



LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

CAFR 2007

**Louisiana State Employees' Retirement System
A Component Unit of the State of Louisiana**

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007**

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Prepared by the Fiscal, Investments, and Public Information Divisions of the
Louisiana State Employees' Retirement System

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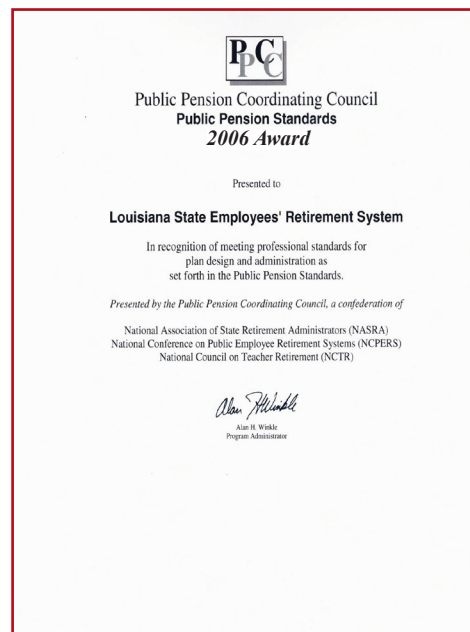
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*Certificate of Achievement
for
Excellence
in Financial Reporting
2006*

awards for financial reporting

*Public Pension Standards
Award
2006*



September 28, 2007

Dear Board Members:

It is with great pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the Louisiana State Employees' Retirement System (LASERS or the System) for the fiscal year ended June 30, 2007. This has been a year of progress for LASERS as we position the System for the next decade with the development and implementation of a new pension administration system. Also, the System exceeded \$9 billion in assets for the first time in its history and for the fourth consecutive year had double digit returns. We are privileged to report to you on our progress and to look with you toward our future. We trust that you and the other members will find this CAFR helpful in understanding your public employees' retirement system, which continues to strengthen financially.

Management Responsibility

This report consists of management's representation concerning LASERS finances. Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of LASERS financial statements in conformity with generally accepted accounting principles. The internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Our independent external auditors, Postlethwaite & Netterville, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and adequacy of internal control systems.

Financial Information

The basic financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis as promulgated by the Governmental Accounting Standards Board. The Management's Discussion and Analysis (MD&A) includes a narrative introduction, overview, and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. LASERS MD&A can be

Board of Trustees:	Kathy Singleton, Chair	Cynthia Bridges	Virginia Burton	Connie Carlton	Cindy Rougeou, Executive Director
	Sen. D.A. "Butch" Gautreaux	John Kennedy	Barbara McCann	Louis S. Quinn	
	Sheryl M. Ranatza	Rep. Pete Schneider	Lorry S. Trotter	Judge Trudy M. White	

found immediately following the reports of the independent auditors in the Financial Section of this report.

Profile of LASERS

LASERS is a single employer defined benefit plan, established by the state legislature in 1946 with the first members joining the System on July 1, 1947. The System is a public trust fund created to provide retirement allowances and other benefits for state officers and employees and their beneficiaries. All invested funds, cash, and property are held in the name of LASERS for the sole benefit of the membership. A twelve-member Board of Trustees (comprised of six active members, three retired members, and three ex-officio members) governs the System. The Board administers the programs and appoints key management personnel including the Executive Director, Deputy Director, Assistant Director, and the Chief Investment Officer.

The Board of Trustees annually approves an operating budget for administrative expenses that is prepared by staff to address member and employer needs while keeping costs reasonable. The Board must also approve any changes in the budget during the year. In addition to the trustees' approval, the budget must be approved by the Louisiana Joint Legislative Committee on the Budget.

Investments

For the fiscal year, LASERS had a total market value return of 19.2% for the one-year period, and a three-year return of 13.7%. These returns rank LASERS in the top 7% and 12% of public pension systems for the one year and three year returns, respectively. An integral part of the overall investment policy is the strategic asset allocation guidelines. They are designed to provide an optimal mix of asset classes or allocations with return expectations that will reduce the LASERS unfunded accrued liability and fund cost of living adjustments for our retirees. Investment risks are diversified over a broad range of market sectors and securities. This strategy reduces portfolio risk to adverse developments in sectors and issuers experiencing unusual difficulties and offers opportunity to benefit from future markets. A more detailed exhibit of investment performance and a summarization of the LASERS Investment Policy can be found in the Investment Section of this report.

Funding

Annually, the LASERS actuary determines the annual funding requirements needed to meet current and future benefit obligations. Actuarial contributions are based on normal cost and amortization of the unfunded accrued liability which has existed since the System's inception. Employers are required to pay the percentage of total payroll equal to the normal cost plus an amount sufficient to amortize the unfunded accrued liability as outlined in Louisiana Revised Statue 11:102 as it pertains to LASERS. This year the LASERS actuary is recommending that the Public Retirement System's Actuarial Committee (PRSAC) approve an employer contribution rate of 18.5% for the fiscal year ending June 30, 2009.

The actuarial value of member benefit liabilities exceeds the value of actuarial assets. At year end, the ratio of the value of actuarial assets to actuarial accrued liabilities improved to 67.2% and the System's unfunded actuarial accrued liability decreased to \$4.10 billion. The investment yield on the actuarial value of assets for 10 years increased to 7.47% which is below the net actuarial rate of return of 8.25 % assumed in the valuation. Additional information regarding the financial condition of the pension trust fund can be found in the Actuarial Section of this report.

Major Initiatives

Part of our mission is to provide exceptional customer service to our members and contributing agencies as well improving the financial security of our members. Key accomplishments for the past year are summarized below:

State of Louisiana Retirement Information System (SOLARIS)

LASERS primary customer service initiative is the implementation of a new pension administration system, the State of Louisiana Retirement Information System (SOLARIS). The retiree benefits component has been in production since June 2006. A retiree self-service module was added to the LASERS website providing retired members secured access to much of their retirement information. The active member Internet module should be implemented in the first quarter of 2008. Employers are scheduled to begin use of the system in December 2007. The SOLARIS project is also interfacing application functions and databases with existing imaging and workflow system to improve work processes.

Investment Program Enhanced

LASERS works continuously to improve the effectiveness of its Investment Program. In the fall of 2006, the Board of Trustees approved changes to the LASERS asset allocation. These changes included increasing the allocation to alternative assets and the overall equity allocation while reducing the overall allocation to fixed income. The Investments Division has already begun efforts to increase the alternative asset allocation by recently hiring three absolute return strategy managers. The division has also successfully automated cash processing through the agency's custodian bank and has added an international fund to internal management.

Initiatives under way include working with the custodian bank to enhance reporting capabilities, exploring new asset allocation strategies to improve long-term consistent returns, and assessing new cost management options.

Investment Accounting System Upgrade

LASERS completed upgrading its investment accounting system to QED's Q2 Investment Workflow System which, according to the product description, "provides money managers a comprehensive portfolio management system that can be easily customized and administered, allowing for unprecedented control over information needed to drive business."

Cost of Living Adjustment For Retirees

The Louisiana Legislature allowed LASERS to grant a 3% cost-of-living adjustment (COLA) for qualifying LASERS retirees. This COLA was paid in July 2007. This was the second COLA which LASERS retirees have received since 2006. COLAs are funded by excess investment returns which have been deposited in the LASERS Experience Account.

Online Access Expanded

Utilization of technology to improve overall agency performance, communication, and education also continues to be a major initiative of LASERS. LASERS Internet website offers agency and member users access to current System information, educational programs, forms, publications, and legislation. Technological advances in imaging, bar coding, and online fillable forms have enabled LASERS to adopt new online forms to further enhance customer service to its member agencies. LASERS has also made a new e-mail subscription service available to its agencies and members. This service allows agencies and members to receive automatic updates to LASERS publications. This year LASERS began using weblogs and interactive newsletters to provide members with information on legislation affecting the System.

Member Outreach Expanded

Our Member Services Division is focused on improved customer service through enhanced communications and educational services for members, employers, and other interested groups. The Retirement Education Section continued its pre-retirement seminars to agencies and individual members across the state. These seminars allowed LASERS the opportunity to help improve members' understanding of laws which impact LASERS. Individual counseling sessions were offered by appointment in Monroe and Belle Chasse, allowing members to receive one-on-one attention without the need to travel to Baton Rouge. Expansion of this service is planned for upcoming years.

Also this past year, the Retirement Education Section initiated seminars for retirees. Sessions were well attended in Baton Rouge and Monroe and will be offered in additional cities this coming year.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LASERS for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This was the tenth consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

LASERS also received the GFOA award for its Popular Annual Financial Report entitled LASERS Summary Annual Report, for the fiscal year ended 2006. This was the eighth consecutive year LASERS has received this award. The Popular Annual Financial Report presents, in a less technical manner, some of the major financial, actuarial, and other interesting information for the reporting year.

In addition, LASERS received the 2006 Public Pension Standards Award. The Public Pension Coordinating Council presents this award to public employee retirement systems in recognition of their achievement of high professional standards in the areas of plan design and administration, benefits, actuarial valuations, financial reporting, investments and membership communications. This is third consecutive year that LASERS has received this prestigious award.

Conclusion

During the coming fiscal year, we will be celebrating our 60th anniversary. As we do so, we would like to take this opportunity to express our appreciation to our current and former Board Members for their dedication to the financial stability and integrity of the System. Without their unwavering support over the years LASERS would not have become the premier retirement system for the State of Louisiana.

We would also like to recognize the teamwork and contributions of our experienced and dedicated staff. They continue to keep the best interests of our members as their top priority. As we look toward the future we are encouraging staff to envision ways that LASERS may accomplish its vision “to improve the quality of life of LASERS members and their families by increasing their financial security”.

Respectfully submitted,



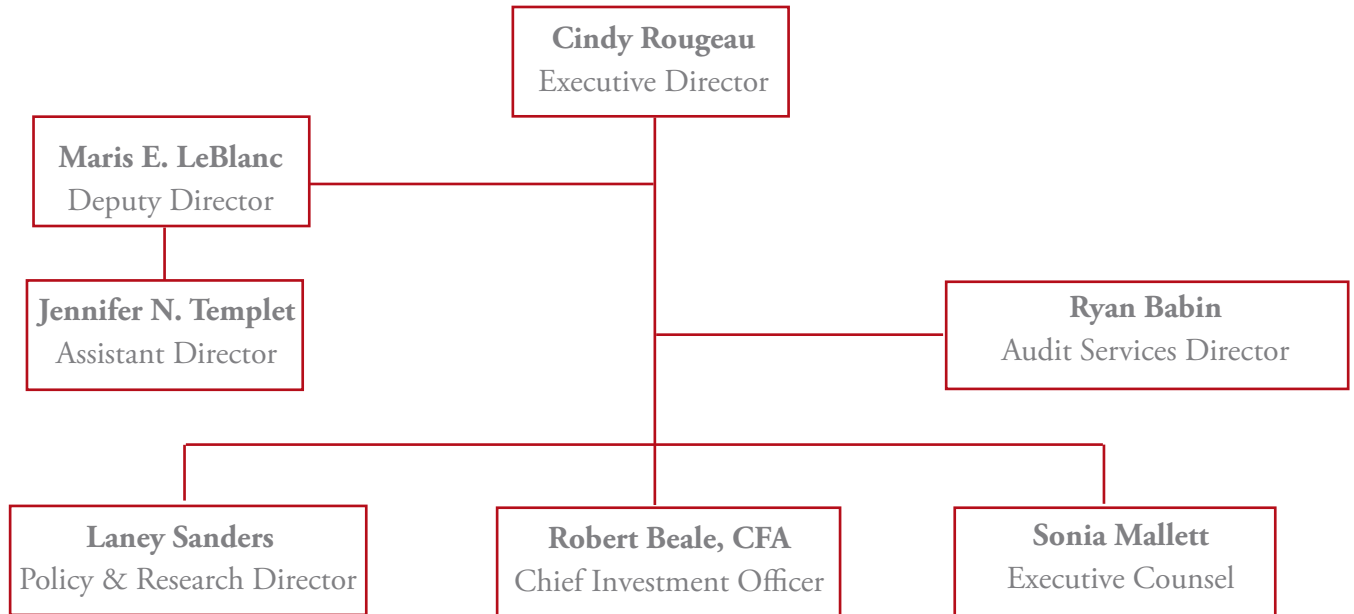
Cindy Rougeou
Executive Director



Arthur P. Fillastre, IV CPA, CIA, CISA
Chief Financial Officer

Picture of Executive Staff Here

administrative organization



board of trustees



Standing, left to right: Kathy Singleton, Chair; Judge Trudy M. White; Louis Quinn; Lorry S. Trotter

Seated, left to right: Sheryl Ranatza; Cynthia Bridges; Virginia Burton, Vice Chair; Connie Carlton; Barbara McCann

Not Pictured: Honorable John Kennedy, Louisiana State Treasurer; Representative Pete Schneider, Chair, House Committee on Retirement; Senator D.A. “Butch” Gautreaux, Chair, Senate Committee on Retirement

PROFESSIONAL CONSULTANTS

June 30, 2007

Actuary

Hall Actuarial Associates
SJ Actuarial Associates

Auditor

Postlethwaite & Netterville, APAC

Legal Consultants

Tarcza & Associates, LLC
Roedel, Parsons, Kock, Balhoff & McCollister
Taylor, Porter, Brooks & Phillips
Avant & Falcon

Medical Examiners

Dr. Jeanne Estes
Dr. Larry G. Ferachi
Dr. Larry M. Nahmias
Dr. Michael Catenacci
Dr. Michael W. Dole
Dr. Raymond Cush
Dr. Richard Neiman
Dr. Stephen J. Rubenzer

Master Custodian and Securities Agent

Mellon Global Securities Services

Third Party Administrator

Great-West Retirement Services, Inc.

Investment Advisors

Acadian Asset Management
Aronson, John & Ortiz, L.P.
Brandywine Asset Management
Chicago Equity Partners, LLC
Erasmus
Goldman Sachs Investment Management L.P.
Harbourvest Partners, LLC
Heitman/JMB Advisory Corporation
K2 Advisors, LLC
Loomis Sayles & Company, L.P.
LSV Asset Management
Mesirow Financial Private Equity Partnership
Mondrian Investments Partners Ltd
Newport Cypress, LLC
Orleans Capital Management Corporation
Pantheon USA, L.P.
Parish Capital II, LP
Quellos Private Capital Markets, L.P.
Rice Hall James & Associates, LLC
Smith Asset Management Group, L.P.
State Street Global Advisors
TCW Asset Management Company
The Boston Company Asset Management, LLC
Thompson, Horstmann & Bryant, Inc.
UBS Global Asset Management
Wells Capital Management
Williams Capital Partners, L.P.
WR Huff Asset Management Co., LLC

Investment Consultant

New England Pension Consultants



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of LASERS management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets as of June 30, 2007 and 2006, and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2007, on our consideration of LASERS internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis and the other required supplemental information as listed in the table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement

and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pastlithwaite & Netterville

Baton Rouge, Louisiana

September 11, 2007





Postlethwaite & Netterville

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 11, 2007. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LASERS internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LASERS internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record or process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LASERS financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees and management of LASERS and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 11, 2007



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of the financial performance of the Louisiana State Employees' Retirement System (LASERS). This narrative overview and analysis helps to interpret the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year. Readers are encouraged to consider the information presented here in conjunction with additional information provided in the Transmittal Letter of LASERS Comprehensive Annual Financial Report (CAFR).

FINANCIAL HIGHLIGHTS

- The net assets held in trust increased by \$1.3 billion, or 17%.
- The actuarial rate of return on the market value of the System's investments was 14.21% for 2007 compared to 12.96% for 2006.
- Net investment income totaled \$ 1.5 billion, an increase of \$640 million or 77%.
- The System's funded ratio increased from 64.3% at June 30, 2006 to 67.2% as of June 30, 2007.
- The unfunded actuarial accrued liability decreased \$41.5 million to \$4.1 billion as of June 30, 2007.
- Total contributions increased by 1.3% over 2006, excluding the \$13.6 million legislative appropriation paid in 2006 towards the initial unfunded accrued liability as a result of Act 642 of the 2006 Louisiana Regular Legislative Session.
- Benefit payments increased by \$53 million or 9% to \$674 million.
- The Experience Account has a balance of \$275 million, which can be used toward future cost-of-living adjustments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Systems basic financial statements include the following: (1) statements of plan net assets, (2) statements of changes in plan net assets, (3) notes to the financial statements, and (4) required supplementary information.

The Statements of Plan Net Assets report the pension funds assets, liabilities, and resultant net assets held in trust for pension benefits. They disclose the financial position of the System as of June 30, 2007 and 2006, respectively.

The Statements of Changes in Plan Net Assets report the results of the pension fund's operations during years 2007 and 2006 disclosing the additions to and deductions from the plan net assets. They support the change that has occurred to the prior year's net asset value on the statement of plan net assets.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the financial statements.

- Note A provides a general description of LASERS, information regarding employer and membership participation.
- Note B provides information regarding LASERS members' pension benefits for the Defined Benefit Plan.
- Note C provides information regarding LASERS members' pension benefits for the Defined Contribution Component.
- Note D provides a summary of significant accounting policies and plan asset matters including the basis of accounting, estimates, methods used to value investments, property and equipment, accumulated leave, and reclassifications.
- Note E provides information regarding member and employer contribution requirements.
- Note F describes LASERS deposits and risk disclosures which include custodial credit risk, concentration of credit risk, credit risk, interest rate risk, and foreign currency risk.
- Note G describes the System's investments and includes information regarding bank balances, derivatives, real estate, and alternative investments.
- Note H provides information regarding securities lending transactions.
- Note I provides information on expenditures for the Capital Outlay Project.

Required Supplementary Information provides additional information and detail concerning LASERS progress in funding its obligations, the history of employer contributions, and schedules of trend data.

The *Supporting Schedules* section includes the schedules of administrative expenses, investment manager fees and other investment expenses, and payments to consultants.

FINANCIAL ANALYSIS

LASERS financial position is measured in several ways. One way is to determine the Plan Net Assets (difference between total assets and total liabilities) available to pay benefits. Over time, increases and decreases in the LASERS Plan Net Assets indicate whether its financial health is improving or deteriorating. Other factors, such as financial market conditions, should also be taken into consideration when measuring LASERS overall health.

The following table illustrates a condensed version of LASERS Statement of Plan Net Assets for fiscal years ending, 2007, 2006, and 2005. LASERS Plan Net Assets as of June 30, 2007, and 2006, totaled \$9,351,147,570 and \$8,008,507,546, respectively. All of the Plan Net Assets are available to meet LASERS ongoing obligations to members, retirees, and beneficiaries.

CONDENSED COMPARATIVE STATEMENT OF PLAN NET ASSETS			
	2007	2006	2005
Cash	\$ 67,611,116	\$ 65,797,087	\$ 73,610,366
Receivables	96,251,325	186,915,698	83,142,308
Investments (fair value)	9,230,537,180	7,867,359,171	7,117,797,716
Securities Lending Collateral	1,166,777,371	724,517,990	3,253,787
Capital Assets	13,579,901	10,183,795	7,147,081
Total Assets	\$ 10,574,756,893	\$ 8,854,773,741	\$ 7,284,951,258
Accounts Payable & Other Liabilities	56,831,952	121,748,205	55,642,749
Securities Lending Collateral	1,166,777,371	724,517,990	3,253,787
Total Liabilities	\$ 1,223,609,323	\$ 846,266,195	\$ 58,896,536
Net Assets Held in Trust For Pension Benefits	\$ 9,351,147,570	\$ 8,008,507,546	\$ 7,226,054,722

In the year ending June 30, 2007, Plan Net Assets increased by \$1,342,640,024 or about 17% from fiscal year ended June 30, 2006. In the year ended June 30, 2006, Plan Net Assets increased by \$782,452,824, or approximately 11% from fiscal year ended June 30, 2005. The primary causes of the increases in both fiscal years were the rises in the financial markets.

Despite past volatility in the financial markets, LASERS remains in a stable and improving financial position to meet its obligations to LASERS members, retirees, and beneficiaries with a positive net operating cash flow of \$69.8 million during fiscal year 2007 and \$121.7 million during fiscal year 2006 (excludes both realized and unrealized investment gains and losses). LASERS continuously reviews its asset allocation strategies and makes minor adjustments in order to maximize return while maintaining adequate liquidity. In the fall of 2006, the Board of Trustees approved changes to the LASERS asset allocation to further improve the long-term return of the Plan. These changes included increasing the allocation to alternative assets and the overall equity allocation while reducing the overall allocation to fixed income. LASERS is a long-term investor in the market and believes, based on history, that such a strategy will be prudent and profitable.

CONDENSED COMPARATIVE STATEMENT OF CHANGES IN PLAN NET ASSETS

	2007	2006	2005
Additions			
Employer Contributions	\$ 416,329,361	\$ 424,850,496	\$ 391,870,045
Employee Contributions	167,957,870	165,509,666	169,143,849
Net Investment Income	1,473,499,193	833,207,981	650,345,827
Other Income	12,285,284	33,115,285	37,363,680
Total Additions	<u>2,070,071,708</u>	<u>1,456,683,428</u>	<u>1,248,723,401</u>
Deductions			
Benefit Payments	673,617,033	620,367,483	581,665,163
Refund of Contributions	38,030,600	37,821,549	30,357,532
Administrative Expense	15,784,051	16,041,572	18,634,313
Total Deductions	<u>727,431,684</u>	<u>674,230,604</u>	<u>630,657,008</u>
Net Increase	1,342,640,024	782,452,824	618,066,393
Net Assets Beginning of Year	8,008,507,546	7,226,054,722	6,607,988,329
Net Assets End of Year	\$ <u>9,351,147,570</u>	\$ <u>8,008,507,546</u>	\$ <u>7,226,054,722</u>

Additions to Plan Assets

The revenues needed to finance retirement benefits are accumulated primarily through the collection of employer and employee contributions and earnings on investments. Revenue gains for the fiscal year ended June 30, 2007, totaled \$2,070,071,708 or 42% higher than the prior year. The revenue consisted of employer and employee contributions totaling \$584,287,231, net investment income of \$1,473,499,193, and other income of \$12,285,284. Net Investment Income was the primary contributor to the increase in additions to Plan Assets for the fiscal years presented. Our investment portfolio completed the current year with a market rate of return of 19.2%, exceeding the target of 8.25% for the fourth consecutive year. The net result was a 77% or \$640,291,212 increase in investment earnings over 2006.

At June 30, 2006, total revenues increased by 17% or \$207,960,027 over fiscal year 2005. The increased revenue was distributed between net investment income (88%), combined contributions (14%) and other income (-2%). Our investment portfolio completed the fiscal year with an 11.9% market rate of return exceeding the 8.25% target rate of return.

During 2007, combined employer and employee contribution income decreased from 2006 by \$6,072,931 because 2006 contributions were inflated by a \$13.6 million legislative appropriation for LASERS initial unfunded accrued liability (UAL). An analysis of combined contributions excluding the legislative appropriation shows that contributions have increased in each of the years presented. This can be attributed to higher wages being paid to active members. Also, part of the increase in employee contributions is the result of a higher contribution rate for members hired after June 30, 2006. These employees will contribute at 8% rather than the 7.5% contributed by members with credited service prior to June 30, 2006.

In 2007 and 2006, other income decreased by \$20,830,001, or 63%, and \$4,248,095, or 11% respectively, due to a change in legislation which no longer allowed purchases of service credit to count towards retirement eligibility.

Deductions from Plan Assets

LASERS was created to provide lifetime retirement, survivor, and disability benefits to qualified LASERS members. The cost of such programs includes recurring benefit payments, refund of contributions to employees who left the System, and the cost of administering LASERS.

Deductions for the fiscal year ending June 30, 2007, totaled \$727,431,684, an increase of approximately 8% over June 30, 2006. For the fiscal year ending June 30, 2006, deductions were \$674,230,604, an increase of about 7% over June 30, 2005. The increase in deductions in fiscal year ended 2007 and 2006 was due to increases in benefits paid and refunds of member contributions. Benefits paid in 2007, as in 2006, increased because of the increases in the number of retirees and the average benefit resulting from the higher average salary history of the newer retirees. A corresponding increase in refunds of member contributions was also experienced in fiscal year 2007 and 2006.

Administrative expenses decreased 2% for the fiscal year ended June 30, 2007. This is attributable to total recorded expenses for the new pension administration system, SOLARIS, being slightly down from the prior year, and expenses being reduced as a result of an increase in capitalized costs. In 2006 administrative expenses decreased \$2,592,741, or 14% over fiscal year ended 2005. These decreases are primarily a result of the startup costs associated with the SOLARIS project that occurred in fiscal year 2005. Detail of Administrative expense activity can be found in the *Schedule of Administrative and Investment Expenses – Budget and Actual* located under Supporting Schedules.

Total additions less total deductions resulted in a net increase in Plan Net Assets of \$1,342,640,024 in 2007 compared to \$782,452,824 in 2006. The net result is a 17% and 11% increase in plan net assets held in trust for pension benefits for 2007 and 2006 respectively.

FUNDED STATUS

An actuarial valuation of assets and liabilities is performed annually. The System's funded ratio increased to 67.2% at June 30, 2007 compared to 64.3% as of June 30, 2006, and 61.5% as of June 30, 2005. The increase in funding can primarily be attributed to strong investment returns. The amount by which LASERS actuarial liabilities exceeded the actuarial assets was \$4.10 billion at June 30, 2007, compared to \$4.12 billion at June 30, 2006, and \$4.20 billion at June 30, 2005, thereby decreasing the unfunded actuarial accrued liability by \$97.2 million since 2005. Act 642 of the 2006 Louisiana Regular Legislative Session provided a one time appropriation of \$13.6 million to accelerate the payoff of the initial unfunded accrued liability. The investment yield on the actuarial value of assets has averaged over five and ten years 8.06% and 7.47% respectively. For the year ending June 30, 2007, the net realized actuarial rate of return was 14.21%, which was greater than the System's assumed actuarial rate of return of 8.25%. This resulted in a net investment experience gain of \$487 million which is the funding mechanism for future cost-of-living adjustments. For the years ending June 30, 2006 and 2005, the net realized actuarial rate of return was 12.96% and 11.73%, respectively.

REQUESTS FOR INFORMATION

This Financial Report is designed to provide a general overview of the System's finances. For questions concerning any information in this report or the CAFR, or for additional information contact the Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, LA 70804-4213.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS

June 30, 2007 And 2006

	2007	2006
Assets		
Cash and Cash Equivalents	\$ 67,611,116	\$ 65,797,087
Receivables:		
Employer Contributions	31,868,817	29,645,777
Member Contributions	12,513,934	11,549,151
Interest and Dividends	31,386,607	29,427,425
Investment Proceeds	19,672,815	101,898,215
Legislative Appropriation	-	13,600,000
Other	809,152	795,130
Total Receivables	96,251,325	186,915,698
Investments (at fair value):		
Short-term Investments - Domestic	483,463,603	267,778,423
Bonds/Fixed Income - Domestic	1,274,967,314	1,302,728,282
Bonds/Fixed Income - International	559,059,972	536,943,431
Equity Securities - Domestic	3,493,953,832	3,505,030,320
Equity Securities - International	2,354,383,065	1,396,915,595
Real Estate Investments	44,738,358	46,265,701
Alternative Investments	1,019,971,036	811,697,419
Total Investments	9,230,537,180	7,867,359,171
Securities Lending Cash Collateral Held	1,166,777,371	724,517,990
Property and Equipment (at cost) - Net	13,579,901	10,183,795
Total Assets	10,574,756,893	8,854,773,741
Liabilities		
Payables:		
Investment Commitments	45,254,062	109,044,141
Open Investment Contracts	-	47,080
Trade Payables and Other Accrued Liabilities	11,577,890	12,656,984
Total Payables	56,831,952	121,748,205
Securities Lending Obligations Held	1,166,777,371	724,517,990
Total Liabilities	1,223,609,323	846,266,195
Net Assets Held In Trust For Pension Benefits	\$ 9,351,147,570	\$ 8,008,507,546

(The Schedule of Funding Progress for the Plan is presented in Schedule I of the Required Supplementary Information.)

The accompanying notes are an integral part of these statements.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS

For The Years Ended June 30, 2007 And 2006

	2007	2006
Additions		
Contributions:		
Employer Contributions	\$ 416,329,361	\$ 411,250,496
Member Contributions	167,957,870	165,509,666
Legislative Appropriation	-	13,600,000
Total Contributions	<u>584,287,231</u>	<u>590,360,162</u>
Investment Income:		
Net Appreciation in Fair Value of Investments	1,095,944,175	555,813,683
Interest & Dividends	220,316,592	187,794,545
Alternative Investment Income	186,087,507	114,368,797
Less Alternative Investment Expenses	(15,490,936)	(13,253,021)
Securities Lending Income	12,899,596	7,693,382
Less Securities Lending Expenses	(9,768,092)	(4,931,400)
Other Income	981,434	1,338,605
Less Investment Expense Other than Alternative Investments and Securities Lending	<u>(17,471,083)</u>	<u>(15,616,610)</u>
Net Investment Income	1,473,499,193	833,207,981
Other Income	12,285,284	33,115,285
Total Additions	<u>2,070,071,708</u>	<u>1,456,683,428</u>
Deductions		
Retirement Benefits	673,617,033	620,367,483
Refunds of Member Contributions	38,030,600	37,821,549
Administrative Expenses	15,784,051	16,041,572
Total Deductions	<u>727,431,684</u>	<u>674,230,604</u>
Net Increase	1,342,640,024	782,452,824
Net Assets Held In Trust For Pension Benefits		
Beginning of Period	<u>8,008,507,546</u>	<u>7,226,054,722</u>
End of Period	<u><u>\$ 9,351,147,570</u></u>	<u><u>\$ 8,008,507,546</u></u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

1. General Organization

The Louisiana State Employees' Retirement System (LASERS or the System) is the administrator of a single-employer defined benefit pension plan and is a component unit of the State of Louisiana included in the State's Comprehensive Annual Financial Report (CAFR) as a pension trust fund. The System was established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401).

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The Commission on Public Retirement reviews administration, benefits, investments, and funding of the public retirement systems.
- The operating budget of the System is subject to budgetary review and approval by the Joint Legislative Committee on the Budget.
- The Legislative Auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed Certified Public Accountant (CPA) for each audit.

In May 2002, the Governmental Accounting Standards Board issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units* which amended Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

2. Plan Membership

The System is one of several public retirement systems in Louisiana. Each system has specific membership requirements established by legislation with LASERS established for state officers, employees, and their beneficiaries. Other public employers report members who retained membership in LASERS upon transfer to other public systems or as provided by specific legislation. A summary of government employers and members participating in LASERS at June 30, 2007, and 2006, follows:

	2007		2006	
	Number of Employers	Number of Members	Number of Employers	Number of Members
Type of Employer				
State Agencies	223	60,080	220	57,416
Other Public Employers	139	364	140	395
Total Employers	362	60,444	360	57,811
Type of Active Members				
Regular State Employees (Before July 2006)		44,919		50,463
Regular State Employees (After July 2006)		7,863		-
Corrections Employees (Before 1986)		223		276
Corrections Employees (After 1986)		4,640		4,484
Wildlife Agents (Before 2003)		158		168
Wildlife Agents (After 2003)		62		53
Judges		316		315
Peace Officers		123		-
Legislators		44		49
Alcohol Tobacco Control		38		-
Active After DROP		2,058		2,003
Total Active Members		60,444		57,811

At June 30, 2007, and 2006, membership consisted of:

	2007	2006
Active Members	60,444	57,811
Regular Retirees	30,190	28,944
Disability Retirees	1,134	1,202
Survivors	5,418	5,409
Vested & Reciprocal	1,980	2,492
Inactive Members Due Refunds	43,797	43,382
DROP Participants	2,624	2,577
Total Membership	145,587	141,817

B. DEFINED BENEFIT PLAN

1. Eligibility Requirements

All state employees except those specifically excluded by statute become members of the System's Defined Benefit Plan (DBP) as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the Governor may, at their option, become members of LASERS.

2. Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing 30 years of creditable service to age 60 upon completing ten years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

The basic annual retirement benefit for substantially all members is equal to 2.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefit, a member may elect to receive their retirement benefits under any one of six different options providing for a reduced retirement benefit payable throughout their life with certain benefits being paid to their designated beneficiary after their death.

Act 75 of the 2005 Louisiana Regular Legislative Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

3. Deferred Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party

provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who select the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

4. Disability Benefits

All members hired before June 30, 2006, with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Act 75 revised the disability retirement benefit for members of the DBP hired subsequent to June 30, 2006. The disability benefit for members who have not attained age 60 will be equivalent to 1.8% of average compensation for each year of creditable service.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

5. Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

6. Supplemental Benefit Adjustments

Previous statutes allowed the Board of Trustees to make annual supplemental cost-of-living adjustments (COLAs) each year when the System's Actuary and the State Legislative Actuary certified that LASERS was systematically approaching actuarial soundness, if such COLAs had not already been enacted by the Legislature. The COLAs could not be greater than 3% in any year. These adjustments were computed on the base retirement or survivors' benefit. Benefit increases have occurred under the statutes in various years since 1970 and have been limited to the 3% amount. In addition, several other COLAs or supplemental benefit payments have occurred in the past as a result of legislation, some being paid from investment income, and others being paid from funds appropriated by the State Legislature. COLAs were granted in 1980, 1981, 1984, 1986 and 1991.

In 1992, Act 1031 created an Employee Experience Account to accumulate one-half of any returns above the target return rate of 8.25%. Such accumulations are offset when returns do not meet the target rate. In 1999, additional legislation was added to provide a permanent mechanism and guidelines for COLAs.

Act 900 of the 2001 Regular Session provided legislation for a Minimum Retirement Benefit funded by the Employee Experience Account. The Minimum Retirement Benefit was designed to increase benefits for those members who had been retired the longest and were receiving a relatively small benefit. The Employee Experience Account provided COLAs in 1996 and 1998 through 2002.

In 2001, Act 1016 provided for an additional 1% COLA when the actuarial return exceeds 8.25%. Beginning with the 2002 fiscal year, Act 1016 legislation limited the COLA to the first \$70,000 of a member's benefit and provided for the \$70,000 to be increased each year in an amount equal to any increase in the consumer price index (U.S. city average for all urban consumers (CPI-U)) for the preceding year. In addition, the legislation provided that any COLA increase shall begin on July 1st following legislative approval.

Act 588 of the 2004 Regular Session made significant changes to prospective funding for COLAs. The outstanding balance of changes in liabilities from 1993 – 1998 were re-amortized as a level dollar amount through 2029. The amortization period for changes in liabilities beginning with 1999 were extended to a thirty-year period from the date of occurrence, in accordance with GASB. A minimum employer contribution rate of 15.5% and an Employer Credit Account were established for excess contributions. Act 588 also reset the Employee Experience Account to zero and thereafter limited the account balance to no more than the reserve for two COLAs. The Employer Credit Account's purpose is to accumulate the excess of the minimum rate of 15.5% over the actuarially required employer contribution for the fiscal year and will accumulate interest at the actuarial rate of return earned annually by the System.

The process for granting COLAs was also changed by Act 588. Under Act 588, the Board of Trustees may not grant a COLA increase unless it has been approved by the Legislature by a concurrent resolution adopted by the favorable vote of a majority of the elected members of each house. LASERS Board of Trustees may recommend to the Legislature that a COLA increase be granted if the Employee Experience Account is sufficient to fund such a benefit fully on an actuarial basis, as determined by the System's Actuary. Pursuant to this revised system, COLAs were granted and funded by the Employee Experience Account in 2006 and 2007.

C. DEFINED CONTRIBUTION COMPONENT

Optional Retirement Plan

An Optional Retirement Plan (ORP) was established as a defined contribution component of LASERS for certain unclassified employees who otherwise would be eligible to become members of LASERS. The ORP provides retirement and death benefits to eligible participants while affording the maximum portability of these benefits to the participants. Investment options for

participants are established by the third party ORP provider and selected by the participant. ORP balances are held by the ORP provider in each participant's name. These balances are included in LASERS total investments on the statements of plan net assets. Participants are vested in all funds submitted to the ORP provider by LASERS. The ORP does not contain special provisions for disability benefits. Death benefits are paid out by the provider in accordance with Internal Revenue Code provisions. All other benefit obligations are the sole obligation of the ORP. At June 30, 2007 and 2006 membership consisted of:

	2007	2006
Number of Members	134	110
Fair Value of Assets	\$ 5,281,588	\$ 3,906,426

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis Of Accounting

LASERS financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Investment purchases and sales are recorded as of their trade date. State General Fund appropriations are recognized in the period when they are appropriated. Employer and member contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Administrative expenses are funded exclusively from investment earnings and are subject to budgetary control of the Board of Trustees and the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

2. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The retirement system utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Statements of Plan Net Assets.

3. Method Used To Value Investments

As required by GASB No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, investments are reported at fair value. Short-term investments are reported at market value when published prices are available, or at

cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Fair values of the limited partnership investments are based on valuations reported by the general partner. Investments that do not have an established market are reported at estimated fair value.

4. Property And Equipment

Property and equipment are reported at historical cost. Depreciation is computed using the straight-line method based upon useful lives of 40 years for building and 3 to 15 years for equipment and furniture. The capitalization thresholds of property and equipment for the year ended June 2007 were:

- Computer Software Developed or Modified Internally - \$1,000,000
- Other Computer Software Purchases - \$5,000
- Movable Property and Equipment - \$1,000

LASERS is a 50% co-owner of the Louisiana Retirement Systems building and related land with Teachers' Retirement System of Louisiana. Additional information on the Capital Outlay Project is provided in *Note I. Capital Outlay Project*.

CHANGES IN PROPERTY AND EQUIPMENT				
For Period Ending June 30, 2007				
	June 30, 2006	Additions	Deletions	June 30, 2007
Asset Class (at Cost)				
Land	\$ 858,390	\$ -	\$ -	\$ 858,390
Building	5,219,041	64,452	-	5,283,493
Storage	24,104	-	-	24,104
Furniture and Equipment	5,400,335	171,418	(381,966)	5,189,787
Capital Outlay Project	4,836,939	3,779,969	-	8,616,908
Total Property and Equipment	16,338,809	4,015,839	(381,966)	19,972,682
Accumulated Depreciation				
Building	(2,285,205)	(133,431)	-	(2,418,636)
Storage	(24,104)	-	-	(24,104)
Furniture and Equipment	(3,845,705)	(474,060)	369,724	(3,950,041)
Total Accumulated Depreciation	(6,155,014)	(607,491)	369,724	(6,392,781)
Total Property and Equipment - Net	\$ 10,183,795	\$ 3,408,348	\$ (12,242)	\$ 13,579,901

CHANGES IN PROPERTY AND EQUIPMENT				
For Period Ending June 30, 2006				
	June 30, 2005	Additions	Deletions	June 30, 2006
Asset Class (at Cost)				
Land	\$ 858,390	\$ -	\$ -	\$ 858,390
Building	5,149,223	69,818	-	5,219,041
Storage	24,104	-	-	24,104
Furniture and Equipment	6,181,499	328,244	(1,109,408)	5,400,335
Capital Outlay Project	1,416,516	3,420,423	-	4,836,939
Total Property and Equipment	13,629,732	3,818,485	(1,109,408)	16,338,809
Accumulated Depreciation				
Building	(2,153,592)	(131,613)	-	(2,285,205)
Storage	(24,104)	-	-	(24,104)
Furniture and Equipment	(4,304,954)	(618,356)	1,077,605	(3,845,705)
Total Accumulated Depreciation	(6,482,650)	(749,969)	1,077,605	(6,155,014)
Total Property and Equipment - Net	\$ 7,147,082	\$ 3,068,516	\$ (31,803)	\$ 10,183,795

5. Accumulated Leave

The employees of the System accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employees' current rate of pay. Upon retirement, unused annual leave in excess of 300 hours and sick leave are credited at the current pay rate as earned service in computing retirement benefits. The liability for accrued annual leave of up to 300 hours is included in other liabilities in the Statements of Plan Net Assets.

6. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on net assets held in trust for pension benefits or the net increase in plan net assets.

E. CONTRIBUTIONS

1. Member Contributions

Member contribution rates for the System are established by La. R.S. 11:62. Member contributions are deducted from their salary and remitted to the System by participating employers. The rates in effect during the years ended June 30, 2007, and 2006, for the various types of members are as follows:

Type of Member	Percent of Earned Compensation	
	2007	2006
Regular Members (Hired Prior to July 1, 2006)	7.5%	7.5%
Regular Members (Hired July 1, 2006 or Later)	8.0%	N/A
Correctional Officers, Security Personnel, and Probation Officers	9.0%	9.0%
Wildlife Agents	9.5%	9.5%
Legislature, Governor, Lieutenant Governor, Judges, and Court Officers	11.5%	11.5%
Clerk of the House of Representative and Secretary of the Senate	9.5%	9.5%
State Treasurer	7.5%	7.5%
Bridge Police Employees for the Crescent City Connection	8.5%	8.5%

A member's claim is established for member contributions less amounts transferred to reserves for retirement and amounts refunded to terminated members. If a member leaves covered employment or dies before any benefits become payable on their behalf, the accumulated contributions may be refunded to the member or their designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to a member or their survivors are refunded to the member's beneficiary or their estate upon cessation of any survivor's benefits.

2. Employer Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), considering the recommendation of the System's Actuary. Rates for the years ended June 30, 2007, and 2006 are as follows:

	2007	2006
Percent of Member's Earned Compensation	19.1%	19.1%

F. DEPOSITS AND INVESTMENT RISK DISCLOSURES

1. Deposit And Investment Risk Disclosures

The tables presented on the following pages include disclosures of custodial, interest rate, credit, and foreign currency risks in accordance with GASB 40 and are designed to inform financial statement users about investment risks that could affect the System's ability to meet its obligations. These tables classify investments by risk type, while the financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the financial statements.

2. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the System's deposits may not be returned to them. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investments, or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a) the counterparty or b) the counterparty's trust department or agent but not in the government's name. LASERS had no custodial credit risk as of June 30, 2007.

3. Concentration Of Credit Risk

Concentration of credit risk is the "risk of loss attributed to the magnitude of investments in a single issuer." The risk occurs "when investments are concentrated in any one issuer that represents 5% or more of plan net assets." Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the System's net plan assets, nor does the System hold more than 5% of any corporation's stock.

4. Credit Risk

Credit risk is the risk that a borrower will be unable to meet its obligation. The overall average quality of each core fixed income portfolio shall be rated AA by Standard and Poors or higher. Non-rated issues or issues below investment grade (below BBB) may be purchased up to a maximum of 15% of each core fixed income portfolio. These quality restrictions will not apply to a manager that is hired by LASERS to manage dedicated high-yield fixed income portfolios. The average duration shall not differ from the passive benchmark's duration by more than two years.

The System's exposure to credit risk, both domestic and foreign, as of June 30, 2007 and 2006 is as follows:

Rating	Fair Value 2007	Percent 2007	Fair Value 2006	Percent 2006
AAA to AA3	\$ 1,067,548,340	46.1%	\$ 908,688,995	43.1%
AA2 to AA+	18,566,217	0.8%	136,105,497	6.5%
A3 to A+	64,336,932	2.8%	117,889,443	5.6%
BAA1 to BBB+	79,309,353	3.4%	99,400,094	4.7%
BA3 to BB+	157,608,231	6.8%	154,292,349	7.3%
B3 to B+	244,687,637	10.6%	289,201,193	13.7%
CAA1 to CCC+	42,503,670	1.8%	40,596,197	1.9%
Ca to C	479,250	0.0%	1,159,138	0.1%
D	-	0.0%	130,075	0.0%
Non-rated*	642,451,259	27.7%	359,987,155	17.1%
Total Fixed Income	\$ 2,317,490,889	100.0%	\$ 2,107,450,136	100.0%

*Non-rated includes approximately \$480 million in short-term investments, which is not subject to the 15% maximum stated above.

Interest Rate Risk

Interest rate risk is the risk from changes in interest rates adversely affecting the fair value of an investment. LASERS has no formal interest rate risk policy. LASERS, as expressed in its Investment Policy, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from interest rates) to within two years of its respective benchmark. Investments with fair values that are highly sensitive to interest rate changes may contain terms that increase the sensitivity of their fair values.

As of June 30, 2007 and 2006, the System had the following domestic and foreign debt investments and maturities:

Security Type	Fair Value 2007	Weighted		Fair Value 2006	Weighted	
		Average Maturity	Percent 2007		Average Maturity	Percent 2006
Agency	\$ 413,341	0.05	0.0%	\$ -	-	0.0%
Asset Backed Securities	16,069,884	10.50	0.7%	24,575,481	5.83	1.2%
CMBS	16,220,018	32.14	0.7%	25,940,762	35.01	1.2%
CMO Corporate	65,085,255	27.47	2.8%	56,843,617	27.71	2.7%
CMO Government Agencies	105,997,399	21.87	4.6%	83,844,623	19.81	4.0%
Corporates	509,102,383	8.24	22.0%	585,633,444	7.78	27.8%
Government	41,475,455	16.65	1.8%	47,177,413	12.64	2.2%
Health Care	-	-	0.0%	640,100	5.45	0.0%
Short-Term	483,050,262	0.08	20.8%	267,778,423	0.09	12.7%
Other			0.0%	1,497,495	0.09	0.1%
TIPS	29,890,666	11.18	1.3%	14,994,909	6.04	0.7%
Treasury	-	-	0.0%	1,804,901	0.05	0.1%
US Govt Mortgages	308,418,249	23.04	13.3%	349,483,351	22.97	16.6%
US Private Placements	78,955,174	8.43	3.4%	74,035,589	8.40	3.5%
Non US	499,172,387	7.33	21.5%	474,896,256	6.85	22.5%
No Duration Available	163,640,416	N/A	7.1%	98,303,772	N/A	4.7%
Total Fixed Income	\$ 2,317,490,889		100.0%	\$ 2,107,450,136		100.0%

5. Foreign Currency Risk

Foreign currency risk is the potential risk for loss due to changes in exchange rates. Short-term reserves may be held in U.S. dollar-denominated, local currency securities or investment vehicles available through the System's custodian. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

Currency contracts may be utilized to either hedge the portfolios currency risk exposure or in the settlement of securities transactions.

The fair value of securities held in a foreign currency at June 30, 2007 and 2006 is as follows:

Currency	Global Bonds 2007	Global Stock 2007	Cash 2007	Total Fair Value 2007	Percent 2007
Australian Dollar	\$ 15,345,019	\$ 100,889,387	\$ 63,089	\$ 116,297,495	6.2%
Brazilian Real	-	76,200	6,555	82,755	0.0%
British Pound Sterling	10,336,658	264,384,125	986,294	275,707,077	14.7%
Canadian Dollar	-	60,103,515	147,082	60,250,597	3.2%
Danish Krone	-	6,030,872	20,622	6,051,494	0.3%
Euro	223,158,206	545,685,348	2,098,753	770,942,307	41.0%
Hong Kong Dollar	-	15,389,046	140,775	15,529,821	0.8%
Hungarian Forint	-	-	19,206	19,206	0.0%
Iceland Krona	1,281,079	-	-	1,281,079	0.1%
Israeli Shekel	-	153,508	22,608	176,116	0.0%
Japanese Yen	220,980,110	248,797,549	1,095,378	470,873,037	25.0%
Malaysian Ringlet	-	-	1,395	1,395	0.0%
Mexican Peso	20,198,342	4,019,157	830,593	25,048,092	1.3%
New Zealand Dollar	-	960,936	47,169	1,008,105	0.1%
Norwegian Krone	3,957,304	7,976,301	381,511	12,315,116	0.7%
Polish Zloty	-	-	11	11	0.0%
Singapore Dollar	-	17,180,278	123,160	17,303,438	0.9%
South Korean Won	-	3,796,349	-	3,796,349	0.2%
Swedish Krona	-	31,478,637	177,769	31,656,406	1.7%
Swiss Franc	3,915,667	69,230,053	34,267	73,179,987	3.9%
Thailand Baht	-	-	4,663	4,663	0.0%
Total	\$ 499,172,385	\$ 1,376,151,261	\$ 6,200,900	\$ 1,881,524,546	100.0%

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Currency	Global Bonds 2006	Global Stock 2006	Cash 2006	Total Fair Value 2006	Percent 2006
Australian Dollar	\$ 29,413,167	\$ 45,060,586	\$ 32,206	\$ 74,505,959	6.1%
Brazilian Real	-	40,661	449	41,110	0.0%
British Pound Sterling	-	168,052,059	155,654	168,207,713	13.7%
Canadian Dollar	-	32,403,167	41,439	32,444,606	2.6%
Danish Krone	-	2,495,800	1,674	2,497,474	0.2%
Euro	227,276,063	271,664,773	294,310	499,235,146	40.8%
Hong Kong Dollar	-	15,662,442	37,629	15,700,071	1.3%
Japanese Yen	181,271,292	153,587,046	937,405	335,795,743	27.4%
Malaysian Ringlet	-	443,686	1,311	444,997	0.0%
Mexican Peso	10,048,416	-	183,818	10,232,234	0.8%
New Zealand Dollar	-	484,261	40,034	524,295	0.0%
Norwegian Krone	-	7,607,449	14,510	7,621,959	0.6%
Polish Zloty	23,347,504	348,671	505	23,696,680	1.9%
Singapore Dollar	-	7,420,070	49,081	7,469,151	0.6%
South Korean Won	-	631,395	-	631,395	0.1%
Swedish Krona	3,539,814	10,797,956	315,368	14,653,138	1.2%
Swiss Franc	-	30,755,300	26,177	30,781,477	2.5%
Thailand Baht	-	-	388	388	0.0%
Total	\$ 474,896,256	\$ 747,455,322	\$ 2,131,958	\$ 1,224,483,536	100.0%

LASERS Investment guidelines, some of which are noted in *Note G. Cash and Investments*, are designed to mitigate the risks discussed above.

G. CASH AND INVESTMENTS

1. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation up to \$100,000, and cash equivalents are collateralized by the pledge of government securities held by the agents in the entity's name.

2. Short-Term Investments

Short-term funds may be invested in direct U.S. Government obligations such as U.S. Treasury Bills or repurchase agreements, which are fully collateralized by U.S. Treasury issues. Excess cash may also be invested in the LASERS Active Reserve Account and LASERS Late Money Deposit Account or negotiable certificates of deposit, or other short-term investment vehicles designated by the Board.

3. Investments

Investments of the pension trust funds are reported at fair value. The remaining assets are primarily valued by the investment custodian bank that uses several pricing sources quoting market values as of the last day of the period.

La. R.S. 11:261-269 provide for the governing of fiduciary responsibilities and investments by LASERS. La. R.S. 11:263 states that the prudent man rule shall apply to all investments of LASERS. This law specifically requires management of LASERS to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

La. R.S. 11:267C provides that the System may invest up to 65% of its total assets in common stock provided that "the System invests an amount equal to at least 10% of the System's total equity portfolio in one or more index funds" in accordance to La. R.S. 11:267B(1)(a). In addition, LASERS Board of Trustees has adopted certain investment policies, objectives, rules, and guidelines that are intended to protect and preserve LASERS assets while targeting a 9.15% nominal rate of return and also, a real return target of 4% over the inflation rate as determined by the consumer price indexes (CPI).

The following table presents the System's appreciation in investments at June 30, 2007, and 2006:

	2007	2006
Unrealized gains/(losses) on investments during the year:	\$ 763,864,127	\$ 266,772,312
Realized gains/(losses) on investments including currency sold during the year:	509,038,290	394,003,893
Total	\$ 1,272,902,417	\$ 660,776,205

4. Domestic Equity

Domestic equity purchases are limited to publicly traded common stocks. Exceptions shall be approved by the Board in advance. No single holding shall account for more than 6% of the allowable equity portion of the portfolio at market value, or 150% of a stock's weighting in the style benchmark against which the manager is measured, whichever is larger.

LASERS domestic equity portfolios are expected to be fully invested. No single holding in LASERS portfolio shall account for more than 5% of the outstanding common stock of any one corporation. No more than 10% of a manager's domestic equity portfolio may consist of cash or cash equivalents. Additionally, no single holding across all actively managed portfolios of an investment management firm shall account for more than 15% of the outstanding common stock of any one corporation.

The purchase of stocks or convertibles in foreign companies which are publicly traded securities may be held by each domestic stock manager in proportions which each manager shall deem appropriate, up to 10% of the portfolio at market value. Convertible bonds, convertible preferred stocks, warrants and rights may be purchased as equity substitutes so long as they meet the equity guidelines listed above.

5. International Equity

Short-term reserves may be held in U.S. dollar-denominated, local currency securities, or investment vehicles available through the System's custodian. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

LASERS international equity portfolios are expected to be fully invested. No more than 10% of a manager's international equity portfolio may consist of cash or cash equivalents. Equity securities should be issued by non-U.S. corporations, although the manager has latitude to hold U.S. securities provided that such investment is consistent with attainment of the portfolio's investment objectives and does not exceed 10% of the portfolio's market value. American Depository Receipts (ADRs) do not count towards this 10% limitation.

The number of issues held and their geographic or industry distribution shall be left to the investment manager provided that equity holdings in any one company (including common stock and convertible securities) do not exceed 6% of the market value of the manager's portion of LASERS portfolio, or 150% of a stock's weighting in the style benchmark against which the manager is measured, whichever is larger. Additionally, bonds of the companies in question would be included in LASERS exposure calculation if held in the manager's portfolio.

Managers with established international equity mandates may invest up to 10% of their portfolio(s) in the emerging markets. Managers with an emerging markets equity mandate are expected to invest in the emerging (non-established) markets, subject to the guidelines listed above.

6. Domestic Fixed Income

Domestic fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage-backed securities, and fixed income and other instruments deemed prudent by the investment managers. No more than 6% of the market value of LASERS domestic fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies.

The overall average quality of each fixed income portfolio shall be rated AA by Standard and Poors or higher. Split-rated securities will be measured using Standard and Poors ratings. Non-rated issues or issues below investment grade (below BBB) may be purchased up to a maximum of 15% of the portfolio. These quality restrictions will not apply to a manager that is hired by LASERS to manage dedicated high-yield fixed income portfolios.

The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the manager. Active bond management is encouraged, as deemed appropriate by the investment managers. The average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the passive benchmark's duration by more than two years.

Any mortgage-backed securities (MBS) shall be subject to the constraints listed below:

Agency fixed and floating rate pass-throughs, U.S. Treasury Securities, and cash equivalents can be held without limitation. Fixed rate PAC I, PAC II, and Sequential Collateralized Mortgage Obligations can be held without limitation. Inverse floating rate, interest only (I/O), principal only (P/O), and accrual CMOs in aggregate will be limited to 15% of the mortgage securities portfolio, with no more than 5% of the portfolio invested in accrual CMOs. In the event that other types of mortgage-related securities that have risk characteristics similar to those in this category are developed, the manager will inform the investment committee of those securities and they will be included in this 15% limitation.

All other types of mortgage-related securities not explicitly cited herein will be limited to an aggregate 20% of the portfolio. The manager must receive at least two competitive offers on the same or similar securities prior to purchasing each mortgage-backed security for the portfolio.

LASERS recognizes that the calculation of the duration of a mortgage-backed security involves assumptions as to the expected future prepayment rate for the security at the time of calculation and that prepayment rates cannot be precisely determined in advance. The manager is expected to calculate expected duration prior to the initial purchase of a security and on a routine basis in monitoring the portfolio's compliance with these guidelines.

High yield fixed income managers may invest up to 20% of their portfolios in non-U.S. fixed income securities.

7. Global Fixed Income

The global bond portfolio may hold no more than 30% of its assets, at market value, in the debt securities of any single foreign government or non-U.S. government entity. No single

non-government debt security shall constitute more than 6% of the global bond portfolio, at market value. Securities issued by AAA Rated Supranational Organizations (such as the World Bank) shall be considered to be government equivalents.

Short-term reserves may be held in U.S. dollar-denominated or local currency securities or investment vehicles available through LASERS custodian.

Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than leverage portfolio risk exposure. Currency contracts may be utilized to either hedge the portfolio's currency risk exposure or in the settlement of securities transactions. Managers may purchase or sell currency on a spot basis to accommodate securities settlements. Decisions as to the number of issues held and their geographic distribution shall be the responsibility of the investment manager.

The overall average quality of each global fixed income portfolio shall be AA or higher. Non-rated issues may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of AA or higher. Issues below investment grade (below BBB) may be purchased up to a maximum of 15% of the portfolio. The average duration (interest rate sensitivity) of a global fixed income portfolio shall not differ from the passive benchmark by more than two years.

8. Derivatives

During the fiscal years 2007 and 2006, the System invested in collateralized mortgage obligations (forms of mortgage-backed securities) and forward foreign exchange contracts. The System reviews market value of all securities on a monthly basis. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates.

- a. **Collateralized mortgage obligations** (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMOs established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reductions in interest payments cause a decline in cash flows and, thus, a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.
- b. A **currency forward** is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency

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exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

The following table represents the fair value of all open currency forwards at June 30, 2007:

Currency		US Dollar		Receivable	
Sold	Purchased	Value at Trade Date	Payable Base Market Value	Base Market Value	Unrealized Gain (Loss)
	British Pound				
U.S. Dollar	Sterling	\$ 31,411,935	\$ (31,607,274)	\$ 31,411,935	\$ (195,339)
	British Pound				
	Sterling	603,310	(603,310)	605,135	1,825
Japanese Yen	U.S. Dollar	1,359,190	(1,359,190)	1,355,072	(4,118)
Euro Currency	U.S. Dollar	1,157,553	(1,157,553)	1,162,502	4,949
Norwegian Krone	Singapore Dollar	368,002	(367,930)	368,002	72
Canadian Dollar	U.S. Dollar	125,177	(125,177)	125,007	(170)
Total		\$ 35,025,167	\$ (35,220,434)	\$ 35,027,653	\$ (192,781)

The following table represents the fair value of all open currency forwards at June 30, 2006:

Currency		US Dollar		Receivable	
Sold	Purchased	Value at Trade Date	Payable Base Market Value	Base Market Value	Unrealized Gain (Loss)
Japanese Yen	U.S. Dollar	\$ 923,063	\$ (927,112)	\$ 923,063	\$ (4,049)
Mexican New Peso	U.S. Dollar	17,497	(17,465)	17,497	32
Swedish Krona	U.S. Dollar	74,362,338	(76,127,081)	74,362,338	(1,764,743)
U.S. Dollar	Australian Dollar	29,089,894	(29,089,894)	29,622,578	532,684
U.S. Dollar	Euro Currency	8,697,527	(8,697,527)	8,868,831	171,304
U.S. Dollar	Japanese Yen	2,644,501	(2,644,501)	2,694,238	49,737
U.S. Dollar	Mexican New Peso	5,739,822	(5,739,822)	5,800,512	60,690
U.S. Dollar	Polish Zloty	23,714,803	(23,714,803)	24,235,260	520,457
	British Pound				
	Sterling	8,987,190	(9,310,771)	8,987,189	(323,582)
Total		\$ 154,176,635	\$ (156,268,976)	\$ 155,511,506	\$ (757,470)

9. Real Estate

Real estate investments are limited to a direct investment in the property located at the intersection of Essen Lane and United Plaza Boulevard in Baton Rouge, Louisiana. Stock and stock funds comprised of real estate investments trusts (REITS) are also allowed.

10. Alternative Investments

Investments in alternative investments include limited partnership agreements, private capital markets, venture capital, mezzanine debt, and hedge funds which have a target allocation of 18% of total fund assets. The total commitments and total amount invested for alternative investments on a cost basis (private placements) as of June 30, 2007, and 2006, respectively:

Alternatives Investments	2007	2006
Total Commitments	\$1,344,340,855	\$899,340,855
Total Invested (cost basis)	\$846,024,333	\$742,645,243

LASERS shall endeavor to systematically commit additional funds to this asset class over time as it becomes under-represented relative to the LASERS target asset allocation. LASERS shall attempt to commit up to 200% of its target weighting to private equity investments to help ensure that the funded portion of the investments approximate the target allocation.

Alternative asset amounts that are in excess of the target amount as a result of partial or full liquidation of positions or the receipt of income from investments shall be reallocated to LASERS under-allocated asset classes. Liquidations should be re-invested in the alternative asset program if that asset class is under-represented relative to the LASERS target asset allocation.

LASERS shall only invest in alternative assets when there is complete transparency and policy compliance reporting. The Board of LASERS recognizes that alternative assets are potentially more risky than other investments of the Fund. As such, extra care shall be taken in evaluating and fully understanding all aspects on an alternative investment opportunity.

LASERS initial investment in a partnership/fund shall not exceed 25% of the committed capital of that partnership/fund. All investments must have a mechanism for exit.

No more than 25% of the alternative asset investment allocation may be invested with a single manager, general partner, or single fund, with the exception of a fund-of-funds. Preference will be given to those funds where the general partner is contributing at least 1% of total fund. References on a general partner must be checked prior to investing in a fund. The alternative asset program will be diversified to limit the exposure of any one investment to 2% of the assets of LASERS total assets.

H. SECURITIES LENDING PROGRAM

The System has, pursuant to a Securities Lending Authorization Agreement, authorized Mellon Global Securities Services (Mellon) to act as agent in lending the System's securities to broker-dealers and banks pursuant to a form of loan agreement. All investment assets are available for lending.

During the fiscal year, Mellon lent, on behalf of the System, certain securities held by them and received cash (both U.S. and foreign currency), and securities issued or guaranteed by the U.S. government, sovereign debt and irrevocable bank letters of credit as collateral. Mellon did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) 102% of the market value of the loaned securities, in the case of loaned securities denominated in U.S. dollars or whose primary trading market was located in the U.S. or sovereign debt issued by foreign governments; and (ii) 105% of the market value of the loaned securities, in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the U.S..

The System did not impose any restrictions during the fiscal year on the amount of the loans that Mellon made on its behalf and Mellon indemnified the System by agreeing to purchase replacement securities, or return cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. There were no such failures by any borrower to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal years resulting from a default of the borrowers or Mellon.

Also, during the fiscal year, the System and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool which is unrated and managed by the custodian. As of June 30, 2007, such investment pool had an average duration of 37 days and an average weighted maturity of 766 days. On June 30, 2007, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System.

The following table presents the market values of securities on loan and the collateral held for the System at June 30, 2007 and 2006:

Security Type	Fair Value of Securities on Loan 2007	Fair Value of Collateral Held 2007	Fair Value of Securities on Loan 2006	Fair Value of Collateral Held 2006
US Government and Agency	\$ 103,861,721	\$ 106,062,604	\$ 61,086,931	\$ 62,351,401
US Corporate	61,460,384	63,044,514	76,265,176	78,134,660
US Equity	686,861,953	711,699,500	398,559,017	413,731,017
International Equity	269,490,272	285,469,640	115,545,513	121,604,304
International Fixed *	478,903	501,113	46,212,064	48,696,608
Total	\$ 1,122,153,233	\$ 1,166,777,371	\$ 697,668,701	\$ 724,517,990

*This year loan volume for sovereign debt with regards to lending dropped significantly due to borrowers getting sovereign debt out of London and collateralizing these loans at 102% versus the 105% collateral requirement by US lenders.

I. CAPITAL OUTLAY PROJECT

In 2004, LASERS began a capital project for the design, development and implementation of computer software for a new pension administration system. This project is scheduled to be completed in 2008. The new system is named the State of Louisiana Retirement Information System, or SOLARIS. SOLARIS will replace the current pension administration system with applications that will offer enhanced core pension administration functions. The objectives of the SOLARIS project are to improve service and reporting levels for member agencies, members, and retirees while improving internal system work flows and increasing the efficiency of the LASERS staff.

In May 2004, LASERS adopted an internal policy for the capitalization of certain costs related to the project. The policy separates the activity of the project into three stages:

- Preliminary project stage
- Application development stage
- Post-implementation/operation stage

Expenditures related to the preliminary project and the post-implementation/operation stages are expensed as incurred. Certain costs of the application development stage may be capitalized. Activities expensed as incurred follow guidelines of AICPA SOP 98-1 and include reengineering efforts, data conversion and cleanup, and training. The pension payroll phase of the project went live in June 2006 and the membership phase of the project is expected to go live in the second quarter of fiscal year 2008. Depreciation of capitalized costs will begin at the conclusion of the project. The project cost summary is as follows:

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	Capitalized	Non-Capitalized	Expenditures
Approved Budget			\$ 28,839,672
FYE 2004	\$ -	\$ 1,696,589	1,696,589
FYE 2005	1,416,516	4,885,694	6,302,210
FYE 2006	3,420,423	3,455,472	6,875,895
FYE 2007	3,777,265	2,775,368	6,552,633
Total	\$ 8,614,204	\$ 12,813,123	21,427,327
Budget Remaining			\$ 7,412,345

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

For The Six Years Ended June 30, 2007

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2002	\$ 6,460,594	\$ 9,206,734	\$ 2,746,140	70.2%	\$ 1,861,887	147.5%
2003	6,487,538	9,796,306	3,308,768	66.2%	1,924,680	171.9%
2004	6,097,815	10,237,574	4,139,759	59.6%	2,017,726	205.2%
2005	6,673,500	10,847,062	4,173,562	61.5%	2,100,043	198.7%
2006	7,430,784	11,548,680	4,117,896	64.3%	1,979,705	208.0%
2007	8,345,495	12,421,907	4,076,411	67.2%	2,175,367	187.4%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$873,226,730 from June 30, 2006 to June 30, 2007. There was a net experience gain of \$131,000,739. Acts 414 and 353 of 2007 enhanced benefits for Peace Officers and Alcohol Tobacco Control employees, increasing the liability \$5,404,214.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For The Six Years Ended June 30, 2007

Date	Annual Required Contribution	Percentage Contributed
2002	\$ 279,119,335	97.2%
2003	326,335,197	94.8%
2004	367,881,226	95.4%
2005	411,727,561	99.2%
2006	423,502,813	93.1%
2007	434,796,738	97.0%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

ACTUARIAL METHODS AND ASSUMPTIONS

JUNE 30, 2007

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method – Closed by Statute	For unfunded accrued liability prior to 1993 - Level percentage of payroll, increasing annuity to 2029 For unfunded accrued liability changes occurring between 1993-1998 – Level dollar payment to 2029 For unfunded accrued liability changes occurring 1999 or later – Level dollar payment over 30 years, from date of occurrence
Remaining Amortization Period	23 – 30 years, dependent upon the amortization method as described above
Asset Valuation Method	Utilizes a four year weighted average of the unrealized gain or loss in the value of all assets at market.
Actuarial Assumptions:	
Investment Rate Of Return	8.25% per annum
Inflation Rate	3.0% per annum
Mortality	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Annuity Mortality Table with females set at attained age plus one.
Termination, Disability And Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0%, and Wildlife 6.5% - 18.0%.
Cost-Of-Living Adjustments	Liability for raises already granted is included in the retiree reserve.

SUPPORTING SCHEDULES

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES - BUDGET AND ACTUAL

For The Years Ended June 30, 2007 And 2006

	2007			2006		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Administrative Expenses:						
Salaries and Related Benefits	\$ 9,338,918	\$ 12,244,431	\$ 2,905,513	\$ 9,398,923	\$ 10,511,105	\$ 1,112,182
Travel	166,179	292,533	126,354	112,440	262,823	150,383
Operating Services	2,713,139	3,659,362	946,223	2,408,381	3,301,621	893,240
Professional Services	6,304,415	12,392,524	6,088,109	6,515,888	8,780,635	2,264,747
Acquisitions ¹	306,665	481,898	175,233	508,019	573,025	65,006
Total Budget and Actual Expenditures	\$ 18,829,316	\$ 29,070,748	\$ 10,241,432	\$ 18,943,651	\$ 23,429,209	\$ 4,485,558
Capitalized Expenditures:						
Solaris Software Project - Personnel Costs ¹	(436,832)	(436,832)	-	(865,789)	(865,789)	-
Solaris Software Project - Professional Services ¹	(3,340,433)	(3,340,433)	-	(2,557,337)	(2,557,337)	-
Other Acquisitions	(162,622)	(162,622)	-	(328,244)	(328,244)	-
Total Capitalized Expenditures	\$ (3,939,887)	\$ (3,939,887)	\$ -	\$ (3,751,370)	\$ (3,751,370)	\$ -
Other Non-Investment Administrative Expense	\$ 274,889	\$ -	N/A	\$ 98,829	\$ -	N/A
Depreciation Expense²	\$ 619,733	\$ -	N/A	\$ 750,463	\$ -	N/A
Total Administrative Expenses	\$ 15,784,051	\$ 25,130,861	\$ 10,241,432	\$ 16,041,572	\$ 19,677,839	\$ 4,485,558
Investment Fee Expenses	\$ 32,962,019	\$ 33,076,594	\$ 114,575	\$ 28,869,631	\$ 30,225,179	\$ 1,355,548

¹The capitalization policy for internally developed software expenses costs for preliminary project phases, reengineering efforts, data conversion and cleanup, and training as the costs are incurred. Internal and external costs incurred to develop internal-use computer software is capitalized by module and will be depreciated over three (3) years once operational, following the guidelines of the AICPA's Statement of Position No. 98-1.

²Depreciation is not a budgeted administrative expense.

SCHEDULE OF BOARD COMPENSATION

For The Years Ended June 30, 2007 And 2006

Board of Trustees	2007		2006	
	Number of Meetings	Amount	Number of Meetings	Amount
Cynthia Bridges	18	\$ 1,350	15	\$ 1,125
Virginia Burton	25	1,875	23	1,725
Connie Carlton	25	1,875	21	1,575
Barbara McManus McCann	23	1,725	20	1,500
Louis Quinn	25	1,875	21	1,575
Sheryl Ranatza	19	1,425	20	1,500
Kathy Singleton	25	1,875	20	1,500
Lorry Trotter	23	1,725	12	-
Cheryl Turner	0	-	5	375
Trudy White	19	<u>1,425</u>	19	<u>1,425</u>
Total Compensation		<u><u>\$ 15,150</u></u>		<u><u>\$ 12,300</u></u>

FINANCIAL SECTION

SCHEDULE OF PROFESSIONAL/CONSULTANT FEES

For The Years Ended June 30, 2007 And 2006

	2007	2006
Accounting and Auditing		
Postlethwaite and Netterville, APAC	\$ 41,500	\$ 40,500
Investment Training & Consulting Institute, Inc.	13,615	10,350
Actuary		
Hall Actuarial Associates	135,000	130,000
Legal Fees		
Tarcza & Associates, LLC	28,566	20,516
Roedel, Parsons, Koch, Balhoff & McCollister	8,294	2,852
Avant & Falcon	8,267	-
Taylor, Porter, Brooks, & Phillip, LLC	825	6,559
Other Legal Fees	-	20
Disability Program		
Physician and Other Reviews	79,140	76,475
Investment Performance Management and Analytical Services		
Institutional Shareholder Services (ISS)	40,250	37,500
ITG Solutions Network, Inc. (formerly Plexus Group)	29,000	29,000
CEM Benchmarking, Inc.	18,500	18,500
Omgeo, LLC.	-	5,600
Investment Consultant		
New England Pension Consultants	280,094	270,788
Information Technology Consultants		
Bearing Point, Inc.	5,169,673	5,084,064
Maximus, Inc.	234,628	508,981
Syscom, Inc.	89,910	10,586
SunGard Availability Services, LP	45,378	43,216
SSA Consultants, Inc.	13,110	85,310
Provaliant Retirement, LLC	10,125	-
Sparkhound, Inc.	10,710	30,015
Cherbonnier, Mayer & Associates, Inc.	3,301	4,440
Black Box Network Services, Inc.	3,290	-
Systime, Inc.	-	5,175
Other Information Technology Fees	2,194	
Other Professional Services		
Election Service Company	19,115	70,865
Temporary Employment Services	11,870	7,303
Other Non-Consultant Professionals	8,061	17,273
Professional Service/Consultant Fees	\$ 6,304,415	\$ 6,515,888

Louisiana State Employees' Retirement System

September 12, 2007

Dear Members,

For the Fiscal Year ended June 30, 2007, LASERS achieved its strongest positive return in over a decade. The plan continued to benefit from strong equity returns, especially in international markets, and its private equity investments.

The investment portfolio completed the Fiscal Year with a market value return of 19.2% and an actuarial return of 14.2%. Based on the market return, LASERS ranked in the top seven percent of all public pension plans in the Trust Universe Comparison Service (TUCS), and in the top 14 percent of public pension plans with market values greater than \$1 billion. LASERS three- and five-year returns ranked in the 12th and 11th percentile respectively compared to the entire universe, and in the 21st and 16th percentile respectively against those with market values greater than \$1 billion. TUCS provides a universe comparison of market values for the larger public pension plans in the United States.

LASERS maintains its commitment to a broadly diversified portfolio and achieving its actuarial target rate of return of 8.25% with the least possible amount of risk. To do this, LASERS adopts carefully underwritten and conservative assumptions for future expected returns, while structuring the investment portfolio to optimize the risk/return trade-off. As such, a new target allocation was adopted in the fall of 2006. The changes included increasing the total equity allocation, decreasing the fixed income holdings, and increasing alternative assets.

Also during the fiscal year, LASERS added an international equity portfolio to its internally managed program, which allows the system to both maintain exposure to appropriate asset classes and lower overall investment management costs. We continue to monitor trading commission per share costs and will remain committed to our goal of low investment manager trade execution costs. In addition, the development of both our risk management and private equity programs continues, as well as exploring new asset allocation strategies to improve long-term returns.

The Investment Division continuously seeks to be a premier pension plan by creating, implementing, and evaluating its strategic goals and objectives. We strive to be a plan that is forward thinking, disciplined, and efficient. This includes continuously looking to lower overall investment costs while maintaining a high degree of expertise.

Board of Trustees:	Kathy Singleton, Chair	Cynthia Bridges	Virginia Burton	Connie Carlton	Cindy Rougeou, Executive Director
	Sen. D.A. "Butch" Gautreaux	John Kennedy	Barbara McCann	Louis S. Quinn	
	Sheryl M. Ranatza	Rep. Pete Schneider	Lorry S. Trotter	Judge Trudy M. White	

Going forward, we are committed to improving upon what we have already achieved and diligently working toward the future. We continue to believe that LASERS is well positioned to meet its long-term goals and objectives.

Sincerely,

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form the name Robert W. Beale.

Robert W. Beale, CFA, CAIA
Chief Investment Officer

STATEMENT OF INVESTMENT OBJECTIVES

I. INTRODUCTION

The Louisiana State Employees' Retirement System (LASERS) was created to provide retirement benefits for employees of the State of Louisiana. A pension trust fund was created to help finance the costs associated with funding retirement benefits.

Because of LASERS obligation to the plan participants and their beneficiaries, the disposition of LASERS assets shall be made solely in the interest of providing benefits to the participants. Investments shall be made in a cost efficient manner, and reflect industry best practices.

The *Statement of Investment Policy and Objectives* is designed to clearly communicate the directives of the Trustees of LASERS to all interested parties. It shall be revised from time to time, as deemed necessary. Any resulting material changes will be communicated to all affected parties.

II. RELEVANT LEGISLATION AND REGULATION

LASERS shall operate under the "Prudent Person" rule, (La. R.S. 11:263.B) used herein meaning that in investing the governing authorities of the systems, funds, and plans shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

Investments of the Louisiana State Employees' Retirement System shall be made in full accordance with Louisiana Revised Statutes, as well as any other applicable legislation or regulation. LASERS shall adhere to the policies and procedures as outlined in the *Board Governance Policy* and the *Statement of Investment Policy and Objectives*.

LASERS is subject to a legislative limit restricting the Fund so that no more than 65% of its total assets are invested in publicly traded equities. Alternative assets are not considered to be equities when calculating LASERS equity exposure. LASERS will take steps to rebalance if, at the end of its fiscal year, its exposure to publicly traded equities is above 65%. LASERS is aware that markets will fluctuate, and any rebalancing will appropriately consider market conditions and any other relevant factors.

Should LASERS have more than 55% of its total assets invested in publicly traded equities, at least 10% of those equities must be invested passively.

III. ROLES AND RESPONSIBILITIES

The Board of Trustees

The Board of Trustees is responsible for the total investment program. The Board shall approve the investment policy and provide overall direction to the administrative staff in the execution of the investment policy. Additionally, the Board will conduct formal annual evaluations of both the investment consultant and custodian.

The Investment Committee

The Investment Committee, at the direction of the full Board, shall review and approve or disapprove investment recommendations not governed by the investment policy prior to their execution. The Committee may also review and recommend investment policy changes, deletions, or additions. The Committee also shall make recommendations to the full Board concerning contracts of a financial nature, when performed by other than LASERS staff, such as, although not limited to, those for investment management, custodial arrangements, and securities lending.

Chief Investment Officer

The Chief Investment Officer (CIO) shall assist the Board in developing and modifying policy objectives and guidelines, including the development of liability-driven asset allocation strategies and recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies. Choosing appropriate manager styles and strategies will include assisting the Board in formally and regularly evaluating the use of index funds as an alternative to active management. Additionally, the CIO shall provide assistance in manager searches and selection, and investment performance calculation, evaluation, and any other analysis associated with the proper execution of the Board's directives.

The CIO shall also communicate the decisions of the Investment Committee to investment managers, custodian bank(s), actuary, and consultant. The CIO provides oversight of the investment consultant, investment service providers and personnel of LASERS investment division.

Investment Consultant

The investment consultant shall assist the Board and the CIO in developing and modifying policy objectives and guidelines, including the development of a liability-driven asset allocation strategy and recommendations on the appropriate mix of investment manager styles and strategies. The consultant shall act as a fiduciary to the Fund.

Additionally, the consultant shall provide assistance in manager searches and selection, investment performance evaluation, and assist both the Board and CIO in ensuring that the use of index funds as an alternative to active management is formally and regularly evaluated. The consultant shall provide timely information, written and/or oral, on

investment strategies, instruments, managers and other related issues, as requested by the Board, the Investment Committee, or the CIO.

Investment Managers

The duties and responsibilities of each of the investment managers retained by the Board include:

- Investing the assets under its management in accordance with the policy guidelines and objectives expressed herein.
- Meeting or exceeding the manager-specific benchmarks, net of all fees and expenses, expressed herein over various and appropriately measured time periods.
- Exercising investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the manager's current investment strategy and compatible with the investment objectives.
- Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary. Fund assets should be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of Fund assets.
- Complying with the CFA Institute Code of Ethics and Performance Presentation Standards (PPS).
- Disclosing all conflicts and potential conflicts of interest.
- Ensuring that all portfolio transactions are made on a "best execution" basis.
- Exercising ownership rights, where applicable.
- Meeting with the Board as needed upon request of the Board. Quarterly reports are to be submitted in writing within 45 days after the end of each quarter.
- Acknowledging in writing to the Board the investment manager's intention to comply with the *Statement of Investment Policy and Objectives* as it currently exists or as modified in the future.
- Promptly informing the Board regarding all significant matters pertaining to the investment of the Fund assets.
- Initiating written communication with the Board when the manager believes that this investment policy is inhibiting performance and/or should be altered for any valid reason. No deviation from the guidelines and objectives established in the policy is permitted until after such communication has occurred and the Board has approved such deviation in writing.

- Reconciling performance, holdings and security pricing data with the Fund's custodian bank. If the Fund's custodian bank shows a different price for a given security, the manager shall submit to the custodian bank's price reconciliation process. Managers shall provide to LASERS staff a summary of reconciled holdings both in hard copy and the electronic format of LASERS choosing.

Custodian Bank

In order to maximize LASERS investment return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions and all other monies are to be invested or reinvested promptly. The custodian(s) will be responsible for performing the following functions:

- Accept daily instructions from designated investment staff.
- Advise designated investment staff daily of changes in cash equivalent balances.
- Immediately advise designated investment staff of additions or withdrawals from account.
- Notify investment managers of tenders, rights, fractional shares or other dispositions of holdings.
- Notify appropriate entities of proxies.
- Resolve any problems that staff may have relating to the custodial account.
- Safekeeping of securities.
- Interest and dividend collections.
- Daily cash sweep of idle principal and income cash balances.
- Processing of all investment manager transactions.
- Collection of proceeds from maturing securities.
- Disbursement of all income or principal cash balances as directed.
- Providing monthly statements by investment managers' accounts and a consolidated statement of all assets.
- Providing monthly performance reports and quarterly performance analysis reports.
- Providing a dedicated account representative and back up to assist the LASERS staff in all needs relating to the custody and accountability of the Fund's assets.
- Managing the securities lending program (if applicable).

IV. INVESTMENT OBJECTIVES

Nominal Return Requirements

The investment program shall be structured to preserve and enhance principal over the long term, in both real and nominal terms. For this purpose, short-term fluctuations in values will be considered secondary to long-term investment results. Moreover, the investments of the Fund shall be diversified to minimize the risk of significant losses unless it is clearly prudent not to do so. Total return, which includes realized and unrealized gains, plus income less expenses, is the primary goal of LASERS.

The actuarially required total rate of return for the Fund is 8.25 percent annually, net of all fees and operating expenses. The Board desires a net total return in excess of 9.15 percent, in order to help the Board grant additional retirement benefits, and the ability to improve the funded ratio of the Fund through investment earnings. Therefore, the Board has adopted the following target nominal rate of return:

Actuarially required rate of return:	8.25%
Excess Return:	0.90%
Target Total Nominal Rate of Return:	9.15%

Real Return Requirements

The Board is aware that the preservation of purchasing power is driven by inflation; therefore a real return requirement has also been established. As the Consumer Price Index (CPI) is the most commonly accepted measure of inflation, the Board has defined its' real return target as the nominal return less CPI. The real return target is set at 4.0 percent.

Relative Return Requirements

Total returns for LASERS shall rank in the top half of the appropriate public fund universe, reflecting similar circumstances to LASERS. Risk-adjusted returns should also rank in the top half of the same universe. The total fund return should, over time, exceed the policy and allocation indices (see Section VIII for a description of how the policy and allocation indices are calculated.) Returns for LASERS managers shall exceed their respective benchmarks, as well as rank in the top half of the appropriate universe of managers adhering to the same investment strategy.

The Board further recognizes that the return targets described herein may not be achieved in any single year. Instead, a longer-term horizon of five to seven years shall be used in measuring the long-term success of the Fund. While the Board expects that returns will vary over time, LASERS has a risk tolerance consistent with that of other funds created for similar purposes, and the assets of the Fund shall be invested accordingly.

V. ASSET ALLOCATION

This guideline is to be pursued by LASERS on a long-term basis, but will be revised if significant changes occur within the economic and/or capital market environments. A change in liability structure, funded status, or long-term investment prospects may trigger a revision of the asset allocation.

Permitted Asset Classes

Traditional Assets

- U.S. Large Cap Equity
- U.S. Mid Cap Equity
- U.S. Small Cap Equity
- U.S. Fixed Income
- International Equity
- Emerging Markets Equity
- Global Fixed Income

Non-Traditional Assets

- Private Equity Fund of Funds - Domestic and International
- Venture Capital
- Mezzanine Debt
- Buyouts
- Special Situations
- Market Neutral Equity
- Certain Absolute Return Funds with appropriate transparency and liquidity (e.g. Merger/Convertible Arbitrage, Fund of Funds) may be selected for investment.

Target Asset Mix

Asset Class	Market Value Target (%)	Minimum Exposure (%)	Maximum Exposure (%)
Equities	63	55	65
Domestic Large Cap	25	20	30
Domestic Small Cap	4	0	8
Domestic Mid Cap	10	5	15
Established International (Lg Cap)	15	10	20
Established International (Sm Cap)	4	0	8
Emerging International Equity	5	0	10
Fixed Income	19	10	30
Core Fixed Income	4	3	6
Mortgages	4	2	6
Domestic High Yield	6	0	10
Global Bonds	5	0	10
Cash	0	0	5
Alternative Assets	18	0	24
Private Equity	10	0	15
Absolute Return	8	3	12

Implementation

LASERS recognizes that special expertise is required to properly invest the majority of the assets described above. However, certain highly efficient passively managed investment strategies lend themselves to internal management, potentially resulting in lower management fees for the Fund as a whole. Where appropriate, LASERS will manage these assets internally, so long as the same level of care, prudence and oversight is maintained that an outside professional investment advisor would typically provide.

Style Allocation

LASERS shall strive to maintain a neutral bias with respect to style allocation (growth versus value) in its equity investments. LASERS recognizes that over the long run, returns from growth and value investing tend to approximate each other; over shorter periods, however, differences in returns can be significant. The CIO, as part of the normal rebalancing responsibilities, shall use appropriate judgment and care when rebalancing for style biased portfolios.

Active Passive Mix

LASERS shall make use of passive strategies only where passive management, after all fees

and expenses, can effectively compete with actively managed portfolios in terms of returns and variability of returns.

Rebalancing

LASERS CIO will review LASERS asset allocation at least quarterly to determine if the asset allocation is consistent with the exposure ranges established for LASERS described herein. The CIO will direct staff and investment managers to transfer funds to rebalance the asset allocation as necessary with subsequent Board notification. The transfers should be on a pro-rata basis. The CIO will consider market conditions and transaction costs, as well as any other relevant factors when rebalancing.

VI. MANAGER SELECTION

LASERS will not consider the selection of any manager without first setting a target allocation to a particular asset class, and determining that a manager is needed to implement that allocation strategy. Once LASERS has determined that a manager search is warranted, it will establish certain minimum criteria for a manager to be considered eligible to participate in the search.

LASERS intends that any qualified candidate receive fair consideration. Therefore, the manager selection process will typically take place via an open request for proposal (RFP), except for certain private equity opportunities, which are described below. All searches shall be publicly advertised for a predetermined amount of time, and prospective candidates shall be required to submit a proposal based on a predetermined RFP. The RFP shall be designed to ensure that managers are fairly and completely evaluated using industry best practices. LASERS shall strive to hire investment managers that offer the greatest incremental benefit to the Fund, net of fees and expenses, in accordance with, but not limited to, the criteria listed below: LASERS is not required to perform a manager search due to a predetermined contract period ending if it is the desire of LASERS to retain manager. LASERS will adhere to the vendor selection criteria in LASERS *Board Governance Policy*.

- Length of firm history
- Length of key professionals' tenure
- Appropriateness of investment philosophy and process
- Fit between product and existing plan assets, liabilities and objectives
- Absolute and relative returns, and variability of returns
- Stability of the firm's client base and assets under management
- Ownership structure

- Compensation structure
- Fee structure
- References and professional qualifications

Private Equity Addendum:

From time to time LASERS may be approached by private equity managers raising assets for new funds. As private equity does not lend itself to traditional manager searches (most private equity products have only brief, discrete time periods during which they are raising assets) LASERS shall seek to perform the same level of due diligence on these opportunities as it would in a typical manager search. LASERS will consider an additional investment with an existing manager only if the investment philosophy, process, people, performance and fees are materially similar to previous investments. LASERS may invest with a new manager only after the appropriate due diligence is performed.

VII. INVESTMENT MANAGER GUIDELINES

Introduction

Full discretion, within the parameters of the guidelines described herein, is granted to the investment managers regarding the selection of securities, and the timing of transactions.

Compliance with all guidelines must be monitored by the investment managers on a regular basis (monthly or more frequently when market conditions warrant) and based on then current market values. Securities that, at purchase, would move the portfolio out of compliance with these guidelines, based on the investment manager's most recent valuation, may not be purchased.

In the event that a portfolio moves out of compliance with these guidelines (as identified in the investment manager's regular review of the portfolio), through market conditions or other changes outside the control of the manager, the manager must bring the portfolio composition back into compliance within 45 days or make a written request to LASERS Investment Committee for a compliance waiver.

Monitoring and Verification

Certain guidelines lend themselves to straightforward manager compliance monitoring. Where monitoring is possible using quarterly holdings and transaction information provided by the Fund's custodian bank, the consultant shall be responsible for alerting the Investment Committee and the Fund's Chief Investment Officer if a manager is out of compliance. In addition, the custodian bank will provide LASERS with the ability to monitor manager compliance with these guidelines by way of their investment policy reporting software.

Guidelines which do not lend themselves to straightforward manager compliance monitoring shall rely on manager supplied attestations of compliance. A guideline compliance checklist shall be reviewed every quarter to ensure that all managers have reported guideline compliance, and note instances where managers claim to be out of compliance.

VIII. INVESTMENT MANAGER MONITORING

General Guidelines

LASERS shall monitor and evaluate manager performance using the following resources:

- Monthly performance reports
- Quarterly Investment Performance and Portfolio Analysis
- Comprehensive Manager Reviews at the end of a manager's 5-year contract with LASERS
- Other analyses as needed

Manager Evaluation

- LASERS portfolios shall be measured over various and appropriate time periods.
- A horizon of three to seven years shall be used in measuring the long-term success of the Fund.
- Shorter time periods shall be evaluated as appropriate and necessary. LASERS shall make every effort to look at all factors influencing manager performance, and attempt to discern market cyclicity from manager over/underperformance.
- On a timely basis, at least quarterly, the Board will review actual investment results achieved by each manager (with a perspective toward a three to five-year time horizon or a peak-to-peak or trough-to-trough market cycle) to

determine whether the investment managers performed satisfactorily when compared with the objectives set and in relation to other similarly managed funds.

- The Board will re-evaluate, from time to time, its progress in achieving the total fund, equity, fixed income, and international equity segments objectives previously outlined.
- The periodic re-evaluation will also involve an assessment of the continued appropriateness of: (1) the manager structure; (2) the allocation of assets among the managers; and (3) the investment objectives for LASERS assets.
- The Board may appoint investment consultants to assist in the ongoing evaluation process. The consultant(s) selected by the Board are expected to be familiar with the investment practices of similar retirement plans and will be responsible for suggesting appropriate changes in LASERS investment program over time.

Manager Probation

LASERS investment managers may be placed on a watch list in response to the Investment Committee's concerns about the manager's recent or long-term investment results, failure of the investment advisor to comply with any of LASERS investment guidelines, significant changes in the investment advisor's firm, anticipated changes in LASERS structure, or any other reasons which the Investment Committee deems appropriate. An advisor may be placed on probationary status if:

- Any advisor whose performance fails, over eight consecutive quarters or any eight quarters during a ten quarter period, to achieve median same style universe performance levels as defined by LASERS, and
- During this same period the return does not meet the return of the benchmark index.

This does not preclude LASERS from placing an advisor on the watch list for performance in a lesser time period or taking other actions if deemed appropriate by LASERS.

Performance Benchmarks

Total Fund Return: The total fund return shall be compared against other public pension plans. LASERS shall seek to compare its returns against other funds of similar size and circumstances. LASERS total fund return shall meet or exceed the allocation index return and the policy index return, which are each described below.

Allocation Index: The allocation index return shall measure the success of the Fund's current allocation. It shall be calculated by using index rates of return for each asset class

invested in by the Fund multiplied by the actual percent allocated to each asset class. The difference between the allocation index return and the total fund return measures the effect of active management. If the total fund return is greater than the allocation index return, then active management has in aggregate added value. If the Total Fund return is less than the allocation index return, then active management has not added value.

Policy Index: The policy index return shall measure the success of the Fund's target allocation. It shall be calculated by using index rates of return for each asset class invested in by the Fund multiplied by the percent targeted to each asset class. The difference between the allocation index return and the policy index return measures the effects of deviating from the target allocation. If the allocation index return is greater than the policy index return, then deviating from the target allocation has added value. If the allocation index return is less than the policy index return, then active management has not added value.

Manager Benchmarks: LASERS investment managers shall be compared to a combination of passively managed index returns matching the managers' specific investment styles, as well as the median manager in their appropriate peer group universe. Specific benchmarks and peer groups are established for each manager.

SECURITY HOLDINGS SUMMARY REPORT

June 30, 2007

Securities	Cost	Market Value	Percent of Market
Bonds			
Fixed Income-Domestic	\$ 1,294,284,258	\$ 1,274,967,314	13.8%
Fixed Income-International	547,353,295	559,059,972	6.1%
Total Fixed Income	<u>1,841,637,553</u>	<u>1,834,027,286</u>	<u>19.9%</u>
Equity			
Securities-Domestic	2,763,135,424	3,493,953,832	37.9%
Securities-International	1,595,054,160	2,354,383,065	25.5%
Total Equity	<u>4,358,189,584</u>	<u>5,848,336,897</u>	<u>63.4%</u>
Real Estate Investment Pools	38,936,490	44,738,358	0.5%
Alternative Investments			
Absolute Return	346,266,698	455,850,987	4.9%
Private Placements	499,757,635	564,120,049	6.1%
Total Alternative Investments	<u>846,024,333</u>	<u>1,019,971,036</u>	<u>11.0%</u>
Short-Term Investments			
Domestic Short-Term	483,463,603	483,463,603	5.2%
Total Short-Term Investments	<u>483,463,603</u>	<u>483,463,603</u>	<u>5.2%</u>
Grand Total Investments	<u>\$ 7,568,251,563</u>	<u>\$ 9,230,537,180</u>	<u>100%</u>

INVESTMENT SECTION

LARGEST EQUITY HOLDINGS

June 30, 2007

(Excludes Commingled Funds)

	Shares	Stock Description	Fair Value
1	901,300	EXXON MOBIL CORP	\$ 75,601,044
2	1,437,900	GENERAL ELEC CO COM	\$ 55,042,812
3	1,750,610	MICROSOFT CORP COM	\$ 51,590,477
4	937,000	CITIGROUP INC COM	\$ 48,058,730
5	1,106,417	AT & T INC COM	\$ 45,916,306
6	702,300	JPMORGAN CHASE & CO COM	\$ 34,026,435
7	1,319,182	PFIZER INC COM STK USD0.05	\$ 33,731,484
8	1,200,195	CISCO SYS INC COM	\$ 33,425,431
9	499,293	JOHNSON & JOHNSON COM	\$ 30,766,435
10	750,261	ROYAL DUTCH SHELL A SHS	\$ 30,590,470
11	620,200	BANK OF AMERICA CORP	\$ 30,321,578
12	359,300	CHEVRON CORPORATION COM	\$ 30,267,432
13	462,020	PROCTER & GAMBLE CO COM	\$ 28,271,004
14	344,273	CONOCOPHILLIPS	\$ 27,025,431
15	256,300	IBM CORP COM	\$ 26,975,575
16	1,028,956	GLAXOSMITHKLINE ORD GBP0.25	\$ 26,941,019
17	596,854	ING GROEP N.V. CVA EUR0.24	\$ 26,431,402
18	362,500	AMERICAN INTL GROUP INC COM	\$ 25,385,875
19	690,300	WELLS FARGO & CO NEW COM	\$ 24,277,851
20	534,600	HEWLETT PACKARD CO COM	\$ 23,853,852
21	1,283,732	BANCO SANTANDER CENTRAL	\$ 23,734,959
22	359,020	PEPSICO INC COM	\$ 23,282,447
23	390,550	CANON INC NPV	\$ 22,864,704
24	402,621	NOVARTIS AG CHF0.50 (REGD)	\$ 22,667,142
25	318,500	ALTRIA GROUP INC	\$ 22,339,590

LARGEST COMMINGLED EQUITY FUNDS

June 30, 2007

	Shares	Fund Description	Fair Value
1)	16,375,209	SSGA ACTIVE EMERGING MARKETS	\$ 506,305,084
2)	15,049,559	TBCAM INTERNATIONAL SMALL CAP	\$ 366,842,458
3)	206,893	ISHARES TR S&P MIDCAP 400	\$ 18,471,407
4)	103,300	ISHARES TR S&P 600 INDEX FD	\$ 7,344,630
5)	48,600	ISHARES TR S&P 500 INDEX FD	\$ 7,314,786

INVESTMENT SECTION

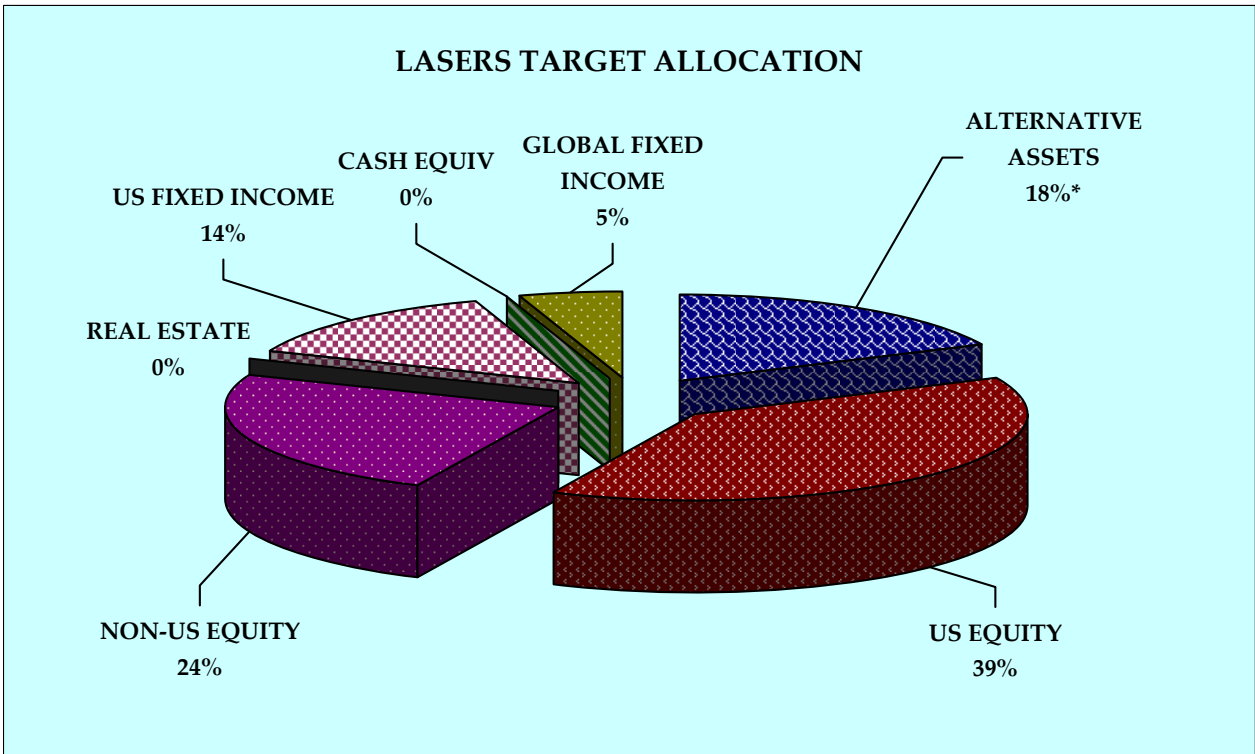
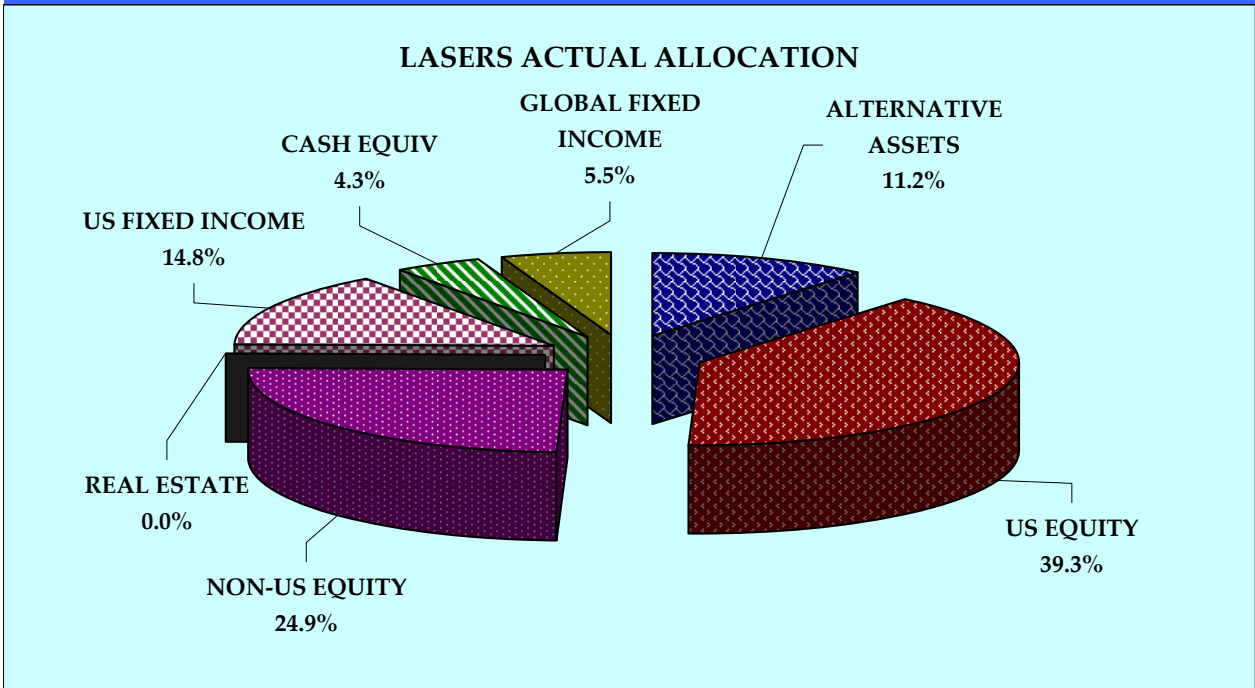
LARGEST DEBT HOLDINGS

June 30, 2007

(Includes Commingled Funds)

	Par Value	Bond Description	Fair Value
1)	\$3,000,000,000	JAPAN (GOVT OF) BDS .50% 20 June 2013	\$22,800,681
2)	\$16,000,000	GERMANY (FED REP) BDS 5.0% 04 July 2011	\$21,965,345
3)	\$2,700,000,000	JAPAN (GOVT OF) BDS .30% 20-DEC-2007	\$21,827,378
4)	\$15,500,000	SPAIN (GOVT OF) BDS 5.15% 30-JUL-2009	\$21,189,123
5)	\$15,800,000	GERMANY(FED REP) BDS 4.25% 04-JAN-2014	\$20,975,932
6)	\$2,500,000,000	JAPAN (GOVT OF) BDS 1.5% 20-MAR-2015	\$19,906,677
7)	\$12,000,000	GERMANY (FED REP) BDS 6.25% 04-JAN-2024	\$19,058,962
8)	\$609,110	WRH GLOBAL SECURITIES POOL	\$18,362,544
9)	\$2,200,000,000	JAPAN GOVERNMENT OF 1.9% 22-MAR-2021	\$17,472,271
10)	\$2,120,000,000	JAPAN FIN CORP ME NTS 1.55% 21-FEB-2012	\$17,285,137
11)	\$16,075,000	FREEMPORT MCMORAN COPPER & GOLD 8.375% 01 APR 2017	\$17,160,063
12)	\$2,120,000,000	JAPAN (GOVT OF) BDS .2% 20-JUN-2008	\$17,065,575
13)	\$10,800,000	FRANCE (GOVT OF) BDS 5.75% 25-OCT-2032	\$16,718,259
14)	\$11,000,000	FRANCE (GOVT OF) OAT 5.0% 25-OCT-2016	\$15,286,875
15)	\$14,940,770	US TREAS-CPI INFLATION INDEX 3.0% 15 JUL 2012	\$15,234,655
16)	\$15,243,495	US TREAS-CPI INFLATION INDEX 2.375% 15 JAN 2025	\$14,656,011
17)	\$15,000,000	FNR 07-74 AVAR RT 01 JUL 2037	\$14,391,797
18)	\$8,000,000	DUTCH (GOVT OF) BDS 7.50% 15-JAN-2023	\$14,067,329
19)	\$10,000,000	AUSTRIA REPUBLIC OF BDS 5.25% 04-JAN-2011	\$13,806,943
20)	\$1,730,000,000	JAPAN (GOVT OF) 1.3% 20-MAR-2015	\$13,571,174
21)	\$10,000,000	GERMANY FED REP 4.750% 04-JUL-2034	\$13,566,275
22)	\$1,649,800,000	INTL BK REC & DEV BDS 2.0% 18-FEB 2008	\$13,472,799
23)	\$1,630,000,000	INTER AMERN DEV BK BDS 1.9% 08-JUL-2009	\$13,436,496
24)	\$1,600,000,000	JAPAN (GOVT OF) BDS 1.4% 20-JUN-2012	\$12,916,993
25)	\$13,227,285	FHLMC POOL #G0-8095 5.5% 01-NOV-2035	\$12,806,541

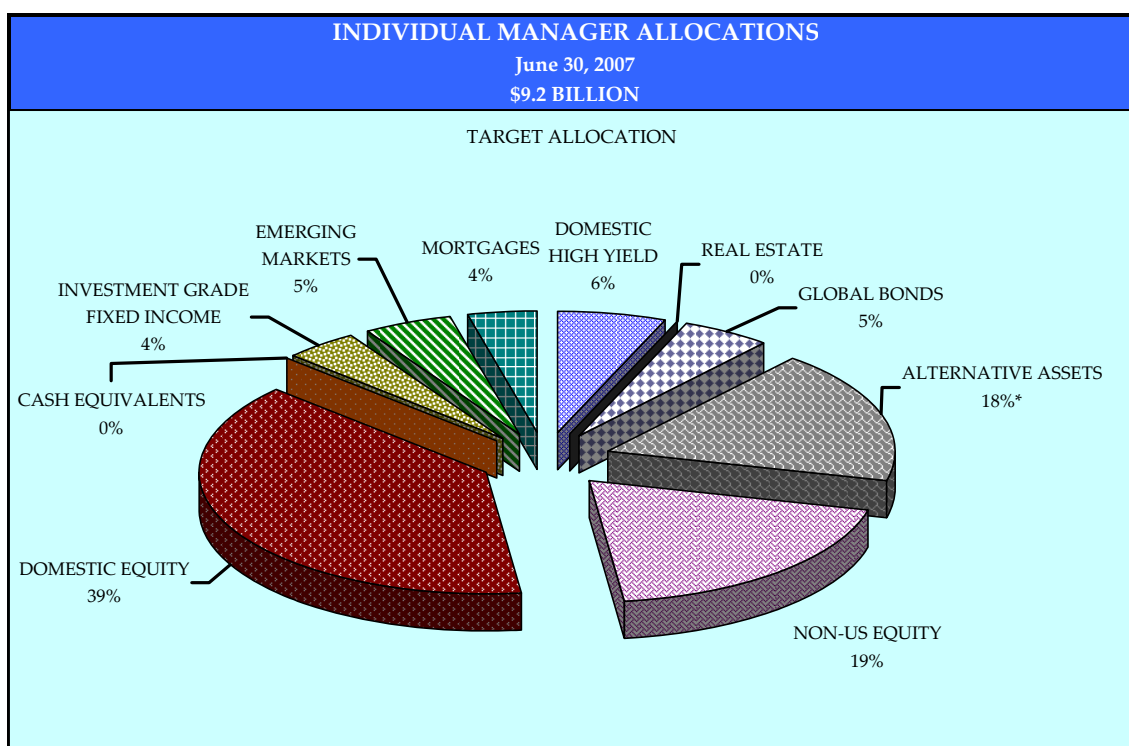
TOTAL PLAN ASSET ALLOCATION
By Major Components
 June 30, 2007
\$9.2 BILLION



Allocation weights prepared on the basis of manager strategy although as specified in Manager Guidelines, at any given point in time, a money manager may have securities not specifically within their defined investment manager type due to market conditions.

*Due to the variability of private equity funding the target allocation of 10% will take some time to obtain.

INVESTMENT SECTION



*Due to the variability of private equity funding the target allocation of 10% will take some time to obtain.

LASERS ACTUAL ALLOCATION BY MANAGER

MANAGER	WEIGHT	\$MM	MANAGER	WEIGHT	\$MM
NON-US EQUITY			INVESTMENT GRADE BONDS		
INTERNATIONAL EQUITY			LOOMIS SAYLES & CO	2.7%	246.0
MONDRIAN INV PTNRS	3.9%	357.2	ORLEANS CAPITAL MGT	1.8%	169.4
ACADIAN ASSET	3.9%	354.4	TOTAL INVESTMENT GRADE	4.5%	\$415.4
BOSTON COMPANY	4.0%	366.8	MORTGAGES		
TOTAL CORE INTL	11.8%	\$1,078.4	TCW	4.1%	371.8
EMERGING MARKETS			TOTAL MORTGAGES	4.1%	\$371.8
REXITER	5.5%	506.3	DOMESTIC HIGH YIELD		
TOTAL EMERGING MARKETS	5.5%	\$506.3	W.R. HUFF ASSET MGT	2.8%	256.9
INDEX FUNDS			WELLS CAPITAL	3.4%	308.0
LASERS MSCI INDEX FUND	7.5%	689.0	TOTAL DOMESTIC HIGH YLD	6.2%	\$564.9
TOTAL INDEX FUNDS	7.5%	\$689.0	GLOBAL BONDS		
TOTAL NON-US EQUITY	24.8%	\$2,273.7	MONDRIAN INV PTNRS	5.5%	505.7
DOMESTIC EQUITY			TOTAL GLOBAL BONDS	5.5%	\$505.7
SMALL CAP VALUE			TOTAL FIXED INCOME	20.3%	\$1,857.8
THB	1.1%	102.2	ALTERNATIVE ASSETS		
BRANDYWINE	1.0%	91.4	PRIVATE EQUITY		
LSV	1.0%	91.9	ADAMS STREET	1.8%	166.3
SMALL CAP GROWTH			HARBOURVEST	2.3%	207.3
SMITH GROUP	1.6%	143.3	HUFF ALTERNATIVE FUND	0.3%	30.7
RICE HALL JAMES	1.5%	138.0	JOHN HANCOCK	0.1%	10.5
TOTAL SMALL CAP	6.2%	\$566.8	PATHWAY CAPITAL MGT	0.0%	0.6
LARGE CAP VALUE			ERASMUS	0.7%	66.6
ARONSON & PARTNERS	3.0%	275.4	WILLIAMS CAPITAL	0.1%	8.7
LARGE CAP GROWTH			PANTHEON	0.2%	22.5
GOLDMAN SACHS	1.6%	144.8	QUELLOS	0.2%	22.2
CHICAGO EQUITY PARTNERS	1.6%	144.6	MESIROW	0.1%	12.5
TOTAL LARGE CAP	6.2%	\$564.8	PARISH CAPITAL	0.2%	16.2
INDEX FUNDS			ABSOLUTE RETURN STRATEGIES		
LASERS S&P 100 INDEX FUND	2.0%	186.0	K2 ADVISORS LLC	2.5%	229.0
LASERS S&P 500 INDEX FUND	17.1%	1562.3	PAAMCO	2.5%	226.9
LASERS S&P 400 INDEX FUND	4.0%	361.6	TOTAL ALTERNATIVE ASSETS	11.2%	\$1,020.0
LASERS S&P 600 INDEX FUND	3.9%	357.7	TOTAL CASH EQUIVALENTS	4.3%	\$396.6
TOTAL INDEX FUNDS	27.0%	\$2,467.6	TOTAL FUNDS ALLOCATED	100.0%	\$9,147.3
TOTAL DOMESTIC EQUITY	39.4%	\$3,599.2	GREAT WEST FUNDS		\$83.2
TOTAL EQUITY	64.2%	\$5,872.9	TOTAL PLAN ASSETS		\$9,230.5

INVESTMENT SECTION

SUMMARY OF MANAGER PERFORMANCE

RATES OF RETURN ⁽¹⁾
TOTAL GROSS OF FEES
(For Period Ending June 30, 2007)

	Contract Exp. Date	Mgt. Fees	Funded Amount	MKT VAL \$ (Million)	3 Month	3 mos	Fiscal YTD	1 YTD	1 Year	2 Years	3 Years	4 Years	5 Years
U.S. EQUITY													
LARGE CAP GROWTH													
GOLDMAN SACHS	01/31/08	44.0 bps		\$ 144.8	-1.6	10.2	10.6	23.3	23.3	14.8	10.9	11.1	
CHICAGO EQUITY PARTNERS	01/31/08	30.0 bps		\$ 144.6	-1.9	5.6	5.8	17.8	17.8	13.5	9.9	11.5	
S&P 500 / CITIGROUP GROWTH					-1.2	6.6	6.5	19.4	19.4	10.7	7.6	9.6	8.4
S&P 500					-1.7	6.3	7.0	20.6	20.6	14.5	11.7	13.5	10.7
TOTAL LARGE GROWTH		37.0 bps		\$ 289.4	-1.7	7.8	8.1	20.5	20.5	14.1	10.4	11.3	9.3
LARGE CAP VALUE													
ARONSON & PARTNERS	05/14/12	30.0 bps		\$ 275.4	-2.8	5.9	7.9	22.1	22.1	18.2	17.3	19.0	14.5
S&P 500 / CITIGROUP VALUE					-2.1	6.0	7.4	21.8	21.8	18.3	15.9	17.5	13.1
S&P 500					-1.7	6.3	7.0	20.6	20.6	14.5	11.7	13.5	10.7
TOTAL LARGE VALUE		30.0 bps		\$ 275.4	-2.8	5.9	7.9	22.4	22.4	18.3	17.4	19.0	14.5
LARGE CAP INDEX FUNDS													
LASERS S&P 500 INDEX FUND		0.1 bps		\$ 1,562.3	-1.7	6.3	6.9	20.6	20.6	14.5	11.7	13.5	10.8
S&P 500					-1.7	6.3	7.0	20.6	20.6	14.5	11.7	13.5	10.7
LASERS S&P 100 INDEX FUND		0.7 bps		\$ 186.0	-1.3	7.1	5.9	22.0	22.0	13.8	10.0	11.2	9.3
S&P 100					-1.3	7.2	6.0	22.2	22.2	13.9	10.1	11.3	9.4
TOTAL LARGE INDEX FUNDS		0.1 bps		\$ 1,748.3									
TOTAL DOMESTIC LARGE CAP		8.2 bps		\$ 2,313.1	-1.8	6.5	7.1	20.9	20.9	14.9	12.9	14.4	11.3
MID CAP INDEX FUNDS													
LASERS S&P 400 INDEX FUND		0.3 bps		\$ 361.6	-2.2	5.8	12.0	18.3	18.3	15.6	15.1	18.2	14.1
S&P 400					-2.2	5.8	12.0	18.5	18.5	15.7	15.1	18.2	14.2
TOTAL DOMESTIC MID CAP INDEX		0.3 bps		\$ 361.6	-2.2	5.8	12.0	18.3	18.3	15.6	15.1	18.2	14.1
SMALL CAP GROWTH													
SMITH	10/31/10	67.0 bps		\$ 143.3	0.0	8.6	12.2	12.6	12.6				
RICE HALL JAMES	10/31/10	55.0 bps		\$ 138.0	0.6	8.2	10.5	18.3	18.3				
S&P 600 / CITIGROUP GROWTH					-1.0	6.2	10.8	15.9	15.9	13.2	13.9	18.8	14.6
S&P 600					-1.6	5.2	8.6	16.0	16.0	15.0	14.5	19.3	14.4
TOTAL SMALL GROWTH		61.1 bps		\$ 281.3	0.3	8.4	11.4	15.6	15.6	11.4	8.5	13.8	10.9
SMALL CAP VALUE													
BRANDYWINE	08/31/11	48.0 bps		\$ 91.4	-1.9	4.5	5.8	17.8	17.8	12.2	13.5	18.4	13.7
THB	09/30/11	60.0 bps		\$ 102.2	0.1	6.6	7.0	14.7	14.7	17.1	15.8	19.8	15.7
LSV	08/31/11	63.2 bps		\$ 91.9	-1.1	6.1	9.5	19.8	19.8	17.0	17.5	23.1	18.1
S&P 600 / CITIGROUP VALUE					-2.2	4.2	6.5	16.1	16.1	16.8	15.1	20.0	14.1
S&P 600					-1.6	5.2	8.6	16.0	16.0	15.0	14.5	19.3	14.4
TOTAL SMALL VALUE		57.2 bps		\$ 285.5	-0.9	5.8	7.5	17.5	17.5	15.6	15.7	20.5	16.1
SMALL CAP INDEX FUNDS													
LASERS S&P 600 INDEX FUND		0.3 bps		\$ 357.7	-1.6	5.2	8.6	16.1	16.1	15.0	14.5	19.2	
S&P 600					-1.6	5.2	8.6	16.0	16.0	15.0	14.5	19.3	14.4
TOTAL SMALL INDEX FUNDS		0.3 bps		\$ 357.7	-1.6	5.2	8.6	16.4	16.4	15.2			
TOTAL DOMESTIC SMALL CAP		36.3 bps		\$ 924.5	-0.8	6.4	9.1	16.7	16.7	14.4	13.4	18.2	13.8
TOTAL U.S. EQUITY		14.6 bps		\$ 3,599.2	-1.6	6.4	8.1	19.3	19.3	14.8	12.9	15.5	12.0

INVESTMENT SECTION

SUMMARY OF MANAGER PERFORMANCE													
RATES OF RETURN ⁽¹⁾													
TOTAL GROSS OF FEES													
(For Period Ending June 30, 2007)													
	Contract Exp. Date	Mgt. Fees	Funded Amount	MKT VAL \$ (Million)	Month	3 mos	YTD	Fiscal YTD	1 Year	2 Years	3 Years	4 Years	5 Years
NON-U.S. EQUITY													
LARGE CAP VALUE													
MONDRIAN INVESTMENT PARTNEI	03/31/11	26.4 bps		\$ 357.2	0.3	7.2	10.2	29.9	29.9	27.9	25.1	25.8	20.3
ACADIAN	03/08/11	26.4 bps		\$ 354.4	0.5	8.8	11.8	32.0	32.0				
MSCI WORLD EX-US VALUE					-0.1	7.0	10.5	29.2	29.2	28.6	24.7	28.0	20.9
MSCI WORLD EX-US					0.1	7.2	11.6	27.6	27.6	27.5	23.2	25.5	18.6
TOTAL INT'L LARGE VALUE		26.4 bps		\$ 711.6	0.4	8.0	11.0	30.9	30.9	27.0	24.0	25.4	18.1
LARGE CAP GROWTH													
LASERS MSCI INDEX FUND		0.2 bps		\$ 689.0	0.3	7.3	12.5	25.8	25.8	26.3			
MSCI WORLD EX-US GROWTH					0.3	7.5	12.7	26.0	26.0	26.4	21.7	22.9	16.3
MSCI WORLD EX-US					0.1	7.2	11.6	27.6	27.6	27.5	23.2	25.5	18.6
TOTAL INT'L LARGE GROWTH		0.2 bps		\$ 689.0	0.3	7.3	12.5	25.5	25.5	26.1	22.8	22.6	15.8
TOTAL INT'L LARGE CAP		18.3 bps		\$ 1,400.6	0.4	7.6	11.8	28.3	28.3	26.6	22.6	24.0	16.9
INT'L SMALL CAP													
BOSTON COMPANY	09/30/09	80.9 bps		\$ 366.8	-0.9	6.3	11.0	29.1	29.1				
MSCI WORLD EX-US SMALL CAP					-0.2	5.3	13.1	26.5	26.5	27.6	25.3	31.0	24.7
TOTAL INT'L SMALL CAP		80.9 bps		\$ 366.8	-0.9	6.3	11.0	29.1	29.1	34.8	31.1	34.9	26.2
EMERGING MARKETS													
REXITER	09/21/09	52.0 bps		\$ 506.3	4.0	15.4	17.4	50.7	50.7	42.7			
MSCI EMERGING MARKETS FREE					4.7	15.1	17.7	45.5	45.5	40.6	38.7	37.4	30.7
TOTAL EMERGING MARKETS		52.0 bps		\$ 506.3	4.0	15.4	17.4	50.7	50.7	42.7	38.9	36.4	29.3
TOTAL NON-U.S. EQUITY		24.3 bps		\$ 2,273.7	1.0	9.1	12.8	32.7	32.7	32.0	27.9	28.9	21.4
TOTAL EQUITY		18.4 bps		\$ 5,872.9	-0.6	7.4	9.9	23.8	23.8	19.7	17.1	19.2	14.7
US FIXED INCOME													
INVESTMENT GRADE													
LOOMIS SAYLES & CO	12/31/09	17.0 bps		\$ 246.0	-0.6	-0.7	1.1	6.9	6.9	3.5	4.6	3.7	5.6
ORLEANS CAPITAL MGT	12/31/09	11.1 bps		\$ 169.4	-0.5	-0.5	1.2	6.4	6.4	3.0	4.5	3.6	5.2
LB AGGREGATE					-0.3	-0.5	1.0	6.1	6.1	2.6	4.0	3.1	4.5
TOTAL INVESTMENT GRADE		14.6 bps		\$ 415.4	-0.5	-0.6	1.1	6.6	6.6	3.3	4.5	3.6	5.4
HIGH YIELD													
W.R. HUFF ASSET MGT	06/30/07	50.0 bps		\$ 256.9	-2.0	0.6	3.7	12.5	12.5	6.2	7.3	8.0	11.3
WELLS CAPITAL	11/30/09	40.5 bps		\$ 308.0	-1.3	0.4	2.9	10.4	10.4	8.2			
FIRST BOSTON HIGH YIELD					-1.5	0.7	3.7	12.1	12.1	8.5	9.0	9.7	11.8
TOTAL HIGH YIELD		41.7 bps		\$ 564.9	-1.6	0.5	3.3	11.4	11.4	7.2	7.9	8.2	10.8
MORTGAGE													
TCW	12/31/09	20.7 bps		\$ 371.8	-0.3	-0.6	1.1	6.5	6.5	3.2	4.3	3.8	4.3
LB MORTGAGE INDEX					-0.4	-0.5	1.1	6.4	6.4	3.4	4.3	3.8	4.1
TOTAL MORTGAGE		20.4 bps		\$ 371.8	-0.3	-0.6	1.1	6.5	6.5	3.2	4.3	3.8	4.3
TOTAL U.S. FIXED INCOME		27.8 bps		\$ 1,352.1	-0.9	-0.2	2.0	8.6	8.6	4.9	5.9	5.5	7.2
GLOBAL FIXED INCOME													
MONDRIAN INV PTNRS	09/30/09	14.9 bps		\$ 505.7	-0.6	-1.9	-0.5	3.0	3.0	1.8	4.5	5.1	8.8
CITIGROUP WORLD GOVT BOND					-0.6	-1.5	-0.4	2.9	2.9	1.2	3.3	3.9	6.3
TOTAL GLOBAL FIXED INCOME		14.9 bps		\$ 505.7	-0.6	-1.9	-0.5	3.0	3.0	1.8	4.5	5.1	8.8
TOTAL FIXED INCOME		24.3 bps		\$ 1,857.8	-0.9	-0.6	1.3	7.0	7.0	4.0	5.5	5.4	7.3

INVESTMENT SECTION

SUMMARY OF MANAGER PERFORMANCE

RATES OF RETURN ⁽¹⁾
TOTAL GROSS OF FEES
(For Period Ending June 30, 2007)

	Contract Exp. Date	Mgt. Fees	Funded Amount	MKT VAL \$ (Million)	3 Month	3 mos	YTD	Fiscal YTD	1 Year	2 Years	3 Years	4 Years	5 Years
ALTERNATIVE ASSETS													
PRIVATE EQUITY													
ADAMS STREET 2005 NON-US	12/31/15	93.1 bps		\$ 5.6	2.0	2.0	13.1	14.7	14.7				
ADAMS STREET PARTNERSHIP 2002	12/31/14	100.0 bps		\$ 10.2	3.9	3.9	17.5	22.0	22.0	26.4			
ADAMS STREET PARTNERSHIP 2005	12/31/15	93.1 bps		\$ 13.5	2.2	2.2	3.1	4.9	4.9	1.7			
ADAMS STREET 2007 US FUND	2018	95.0 bps		\$ 2.5	-0.7	-0.7	-0.7						
ADAMS STREET 2007 NON-US FUND	2018	95.0 bps		\$ 0.9	-4.4	-4.4	-4.4						
ADAMS STREET 2007 DIRECT	2018	95.0 bps		\$ 1.7	-1.0	-1.0	-1.0						
BRINSON (f)	12/31/12	38.1 bps		\$ 118.1	4.5	4.5	22.9	31.6	31.6	16.9			
ADAMS STREET V	08/08/13	159.1 bps		\$ 13.2	0.0	4.3	8.9	-0.6	-0.6	5.4	0.2		
BRINSON SECONDARY	12/31/13	38.1 bps		\$ 0.6	1.1	1.1	-3.5	-9.9	-9.9	-22.7	-28.5	-22.9	-22.0
ERASMUS	11/12/13	200.0 bps		\$ 63.6	22.3	22.2	37.1	88.2	88.2	36.9	22.1		
ERASMUS II	06/30/18	75.0 bps		\$ 3.0									
JOHN HANCOCK	open	0.0 bps		\$ 10.5	0.4	4.6	30.3	57.5	57.5	57.6	56.6	45.9	30.6
HIPEP DIRECT III	12/31/07	202.5 bps		\$ 1.9	0.0	-8.5	-13.3	-21.8	-21.8	-17.5	-18.3	-9.1	-6.0
HIPEP PARTNERSHIP III	12/31/11	81.0 bps		\$ 37.9	2.8	24.8	47.8	47.8	47.8	33.7	29.2	26.7	21.8
HARBOURVEST VI - BUYOUT	06/30/13	100.0 bps		\$ 19.3	9.4	20.8	33.8	33.8	33.8	36.1	33.0	31.1	20.8
HARBOURVEST VI - DIRECT	06/30/09	250.0 bps		\$ 13.6	0.0	1.9	12.7	15.6	15.6	29.7	11.1	16.5	6.9
HARBOURVEST VI - PTNR	06/30/13	100.0 bps		\$ 97.2	2.1	12.8	16.5	16.5	16.5	16.7	13.6	11.1	3.0
HIPEP DIRECT IV	12/31/10	250.0 bps		\$ 6.9	0.0	4.4	31.5	50.3	50.3	34.5	31.4	22.7	14.9
HIPEP PARTNERSHIP IV	12/31/14	100.0 bps		\$ 30.5	6.9	26.2	41.7	41.7	41.7	37.6	29.0	24.9	15.3
HUFF ALTERNATIVE FUND	01/11/11	100.0 bps		\$ 30.7	-2.3	29.5	29.5	28.5	28.5	36.9	24.5	36.9	22.7
MESIROW III	04/06/17	83.7 bps		\$ 5.1	2.0	2.0	-3.6	-7.8	-7.8				
MESIROW IV	11/14/18	70.0 bps		\$ 7.4	-4.5	-4.5	-4.5						
PANTHEON VI	07/12/17	65.0 bps		\$ 18.2	1.1	1.1	1.3	2.1	2.1				
PANTHEON VII	04/28/19	50.0 bps		\$ 4.3	-2.4	-2.4	-10.7						
PARISH CAPITAL II	2019	100.0 bps		\$ 16.2	3.7	3.7	1.4						
PATHWAY CAPITAL MGT	open	0.0 bps		\$ 0.6	10.6	24.3	27.9	40.7	40.7	37.5	26.2	30.6	21.7
QUELLOS II	07/12/17	70.0 bps		\$ 18.8	6.2	6.2	9.2	9.6	9.6				
QUELLOS III	11/28/18	50.0 bps		\$ 3.4	0.0	0.0	0.0						
WILLIAMS CAPITAL	01/19/14	175.0 bps		\$ 8.7	-1.1	-1.1	-1.5	-2.5	-2.5				
TOTAL PRIVATE EQUITY		92.2 bps		\$ 564.1	4.6	11.6	22.3	27.1	27.1	24.7	19.6	18.9	11.3
ABSOLUTE RETURN STRATEGIES													
PAAMCO		100.0 bps		\$ 226.9	0.7	4.6	8.3	14.0	14.0	12.8	9.4		
K2 ADVISORS LLC		125.0 bps		\$ 229.0	0.6	4.1	8.1	14.9	14.9	11.3	10.0		
HFRI FUND OF FUNDS COMPOSITE					0.8	4.7	7.8	14.3	14.3	12.1	10.3	9.6	9.1
ABSOLUTE RETURN STRATEGIES		112.6 bps		\$ 455.9	0.7	4.4	8.2	14.5	14.5	11.7	9.3	8.3	7.0
REAL ESTATE													
EQUITY REAL ESTATE													
REAL ESTATE INVESTMENT POOL				\$ -	0.2	-0.9	1.2	5.0	5.0	21.3	21.5	23.1	21.7
*NCREIF CUSTOM PROPERTY					3.6	3.6	8.3	16.6	16.6	18.4	17.4	15.5	13.7
TOTAL REAL ESTATE		117.0 bps		\$ -	0.2	-0.9	1.2	5.0	5.0	21.3	21.5	23.1	21.7
TOTAL ALTERNATIVE ASSETS		136.7 bps		\$ 1,020.0	2.8	8.2	15.4	21.0	21.0	18.2	14.3	13.8	8.3

(f) Brinson consists of seven limited partnerships

INVESTMENT SECTION

SUMMARY OF MANAGER PERFORMANCE													
RATES OF RETURN ⁽¹⁾													
TOTAL GROSS OF FEES													
(For Period Ending June 30, 2007)													
Contract Exp. Date	Mgt. Fees	Funded Amount	MKT VAL \$ (Million)	3 Month	3 mos	YTD	Fiscal YTD	1 Year	2 Years	3 Years	4 Years	5 Years	
CASH EQUIVALENTS													
HOLDING ACCOUNT			\$ 396.7	0.5	1.6	3.1	6.9	6.9	6.5	4.9	4.2	4.3	
182 DAY T-BILL				0.4	1.3	2.6	5.3	5.3	4.6	3.8	3.1	2.8	
TOTAL CASH EQUIVALENTS		15.0 bps	\$ 396.7	0.5	1.6	3.1	6.9	6.9	6.5	4.9	4.2	4.3	
TOTAL PLAN													
FINANCIAL COMPOSITE		18.8 bps	\$ 9,147.4	-0.6	5.2	7.5	18.9	18.9	15.1	13.5	14.8	12.8	
FINANCIAL ALLOCATION INDEX				-0.6	4.9	7.5	18.4	18.4	14.7	13.3	14.7	12.5	
FINANCIAL POLICY INDEX				-0.6	4.8	7.4	17.7	17.7	14.2	12.9	14.3	12.4	
TOTAL PLAN ⁽²⁾		32.0 bps	\$ 9,147.4	-0.2	5.5	8.3	19.2	19.2	15.5	13.7	14.8	12.6	
TOTAL PLAN ALLOCATION INDEX				-0.2	5.3	8.3	18.7	18.7	15.1	13.5	14.7	12.4	
TOTAL PLAN POLICY INDEX				-0.3	5.1	8.1	18.0	18.0	14.6	13.0	14.3	12.1	
LONG TERM RETURNS FOR TOTAL PLAN									6 Years	7 Years	8 Years	9 Years	10 Years
									9.3	6.9	7.5	7.6	8.1
*Returns available one quarter in arrears on a quarterly basis.													
⁽¹⁾ LASERS calculates performance using the "time-weighted" rate of return methodology in accordance with CFA Institute GIPS performance presentation standards.													
⁽²⁾ This amount does not include Self-Directed Plan and Optional Retirement Plan funds of \$77.9 million and \$5.3 million, respectively.													

SCHEDULE OF BROKERAGE COMMISSIONS PAID

June 30, 2007

Brokerage Firm	Commission	Brokerage Firm	Commission
Deutsche Bank	\$ 207,125	CIBC World Markets Corp.	\$ 19,496
Investment Technology Group Inc.	181,323	Bank of America	19,467
Credit Suisse	132,490	Needham & Co.	19,194
Citigroup	119,160	Credit Lyonnais	17,867
Instinet	112,978	William Blair	17,558
La Branche	88,525	BMO Capital Markets	17,455
Merrill Lynch	87,070	Mogavceo Lee & Co.	16,336
Hibernia Southcoast Capital Inc.	79,425	First Bank and Trust	16,116
Morgan Stanley	79,044	Weeden & Co.	15,484
Jones and Associates	61,742	SG Securities	14,978
Lazard Capital Markets	52,184	Avondale Partners	14,973
Goldman Sachs	50,438	Daiwa Sec	14,329
JP Morgan	47,966	B Trade Services LLC	13,985
Lehman Bros.	47,148	Oppenheimer	12,967
Baird, Robert W & Co.	43,061	CSJ Securities	12,717
Jefferies & Co.	39,921	Raymond James	12,494
Johnson Rice & Co.	37,745	Craig Hallum	12,133
Griswold Company	37,400	Fidelity Capital Markets	11,196
ABN Amro	37,012	Sisk Investment Co.	11,035
Bear Stearns	33,221	Scott Stringfellow	10,986
Liquidnet Inc.	33,218	Friedman Billings	10,237
Bernstein Sanfod and Co	31,027	King & Associates	10,124
UBS Equities	30,831	Prudential Equity Group	9,989
Brockhouse and Cooper	29,626	First Clearing	9,922
Pritchard Capital Partners	28,303	Guzman & Co.	9,178
Militus	25,045	Midwest Research	8,476
Soleil Securities Corp.	23,049	Brean Murray	8,358
Nomura	22,713	Keefe Bruyette and Woods	7,692
BNY Brokerage Inc.	20,101	All Others	269,197
	<u>\$ 1,818,891</u>		<u>\$ 643,939</u>
		Total	<u><u>\$ 2,462,830</u></u>

SCHEDULE OF EXTERNAL MANAGEMENT FEES

(By Investment Manager Classification¹)

For Year Ended June 30, 2007

Investment Manager Type	Assets Under Management	Annual Fees
Fixed Income Managers		
U.S. Fixed Income	\$ 1,417,845,550	\$ 3,595,940
Global Fixed Income	505,711,105	706,996
Total Fixed Income	1,923,556,655	4,302,936
Equity		
U.S. Equity	1,144,351,452	5,099,949
Global Equity	2,278,429,335	7,514,325
Total Equity	3,422,780,787	12,614,274
Real Estate	45,038	-
Alternative Investments	1,019,971,036	15,490,936
Cash	396,657,401	553,873
Total	\$ 6,763,010,917	\$ 32,962,019

NOTES:

¹Financial Statements are prepared on the basis of security class. As specified in Manager Guidelines, at any given point in time, a money manager may have securities not specifically within their defined investment manager type due to market conditions.



September 12, 2007

Board of Trustees

LA STATE EMPLOYEES' RETIREMENT SYSTEM

Post Office Box 44213

Baton Rouge, Louisiana 70804-4213

Ladies and Gentlemen:

Pursuant to your request, I have completed the annual actuarial valuation for the Louisiana State Employees' Retirement System as of June 30, 2007. The valuation was prepared relying on the data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the current benefit structure on the valuation date.

Notable changes in recent prior legislative sessions include the following Acts: Act 75 of 2005 changes retirement eligibility to 10 years at age 60, Final Average Compensation to 60 months and increases employee contributions 0.5 percent for new hires in the regular plan after June 30, 2006. Act 588 of 2004 made significant changes to prospective funding. The outstanding balances of changes in liabilities from 1993 – 1998 were re-amortized as a level dollar amount to 2029. The amortization periods for changes in liabilities beginning with 1999 were extended to a thirty-year period from the date of occurrence. A minimum employer rate of 15.5 percent and Employer Credit Account were established for excess contributions. The negative Experience Account Balance was removed from the valuation assets. Act 572 of 1992 established the Experience Account which provides for the pre-funding of retiree COLAs by accumulating 50 percent of the excess investment income. The Initial Unfunded Actuarial Liability Fund was established July 1, 1995 to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

- a) fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
- b) liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

The results of the current valuation indicate that the employer contribution rate for the fiscal year commencing July 1, 2007 should have been set at 18.8 percent of payroll.

When compared to the 20.4 percent projected rate set by the Public Retirement Systems' Actuarial Committee, the current rate of 18.8 percent reflects a decrease resulting primarily from significant investment gains earned by the system. The current employer contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

Board of Trustees

LASERS

September 12, 2007

The methodology for determining the actuarial value of assets was adopted by the Board of Trustees effective July 1, 1999. The method values all assets at market value, adjusted for a four-year weighted average of the incremental change between market value and cost value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The Actuarial Value of Assets for the fiscal year ending on June 30, 2007 is \$8,620,846,682. The Actuarial Value of Assets, when adjusted for the Experience Account Fund in the amount of \$275,351,338 and the Initial UAL Fund of \$53,277,055 yields assets for funding purposes of \$8,292,218,289.

In performing the June 30, 2007 valuation, I have relied upon the employee data and financial information provided by the administrative staff of the Louisiana State Employees' Retirement System. Participant data was edited for reasonableness, and consistency to prior plan year data. However, the validity of the information submitted was not compared to actual source documents. Plan assets were reviewed for consistency and balance tested with information furnished from the prior year's valuation.

The present values shown in the June 30, 2007 actuarial valuation and supporting statistical schedules of this certification, which have been reformatted and comprise all the schedules of the Actuarial Section in the annual Financial Statement, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title 11 Section 22(6) and assumptions which are appropriate for the purposes of this valuation.

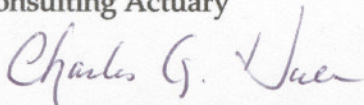
The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions, which were prepared for the Financial Section of this report. The System is required to conduct an experience study every five years. The most recent study covers the five-year observation period of 1997-2001.

I certify to the best of my knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represent my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,



Shelley R. Johnson, ACA, MAAA, ASA
Consulting Actuary



Charles G. Hall, FCA, MAAA, ASA
Consulting Actuary

SUMMARY OF ASSUMPTIONS

The following assumptions were adopted by the Board of Trustees of The Louisiana State Employees' Retirement System of Louisiana (LASERS) based on the most recent 1997-2001 actuarial experience study.

I. GENERAL ACTUARIAL METHOD

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a forty-year period commencing in 1989. The amortization payment reflects a 4 percent increase for the first five years, reducing by .5 percent at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988 are amortized as a level dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience Gains/Losses	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	Determined by enabling statute	

Act 257 of 1992 further amended the amortization schedule to reflect a 4.5 percent payment increase over the remaining amortization period.

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 thru 1998 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 1999 were extended to a thirty-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a thirty-year period from the date of occurrence, paid as a level dollar amount.

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a percentage of pay roll. A discrepancy between dollars generated by percent of payroll versus the required dollar amount is treated as a shortfall credit/debit and applied to the following year's contribution requirement.

Asset Valuation Method: Assets are valued on a basis, which reflects a four-year moving weighted average value between market value and cost value. Prior to July 1, 1999, fixed income securities were valued at amortized cost.

Valuation Data: The administrative staff of LASERS furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The administrative staff of LASERS provides the book value and market value of system assets. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

II. ECONOMIC ASSUMPTIONS

Investment Return: 8.25 percent per annum, compounded annually.

Employee Salary Increases: Incorporated in the following salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 4.25 percent portion attributable to the effects of salaries, based upon years of service.

Duration (Years)	Regular State Employees	Judges & Legislators	Department of Corrections	Wildlife and Fisheries
1	14.00%	4.70%	18.00%	18.00%
5	6.50%	2.50%	8.00%	8.00%
10	5.50%	2.50%	7.50%	6.50%
15	5.00%	2.50%	6.00%	6.50%
20	4.50%	2.50%	6.00%	6.50%
25	4.25%	2.50%	6.00%	6.50%
30	4.25%	2.50%	4.00%	6.50%

The active member population is assumed to remain constant.

III. DECREMENT ASSUMPTIONS

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female ages set at attained age plus one.

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 1997-2001 disability experience of the Retirement System. Rates are illustrated by employment classification. Mortality after disability is based on the Eleventh Actuarial Valuation of the Railroad Retirement System for permanent disabilities.

Age (Years)	State Employees	Judges	Corrections	Wildlife
25	0.00%	0.00%	0.00%	0.00%
30	0.01%	0.02%	0.02%	0.01%
35	0.03%	0.02%	0.05%	1.00%
40	0.15%	0.02%	0.13%	1.00%
45	0.27%	0.02%	0.17%	1.00%
50	0.37%	0.02%	0.54%	0.00%

Termination Assumptions: Voluntary withdrawal rates are derived from the 1997-2001 termination experience study.

Age (Years)	State			
	Employees	Judges	Corrections	Wildlife
25	16%	0.00%	22%	7%
30	12%	0.50%	15%	7%
35	9%	0.50%	10%	2%
40	5%	0.50%	6%	1%
45	3%	0.50%	4%	1%
50	3%	0.50%	3%	1%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80 percent will not withdraw their accumulated employee contributions.

Retirement/DROP Assumptions: Retirement rates and DROP probabilities were projected based upon the 1997-2001 experience study.

Age (Years)	State Employees		Judges		Corrections		Wildlife	
	RET	DROP	RET	DROP	RET	DROP	RET	DROP
50	35%	33%	50%	0%	70%	90%	50%	50%
51	37%	33%	50%	0%	70%	50%	50%	50%
52	40%	33%	50%	90%	70%	50%	50%	50%
53	45%	33%	35%	90%	70%	45%	50%	50%
54	35%	33%	35%	90%	90%	10%	50%	50%
55	35%	33%	35%	90%	75%	55%	50%	50%
56	35%	25%	35%	50%	75%	40%	50%	50%
57	45%	20%	10%	50%	75%	15%	50%	50%
58	60%	20%	10%	50%	75%	15%	50%	50%
59	47%	25%	10%	15%	45%	15%	50%	50%
60	26%	25%	10%	15%	25%	25%	50%	50%
61	26%	15%	10%	15%	25%	25%	50%	50%
62	33%	15%	10%	15%	25%	5%	50%	50%
63	40%	15%	10%	90%	35%	5%	50%	50%
64	36%	15%	10%	75%	35%	5%	50%	50%
65	36%	15%	10%	33%	35%	5%	99%	0%
66	33%	15%	10%	15%	35%	5%	99%	0%
67	30%	25%	10%	15%	30%	15%	99%	0%
68	30%	30%	10%	15%	50%	0%	99%	0%
69	30%	10%	62%	0%	50%	0%	99%	0%
70	25%	10%	99%	0%	99%	0%	99%	0%

ACTUARIAL VALUATION BALANCE SHEET

June 30, 2007 and 2006

	2007	2006
Assets		
Present Assets Creditable To:		
Members' Savings Account	\$ 1,331,578,918	\$ 1,290,298,067
Annuity Reserve Account	7,793,254,762	7,109,833,923
Total Present Assets	9,124,833,680	8,400,131,990
Present Value Of Prospective Contributions Payable To:		
Members' Savings Account	1,307,860,856	1,165,883,794
Annuity Reserve Account		
Normal	1,359,081,945	1,252,022,067
Accrued Liability	3,239,606,597	3,122,453,205
Total Prospective Contributions	5,906,549,398	5,540,359,066
Total Assets	\$ 15,031,383,078	\$ 13,940,491,056
Liabilities		
Present Value Of Prospective Benefits Payable On Account Of:		
Current Retiree Members	\$ 7,617,446,368	\$ 6,900,149,887
Current Active Members	7,238,128,316	6,830,657,133
Deferred Vested & Reciprocal Members	175,808,394	209,684,036
Total Liabilities	\$ 15,031,383,078	\$ 13,940,491,056

ACTUARIAL SECTION

SUMMARY OF UNFUNDED ACTUARIAL LIABILITIES/SALARY TEST

(Dollar Amounts in Millions)

Valuation Date	(1) Active Member Contribution	(2) Retirees Term. Vested Inactive	(3) Active Members Employer Fin. Portion	Actuarial Valuation Assets	Portion of Actuarial Accrued Liabilities Covered By Assets		
					(1)	(2)	(3)
1998	1,008.5	3,678.4	2,261.1	5,067.8	100%	100%	8%
1999	1,067.5	4,020.1	2,495.0	5,574.9	100%	100%	19%
2000	1,079.2	4,567.2	2,610.9	6,171.0	100%	100%	20%
2001	1,088.5	4,887.8	2,676.3	6,418.3	100%	100%	17%
2002	1,116.7	5,306.0	2,784.1	6,460.6	100%	100%	1%
2003	1,156.3	5,257.8	3,007.8	6,487.5	100%	100%	2%
2004	1,217.0	5,961.6	2,959.0	6,097.8	100%	82%	0%
2005	1,318.8	6,322.6	3,205.6	6,778.8	100%	85%	0%
2006	1,290.3	7,109.8	3,148.5	7,602.6	100%	83%	0%
2007	1,331.6	7,793.3	3,297.1	8,620.8	100%	94%	0%

SUMMARY OF ACTUARIAL AND UNFUNDED ACTUARIAL LIABILITIES

(Dollar Amounts in Millions)

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio Of Assets To AAL	Unfunded AAL (UAAL)	Active Member Payroll	UAAL As A Percent of Active Payroll
1998	6,953.0	5,067.8	72.89	1,885.2	1653.8	114.0
1999	7,582.8	5,574.9	73.52	2,007.9	1,736.9	115.6
2000	8,257.3	6,170.9	74.73	2,086.4	1,820.1	114.6
2001	8,652.6	6,418.3	74.18	2,234.3	1,782.8	125.3
2002	9,206.7	6,460.6	70.17	2,746.1	1,861.9	147.5
2003	9,796.3	6,487.5	66.22	3,308.8	1,924.6	171.9
2004	10,237.6	6,097.8	59.56	4,139.8	2,017.7	205.2
2005	10,847.1	6,673.5	61.52	4,173.6	2,100.0	198.7
2006	11,548.7	7,430.8	64.34	4,117.9	1,979.7	208.0
2007	12,422.0	8,345.0	67.18	4,077.0	2,175.4	187.4

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Thousands)

	Fiscal Year Ending			
	2007	2006	2005	2004
Unfunded Actuarial Liability				
at Beginning of Fiscal Year (7/1)	\$ 4,164,544	\$ 4,202,816	\$ 4,165,942	\$ 3,333,456
Interest on Unfunded Liability	343,575	346,732	343,690	275,010
Investment Experience				
(gains) decreases UAL	(487,095)	(311,664)	(210,578)	126,485
Plan Experience				
(gains) decreases UAL	111,778	(2,452)	44,664	(52,973)
Employer Amortization Payments				
(payments) decreases UAL	(264,962)	(257,816)	(249,643)	(219,989)
Employer Contribution Variance				
(excess contributions) decreases UAL	12,897	29,394	3,452	17,093
Experience Account Allocation				
(allocations) decreases UAL	243,547	155,832	105,289	-
Other - Miscellaneous gains and losses				
from transfers or Acts of the Legislature	5,404	1,702	-	686,860
Unfunded Actuarial Liability				
at End of Fiscal Year (6/30)	<u>\$ 4,129,688</u>	<u>\$ 4,164,544</u>	<u>\$ 4,202,816</u>	<u>\$ 4,165,942</u>

ACTUARIAL SECTION

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

June 30, 2007

Date	Description	Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
1993	Initial Liability	I	36	\$ 2,086,424,058	22	\$ 2,899,982,729	\$ 193,708,467
1993	Change in Liability	L	25	(176,172,713)	22	(168,612,155)	(16,202,391)
1994	Change in Liability	L	25	(62,475,258)	22	(59,794,095)	(5,745,774)
1995	Change in Liability	L	25	(72,078,533)	22	(68,985,239)	(6,628,975)
1996	Change in Liability	L	25	85,912,731	22	82,225,734	7,901,290
1997	Change in Liability	L	25	(281,911,688)	22	(269,813,278)	(25,927,077)
1998	Change in Liability	L	25	(105,825,000)	22	(101,283,456)	(9,732,597)
1999	Change in Liability	I	25	103,608,120	22	108,907,326	7,274,620
2000	Change in Liability	I	26	46,867,925	23	49,508,594	3,212,053
2001	Change in Liability	I	27	109,177,843	24	115,851,722	7,313,609
2002	Change in Liability	I	28	468,578,945	25	499,293,359	30,720,156
2003	Change in Liability	I	29	1,142,857,936	26	1,222,445,735	73,415,491
2004	Change in Liability	L	30	113,159,407	27	110,054,680	9,889,817
2005	Change in Liability	L	30	(60,625,273)	28	(59,560,853)	(5,298,480)
2006	Change in Liability	L	30	(156,583,505)	29	(155,263,364)	(13,684,962)
2007	Act 353 - Chg in Lia	L	10	1,004,350	10	1,004,350	145,487
2007	Act 414 - Chg in Lia	L	30	3,631,308	30	3,631,308	317,366
2007	Change in Liability	L	30	(131,000,739)	30	(131,000,739)	(11,449,099)
Total Outstanding Balance						\$ 4,078,592,358	\$ 239,229,001
Employers Credit Balance							
2003	Contribution Variance	L	5	16,739,921	1	3,898,645	4,056,278
2004	Contribution Variance	L	5	17,093,381	2	7,658,529	4,141,925
2005	Contribution Variance	L	5	3,452,173	3	2,232,829	836,502
2006	Contribution Variance	L	5	29,394,615	4	24,409,026	7,122,657
2007	Contribution Variance	L	5	12,897,054	5	12,897,054	3,125,106
Total Credit Balance						\$ 51,096,083	\$ 19,282,468
Total Unfunded Actuarial Accrued Liability						\$ 4,129,688,441	

MEMBERSHIP DATA

Data regarding the membership of the System for valuation were furnished by the System.

Active Members	2007		2006	
	Census	Avg. Sal.	Census*	Avg. Sal.
Regular Members	52,782	\$ 35,185	50,463	\$ 33,569
Legislators	44	47,249	49	49,354
Judges	316	107,746	315	101,928
Wildlife Agents	220	46,290	221	45,145
Corrections	4,863	31,114	4,760	28,745
Peace Officers	123	38,498	n/a	n/a
Alcohol Tobacco Control	38	43,137	n/a	n/a
Active After DROP	2,058	49,912	2,003	22,852
Total	60,444	\$ 35,799	57,811	\$ 33,231

* Census total represents total membership counts excluding errors for insufficient salary data.

Valuation Salaries	\$2,175,366,607	\$1,979,705,391
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Inactive Members	2007	2006
	Census	Census
Due Refunds	43,797	43,382
Vested & Reciprocals	1,980	2,492

Annuitants and Survivors	2007		2006	
	Census	Avg. Sal.	Census	Avg. Sal.
Retirees	30,190	\$ 18,727	28,944	\$ 17,627
Disabilities	1,134	12,965	1,202	12,098
Survivors	5,418	12,671	5,409	11,321
DROP	2,624	27,672	2,577	26,622
Total	39,366	\$ 18,324	38,132	\$ 17,166

HISTORICAL MEMBERSHIP DATA
(Dollar Amounts in Thousands)

HISTORY OF ACTIVE MEMBERSHIP DATA FOR LAST 10 YEARS					
Year Ended 6/30	Number of Active Members	Percentage Change In Membership	Annual Active Member Payroll	Annual Active Member Average Payroll	Percentage Change In Payroll
1998	69,949	0.73%	1,653,863	23,572	2.90%
1999	67,680	-3.24%	1,736,963	25,278	5.00%
2000	66,642	-1.53%	1,820,132	27,139	4.80%
2001	64,519	-3.19%	1,782,884	27,400	-2.00%
2002	64,692	0.27%	1,861,887	28,612	4.40%
2003	65,441	1.01%	1,924,680	29,479	3.40%
2004	64,149	-1.97%	2,017,726	31,451	4.80%
2005	64,168	0.03%	2,100,043	32,522	4.10%
2006	57,811	-9.91%	1,979,705	33,231	-5.70%
2007	60,444	4.55%	2,175,367	35,799	7.73%

HISTORY OF ANNUITANTS AND SURVIVOR ANNUITANT MEMBERSHIP FOR LAST 10 YEARS

Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	Percent Change in Annuity
	No.	Amount	No.	Amount	No.	Amount		
1998	31,092	399,889	2,040	30,192	1,212	8,428	12,861	6.7%
1999	31,599	423,046	1,515	32,512	1,008	9,355	13,388	4.1%
2000	32,618	454,356	2,629	42,466	1,608	11,156	13,930	4.0%
2001	33,357	486,712	2,582	47,162	1,843	14,806	14,591	4.7%
2002	34,522	524,748	2,959	56,237	1,794	18,201	15,200	4.2%
2003	35,525	555,503	2,789	56,647	1,786	25,892	15,637	2.9%
2004	36,291	582,121	2,613	55,655	1,847	29,037	16,040	2.6%
2005	37,015	609,764	2,775	61,985	2,051	34,342	16,473	2.7%
2006	38,132	654,574	3,096	77,503	1,979	32,693	17,166	4.2%
2007	39,366	721,333	2,839	68,972	1,605	2,213	18,324	6.7%

PRINCIPLE PROVISIONS OF THE PLAN

The Louisiana State Employees' Retirement System (LASERS) was enacted in 1950. Initially, the plan covered regular State Employees (Regular Plan), but membership has expanded to participating agencies, and the merger of Louisiana State University Administration Employees and the Judges Retirement System.

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment. LASERS is a defined benefit plan and is funded on an actuarial reserve basis to fund benefits as prescribed by law.

