% of the disability rates used for the 21st valuation of the Railroad Retirement System for individuals with 10 – 19 years of service.

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, are derived from the information provided in the 2000 U. S. Census:

Member's Age	% With Children	Number of Children	Average Age
25	62%	1.7	6
35	82%	2.1	10
45	66%	1.8	13
55	19%	1.4	15
65	2%	1.4	15

DISABLED LIVES MORTALITY: RP-2000 Disabled Lives Mortality Tables for Males and Females

VESTING ELECTING PERCENTAGE: 30% of those members under age 40 who are terminated vested elect deferred benefits in lieu of contribution refunds. 45% of those who are between the ages of 40 - 49 who are terminated vested elect deferred benefits in lieu of contribution refunds. 60% of those who are at least age 50 who are terminated vested elect deferred benefits in lieu of contribution refunds.

ACTUARIAL TABLES AND RATES

Age	Male Mortality Rates	Female Mortality Rates	Plan A Retirement Rates	Plan B Retirement Rates	Plan A DROP Entry Rates	Plan B DROP Entry Rates	Base Disability	Remarriage Rates Rates
18	0.00054	0.00031	0.00000	0.00000	0.00000	0.00000	0.00150	0.05665
19	0.00057	0.00031	0.00000	0.00000	0.00000	0.00000	0.00150	0.05665
20	0.00060	0.00031	0.00000	0.00000	0.00000	0.00000	0.00150	0.05665
21	0.00063	0.00031	0.00000	0.00000	0.00000	0.00000	0.00150	0.05213
22	0.00067	0.00031	0.00000	0.00000	0.00000	0.00000	0.00150	0.04834
23	0.00071	0.00031	0.00000	0.00000	0.00000	0.00000	0.00150	0.04522
24	0.00075	0.00032	0.00000	0.00000	0.00000	0.00000	0.00150	0.04270
25	0.00078	0.00032	0.00000	0.00000	0.00000	0.00000	0.00150	0.04070
26	0.00081	0.00034	0.00000	0.00000	0.00000	0.00000	0.00150	0.03915
27	0.00084	0.00036	0.00000	0.00000	0.00000	0.00000	0.00150	0.03799
28	0.00086	0.00038	0.00000	0.00000	0.00000	0.00000	0.00150	0.03714
29	0.00088	0.00040	0.00000	0.00000	0.00000	0.00000	0.00150	0.03654
30	0.00090	0.00043	0.00000	0.00000	0.00000	0.00000	0.00150	0.03611
31	0.00091	0.00045	0.00000	0.00000	0.00000	0.00000	0.00150	0.03578
32	0.00091	0.00048	0.00000	0.00000	0.00000	0.00000	0.00150	0.03549
33	0.00091	0.00051	0.00000	0.00000	0.00000	0.00000	0.00150	0.03515
34	0.00093	0.00055	0.00000	0.00000	0.00000	0.00000	0.00150	0.03471
35	0.00096	0.00059	0.00000	0.00000	0.00000	0.00000	0.00170	0.03409
36	0.00101	0.00064	0.00000	0.00000	0.00000	0.00000	0.00190	0.03286
37	0.00107	0.00070	0.00000	0.00000	0.00000	0.00000	0.00210	0.03139
38	0.00115	0.00076	0.00000	0.00000	0.00000	0.00000	0.00240	0.02973
39	0.00124	0.00083	0.00000	0.00000	0.00000	0.00000	0.00270	0.02787
40	0.00135	0.00089	0.00000	0.00000	0.00000	0.00000	0.00310	0.02585
41	0.00145	0.00094	0.06000	0.00000	0.27000	0.00000	0.00350	0.02352
42	0.00157	0.00099	0.06000	0.00000	0.27000	0.00000	0.00390	0.02111
43	0.00170	0.00105	0.06000	0.00000	0.27000	0.00000	0.00440	0.01868
44	0.00185	0.00111	0.06000	0.00000	0.27000	0.00000	0.00500	0.01629
45	0.00204	0.00120	0.06000	0.00000	0.27000	0.00000	0.00570	0.01400
46	0.00226	0.00130	0.06000	0.06000	0.27000	0.19000	0.00650	0.01208
47	0.00250	0.00141	0.06000	0.06000	0.27000	0.19000	0.00730	0.01034
48	0.00277	0.00154	0.06000	0.06000	0.27000	0.19000	0.00830	0.00879
49	0.00309	0.00169	0.06000	0.06000	0.27000	0.19000	0.00940	0.00744
50	0.00345	0.00186	0.06000	0.06000	0.27000	0.19000	0.01070	0.00629
51	0.00385	0.00205	0.06000	0.06000	0.27000	0.19000	0.01220	0.00551
52	0.00428	0.00224	0.06000	0.06000	0.27000	0.19000	0.01380	0.00493
53	0.00476	0.00247	0.06000	0.06000	0.27000	0.19000	0.01570	0.00451
54	0.00532	0.00276	0.06000	0.06000	0.27000	0.19000	0.01780	0.00423
55	0.00600	0.00314	0.06000	0.36000	0.27000	0.30000	0.02020	0.00406
56	0.00677	0.00361	0.06000	0.22000	0.27000	0.30000	0.02300	0.00000
57	0.00762	0.00415	0.06000	0.22000	0.27000	0.30000	0.02610	0.00000
58	0.00858	0.00477	0.06000	0.22000	0.27000	0.30000	0.02960	0.00000
59	0.00966	0.00548	0.06000	0.22000	0.27000	0.12500	0.03370	0.00000
60	0.01091	0.00627	0.14000	0.12000	0.27000	0.12500	0.04880	0.00000
61	0.01233	0.00718	0.14000	0.12000	0.12000	0.12500	0.05300	0.00000
62	0.01391	0.00819	0.14000	0.12000	0.12000	0.12500	0.05780	0.00000
63	0.01563	0.00929	0.14000	0.12000	0.12000	0.12500	0.05550	0.00000
64	0.01746	0.01042	0.14000	0.12000	0.12000	0.12500	0.03510	0.00000
65	0.01939	0.01157	0.14000	0.12000	0.12000	0.12500	0.00630	0.00000

2005 ACTUARIAL ASSUMPTIONS

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

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.

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.

NOTES: