

**MUNICIPAL EMPLOYEES'
RETIREMENT SYSTEM**

**ACTUARIAL VALUATION AS OF
JUNE 30, 2007**

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

November 7, 2007

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, 2007. 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, 2008, and to provide information required for the system's financial statements. In addition, this report recommends employer contribution rates for fiscal 2009.

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.

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
Summary of Valuation Results - Plan A	1
Summary of Valuation Results - Plan B	2
Comments on Data	3
Comments on Actuarial Methods and Assumptions	4
Changes in Plan Provisions	4
Asset Experience	5
Plan A - Demographic and Liability Experience	7
Plan B - Demographic and Liability Experience	7
Funding Analysis and Recommendations	8
Cost of Living Increases	10
Graphs	12
Exhibit I - Plan A: Analysis of Actuarially Required Contributions	22
Exhibit II - Plan A: Present Value of Future Benefits	23
Exhibit III - Plan A: Actuarial Value of Assets	24
Exhibit IV - Plan A: Present Value of Future Contributions	25
Exhibit V - Plan A: Change in Frozen Unfunded Actuarial Accrued Liability	25
Exhibit VI - Plan A: Analysis of Increase in Assets	26
Exhibit VII - Plan A: Fund Balance	27
Exhibit VIII - Plan A: Pension Benefit Obligation	27
Exhibit IX - Plan A: Cost Of Living Adjustments - Target Ratio	28
Exhibit X - Plan A: Census Data	29
Exhibit XI - Plan A: Year to Year Comparison	37
Exhibit XII - Plan B: Analysis of Actuarially Required Contributions	40
Exhibit XIII - Plan B: Present Value of Future Benefits	41
Exhibit XIV - Plan B: Actuarial Value of Assets	42
Exhibit XV - Plan B: Present Value of Future Contributions	43
Exhibit XVI - Plan B: Change in Frozen Unfunded Actuarial Accrued Liability	43
Exhibit XVII - Plan B: Analysis of Increase in Assets	44
Exhibit XVIII - Plan B: Fund Balance	45
Exhibit XIX - Plan B: Pension Benefit Obligation	45
Exhibit XX - Plan B: Cost Of Living Adjustments - Target Ratio	46
Exhibit XXI - Plan B: Census Data	47
Exhibit XXII - Plan B: Year to Year Comparison	55
Summary of Principal Plan Provisions	57
Actuarial Assumptions	61
Glossary	65

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

Valuation Date:	June 30, 2007	June 30, 2006
Census Summary: Active Members	4,965	5,109
Retirees and Beneficiaries	2,721	2,588
Terminated Due a Deferred Benefit	209	179
Terminated Due a Refund	2,553	2,148
 Payroll:	 \$ 141,232,448	 \$ 140,773,796
Benefits in Payment:	\$ 34,978,923	\$ 32,315,373
Frozen Unfunded Actuarial Accrued Liability:	\$ 73,216,582	\$ 72,305,460
Market Value of Assets:	\$ 667,345,480	\$ 567,015,013
Actuarial Asset Value:	\$ 624,442,059	\$ 565,604,518
Actuarial Accrued Liability (as defined by GASB-25)	\$ 697,658,641	\$ 637,909,978
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability:	89.51%	88.67%

	FISCAL 2008	FISCAL 2007
Employer Normal Cost (July 1):	\$ 13,901,391	\$ 17,605,646
Amortization Cost (July 1):	\$ 4,704,102	\$ 4,512,328
Interest Adjusted Gross Employer Actuarially Required Contribution Including Estimated Administrative Costs:	\$ 20,051,911	\$ 23,618,133
Projected Ad Valorem and Revenue Sharing Funds	\$ 3,807,874	\$ 3,673,051
Net Direct Employer Actuarially Required Contribution:	\$ 16,244,037	\$ 19,945,082
Actuarially Required Net Direct Employer Contribution Rate	11.17%	13.89%
Actual Net Direct Employer Contribution Rate:	13.50%	16.25%

Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2009: 10.75%

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: A technical change in valuation methodology was made in the 2007 valuation.

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

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

Valuation Date:	June 30, 2007	June 30, 2006
Census Summary: Active Members	2,153	2,060
Retirees and Beneficiaries	794	763
Terminated Due a Deferred Benefit	74	77
Terminated Due a Refund	928	777

Payroll:	\$ 54,572,935	\$ 51,055,201
Benefits in Payment:	\$ 6,328,157	\$ 5,872,330
Frozen Unfunded Actuarial Accrued Liability:	\$ 5,446,715	\$ 5,703,945
Market Value of Assets:	\$ 132,326,073	\$ 111,581,452
Actuarial Asset Value:	\$ 124,483,332	\$ 111,404,638
Actuarial Accrued Liability (as defined by GASB-25)	\$ 129,930,047	\$ 117,108,583
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability:	95.81%	95.13%

	FISCAL 2008	FISCAL 2007
Employer Normal Cost (July 1):	\$ 3,257,565	\$ 3,972,111
Amortization Cost (July 1):	\$ 647,477	\$ 660,691
Interest Adjusted Gross Employer Actuarially Required Contribution Including Estimated Administrative Costs:	\$ 4,335,104	\$ 5,043,954
Projected Ad Valorem and Revenue Sharing Funds	\$ 1,471,382	\$ 1,332,285
Net Direct Employer Actuarially Required Contributions:	\$ 2,863,722	\$ 3,711,669
Actuarially Required Net Direct Employer Contribution Rate	5.06%	7.08%
Actual Net Direct Employer Contribution Rate:	6.75%	9.75%

Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2009: 4.75%

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: A technical change in valuation methodology was made in the 2007 valuation.

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 compact disk 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 4,965 active members in Plan A of whom 2,233 have vested retirement benefits including 245 participants in the Deferred Retirement Option Plan (DROP); 2,721 former Plan A members or their beneficiaries are receiving retirement benefits. An additional 2,762 Plan A members have contributions remaining on deposit with the system; of this number, 209 have vested rights for future retirement benefits. Census data on Plan B members may be found in Exhibit XXI. There are 2,153 active members in Plan B of whom 793 have vested retirement benefits including 48 participants in the Deferred Retirement Option Plan (DROP); 794 former Plan B members or their beneficiaries are receiving retirement benefits. An additional 1,002 Plan B members have contributions remaining on deposit with the system; of this number, 74 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 \$667,345,480 as of June 30, 2007. Net investment income for fiscal 2007 measured on a market value basis for Plan A amounted to \$102,282,000, including a prior period adjustment of \$2,577,106. Contributions to the Plan for the fiscal year totaled \$42,069,317; benefits and expenses paid by Plan A amounted to \$44,020,850. The net market value of Plan B's assets was \$132,326,073 as of June 30, 2007. Net investment income for fiscal 2007 measured on a market value basis for Plan B amounted to \$19,485,368, including a prior period adjustment of

\$490,877. Contributions to the Plan for the fiscal year totaled \$9,512,298; benefits and expenses paid by Plan B amounted to \$8,253,045. In addition to the two benefit trust funds the system maintains an expense fund for payment of certain investment and administrative expenses. The balance in this fund at the beginning of the year was \$828,926 and at the end of the year the balance was \$445,943.

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. The valuation for fiscal 2007 utilized the same assumptions as the prior year. 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.

A technical change in the valuation methodology was implemented in this valuation. This change increased the plan's normal cost by 0.0995% in Plan A and 0.0379% in Plan B.

CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2007 Regular Session of the Louisiana Legislature:

Act 146 provides for the transfer of employee and employer contributions with interest from the Municipal Employees' Retirement System to the Municipal Police Employees' Retirement System for certain employees of the City of Ponchatoula who were erroneously enrolled in the Municipal Employees' Retirement System.

Act 232 provides that in the event a cost-of-living adjustment is not payable based on the valuation for the year ending June 30, 2007, the board may, in its discretion, authorize a nonrecurring lump-sum benefit supplement to be paid from the excess interest earnings of the system. The benefit supplement may be in an amount not to exceed three percent of the normal annual benefit, nor be less than three hundred dollars. The benefit supplement is to be paid in a single lump-sum payment. The supplement is to be granted only to those who would otherwise have been eligible for a cost-of-living adjustment.

Act 352 states that notwithstanding the prudent-man rule, the system may but is not required to divest itself of any holding in a company having facilities or employees located in a prohibited nation as that term is defined in R.S. 11:312(B)(2). The provisions of this act will apply to both direct ownership of securities and securities held in a collective fund. The system will be required to adopt and implement a corporate governance strategy of constructive engagement with each company. The corporate governance strategy of constructive engagement will contain a plan of system action to cause the company to remove its facilities and/or employees from the prohibited nation. As part of the plan of system action, the system will make its best efforts to identify all such companies. The plan of system action will be implemented not later than one hundred twenty days after the effective date of this act.

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 and are based on values provided by the system's auditors.

		<u>Actuarial Value</u>	<u>Market Value</u>
PLAN A	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%
	2007	10.8% †	18.1% †
PLAN B		<u>Actuarial Value</u>	<u>Market Value</u>
	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%
2007	10.6% †	17.4% †

* 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 2 years in Plan A and 3 years in Plan B to smoothing investment earnings above or below the assumed rate of return over 4 years in both Plan A and Plan B.

† Includes the impact of inclusion of the prior period adjustment as income in fiscal 2007.

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. During 2007, the fund earned \$13,128,264 of dividends and interest and other recurring income for Plan A and \$2,503,771 for Plan B. Net income was increased by realized and unrealized capital gains of \$91,696,259 for Plan A and \$17,465,954 for Plan B and offset by net investment expenses of \$2,542,523 for Plan A and \$484,357 for Plan B. The geometric mean of the market value rates of return measured over the last ten years was 7.4% for Plan A and 7.0% 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 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. 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 7.1% for Plan A and 6.8% for Plan B. Plan A experienced net actuarial investment earnings of \$15,888,780 more than the actuarial assumed earnings rate of 8%. Plan B experienced net actuarial investment earnings of \$2,947,609 more than the actuarial assumed earnings rate of 8%. These actuarial gains decreased the normal cost accrual rate by 1.5624% and 0.7253% 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, 2007 valuation we found no such members and therefore do not recommend any such transfer of assets be made for fiscal 2007.

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 144 members. The plan has experienced a decline in the active plan population of 516 members between 2002 and 2007. 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 133 during the fiscal year and by 405 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 which will have a tendency to show increased costs.

Plan liability experience for fiscal 2007 was favorable. Other than withdrawals, there was no one significant factor affecting liability experience. Salary increases were above projected levels. Regular retirements and DROP entries were above projected levels; disabilities and retiree deaths were slightly below projections. Withdrawals were significantly above projections. The net effect of all of these elements was a reduction in cost. Plan liability gains reduced the normal cost accrual rate by 0.3116%.

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 93 members. Over the last five years the active population increased by 87 members. The number of retirees and beneficiaries receiving benefits from the system increased by 31. Over the last five years this group increased by 89.

A review of the active census by age indicates that over the last ten years the population in the age group extending from 31 to 40 has decreased while the proportion of active members in the age group extending from 51 to 60 has increased. Over the same ten-year period the system showed a decrease in the percentage of members with service of five to nine years and the corresponding increase in the percentage of members with service over twenty-five years.

Plan liability experience for fiscal 2007 was favorable. There was no one significant factor affecting liability experience. Retirements and salary increases were below projected levels.

Withdrawals and retiree deaths were above projected levels. All of these elements contributed to cost reduction. Disabilities and DROP entries above projected levels slightly offset these cost reductions. Plan liability gains decreased the normal cost accrual rate by 0.3332%.

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 2008 as of July 1, 2007, is \$13,901,391. The amortization payment on the plan's frozen unfunded actuarial accrued liability as of July 1, 2007, is \$4,704,102. 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 2008 is \$20,051,911. When this amount is reduced by projected tax contributions and revenue sharing funds the resulting employers' net direct actuarially required contribution for fiscal 2008 is \$16,244,037. This is 11.17% of the projected Plan A payroll for fiscal 2008.

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 2007	13.2728%
Factors Increasing the Normal Cost Accrual Rate:	
Technical Change in Methodology	0.0995%
Factors Decreasing the Normal Cost Accrual Rate:	
Asset Experience	-1.5624%
New Members	-0.5981%
Liability Experience	-0.3116%
Contribution Gain	-0.3957%
Normal Cost Accrual Rate – Fiscal 2008	10.5045%

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 2008 as of July 1, 2007, is \$3,257,565. The amortization payment on the plan's frozen unfunded actuarial accrued liability as of July 1, 2007, is \$647,477. 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 2008 is \$4,335,104. When this amount is reduced by projected tax contributions and revenue sharing funds the resulting employers' net direct actuarially required contribution for fiscal 2008 is \$2,863,722. This is 5.06% of the projected Plan B payroll for fiscal 2008.

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

Normal Cost Accrual Rate – Fiscal 2007	8.4025%
Factors Increasing the Normal Cost Accrual Rate:	
Technical Change in Methodology	0.0379%
Factors Decreasing the Normal Cost Accrual Rate:	
Asset Experience	-0.7253%
New Members	-0.5197%
Liability Experience	-0.3332%
Contribution Gain	-0.3745%
Normal Cost Accrual Rate – Fiscal 2008	6.4877%

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 2008, the net effect of the change in payroll on amortization costs was an increase of 0.09% of payroll for Plan A, and a reduction of 0.12% 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 2008 will increase by 0.06% of payroll; in Plan B the corresponding increase is also 0.06%. Although the actuarially required net direct

employer contribution rate for Plan A for fiscal 2008 is 11.17%, the actual employer contribution rate for fiscal 2008 is 13.50% of payroll. After giving consideration to the expected surplus in contributions collected in fiscal 2008, as detailed in Exhibit I, we recommend a minimum net direct employer contribution of 10.75% of payroll for Plan A during fiscal 2009. Although the actuarially required net direct employer contribution rate in Plan B is 5.06%, the actual employer contribution rate for fiscal 2008 is 6.75% of payroll. After giving consideration to the expected contribution surplus in fiscal 2008, as detailed in Exhibit XII, we recommend a minimum net direct employer contribution of 4.75% of payroll for Plan B during fiscal 2009.

Notwithstanding the allowable decrease in the employer contribution rate for fiscal 2009 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 13.50% 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 \$4.00 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 2009 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 6.75% 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 \$1.13 million. The effect of such an amount of additional contributions would be to eliminate four additional years from the end of the Plan's unfunded liability amortization schedule. Thus, the final payment will be due in fiscal 2019.

Please note that estimates of the additional funds collected and reduction in the number of remaining payments 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 2007 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 2.69%. 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 2007, both plans meet the target ratio. In addition we have determined that Plan A has earned \$15,888,780 and Plan B has earned \$2,947,609 in excess interest for fiscal 2007.

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

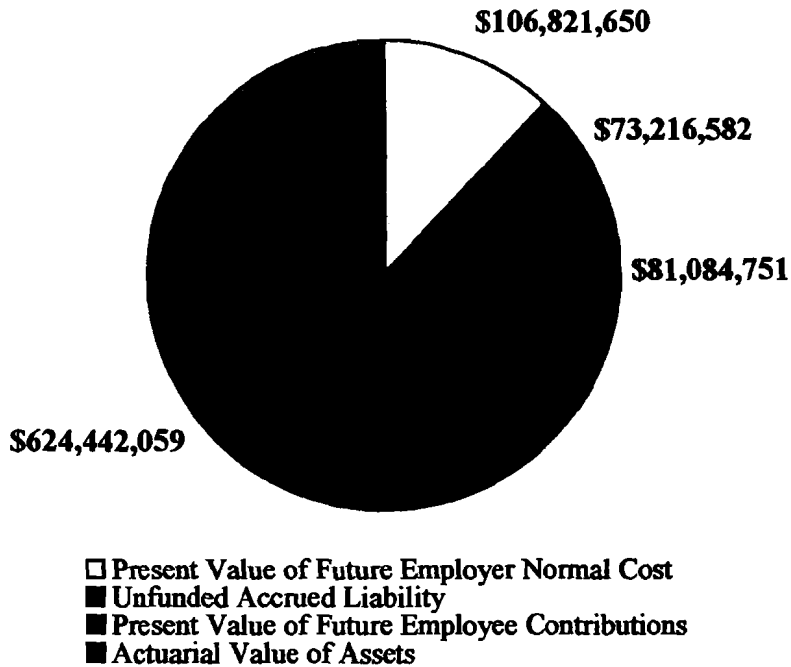
<u>COLA Description</u>	<u>Plan</u>	<u>Increase in Benefits</u>	<u>Present Value Of Increase</u>	<u>Contribution Cost</u>
2% to all allowable pensioners	A	\$ 622,300	\$ 5,451,694	0.54%
2% to pensioners over age 65	A	\$ 378,072	\$ 2,890,680	0.28%

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.

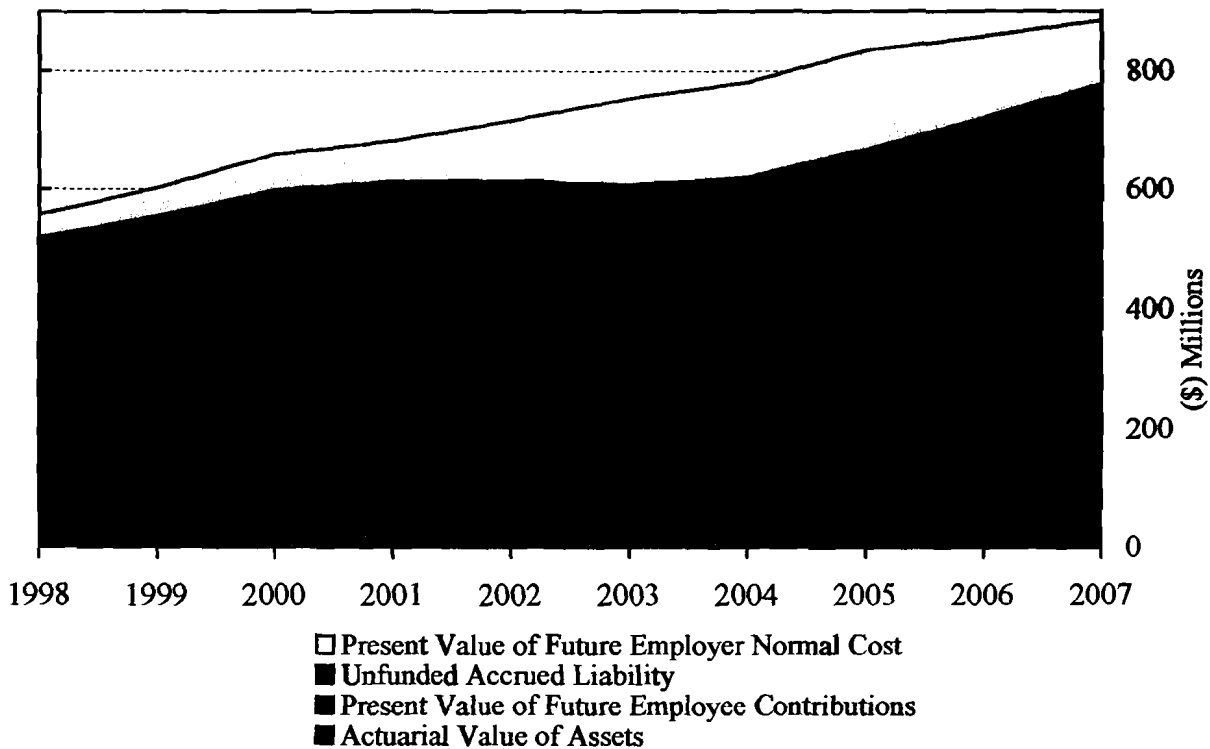
2% to all allowable pensioners	B	\$ 110,478	\$ 910,346	0.22%
2% to pensioners over age 65	B	\$ 83,392	\$ 634,212	0.16%

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.

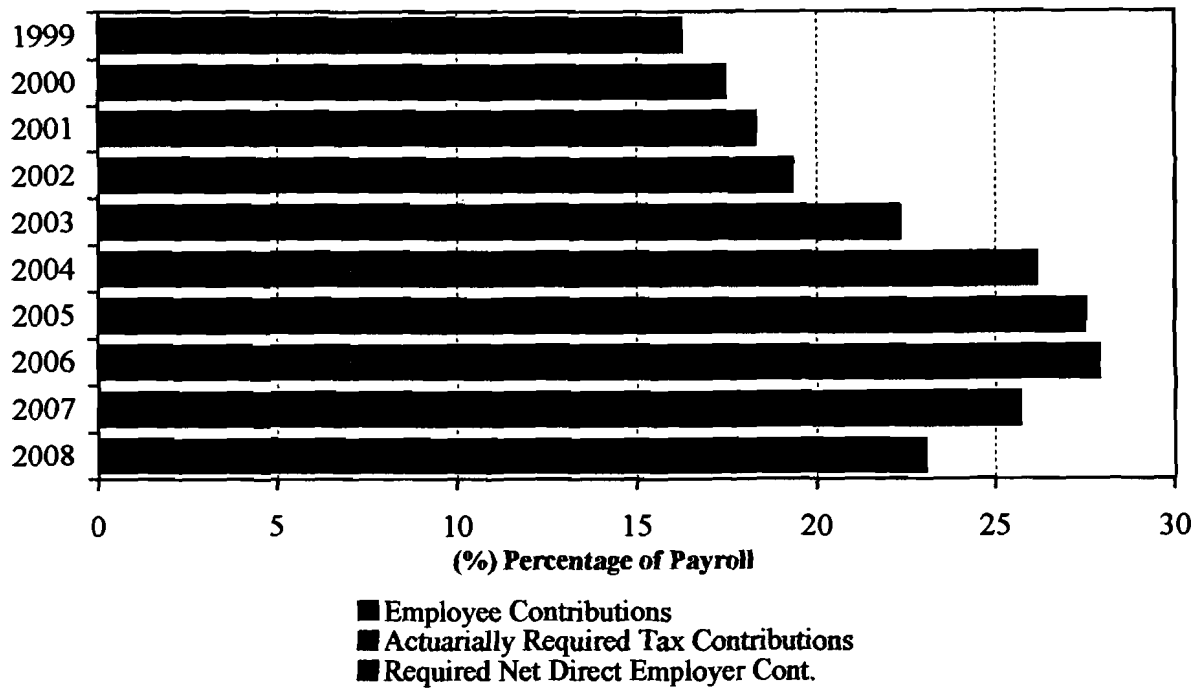
Plan A - Components of Present Value of Future Benefits June 30, 2007



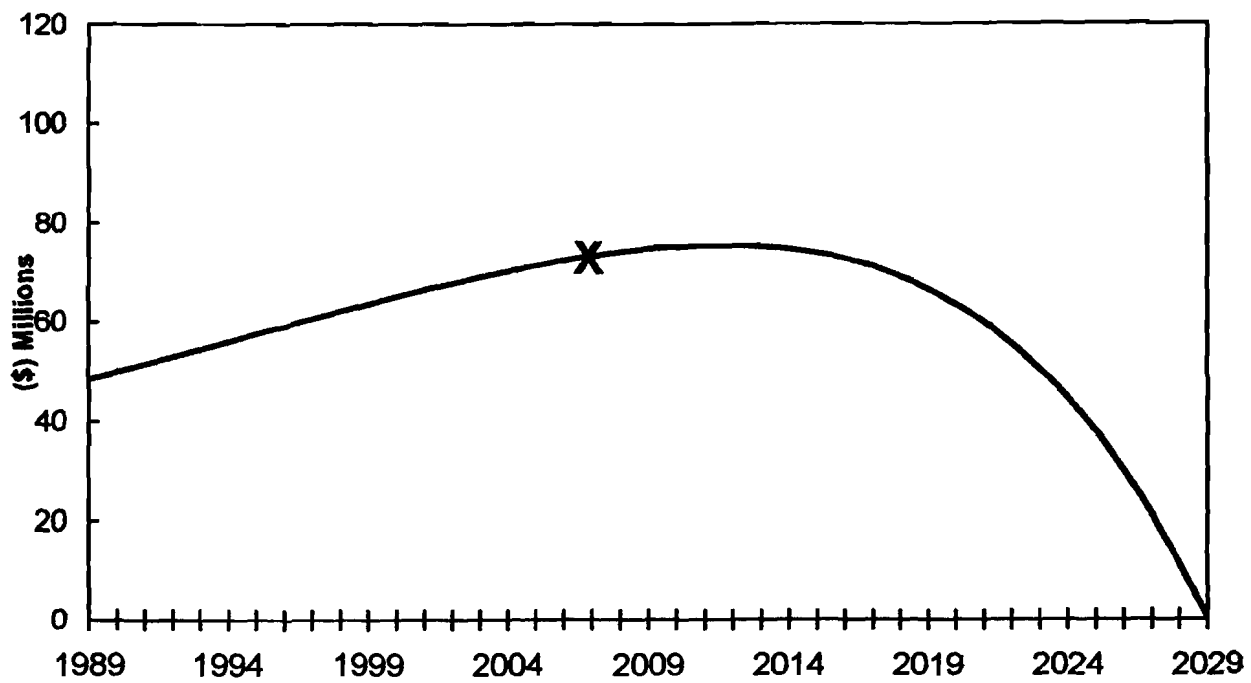
Plan A - Components of Present Value of Future Benefits



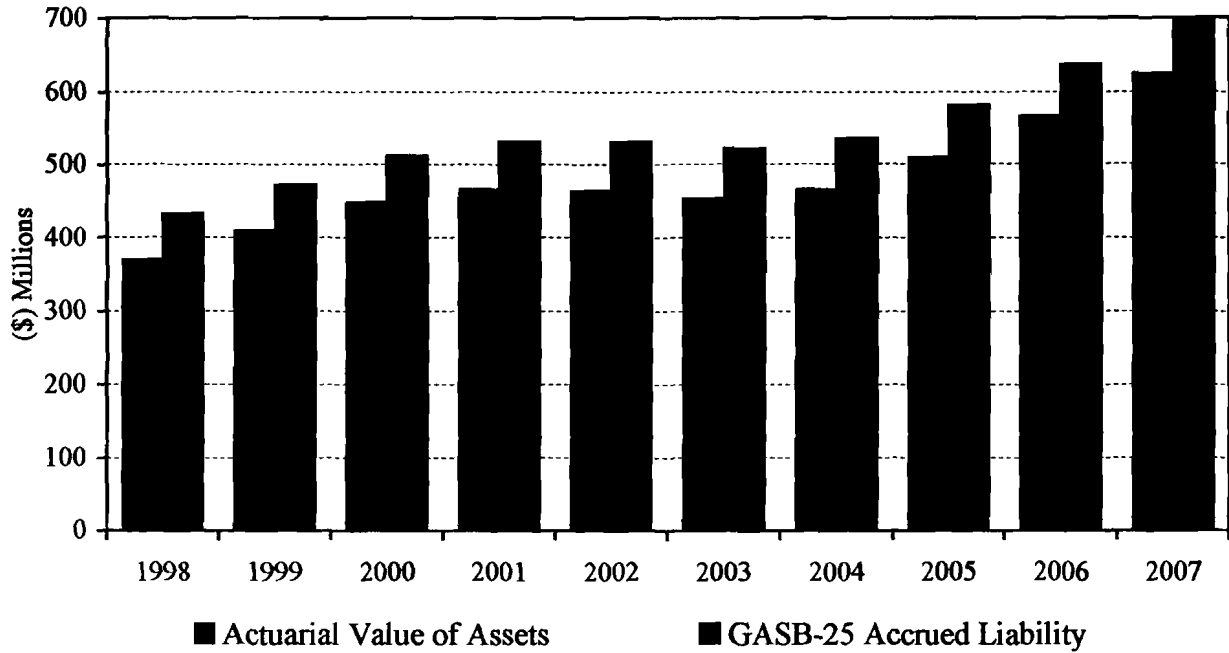
Plan A - Components of Actuarial Funding



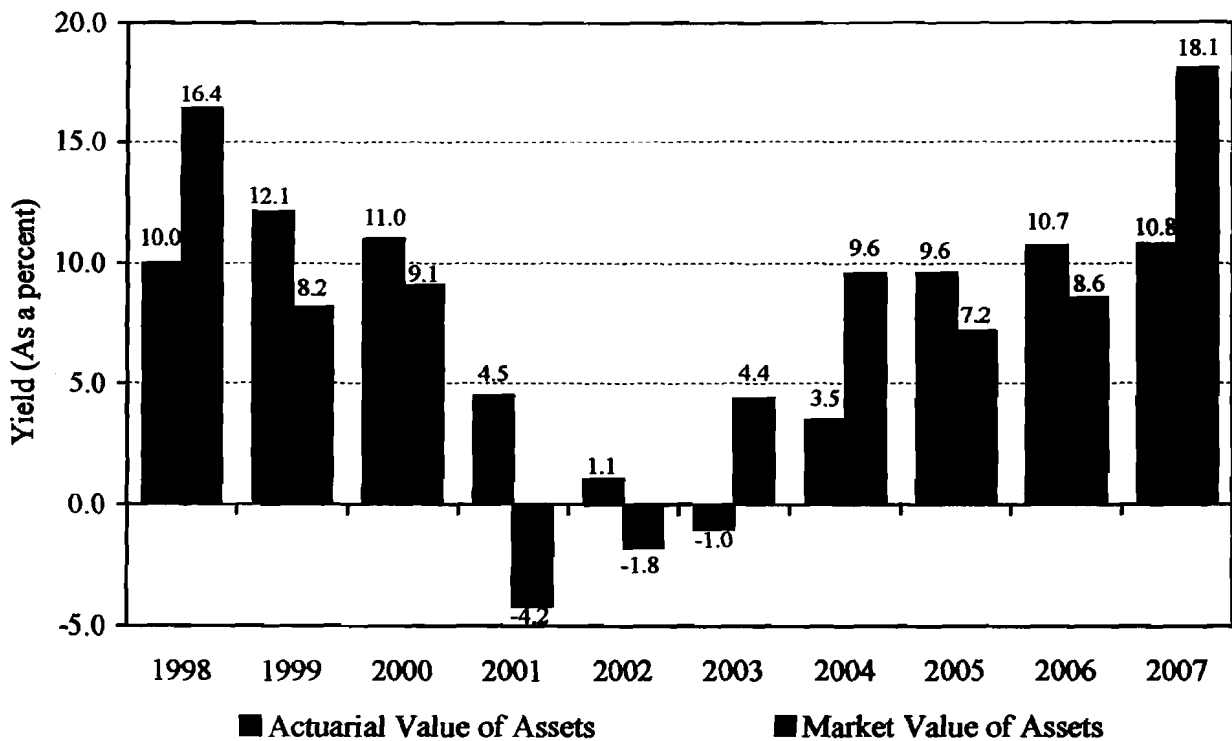
Plan A - Frozen Unfunded Accrued Liability



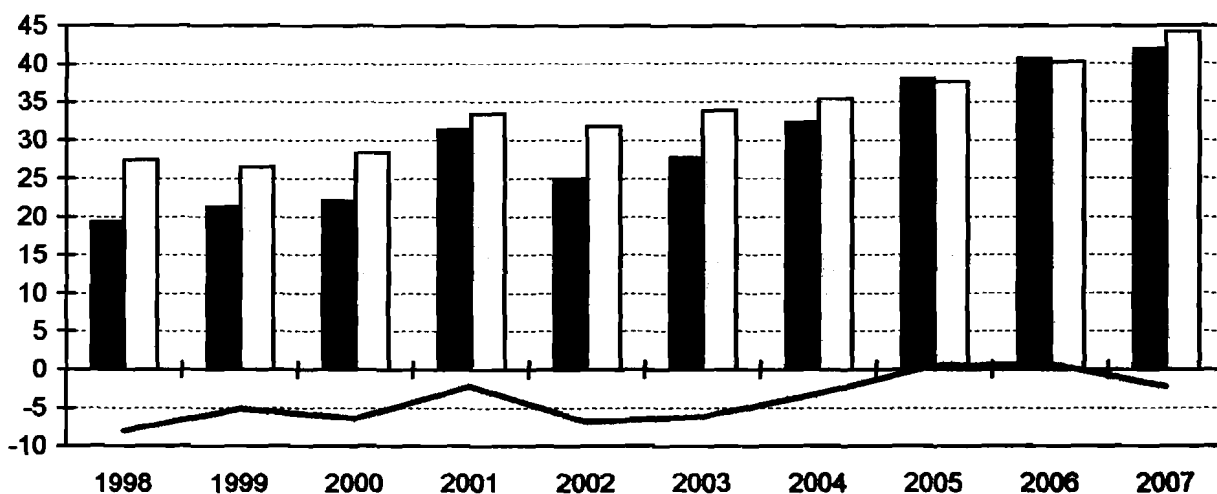
Plan A Actuarial Value of Assets vs. GASB-25 Accrued Liability



Plan A – Historical Asset Yield

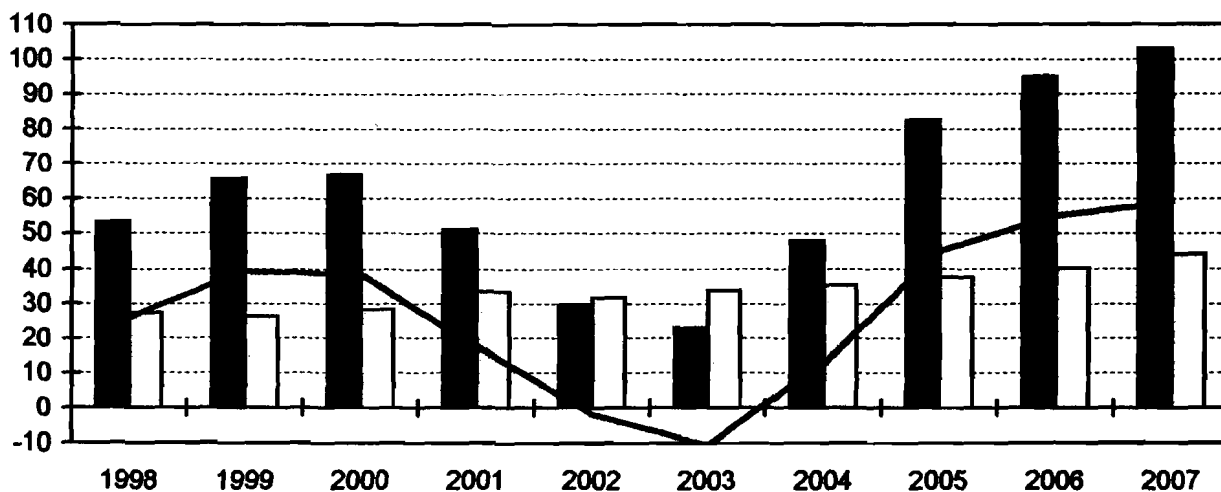


Plan A - Net Non-Investment Income



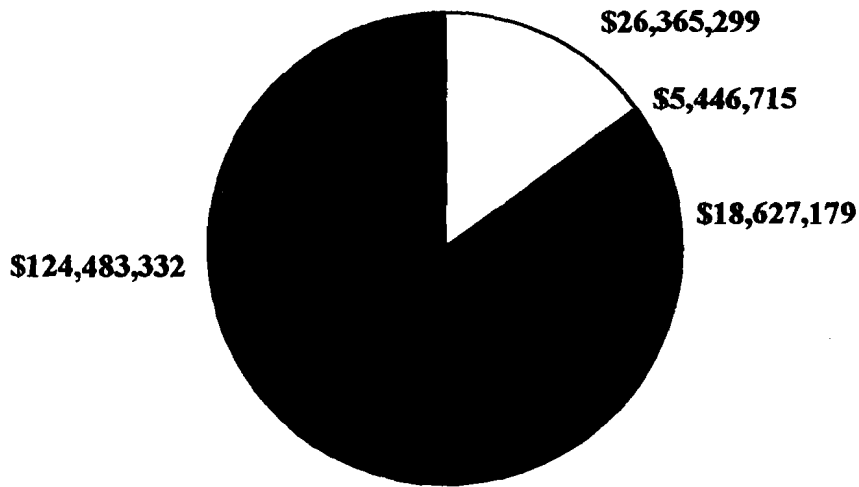
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Non-Investment Income (\$Mil)	■	19.4	21.4	22.1	31.4	25.0	27.8	32.4	38.1	40.8	42.1
Benefits and Expenses (\$Mil)	□	27.4	26.5	28.4	33.5	31.8	33.9	35.5	37.7	40.2	44.3
Net Non-Investment Income (\$Mil)	—	-8.0	-5.1	-6.3	-2.1	-6.8	-6.1	-3.1	0.4	0.6	-2.2

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



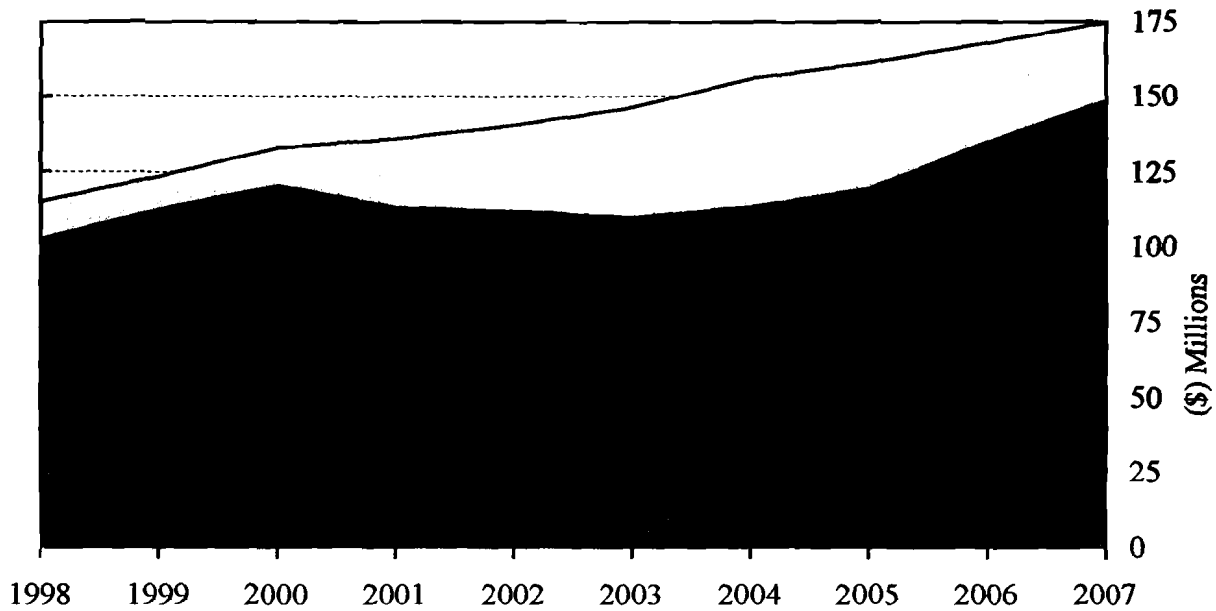
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Income (\$Mil)	■	53.3	65.7	66.7	51.2	29.9	23.2	48.1	82.8	95.2	103.1
Benefits and Expenses (\$Mil)	□	27.4	26.5	28.4	33.5	31.8	33.9	35.5	37.7	40.2	44.3
Net Change in AVA (\$Mil)	—	25.9	39.2	38.3	17.7	-1.9	-10.7	12.6	45.1	55.0	58.8

Plan B - Components of Present Value of Future Benefits June 30, 2007



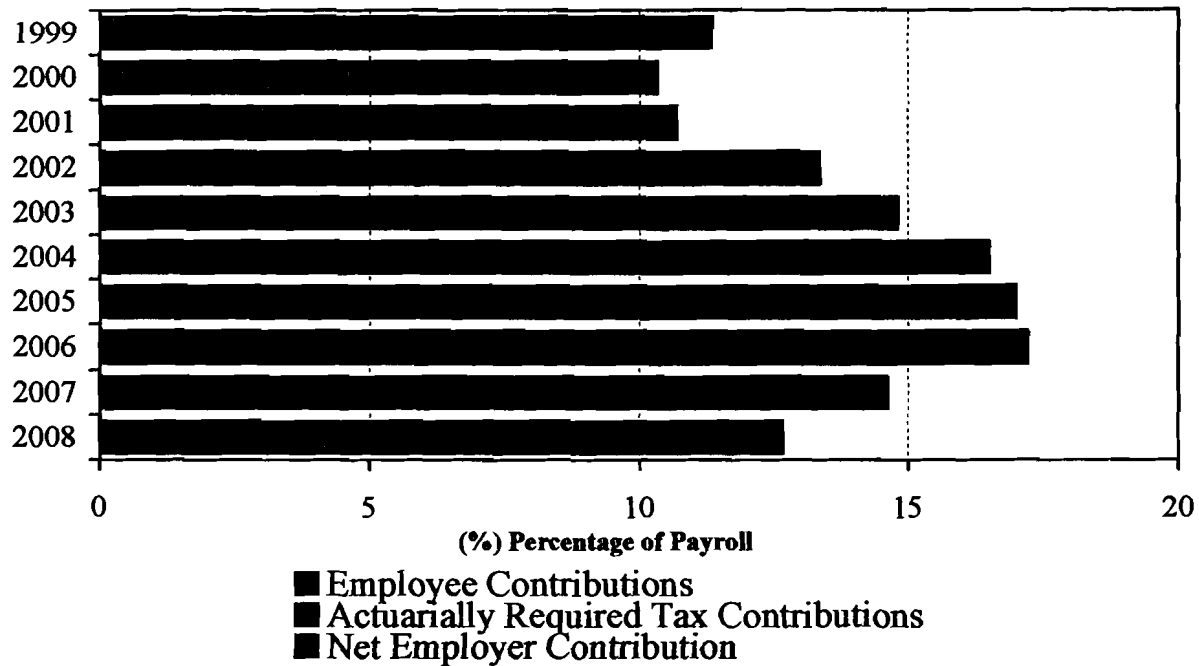
- Present Value of Future Employer Normal Cost
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

Plan B - Components of Present Value of Future Benefits

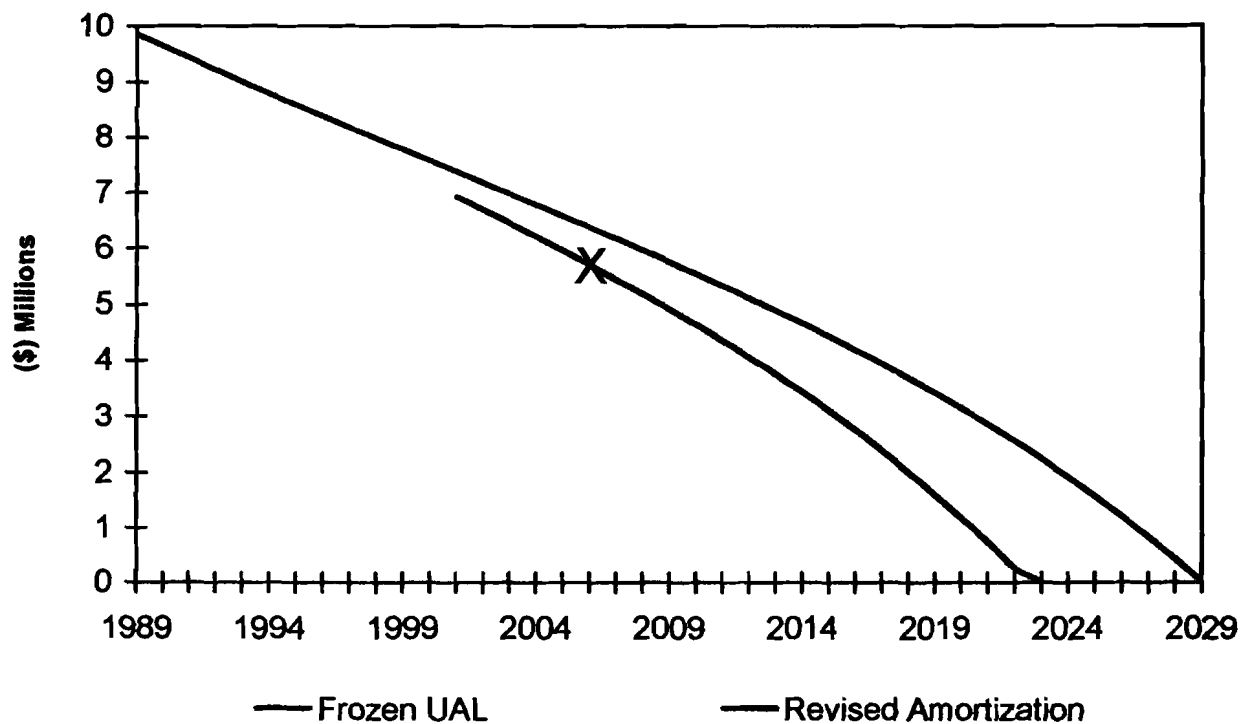


- Present Value of Future Employer Normal Cost
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

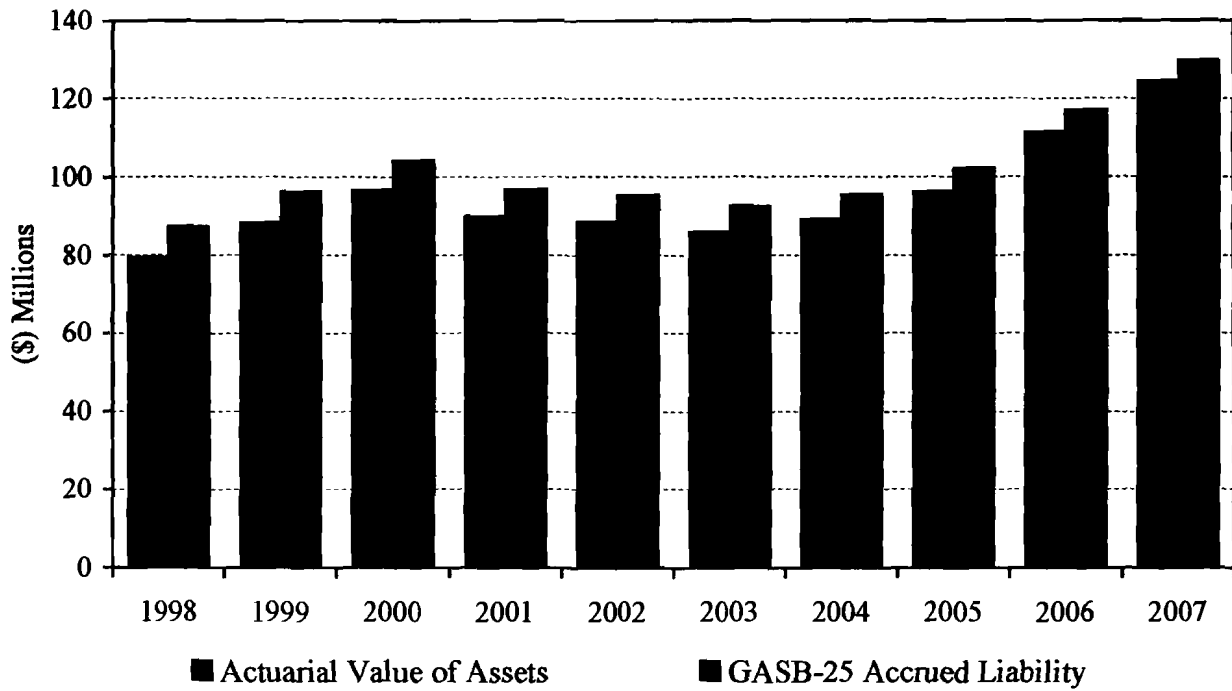
Plan B - Components of Actuarial Funding



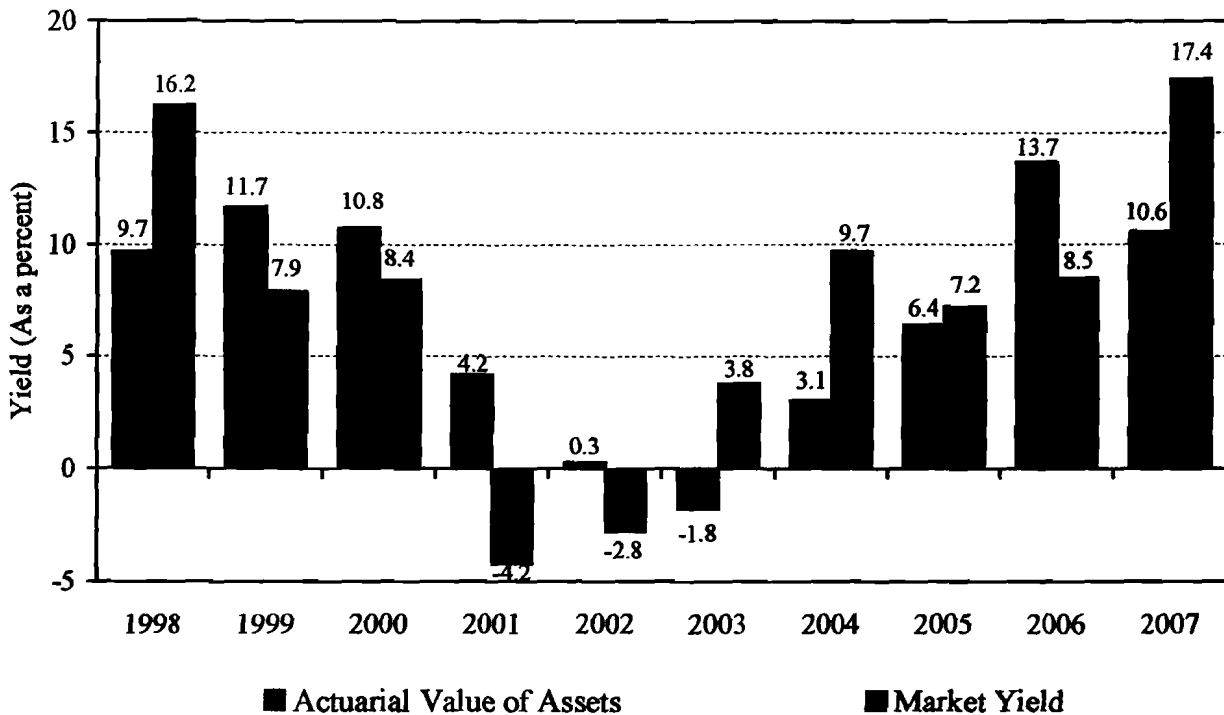
Plan B - Frozen Unfunded Accrued Liability



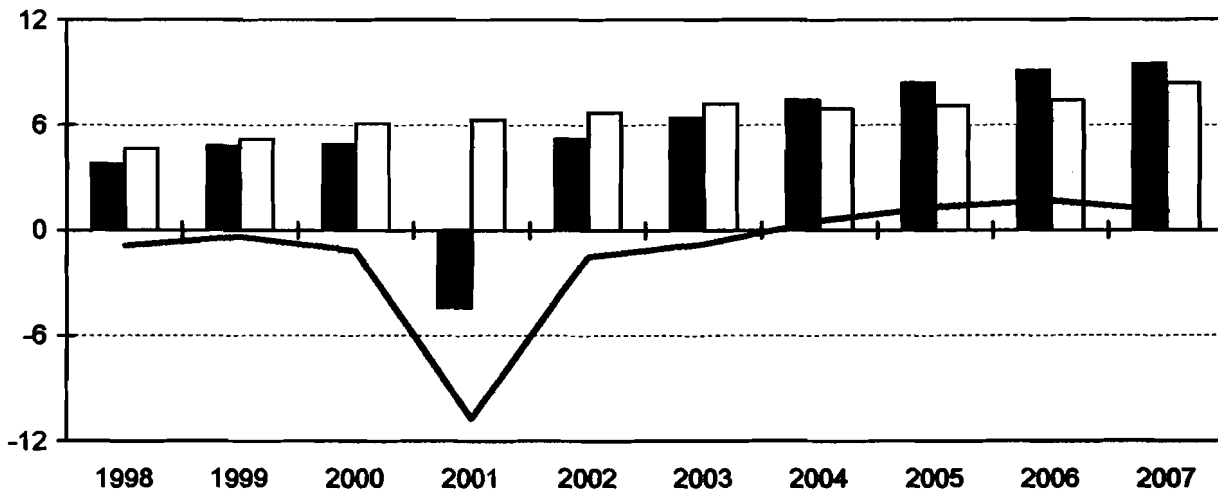
Plan B Actuarial Value of Assets vs. GASB-25 Accrued Liability



Plan B – Historical Asset Yield

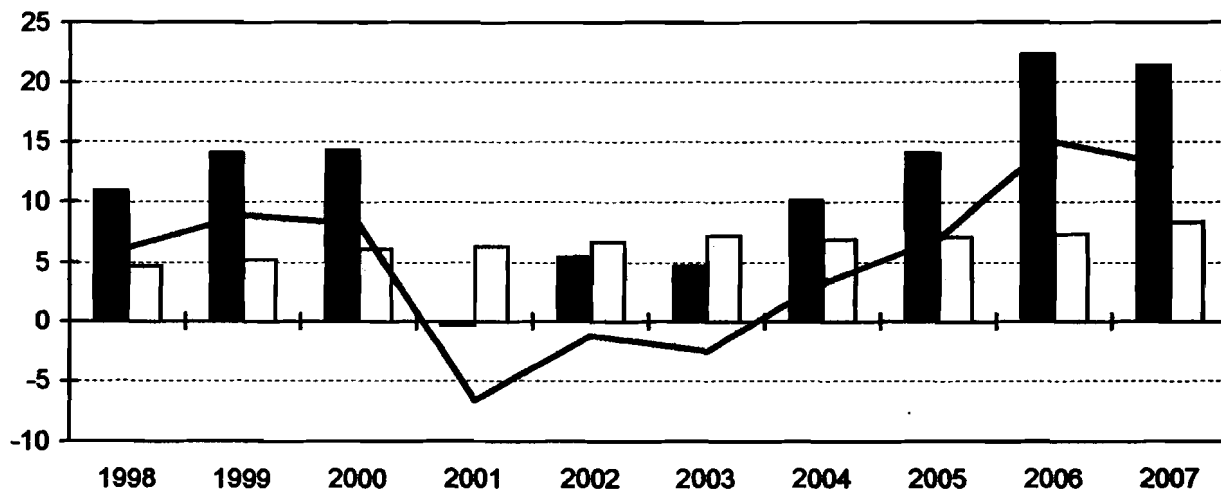


Plan B - Net Non-Investment Income



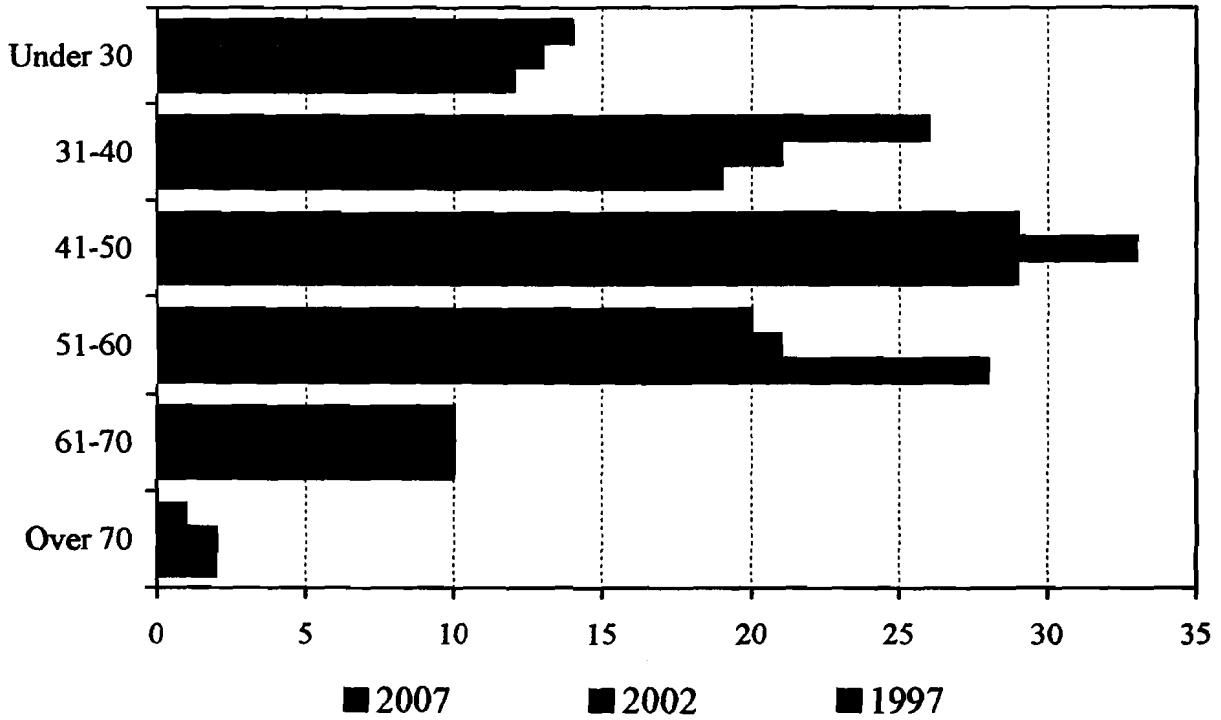
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Non-Investment Income (\$Mil)	■	3.8	4.8	4.9	-4.4	5.2	6.4	7.4	8.4	9.1	9.5
Benefits and Expenses (\$Mil)	□	4.7	5.2	6.1	6.3	6.7	7.2	6.9	7.1	7.4	8.4
Net Non-Investment Income (\$Mil)	—	-0.9	-0.4	-1.2	-10.7	-1.5	-0.8	0.5	1.3	1.7	1.1

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



		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Income (\$Mil)	■	10.9	14.1	14.3	-0.3	5.5	4.7	10.1	14.1	22.4	21.4
Benefits and Expenses (\$Mil)	□	4.7	5.2	6.1	6.3	6.7	7.2	6.9	7.1	7.4	8.4
Net Change in AVA (\$Mil)	—	6.2	8.9	8.2	-6.6	-1.2	-2.5	3.2	7.0	15.0	13.0

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



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

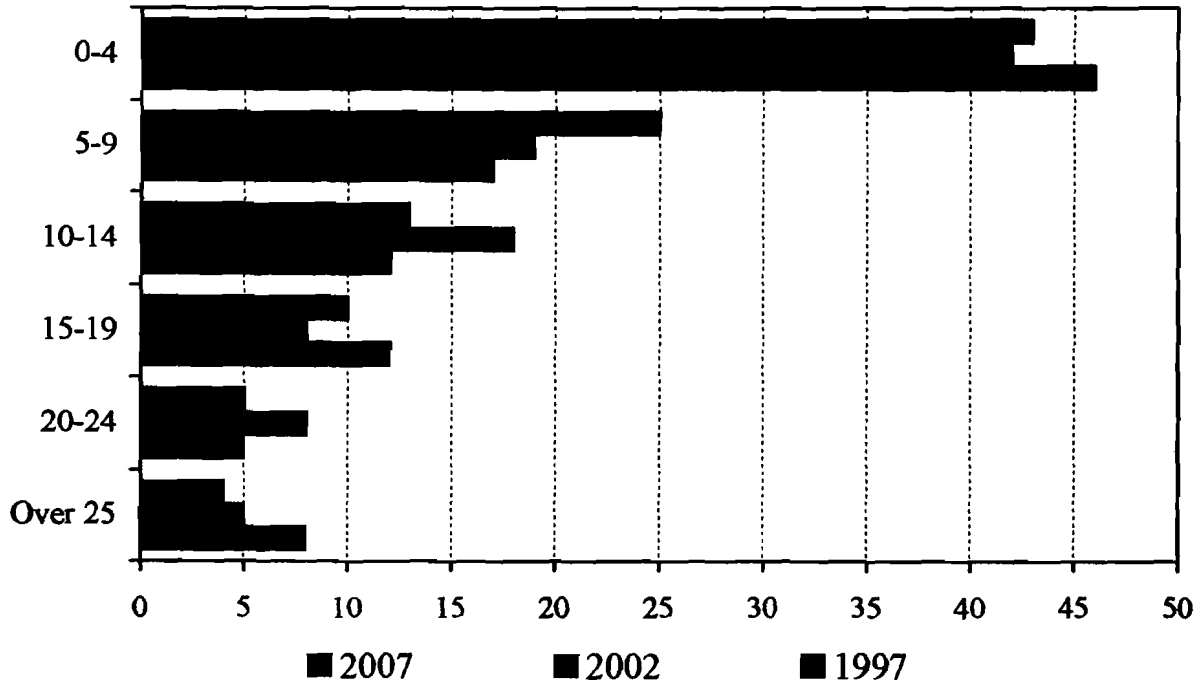


EXHIBIT I
PLAN A: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1. Present Value of Future Benefits.....	\$ 885,565,042
2. Frozen Unfunded Actuarial Accrued Liability.....	\$ 73,216,582
3. Actuarial Value of Assets.....	\$ 624,442,059
4. Present Value of Future Employee Contributions.....	\$ 81,084,751
5. Present Value of Future Employer Normal Costs (1-2-3-4).....	\$ 106,821,650
6. Present Value of Future Salaries	\$1,016,915,831
7. Employer Normal Cost Accrual Rate (5 ÷ 6).....	10.504473%
8. Projected Fiscal 2008 Salary for Current Membership	\$ 132,337,825
9. Employer Normal Cost as of July 1, 2007 (7 x 8).....	\$ 13,901,391
10. Amortization Payment on Frozen Unfunded Accrued Liability of \$73,216,582 with Payments increasing at 4.25% per year.....	\$ 4,704,102
11. Total Employer Normal Cost & Amortization Payment (9 + 10).....	\$ 18,605,493
12. Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment.....	\$ 19,335,396
13. Estimated Administrative Cost for Fiscal 2008.....	\$ 716,515
14. Gross Employer Actuarially Required Contribution for Fiscal 2008 (12 + 13).....	\$ 20,051,911
15. Projected Tax Contributions for Fiscal 2008.....	\$ 3,688,958
16. Projected Revenue Sharing Funds for Fiscal 2008.....	\$ 118,916
17. Net Direct Employer Actuarially Required Contribution for Fiscal 2008 (14 - 15 - 16).....	\$ 16,244,037
18. Projected Payroll (July 1, 2007 through June 30, 2008)	\$ 145,448,864
19. Employers Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2008 (17 ÷ 18).....	11.17%
20. Actual Employer Contribution Rate for Fiscal 2008.....	13.50%
21. Contribution Shortfall (Excess) as a Percentage of Payroll (19-20)	(2.33%)
22. Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)	(0.30%)
23. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2009 (19 + 22, Rounded to nearest .25%).....	10.75%

EXHIBIT II
PLAN A: PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	\$ 513,055,007
Survivor Benefits	14,892,515
Disability Benefits	9,076,777
Vested Deferred Termination Benefits	11,508,811
Contribution Refunds.....	15,306,865

TOTAL Present Value of Future Benefits for Active Members \$ 563,839,975

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement..	\$ 12,492,112
Terminated Members with Reciprocal	
Due Benefits at Retirement	567,396
Terminated Members Due a Refund	2,561,618

TOTAL Present Value of Future Benefits for Terminated Members..... \$ 15,621,126

Present Value of Future Benefits for Retirees:

Regular Retirees	\$ 248,935,249
Disability Retirees	16,756,707
Survivors & Widows.....	36,940,463
Reserve for Accrued Retiree DROP Account Balances.....	3,471,522

TOTAL Present Value of Future Benefits for Retirees & Survivors..... \$ 306,103,941

TOTAL Present Value of Future Benefits \$ 885,565,042

EXHIBIT III
PLAN A: ACTUARIAL VALUE OF ASSETS

Current Assets:

Cash	\$ 13,422,403
Contributions Receivable from Employers	1,869,667
Investment Receivable	1,707,446
Contributions Receivable from Members.....	1,003,671
Accrued Priority Return.....	1,761,952
Accrued Interest and Dividends on Investments	285,055
Other Receivables.....	2,862

TOTAL CURRENT ASSETS \$ 20,053,056

Allocated Share of the Expense Fund \$ 321,654

Property Plant & Equipment \$ 548,126

Investments:

Mutual Fund – Equities	\$ 216,342,474
Common Stock	178,904,371
Co-Mingled Funds.....	93,464,737
Mutual Fund – Fixed Income	68,299,241
Limited Partnerships.....	36,164,735
Limited Liability Companies.....	33,107,469
Cash Equivalents	19,122,844
Line of Credit.....	1,756,273
Government Agency Securities.....	1,517,341
Corporate Bonds.....	764,344
Adjustment for Actuarial Smoothing	(43,225,075)

TOTAL INVESTMENTS \$ 606,218,754

TOTAL ASSETS..... \$ 627,141,590

Current Liabilities:

Investment Payable.....	1,849,933
Accounts Payable	542,210
Refunds Payable	307,388

TOTAL CURRENT LIABILITIES..... \$ 2,699,531

ACTUARIAL VALUE OF ASSETS \$ 624,442,059

EXHIBIT IV
PLAN A: PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund.....	\$ 81,084,751
Employer Normal Contributions to the Pension Accumulation Fund	106,821,650
Employer Amortization Payments to the Pension Accumulation Fund.....	73,216,582
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	 \$261,122,983

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

Prior Year Frozen Unfunded Accrued Liability.....	\$ 72,305,460
Interest on Frozen Unfunded Accrued Liability	\$ 5,784,437
Employer Normal Cost for Prior Year	17,605,646
Interest on the Normal Cost	1,408,452
Administrative Expenses	626,320
Interest on Expenses.....	24,571
 TOTAL Increases to Frozen Unfunded Accrued Liability	 \$ 25,449,426
Gross Regular Employer Contributions	\$ 27,500,305
Interest on Employer Contributions	1,078,850
Contribution Shortfall (Excess).....	(3,888,312)
Interest on Contribution Shortfall (Excess).....	(152,539)
 TOTAL Decreases to Frozen Unfunded Accrued Liability	 \$ 24,538,304
 CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY	 \$ 73,216,582

EXHIBIT VI
PLAN A: ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets (June 30, 2006).....	\$	565,604,518
Income:		
Member Contributions.....	\$	12,663,463
Employer Contributions.....		23,810,823
Ad Valorem Taxes.....		3,574,842
Revenue Sharing Funds.....		114,640
Irregular Contributions.....		1,905,549
Total Contribution Income.....	\$	42,069,317
Net Appreciation in Fair Value of Investments.....	\$	91,696,259
Interest and Dividend Income.....		7,935,963
Prior Period Adjustment (Dividends).....		2,577,106
Priority Return.....		2,499,319
Securities Lending.....		115,876
Investment Income Allocated from Expense Fund.....		17,903
Allocated Share of Investment Expense.....		(2,585,801)
Adjustment for Actuarial Smoothing.....		(41,206,292)
Net Investment Income.....	\$	61,050,333
TOTAL Income.....	\$	103,119,650
Expenses:		
Retirement Benefits.....	\$	33,705,269
Funds Transferred to Another System.....		2,226,945
Refunds of Contributions.....		3,534,289
DROP Disbursements.....		4,172,589
Allocated Share of Administrative Expenses.....		626,320
TOTAL Expenses.....	\$	44,265,412
Net Income for Fiscal 2007 (Income - Expenses).....	\$	58,854,238
Unadjusted Fund Balance as of June 30, 2007.....	\$	624,458,756
Adjustment for Change in Allocated Expense Fund Balance.....	\$	(16,697)
Actuarial Value of Assets (June 30, 2007).....	\$	624,442,059

EXHIBIT VII
PLAN A: FUND BALANCE

Present Assets of the System Creditable to:

Annuity Savings Fund.....	\$ 97,982,923
Annuity Reserve Fund.....	302,632,419
Pension Accumulation Fund	248,414,513
Deferred Retirement Option Plan Account	18,315,625
NET MARKET VALUE OF ASSETS	\$ 667,345,480
ADJUSTMENT FOR ACTUARIAL SMOOTHING.....	(43,225,075)
ALLOCATED SHARE OF THE EXPENSE FUND	321,654
ACTUARIAL VALUE OF ASSETS.....	\$ 624,442,059

EXHIBIT VIII
PLAN A: PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees ...	\$ 388,464,777
Present Value of Benefits Payable to Terminated Employees.....	15,621,126
Present Value of Benefits Payable to Current Retirees and Beneficiaries	306,103,941
TOTAL PENSION BENEFIT OBLIGATION	710,189,844
TOTAL ACTUARIAL VALUE OF ASSETS	624,442,059
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation	87.93%

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:.....	24.47%

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	(3.15%)
Changes for Fiscal 1989	1.19%
Changes for Fiscal 1995	0.55%
Changes for Fiscal 1997	1.15%
Changes for Fiscal 1998	1.09%
Changes for Fiscal 2000	0.32%
Changes for Fiscal 2003	(0.12%)
Changes for Fiscal 2005	(0.00%)
Changes for Fiscal 2006	(0.09%)

4. TOTAL Amortization of Adjustments	0.94%
--	-------

5. Target Ratio for Current Fiscal Year (Lesser of 1+2+3+4 or 100%).....	87.22%
--	--------

6. Actuarial Value of Assets Divided by PBO as of June 30, 2007	87.93%
---	--------

EXHIBIT X
PLAN A: CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2006	4,879	2,327	230	2,588	10,024
Additions to Census					
Initial membership	674	258			932
Death of another member	(3)		(1)	4	
Omitted in error last year					
Change in Status during Year					
Actives terminating service	(292)	292			
Actives who retired	(123)			123	
Actives entering DROP	(98)		98		
Term. members rehired	22	(22)			
Term. members who retire		(23)		23	
Retirees who are rehired					
Refunded who are rehired	24	11			35
DROP participants retiring			(56)	56	
DROP returned to work	26		(26)		
Suspended Benefit Reinstated				1	1
Eliminated from Census					
Refund of contributions	(385)	(80)			(465)
Deaths	(14)	(1)		(79)	(94)
Included in error last year					
Adjustment for multiple records	10			5	15
Number of members as of June 30, 2007	4,720	2,762	245	2,721	10,448

PLAN A - ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	37	6	43	15,035	646,495
21 - 25	152	58	210	18,969	3,983,575
26 - 30	195	100	295	22,592	6,664,524
31 - 35	240	124	364	24,450	8,899,829
36 - 40	323	170	493	27,751	13,681,059
41 - 45	450	229	679	28,058	19,051,525
46 - 50	555	311	866	30,628	26,523,939
51 - 55	555	252	807	31,350	25,299,729
56 - 60	424	191	615	31,270	19,231,107
61 - 65	255	112	367	30,106	11,048,890
66 - 70	105	42	147	28,725	4,222,526
71 - 75	39	15	54	24,201	1,306,860
76 - 80	16	5	21	29,297	615,247
81 - 85	3	1	4	14,286	57,143
TOTAL	3,349	1,616	4,965	28,446	141,232,448

THE ACTIVE CENSUS INCLUDES 2,233 ACTIVES WITH VESTED BENEFITS, INCLUDING 245 DROP PARTICIPANTS AND 137 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	3	2	5	13,317	66,587
36 - 40	4	11	15	11,813	177,189
41 - 45	13	16	29	13,379	387,983
46 - 50	20	24	44	12,010	528,461
51 - 55	28	21	49	13,381	655,678
56 - 60	28	14	42	13,248	556,427
61 - 65	7	8	15	5,189	77,835
66 - 70	4	4	8	8,401	67,210
71 - 75	0	2	2	9,737	19,473
TOTAL	107	102	209	12,138	2,536,843

PLAN A - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	1,794	100,042
100	- 499	311	75,612
500	- 999	103	72,142
1000	- 1999	86	126,418
2000	- 4999	106	350,626
5000	- 9999	68	492,210
10000	- 19999	64	878,754
20000	- 99999	21	581,918
TOTAL		2,553	2,677,722

REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
41 - 45	7	2	9	15,322	137,899
46 - 50	32	24	56	18,952	1,061,337
51 - 55	76	28	104	22,462	2,336,090
56 - 60	109	41	150	22,007	3,301,077
61 - 65	210	74	284	16,550	4,700,231
66 - 70	308	99	407	14,625	5,952,250
71 - 75	275	75	350	13,533	4,736,573
76 - 80	201	63	264	12,041	3,178,739
81 - 85	130	51	181	10,595	1,917,639
86 - 90	57	28	85	9,941	844,993
91 - 99	22	4	26	7,544	196,145
TOTAL	1,427	489	1,916	14,803	28,362,973

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	4	0	4	10,108	40,430
41 - 45	7	1	8	9,253	74,026
46 - 50	16	5	21	10,986	230,711
51 - 55	39	11	50	10,750	537,523
56 - 60	29	6	35	10,707	374,739
61 - 65	25	10	35	8,336	291,754
66 - 70	16	1	17	8,470	143,982
71 - 75	6	3	9	8,246	74,216
76 - 80	5	3	8	4,535	36,280
81 - 85	2	0	2	5,082	10,163
TOTAL	150	41	191	9,596	1,832,901

SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0 - 25	1	6	7	3,826	26,782
31 - 35	1	1	2	4,426	8,852
36 - 40	1	3	4	5,268	21,071
41 - 45	6	15	21	7,003	147,056
46 - 50	0	18	18	7,135	128,434
51 - 55	4	29	33	8,096	267,183
56 - 60	2	32	34	7,971	271,013
61 - 65	3	58	61	9,677	590,283
66 - 70	8	79	87	8,818	767,123
71 - 75	2	87	89	7,107	632,521
76 - 80	2	106	108	9,217	995,393
81 - 85	7	63	70	7,159	501,110
86 - 90	1	50	51	5,737	292,588
91 - 99	0	29	29	4,608	133,640
TOTAL	38	576	614	7,790	4,783,049

PLAN A - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total	
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over		
0 - 20	39	4											43
21 - 25	109	47	23	18	7	6							210
26 - 30	79	58	39	18	23	75	3						295
31 - 35	85	54	25	18	22	95	61	4					364
36 - 40	65	43	34	22	14	119	110	83	3				493
41 - 45	84	58	36	28	28	122	104	118	81	20			679
46 - 50	86	52	44	40	43	141	131	120	95	106	8		866
51 - 55	61	48	45	21	25	135	118	132	92	95	35		807
56 - 60	52	23	31	22	26	100	101	105	71	54	30		615
61 - 65	21	12	12	12	15	79	75	60	44	23	14		367
66 - 70	8	7	8	3	3	27	26	28	21	5	11		147
71 & Over	3	4		2	4	20	18	8	10	5	5		79
Totals	692	410	297	204	210	919	747	658	417	308	103		4965

PLAN A - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary	
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over		
0 - 20	14,754	17,769											15,035
21 - 25	16,940	19,276	23,276	23,257	23,302	19,019							18,969
26 - 30	21,926	20,006	22,464	21,794	23,046	25,194	27,995						22,592
31 - 35	19,637	20,934	22,875	24,609	24,272	28,629	27,978	31,261					24,450
36 - 40	21,656	20,721	24,387	24,970	22,226	27,231	32,142	34,047	30,265				27,751
41 - 45	19,905	21,690	24,044	24,648	22,252	26,293	28,006	34,512	36,975	37,752			28,058
46 - 50	20,957	21,968	26,751	23,577	26,235	28,821	31,334	33,528	38,583	38,854	44,414		30,628
51 - 55	21,253	21,060	27,153	22,192	28,444	26,872	29,570	35,262	38,087	39,567	44,543		31,350
56 - 60	26,130	27,729	28,807	30,317	26,477	26,275	30,049	34,297	34,734	38,219	39,755		31,270
61 - 65	29,558	29,105	23,216	23,114	28,815	29,538	26,503	29,325	34,682	38,303	43,075		30,106
66 - 70	21,445	27,409	29,725	24,627	24,024	30,851	26,193	25,687	30,180	29,288	41,994		28,725
71 & Over	14,511	14,088		17,964	27,855	25,863	18,671	23,857	33,945	38,643	31,032		25,054
Average	20,515	21,476	25,207	24,297	25,260	27,393	29,281	33,392	36,500	38,691	42,011		28,446

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 30												0
31 - 35										5		5
36 - 40									15			15
41 - 45								28	1			29
46 - 50							44					44
51 - 55						49						49
56 - 60	8	12	7	7	8	2						42
61 - 65	13											15
66 - 70	8											8
71 - 75	2											2
76 & Over												0
Totals	31	12	7	7	8	51	44	28	16	5	0	209

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										13,317		13,317
36 - 40									11,813			11,813
41 - 45								13,739	3,280			13,379
46 - 50							12,010					12,010
51 - 55						13,381						13,381
56 - 60	10,674	13,439	10,271	20,273	11,995							13,248
61 - 65	5,077					5,919						5,189
66 - 70	8,401											8,401
71 - 75	9,737											9,737
76 & Over												0
Average	7,680	13,439	10,271	20,273	11,995	13,089	12,010	13,739	11,279	13,317	0	12,138

PLAN A - SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Total
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	
0 - 50	21	12	12	6	4	10						65
51 - 55	26	21	18	12	15	12						104
56 - 60	27	19	16	15	20	50	1	2				150
61 - 65	69	35	46	38	18	62	13	3				284
66 - 70	29	27	22	36	39	160	62	24	6	2		407
71 - 75	9	10	15	12	12	97	123	45	25	2		350
76 - 80	4	2	4	4	3	37	78	94	30	8		264
81 - 85	4	2	3	1	3	6	15	70	62	15		181
86 - 90	1		1			4	2	10	41	21	5	85
91 & Over						2	1	3	2	13	5	26
Totals	190	128	137	124	114	440	295	251	166	61	10	1916

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	
0 - 50	21,437	20,064	16,690	18,786	17,078	12,698						18,450
51 - 55	21,911	22,680	22,622	27,901	21,325	19,022						22,462
56 - 60	23,132	21,233	23,333	25,477	21,911	20,874	23,754	5,959				22,007
61 - 65	13,819	16,287	15,112	15,182	15,288	20,887	21,200	19,618				16,550
66 - 70	12,679	14,940	8,782	13,218	13,322	14,078	18,398	21,275	12,026	8,383		14,625
71 - 75	9,935	11,090	11,965	12,627	7,920	10,475	13,298	20,309	20,918	10,773		13,533
76 - 80	9,883	22,912	7,524	19,962	4,358	11,067	10,934	11,688	15,822	16,844		12,041
81 - 85	8,612	11,267	13,107	3,835	5,396	8,921	9,130	10,668	10,846	12,778		10,595
86 - 90	4,551		3,026			15,578	7,120	14,458	8,838	10,770	5,549	9,941
91 & Over						13,642	1,471	11,200	11,885	6,424	5,303	7,544
Average	16,492	17,759	15,482	17,078	15,311	14,807	13,835	14,019	12,821	11,056	5,426	14,803

PLAN A - DISABILITY RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 30		1										1
31 - 35						1						1
36 - 40	3						1					4
41 - 45		1				2	5					8
46 - 50	3	2		1	2	8	3	2				21
51 - 55	4	7	6	2		18	9	3	1			50
56 - 60	1	1	3	1		14	10	3	1	1		35
61 - 65	1	2	1	1	4	9	11	3	1	2		35
66 - 70				1	1	1	8	3	1	1	1	17
71 - 75				1	1	1	2	1	2	1		9
76 - 80		1					3	3			1	8
81 - 85								1			1	2
86 & Over												0
Totals	12	15	10	9	7	53	52	19	6	5	3	191

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 30		10,869										10,869
31 - 35						8,208						8,208
36 - 40	9,456						12,062					10,107
41 - 45		12,884				9,871	8,280					9,253
46 - 50	17,674	12,449		19,373	8,502	9,907	8,568	5,577				10,986
51 - 55	12,019	17,194	11,605	7,575		8,838	10,026	9,646	6,060			10,750
56 - 60	5,421	20,127	6,573	7,944		10,967	13,470	7,560	7,922	2,686		10,707
61 - 65	4,128	4,480	6,641	9,747	6,478	8,590	10,105	8,862	10,946	5,183		8,336
66 - 70				4,913	4,623	9,081	10,029	8,307	8,741	5,856	5,611	8,470
71 - 75				5,811			4,824	15,722	10,799	9,815		8,246
76 - 80		4,344					4,123	4,783			5,220	4,535
81 - 85								4,009			6,154	5,081
86 & Over												0
Average	11,584	13,496	9,599	8,284	6,791	9,551	9,958	7,808	9,211	5,745	5,662	9,596

PLAN A - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 20					4	2	1					7
21 - 25												0
26 - 30												0
31 - 35						1	1					2
36 - 40					1	2				1		4
41 - 45		1	1	2	1	4	4	2	1	5		21
46 - 50	1		2		2	4	4	2	3			18
51 - 55		2	1	1	2	12	8	6	1			33
56 - 60	1		2	1	2	12	4	8	4			34
61 - 65	1	2	3	3	2	15	20	8	6	1		61
66 - 70	1	2	2	4	1	22	18	20	13	3	1	87
71 - 75			2			13	19	24	21	8	2	89
76 - 80					2	7	15	38	27	18	1	108
81 - 85						2	2	11	25	16	14	70
86 - 90			1				1	2	10	25	12	51
91 & Over				1				1	3	7	17	29
Totals	4	7	14	12	17	96	97	122	114	84	47	614

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

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 20					3,474	4,443	3,998					3,826
21 - 25												0
26 - 30												0
31 - 35						1,810	7,042					4,426
36 - 40					12,169	4,052				797		5,268
41 - 45		8,150	3,931	4,151	18,412	14,723	6,986	5,641	4,685	1,091		7,003
46 - 50	4,021		13,079		6,382	6,783	8,662	3,199	5,771			7,135
51 - 55		10,165	15,850	4,684	12,529	9,602	8,860	4,396	4,788			8,096
56 - 60	1,868		16,933	9,275	10,631	10,605	6,814	4,637	3,282			7,971
61 - 65	15,662	7,534	23,586	10,531	12,220	11,302	9,088	4,423	6,316	8,180		9,677
66 - 70	13,077	8,396	17,201	12,737	13,400	9,068	7,702	10,330	5,504	6,150	3,767	8,818
71 - 75			2,772			8,519	8,006	7,174	7,767	3,140	1,844	7,107
76 - 80					6,286	6,669	9,424	11,020	9,644	6,312	2,008	9,217
81 - 85						11,072	7,286	12,098	7,481	6,436	2,951	7,159
86 - 90			11,669				14,378	7,302	7,148	5,843	2,866	5,737
91 & Over				4,193				6,843	5,898	6,381	3,544	4,608
Average	8,657	8,620	14,441	9,083	9,057	9,332	8,233	8,759	7,448	5,540	3,094	7,790

EXHIBIT XI
PLAN A: YEAR-TO-YEAR COMPARISON

	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Number of Active Members	4,965	5,109	5,289	5,325
Number of Retirees and Survivors	2,721	2,588	2,512	2,448
Number Terminated Due Deferred Benefits	209	179	186	193
Number Terminated Due Refund	2,553	2,148	2,263	2,266
Active Lives Payroll	\$ 141,232,448	\$ 140,773,796	\$ 140,020,164	\$ 135,925,550
Retiree Benefits in Payment	\$ 34,978,923	\$ 32,315,373	\$ 30,555,460	\$ 29,043,640
Market Value of Assets	\$ 667,345,480	\$ 567,015,013	\$ 521,411,279	\$ 485,539,046
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability	89.51%	88.67%	87.75%	86.90%
Actuarial Accrued Liability (As defined by GASB- 25)	\$ 697,658,641	\$ 637,909,978	\$ 581,801,281	\$ 535,579,287
Actuarial Value of Assets	\$ 624,442,059	\$ 565,604,518	\$ 510,523,409	\$ 465,429,341
Unfunded Actuarial Accrued Liability	\$ 73,216,582	\$ 72,305,460	\$ 71,277,872	\$ 70,149,946
Present Value of Future Employer Normal Cost	\$ 106,821,650	\$ 138,753,419	\$ 169,264,548	\$ 161,387,026
Present Value of Future Employee Contributions	\$ 81,084,751	\$ 82,859,110	\$ 84,762,421	\$ 85,111,124
Present Value of Future Benefits	\$ 885,565,042	\$ 859,522,507	\$ 835,828,250	\$ 782,077,437

	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Employee Contribution Rate	9.25%	9.25%	9.25%	9.25%
Proj. Tax Contribution as % of Projected Payroll	2.62%	2.56%	2.34%	2.38%
Actuarially Req'd Net Direct Employer Cont. Rate	11.17%	13.89%	16.30%	15.87%
Actual Employer Direct Contribution Rate	13.50%	16.25%	16.00%	15.00%

Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998
5,533	5,481	5,455	5,558	5,706	5,740
2,372	2,316	2,255	2,213	2,130	2,081
192	193	189	187	150	152
2,185	2,158	2,122	2,108	2,010	1,942
\$ 135,876,426	\$ 130,191,230	\$ 125,304,827	\$ 124,683,590	\$ 120,568,583	\$ 116,609,501
\$ 27,431,127	\$ 26,145,224	\$ 24,838,273	\$ 23,418,404	\$ 21,553,214	\$ 20,129,226
\$ 444,996,698	\$ 432,669,352	\$ 447,796,046	\$ 469,525,372	\$ 436,446,684	\$ 408,685,269
86.79%	87.26%	87.53%	87.33%	86.57%	85.65%
\$ 521,766,411	\$ 531,127,529	\$ 531,562,970	\$ 512,465,288	\$ 472,653,880	\$ 432,158,125
\$ 452,830,104	\$ 463,477,324	\$ 465,259,344	\$ 447,557,888	\$ 409,182,585	\$ 370,154,019
\$ 68,936,307	\$ 67,650,205	\$ 66,303,626	\$ 64,907,400	\$ 63,471,295	\$ 62,004,106
\$ 146,656,618	\$ 100,815,782	\$ 67,974,883	\$ 59,512,163	\$ 48,158,874	\$ 38,443,452
\$ 86,226,350	\$ 83,902,996	\$ 82,237,210	\$ 83,646,334	\$ 81,782,562	\$ 86,763,021
\$ 754,649,379	\$ 715,846,307	\$ 681,775,063	\$ 655,623,785	\$ 602,595,316	\$ 557,364,598

Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999
9.25%	9.25%	9.25%	9.25%	9.25%	9.25%
2.29%	2.28%	2.17%	2.02%	2.02%	2.08%
14.61%	10.78%	7.89%	7.03%	6.20%	4.92%
11.00%	8.00%	7.00%	6.25%	5.75%	5.75%

Plan B Exhibits

EXHIBIT XII
PLAN B: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1. Present Value of Future Benefits.....	\$ 174,922,525
2. Frozen Unfunded Actuarial Accrued Liability.....	\$ 5,446,715
3. Actuarial Value of Assets.....	\$ 124,483,332
4. Present Value of Future Employee Contributions.....	\$ 18,627,179
5. Present Value of Future Employer Normal Costs (1 - 2 - 3 - 4).....	\$ 26,365,299
6. Present Value of Future Salaries	\$ 406,388,475
7. Employer Normal Cost Accrual Rate (5 ÷ 6).....	6.487708%
8. Projected Fiscal 2008 Salary for Current Membership	\$ 50,211,336
9. Employer Normal Cost as of July 1, 2007 (7 x 8).....	\$ 3,257,565
10. Amortization Payment on Frozen Unfunded Accrued Liability of \$5,446,715 with Payments decreasing at 2% per year	\$ 647,477
11. TOTAL Employer Normal Cost & Amortization Payment (9 + 10)	\$ 3,905,042
12. Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment.....	\$ 4,058,239
13. Estimated Administrative Cost for Fiscal 2008.....	\$ 276,865
14. TOTAL Employer Actuarially Required Contribution for Fiscal 2008 (12 + 13).....	\$ 4,335,104
15. Projected Tax Contributions for Fiscal 2008	\$ 1,425,432
16. Projected Revenue Sharing Funds for Fiscal 2008.....	\$ 45,950
17. Net Direct Employer Actuarially Required Contribution for Fiscal 2008 (14-15-16)	\$ 2,863,722
18. Projected Payroll (July 1, 2007 through June 30, 2008)	\$ 56,557,336
19. Employers' Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2008 (17 ÷ 18).....	5.06%
20. Actual Employer Contribution Rate for Fiscal 2008.....	6.75%
21. Contribution Shortfall (Excess) as a Percentage of Payroll (19-20)	(1.69%)
22. Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)	(0.21)%
23. Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2009 (19+22, Rounded to nearest .25%).....	4.75%

EXHIBIT XIII
PLAN B: PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	\$ 102,598,453	
Survivor Benefits	4,463,371	
Disability Benefits	2,424,891	
Vested Deferred Termination Benefits	5,552,121	
Contribution Refunds.....	4,331,021	
TOTAL Present Value of Future Benefits for Active Members	\$	119,369,857

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement....	\$ 2,863,995	
Terminated Members with Reciprocals		
Due Benefits at Retirement	256,955	
Terminated Members Due a Refund	455,173	
TOTAL Present Value of Future Benefits for Terminated Members.....	\$	3,576,123

Present Value of Future Benefits for Retirees:

Regular Retirees	\$ 39,556,068	
Disability Retirees	3,314,871	
Survivors & Widows.....	8,645,382	
Reserve for Accrued Retiree DROP Account Balances.....	460,224	
TOTAL Present Value of Future Benefits for Retirees & Survivors.....	\$	51,976,545
TOTAL Present Value of Future Benefits	\$	174,922,525

EXHIBIT XIV
PLAN B: ACTUARIAL VALUE OF ASSETS

Current Assets:

Cash	\$ 3,677,466
Contributions Receivable from Members.....	249,522
Contributions Receivable from Employers	499,234
Accrued Interest on Investments	13,719
Dividends Receivable.....	40,529
Investments Receivable.....	325,228
Accrued Priority Return.....	335,610
Other	545

TOTAL CURRENT ASSETS \$ 5,141,853

Allocated Share of the Expense Fund \$ 124,289

Property, Plant & Equipment \$ 169,777

Investments:

Mutual Fund – Equities	\$ 42,441,845
Common Stock	35,100,208
Co-Mingled Funds.....	18,347,485
Mutual Fund – Fixed Income	13,411,358
Limited Partnerships.....	7,292,214
Limited Liability Companies.....	6,306,185
Cash Equivalents	3,839,573
Line of Credit.....	344,763
Government Agency Securities.....	297,997
Corporate Bonds.....	149,656
Adjustment for Actuarial Smoothing	(7,967,030)

TOTAL INVESTMENTS \$ 119,564,254

TOTAL ASSETS \$ 125,000,173

Current Liabilities:

Investments Payable	\$ 352,368
Accounts Payable.....	86,576
Refunds Payable	77,897

TOTAL CURRENT LIABILITIES \$ 516,841

ACTUARIAL VALUE OF ASSETS \$ 124,483,332

EXHIBIT XV
PLAN B: PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund.....	\$	18,627,179
Employer Normal Contributions to the Pension Accumulation Fund		26,365,299
Employer Amortization Payments to the Pension Accumulation Fund.....		5,446,715
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS.....	 \$	 50,439,193

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

Prior Year Frozen Unfunded Accrued Liability.....	\$	5,703,945
Interest on Frozen Unfunded Accrued Liability	\$	456,316
Employer Normal Cost for Prior Year		3,972,111
Interest on the Normal Cost		317,769
Administrative Expenses		240,789
Interest on Expenses.....		9,446
 TOTAL Increases to Frozen Unfunded Accrued Liability	 \$	 4,996,431
Gross Employer Contributions.....	\$	6,502,988
Interest on Employer Contributions		255,115
Contribution Shortfall (Excess).....		(1,447,650)
Interest on Contribution Shortfall (Excess).....		(56,792)
 TOTAL Decreases to Frozen Unfunded Accrued Liability	 \$	 5,253,661
 CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY	 \$	 5,446,715

EXHIBIT XVII
PLAN B: ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets (June 30, 2006).....		\$ 111,404,638
Income:		
Member Contributions	\$ 2,565,896	
Employer Contributions.....	5,165,242	
Ad Valorem Taxes	1,296,179	
Revenue Sharing Funds	41,567	
Irregular Contributions.....	443,414	
Total Contribution Income.....		\$ 9,512,298
Net Appreciation in Fair Value of Investments.....	\$ 17,465,954	
Interest and Dividend Income	1,514,761	
Prior Period Adjustment (Dividends).....	490,877	
Priority Return.....	476,061	
Securities Lending.....	22,072	
Investment Income Allocated from Expense Fund.....	6,918	
Allocated Share of Investment Expense.....	(501,080)	
Adjustment for Actuarial Smoothing	(7,569,577)	
Net Investment Income		\$ 11,905,986
TOTAL Income.....		\$ 21,418,284
Expenses:		
Retirement Benefits.....	\$ 6,061,191	
Refunds of Contributions	899,201	
Funds Transferred to Another System	605,509	
DROP Disbursements	549,597	
Allocated Share of Administrative Expenses.....	240,789	
TOTAL Expenses.....		\$ 8,356,287
Net Income for Fiscal 2007 (Income - Expenses).....		\$ 13,061,997
Unadjusted Fund Balance as of June 30, 2007 (Fund Balance Previous Year + Net Income)		\$ 124,466,635
Adjustment for Change in Allocated Expense Fund Balance.....		\$ 16,697
Actuarial Value of Assets (June 30, 2007).....		\$ 124,483,332

EXHIBIT XVIII
PLAN B: FUND BALANCE

Present Assets of the System Creditable to:

Annuity Savings Fund.....	\$ 18,689,120
Annuity Reserve Fund.....	51,516,321
Pension Accumulation Fund	59,016,401
Deferred Retirement Option Plan Account.....	3,104,231
NET MARKET VALUE OF ASSETS.....	\$ 132,326,073
ADJUSTMENT FOR ACTUARIAL SMOOTHING	(7,967,030)
ALLOCATION OF EXPENSE FUND	124,289
ACTUARIAL VALUE OF ASSETS	\$ 124,483,332

EXHIBIT XIX
PLAN B: PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees	\$ 75,943,182
Present Value of Benefits Payable to Terminated Employees.....	3,576,123
Present Value of Benefits Payable to Current Retirees and Beneficiaries.....	51,976,545
TOTAL PENSION BENEFIT OBLIGATION	\$ 131,495,850
NET ACTUARIAL VALUE OF ASSETS	\$ 124,483,332
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation	94.67%

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:.....	25.59%

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 2005	(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	(1.52%)
Changes for Fiscal 1989	1.76%
Changes for Fiscal 1995	0.49%
Changes for Fiscal 1997	1.28%
Changes for Fiscal 1998	1.11%
Changes for Fiscal 2000	0.53%
Changes for Fiscal 2001	(0.24%)
Changes for Fiscal 2003	(0.07%)
Changes for Fiscal 2005	0.07%
Changes for Fiscal 2006	(0.17%)

4. TOTAL Amortization of Adjustments	3.24%
--	-------

5. Target Ratio for Current Fiscal Year (Lesser of 1+2+3+4 or 100%).....	86.47%
--	--------

6. Actuarial Value of Assets Divided by PBO as of June 30, 2007	94.67%
---	--------

EXHIBIT XXI
PLAN B - CENSUS DATA

	Active	Terminated with Funds on Deposit	DROP	Retired	Total
Number of members as of June 30, 2006	2,016	854	44	763	3,677
Additions to Census					
Initial membership	407	118			525
Death of another member	(2)		(1)	3	
Omitted in error last year					
Change in Status during Year					
Actives terminating service	(84)	84			
Actives who retired	(35)			35	
Actives entering DROP	(20)		20		
Term. members rehired	8	(8)			
Term. members who retire		(7)		7	
Retirees who are rehired					
Refunded who are rehired	4	2			6
DROP participants retiring			(7)	7	
DROP returned to work	7		(7)		
Suspended Benefit Reinstated				4	4
Eliminated from Census					
Refund of contributions	(187)	(28)			(215)
Deaths	(10)		(1)	(34)	(45)
Included in error last year					
Adjustment for multiple records	1	(13)		9	(3)
Moved to Plan A					
Number of members as of June 30, 2007	2,105	1,002	48	794	3,949

PLAN B - ACTIVES CENSUS BY AGE:

Age	Number		Total Number	Average Salary	Total Salary
	Male	Female			
16 - 20	22	3	25	13,245	331,133
21 - 25	71	20	91	17,694	1,610,150
26 - 30	94	56	150	20,764	3,114,604
31 - 35	122	51	173	22,848	3,952,781
36 - 40	163	77	240	23,496	5,639,086
41 - 45	179	87	266	24,520	6,522,326
46 - 50	234	123	357	26,875	9,594,397
51 - 55	226	106	332	27,706	9,198,229
56 - 60	191	77	268	29,021	7,777,555
61 - 65	105	40	145	28,209	4,090,292
66 - 70	52	12	64	26,619	1,703,634
71 - 75	21	7	28	28,068	785,902
76 - 80	10	1	11	19,455	214,004
81 - 85	3	0	3	12,947	38,842
TOTAL	1,493	660	2,153	25,347	54,572,935

28 12

THE ACTIVE CENSUS INCLUDES 793 ACTIVES WITH VESTED BENEFITS, INCLUDING 48 DROP PARTICIPANTS AND 49 ACTIVE FORMER DROP PARTICIPANTS.

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number		Total Number	Average Benefit	Total Benefit
	Male	Female			
36 - 40	1	0	1	6,469	6,469
41 - 45	3	1	4	9,388	37,550
46 - 50	11	6	17	7,224	122,807
51 - 55	17	5	22	8,473	186,395
56 - 60	14	7	21	7,984	167,659
61 - 65	5	0	5	2,839	14,193
66 - 70	2	0	2	443	886
76 - 80	0	1	1	4,280	4,280
81 - 85	0	1	1	1,812	1,812
TOTAL	53	21	74	7,325	542,051

PLAN B - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	693	19,535
100	- 499	126	28,208
500	- 999	29	21,138
1000	- 1999	20	29,395
2000	- 4999	36	120,293
5000	- 9999	18	113,639
10000	- 19999	6	84,452
TOTAL		928	416,660

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	8	0	8	18,448	147,582
56 - 60	9	5	14	19,312	270,364
61 - 65	56	11	67	11,220	751,735
66 - 70	94	33	127	9,158	1,163,090
71 - 75	97	27	124	8,713	1,080,404
76 - 80	61	25	86	8,215	706,523
81 - 85	51	19	70	7,069	494,797
86 - 90	20	8	28	5,864	164,205
91 - 99	6	4	10	4,437	44,371
TOTAL	403	132	535	9,031	4,831,808

PLAN B - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
36 - 40	1	0	1	6,771	6,771
41 - 45	2	0	2	9,266	18,531
46 - 50	5	2	7	6,985	48,896
51 - 55	8	2	10	8,225	82,252
56 - 60	12	2	14	8,280	115,925
61 - 65	4	2	6	4,785	28,708
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	37	10	47	7,363	346,071

PLAN B - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	1	1	4,143	4,143
41 - 45	1	3	4	4,411	17,642
46 - 50	1	2	3	8,833	26,498
51 - 55	2	12	14	5,530	77,419
56 - 60	0	9	9	5,038	45,344
61 - 65	0	19	19	5,449	103,535
66 - 70	2	32	34	5,734	194,953
71 - 75	0	34	34	6,204	210,939
76 - 80	1	27	28	5,360	150,070
81 - 85	1	32	33	5,068	167,258
86 - 90	1	25	26	5,502	143,046
91 - 99	0	7	7	1,347	9,431
TOTAL	9	203	212	5,426	1,150,278

PLAN B - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total	
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over		
0 - 20	21	4											25
21 - 25	50	20	8	5	3	5							91
26 - 30	48	27	16	14	11	30	4						150
31 - 35	41	33	22	10	10	33	21	3					173
36 - 40	54	28	16	8	20	55	36	21	2				240
41 - 45	55	24	25	17	16	58	30	21	11	9			266
46 - 50	59	25	19	10	13	67	42	63	24	33			357
51 - 55	35	26	17	16	21	48	41	54	24	37	13		332
56 - 60	33	14	17	16	11	36	43	48	16	16	18		268
61 - 65	9	11	4	5	10	23	25	26	14	6	12		145
66 - 70	3	4	2	3	2	6	11	16	10	3	4		64
71 & Over	1		1	1		5	12	9	3	6	4		42
Totals	409	216	147	105	117	366	265	261	104	110	53		2153

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	13,663	11,053											13,245
21 - 25	15,554	18,443	20,161	21,914	22,793	24,867							17,694
26 - 30	19,674	19,314	20,358	22,498	20,181	22,841	25,211						20,764
31 - 35	20,608	21,954	21,171	19,537	28,179	24,229	26,377	28,999					22,848
36 - 40	19,220	21,589	21,041	22,050	22,767	25,500	26,585	28,530	34,826				23,496
41 - 45	21,050	21,924	19,743	25,207	21,858	24,131	25,894	35,241	35,029	29,425			24,520
46 - 50	20,594	22,888	23,058	24,473	23,149	24,894	26,264	30,894	33,964	36,934	36,086		26,875
51 - 55	23,356	21,453	23,369	23,582	22,687	26,434	23,748	32,627	30,803	35,628	39,240		27,706
56 - 60	25,728	23,007	25,076	26,260	26,841	26,613	29,864	30,408	30,874	35,462	38,975		29,021
61 - 65	27,242	26,592	32,652	22,446	23,709	26,055	22,141	35,315	25,620	27,686	39,743		28,209
66 - 70	19,266	24,248	24,752	34,603	20,431	29,242	21,410	27,094	22,885	49,617	33,126		26,619
71 & Over	35,159		50,481	19,442		17,487	14,463	35,244	14,088	35,198	25,506		24,732
Average	20,218	21,441	22,281	23,833	23,315	25,049	25,329	31,658	30,126	35,413	37,647		25,347

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 35												0
36 - 40									1			1
41 - 45								4				4
46 - 50							17					17
51 - 55						22						22
56 - 60	5	5	3	3	5							21
61 - 65	5											5
66 - 70	2											2
71 - 75												0
76 - 80												1
81 - 85												1
86 & Over												0
Totals	14	5	3	3	5	22	17	4	1	0	0	74

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 - 35												0
36 - 40									6,469			6,469
41 - 45								9,387				9,387
46 - 50							7,224					7,224
51 - 55						8,472						8,472
56 - 60	8,145	5,762	7,172	19,608	3,557							7,984
61 - 65	2,839											2,839
66 - 70	443											443
71 - 75												0
76 - 80	4,280											4,280
81 - 85	1,812											1,812
86 & Over												0
Average	4,421	5,762	7,172	19,608	3,557	8,472	7,224	9,387	6,469	0	0	7,325

PLAN B - 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		1										1
51 - 55	3	2		2		1						8
56 - 60	2	4	3	1	1	3						14
61 - 65	20	20	7	5	5	8	2					67
66 - 70	9	9	14	13	20	50	11	1				127
71 - 75	3	2	3	3	6	61	40	5	1			124
76 - 80	2		1	2	3	11	35	27	4	1		86
81 - 85	1	1			2	4	3	23	32	4		70
86 - 90				2		1	3	2	14	5	1	28
91 & Over									2	6	2	10
Totals	40	39	28	28	37	139	94	58	53	16	3	535

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 50		8,737											8,737
51 - 55	20,490	19,902		13,852		18,604							18,448
56 - 60	17,618	23,578	17,672	19,918	18,564	16,440							19,312
61 - 65	14,292	8,323	5,486	11,158	13,392	15,190	8,387						11,220
66 - 70	5,848	9,054	10,767	10,994	7,953	8,441	13,976	435					9,158
71 - 75	8,806	15,981	6,590	10,804	12,411	8,693	7,222	12,588	13,308				8,713
76 - 80	5,307		3,854	10,688	2,994	7,766	8,909	7,072	16,715	6,655			8,215
81 - 85	4,331	1,130			5,244	5,546	5,994	9,323	5,842	9,331			7,069
86 - 90				3,542		2,300	9,634	7,793	6,659	2,615	4,035		5,864
91 & Over									5,802	4,850	1,833		4,437
Average	11,914	10,869	9,492	10,972	9,149	9,005	8,703	8,351	7,017	5,385	2,567		9,031

PLAN B - DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 35												0
36 - 40	1											1
41 - 45	1		1									2
46 - 50	2		1	1			1	2				7
51 - 55	3		1	1		5	1	2				10
56 - 60	1		1	1		7	1	2				14
61 - 65	1		1	1		1	1	1		1		6
66 - 70						1	1	1	1			4
71 - 75							1	1				1
76 - 80									1			0
81 - 85									1	1		2
86 & Over												0
Totals	9	0	3	2	4	14	4	7	2	2	0	47

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement										Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29		30&Over
0 - 35												0
36 - 40	6,771											6,771
41 - 45	11,558		6,973									9,265
46 - 50	9,076			9,303	8,335		4,619	4,244				6,985
51 - 55	12,501		7,419	8,229	9,061	5,654	5,611	8,156				8,225
56 - 60	12,793		12,392	8,229	5,869	7,817	3,928	2,690		6,002		8,280
61 - 65	5,057				4,394	6,637	3,928	9,349	3,453			4,785
66 - 70						9,969	4,724	10,023				6,874
71 - 75									3,870	3,600		10,023
76 - 80												0
81 - 85												3,735
86 & Over												0
Average	10,204	0	8,928	8,766	6,915	7,114	4,720	6,694	3,661	4,801	0	7,363

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												0
41 - 45		1		1		1		1				4
46 - 50						1	1		1			3
51 - 55	1			2		4	4	2	1			14
56 - 60					3	1	1	2	2			9
61 - 65		3	4	1	1	5	4	1				19
66 - 70	1		1			11	12	6	1		2	34
71 - 75			2	2		4	6	11	8	1		34
76 - 80	1	1				2	5	11	5	3		28
81 - 85					1			8	11	11	2	33
86 - 90						1	1		7	9	8	26
91 & Over										2	5	7
Totals	3	5	7	6	5	30	35	42	36	26	17	212

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

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35							4,143						4,143
36 - 40													0
41 - 45		2,664		11,936		2,169		874					4,411
46 - 50						4,416	17,060		5,022				8,833
51 - 55	16,813			4,573		6,156	3,823	4,397	2,753				5,530
56 - 60					5,039	6,965	4,866	5,381	3,818				5,038
61 - 65		4,654	5,423	4,856	7,156	6,074	5,357	4,072					5,449
66 - 70	6,802		4,684			5,899	5,565	7,081	7,402		953		5,734
71 - 75			8,232	4,584		6,913	5,252	6,959	5,813	3,093			6,204
76 - 80	916	481				4,910	6,872	5,856	3,787	7,049			5,360
81 - 85					11,304			5,339	6,501	3,620	959		5,068
86 - 90						2,022	2,603		10,683	5,847	1,377	5,502	5,502
91 & Over										2,113	1,041	1,347	1,347
Average	8,177	3,421	6,120	5,851	6,715	5,764	5,658	5,968	6,515	4,650	1,179	5,426	5,426

EXHIBIT XXII
PLAN B: YEAR-TO-YEAR COMPARISON

	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Number of Active Members	2,153	2,060	2,038	2,052
Number of Retirees and Survivors	794	763	745	734
Number Terminated Due Deferred Benefits	74	77	79	74
Number Terminated Due Refund	928	777	806	820
Active Lives Payroll	\$ 54,572,935	\$ 51,055,201	\$ 48,690,316	\$ 47,676,817
Retiree Benefits in Payment	\$ 6,328,157	\$ 5,872,330	\$ 5,649,984	\$ 5,476,263
Market Value of Assets	\$ 132,326,073	\$ 111,581,452	\$ 101,109,899	\$ 92,904,743
Ratio of Actuarial Value of Assets to Actuarial Accrued Liability	95.81%	95.13%	94.18%	93.51%
Actuarial Accrued Liability (As defined by GASB- 25)	\$ 129,930,047	\$ 117,108,583	\$ 102,373,290	\$ 95,618,087
Actuarial Value of Assets	\$ 124,483,332	\$ 111,404,638	\$ 96,417,685	\$ 89,415,704
Unfunded Actuarial Accrued Liability	\$ 5,446,715	\$ 5,703,945	\$ 5,955,605	\$ 6,202,383
Present Value of Future Employer Normal Cost	\$ 26,365,299	\$ 32,959,966	\$ 41,742,178	\$ 42,458,765
Present Value of Future Employee Contributions	\$ 18,627,179	\$ 17,883,419	\$ 17,253,376	\$ 18,040,618
Present Value of Future Benefits	\$ 174,922,525	\$ 167,951,968	\$ 161,368,844	\$ 156,117,470

	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Employee Contribution Rate	5.00%	5.00%	5.00%	5.00%
Proj. Tax Contribution as % of Projected Payroll	2.60%	2.54%	2.36%	2.37%
Actuarially Req'd Net Direct Employer Cont. Rate	5.06%	7.08%	9.86%	9.72%
Actual Employer Direct Contribution Rate	6.75%	9.75%	9.75%	9.50%

Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998
2,064	2,066	2,069	2,068	2,152	2,102
720	705	700	689	664	653
63	60	53	52	58	63
790	761	713	715	702	680
\$ 45,260,679	\$ 43,560,002	\$ 42,572,472	\$ 41,586,147	\$ 41,646,939	\$ 37,963,401
\$ 5,216,962	\$ 5,039,462	\$ 4,855,154	\$ 4,579,320	\$ 4,235,936	\$ 3,926,054
\$ 83,836,074	\$ 81,767,131	\$ 87,702,933	\$ 100,649,110	\$ 94,054,385	\$ 87,582,921
93.04%	92.99%	92.86%	92.73%	91.92%	90.88%
\$ 92,615,633	\$ 95,381,233	\$ 96,857,576	\$ 104,176,006	\$ 96,158,035	\$ 87,395,782
\$ 86,170,714	\$ 88,697,416	\$ 89,937,940	\$ 96,602,212	\$ 88,384,208	\$ 79,421,207
\$ 6,444,919	\$ 6,683,817	\$ 6,919,636	\$ 7,573,794	\$ 7,773,827	\$ 7,974,575
\$ 36,670,550	\$ 28,532,252	\$ 22,615,159	\$ 12,529,147	\$ 10,902,426	\$ 12,607,109
\$ 17,184,709	\$ 16,666,322	\$ 16,496,208	\$ 16,317,771	\$ 16,469,405	\$ 15,103,116
\$ 146,470,892	\$ 140,579,807	\$ 135,968,943	\$ 133,022,924	\$ 123,529,866	\$ 115,106,007

Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2.28%	2.27%	2.18%	2.01%	2.01%	2.03%
9.22%	7.53%	6.16%	3.68%	3.32%	4.31%
7.75%	6.25%	4.50%	4.50%	4.50%	3.75%

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, 2007, 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 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:

FINAL AVERAGE COMPENSATION - For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

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. For any member hired prior to July 1, 2006, 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. 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.

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

ACTUARIAL ASSUMPTIONS

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

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

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

ACTUARIAL ASSET VALUES: 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. Under this methodology the value of the assets will not be less than 90% nor more than 110% of the actual market value. 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:

<u>Service</u>	<u>Plan A</u>	<u>Plan B</u>
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:

<u>Member's Age</u>	<u>% With Children</u>	<u>Number of Children</u>	<u>Average Age</u>
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
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

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.