ADMINISTRATION

The plan is governed by Title 11 Sections 401-699 of the Louisiana Revised Statutes. The Board of Trustees is composed of twelve members; six elected from the active membership, three elected retired members, and three ex officio members. Elected members serve staggered four-year terms. The Treasurer, Chairman of the House Retirement Committee, and the Chairman of the Senate Retirement Committee serve as voting, ex-officio members.

The Board of Trustees appoints an Executive Director who is responsible for the operation of the system. The Board also retains other consultants as deemed necessary. Administrative expenses are paid entirely from investment earnings.

MEMBER CONTRIBUTIONS

Members contribute a percentage of their gross compensation, depending on plan participation:

	Historical Contribution	Current Contribution
Regular Employees, hired before 7/1/06	7.0% of Compensation	7.5% eff. 7/1/89
Regular Employees, hired after 6/30/06	N/A	8.0%
Agents of DOC	8.5% of Compensation	9.0%, 7.5% after DROP
Wildlife Agents	8.0% of Compensation	8.5%, 9.5% eff. 7/1/03
Legislators, Judges	11.0% of Compensation	11.5% eff. 7/1/89
Peace Officers/Alcohol Tobacco Control	Same as Regular Employees	9.0% eff. 7/1/06

Member contributions have been tax-deferred for federal income tax purposes since January 1, 1990. Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits.

EMPLOYER CONTRIBUTIONS

All participating employers, regardless of plan participation, contribute a percentage of their total gross payroll to the system. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the system's unfunded liability as required by law. The rate is determined annually and recommended by the Public Retirement System's Actuarial Committee to the State Legislature.

TERMINATION

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with 10 years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

RETIREMENT BENEFITS

Service retirement benefits are payable to members who have terminated covered employment and met both age and service eligibility requirements.

Normal Retirement

Regular Plan – Members hired prior to 7/1/06 may retire with a 2.5 percent annual accrual rate, at age 55 with 25 years, age 60 with 10 years or at any age with 30 years of service. Members hired on or after 7/1/06 eligible for retirement at age 60 with 10 years.

Note: Members may retire with a 2.5 percent annual accrual rate at any age with 20 years or age 50 with 10 years of service (provision sunsets 12/31/08 per Act 672 of 2006) with benefits actuarially reduced

Correction Officers - A member may retire with a 2.5 percent annual accrual rate at age 50 with 20 years or 20 years of service regardless of age if employed prior to August 15, 1986. Effective January 1, 2002, new members accrue 3.33 percent per year and are eligible for retirement at 25 years of service regardless of age.

Judges - A member may retire with a 3.5 percent annual accrual rate with 18 years, age 55 with 12 years, age 50 with 20 years (minimum 12 years judicial), age 65 with 10 years of service, or 70 without regards to creditable service.

Legislators, Governor, Lieutenant Governor and State Treasurer - May retire with a 3.5 percent annual accrual rate with 16 years of legislative service; age 50 with 20 years (minimum 12 years legislative service) or age 55 with 12 years.

Peace Officers / Alcohol Tobacco Control – Annual accrual rate is 3.33 percent. Eligibility interpreted to be the same as regular members hired prior to 7/1/06.

Benefit Formula

For all plans, monthly retirement benefits are based on a formula, which multiplies the final average compensation, by the applicable accrual rate, and by the years of creditable service, plus a \$25 per month supplemental benefit for members hired prior to July 1, 1986. Final average compensation is determined as the highest successive thirty-six months for all but regular members hired on or after 7/1/06. For these members final average compensation is determined as the highest successive sixty months.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump sum payment which cannot exceed 36 monthly benefit payments.

Judges receive the maximum benefit payable without reduction for a 100 percent Joint and Survivor Option.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date or within 60 days thereafter, for a period not to exceed 36 months. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit plus post-DROP accruals, plus the individual DROP account balance, which can be paid in a lump sum, or an additional annuity based upon the account balance.

DISABILITY RETIREMENT BENEFITS

Active members with ten or more years of service credit are eligible for disability retirement benefits if determined to be disabled from performing the duties of their job.

Regular Plan - Members hired before 7/1/06 receive a service retirement benefit at 2.5 percent per year of service of average compensation. Members hired on or after 7/1/06 receive a service retirement benefit at 1.8% per year of service of average compensation.

Judges - A service retirement benefit, but not less than 50 percent of current salary.

Wildlife Agents - A service retirement benefit of the Regular Plan. Total disability in-line-of-duty service not less than 60 percent average compensation.

Peace Officers and Alcohol Tobacco Control - A service retirement benefit similar to regular members hired pre -7/1/06.

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with 5 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$300 per month, or (b) 75 percent of the member's benefit calculated at the 2 1/2% accrual rate for all creditable service.

Surviving minor child, with no surviving spouse shall receive an amount equal to the greater of 75% of compensation or \$300. Benefits to minors cease at attainment of age 18, marriage or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$300 per month, or (b) 50 percent of the member's benefit calculated at the 2.5 percent accrual rate for all creditable service.

POST-RETIREMENT INCREASES

Cost of living adjustments (COLAs) are permitted provided there are sufficient funds in the Experience Account to fund the increase in the retiree reserves if approved by concurrent resolution of both houses as provided by law. The Experience Account is credited with 50 percent of the excess investment income over the actuarial valuation rate and is debited 50 percent of the deficit investment income and distributions for COLAs.

SUMMARY

The Statistical Section presents detailed information that assists users in utilizing the financial statements, notes to the financial statements, and required supplementary information to assess the economic condition of LASERS. All non-accounting data is taken from LASERS internal sources except for that information which is derived from actuarial valuations.

Net Assets vs. Liabilities

LASERS funding progress is illustrated graphically for the ten years ended June, 30, 2007. The existence of the unfunded actuarial accrued liabilities is not necessarily an indication of financial problems; however, fluctuations are important and must be monitored and controlled. LASERS plans to fund its long-term benefit obligations through contributions and investment income. The unfunded liability is required by the state constitution to be substantially funded by 2029, with unfunded accrued liability changes for 1999 and thereafter amortized over a thirty-year period.

Plan Membership

Membership in LASERS increased by 3,770 as of June 30, 2007. Active members increased by 2,633, retirees (includes Regular, Disability, Survivor, and DROP) increased by 1,234, and terminated vested members decreased by 512. Membership data for the ten years ended June 30, 2007 can be found in the LASERS Membership chart and graph. The majority of LASERS retirees reside in Louisiana as illustrated in the Location of LASERS Retirees chart.

The remainder of this section contains various statistical and historical data considered useful in evaluating the condition of the System.

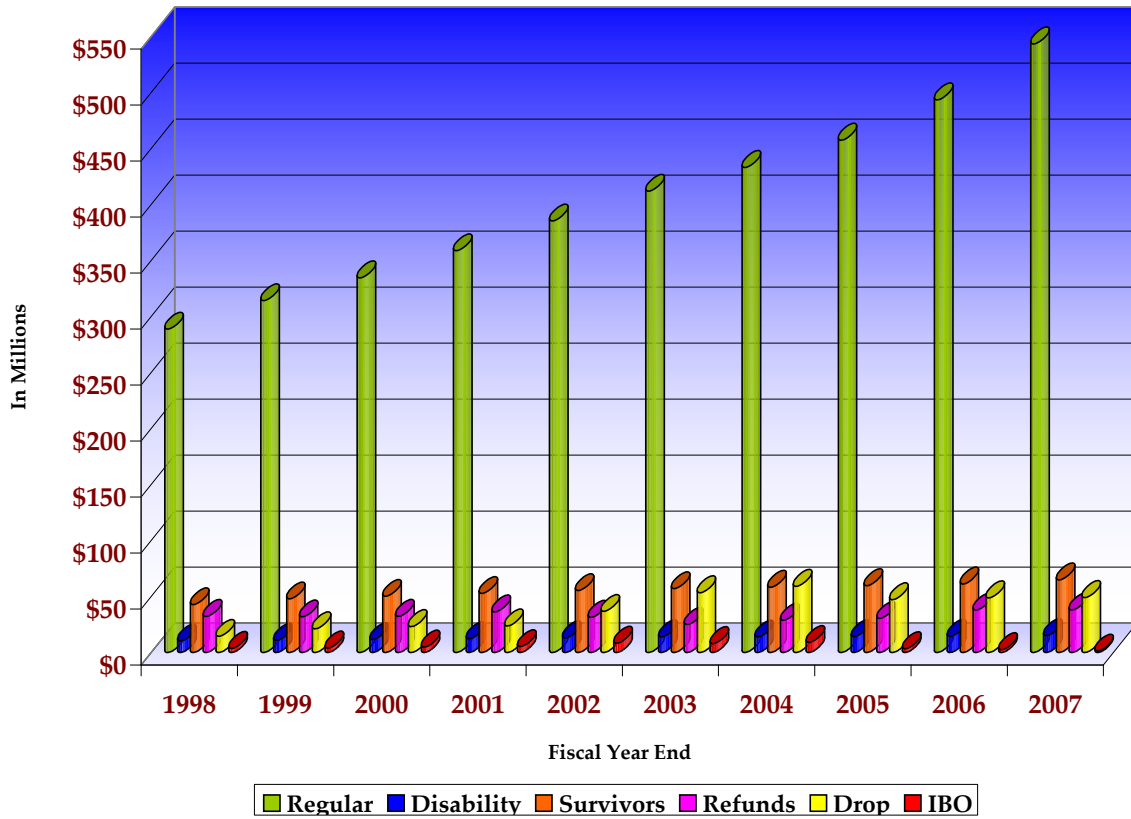
SCHEDULE OF ADDITIONS BY SOURCE AND DEDUCTIONS BY TYPE

For The Ten Years Ended June 30, 2007

Additions By Source									
Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income	Other Income	Total Additions to Plan Net Assets	(2) Annual Covered Payroll	Percentage (1)/(2)		
1998	\$ 129,724,456	219,680,934	605,216,464	10,177,305	\$ 964,799,159	\$ 1,689,840,364	13.0%		
1999	\$ 135,479,230	218,929,941	470,204,749	9,175,049	\$ 833,788,969	\$ 1,765,389,858	12.4%		
2000	\$ 147,090,812	236,104,720	664,556,035	8,658,621	\$ 1,056,410,188	\$ 1,919,487,365	12.3%		
2001	\$ 144,603,488	245,213,071	(408,921,855)	12,102,647	\$ (7,002,649)	\$ 1,885,417,750	13.0%		
2002	\$ 151,350,321	256,079,880	(342,821,109)	14,658,709	\$ 79,267,801	\$ 1,969,622,814	13.0%		
2003	\$ 159,469,854	292,290,126	212,771,376	15,137,037	\$ 679,668,393	\$ 2,072,945,958	14.1%		
2004	\$ 163,277,178	335,991,617	996,067,481	9,325,388	\$ 1,504,661,664	\$ 2,125,561,464	15.8%		
2005	\$ 169,143,849	391,870,045	650,345,827	37,363,680	\$ 1,248,723,401	\$ 2,201,578,577	17.8%		
2006	\$ 165,509,666	424,850,496	833,207,981	33,115,285	\$ 1,456,683,428	\$ 2,147,080,974	19.8%		
2007	\$ 167,957,870	416,329,361	1,473,499,193	12,285,284	\$ 2,070,071,708	\$ 2,179,712,178	19.1%		
Deductions By Type									
Fiscal Year	Benefits	Refunds	Administrative	Total Deductions to Plan Net Assets	Total Change in Net Assets				
1998	\$ 359,625,826	32,156,373	9,205,446	\$ 400,987,645	\$ 563,811,514				
1999	\$ 397,966,405	31,851,567	8,789,890	\$ 438,607,862	\$ 395,181,107				
2000	\$ 424,142,312	32,300,258	10,242,213	\$ 466,684,783	\$ 589,725,405				
2001	\$ 452,637,691	36,147,087	13,872,636	\$ 502,657,414	\$ (509,660,063)				
2002	\$ 498,392,717	31,391,355	13,259,572	\$ 543,043,644	\$ (463,775,843)				
2003	\$ 544,009,581	25,043,817	11,829,437	\$ 580,882,835	\$ 98,785,559				
2004	\$ 573,152,747	28,760,064	13,424,318	\$ 615,337,129	\$ 889,324,535				
2005	\$ 581,665,163	30,357,532	18,634,313	\$ 630,657,008	\$ 618,066,393				
2006	\$ 620,367,483	37,821,549	16,041,572	\$ 674,230,604	\$ 782,452,824				
2007	\$ 673,617,033	38,030,600	15,784,051	\$ 727,431,684	\$ 1,342,640,024				

BENEFIT EXPENSES BY TYPE

Fiscal Year End	Regular	Disability	Survivors	Refunds	Deferred Retirement Option	Initial Benefit Option	Total
1998	\$ 288,751,938	10,231,165	42,636,115	32,156,373	14,360,258	3,646,350	\$ 391,782,199
1999	\$ 314,204,979	10,847,726	47,822,486	31,851,567	21,150,812	3,940,402	\$ 429,817,972
2000	\$ 334,551,818	11,538,277	50,137,810	32,300,258	23,113,392	4,801,015	\$ 456,442,570
2001	\$ 358,790,569	12,278,188	52,613,450	36,147,087	23,694,027	5,261,457	\$ 488,784,778
2002	\$ 385,341,420	13,026,215	55,186,446	31,391,355	36,609,129	8,229,507	\$ 529,784,072
2003	\$ 411,933,100	13,859,977	56,972,676	25,043,817	53,322,395	7,921,433	\$ 569,053,398
2004	\$ 433,175,565	13,818,110	58,207,404	28,760,064	59,048,130	8,903,537	\$ 601,912,811
2005	\$ 457,521,300	14,051,770	59,662,090	30,357,532	47,091,359	3,338,644	\$ 612,022,695
2006	\$ 493,538,491	14,451,268	61,151,906	37,821,549	48,744,710	2,481,107	\$ 658,189,032
2007	\$ 543,463,746	15,127,212	64,756,893	38,030,600	49,038,362	1,230,820	\$ 711,647,633



STATISTICAL SECTION

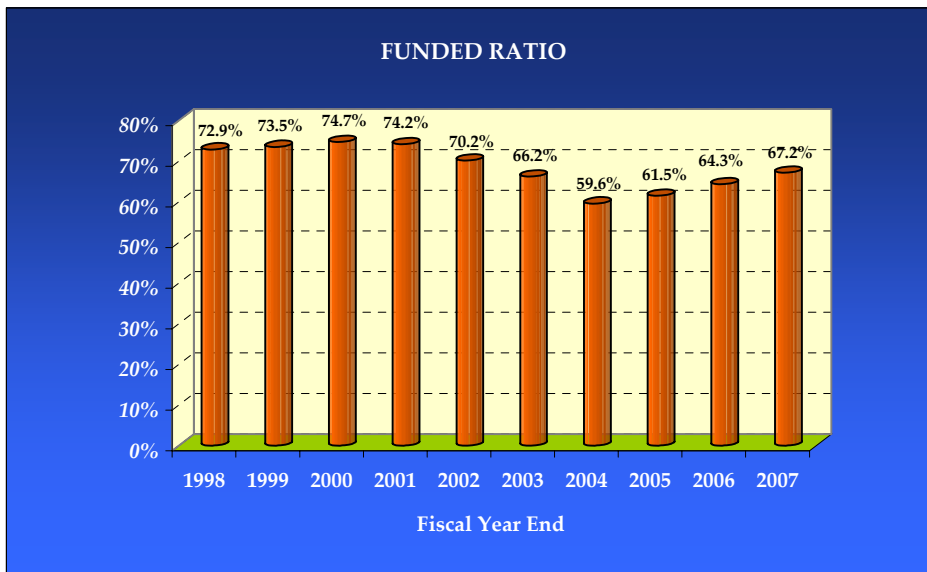
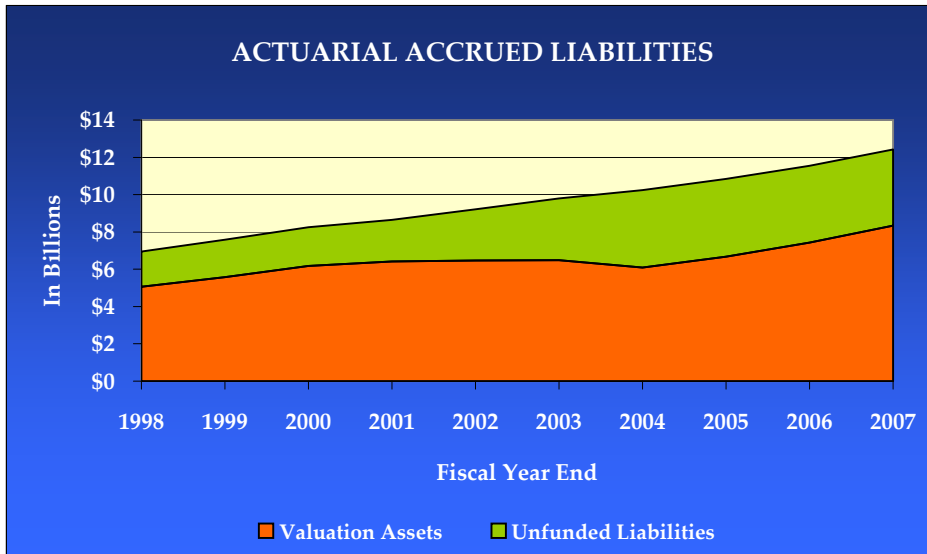
VALUATION ASSETS VS. PENSION LIABILITIES

Ten Years Ended June 30, 2007

Valuation Assets (at Market) vs. Pension Liabilities

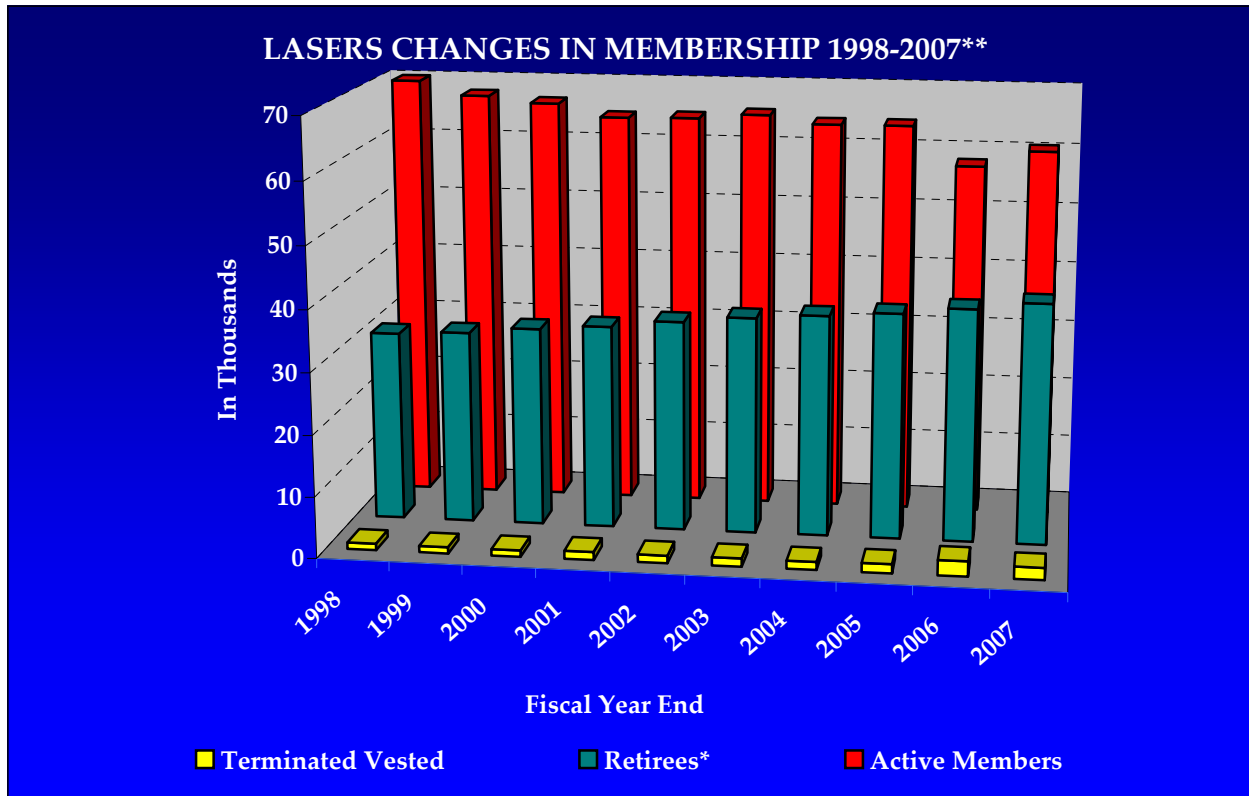
Dollars in Billions

Fiscal Year	Valuation Assets	Unfunded Liabilities	Accrued Liabilities	Funded Ratios
1998	5.0678	1.8853	6.9531	72.9%
1999	5.5750	2.0079	7.5829	73.5%
2000	6.1710	2.0863	8.2573	74.7%
2001	6.4183	2.2343	8.6526	74.2%
2002	6.4606	2.7461	9.2067	70.2%
2003	6.4875	3.3088	9.7963	66.2%
2004	6.0978	4.1398	10.2376	59.6%
2005	6.6735	4.1736	10.8471	61.5%
2006	7.4308	4.1179	11.5487	64.3%
2007	8.3455	4.0764	12.4219	67.2%



LASERS MEMBERSHIP

Fiscal Year	Active Members	Retirees*	Terminated Vested	Terminated Nonvested**	Total Members
1998	69,949	31,092	1,094	23,451	125,586
1999	67,680	31,599	1,027	24,397	124,703
2000	66,642	32,618	1,055	26,469	126,784
2001	64,519	33,357	1,300	28,223	127,399
2002	64,692	34,522	1,245	29,579	130,038
2003	65,441	35,525	1,317	30,940	133,223
2004	64,149	36,291	1,324	35,955	137,719
2005	64,168	37,015	1,486	34,379	137,048
2006	57,811	38,132	2,492	43,382	141,817
2007	60,444	39,366	1,980	43,797	145,587

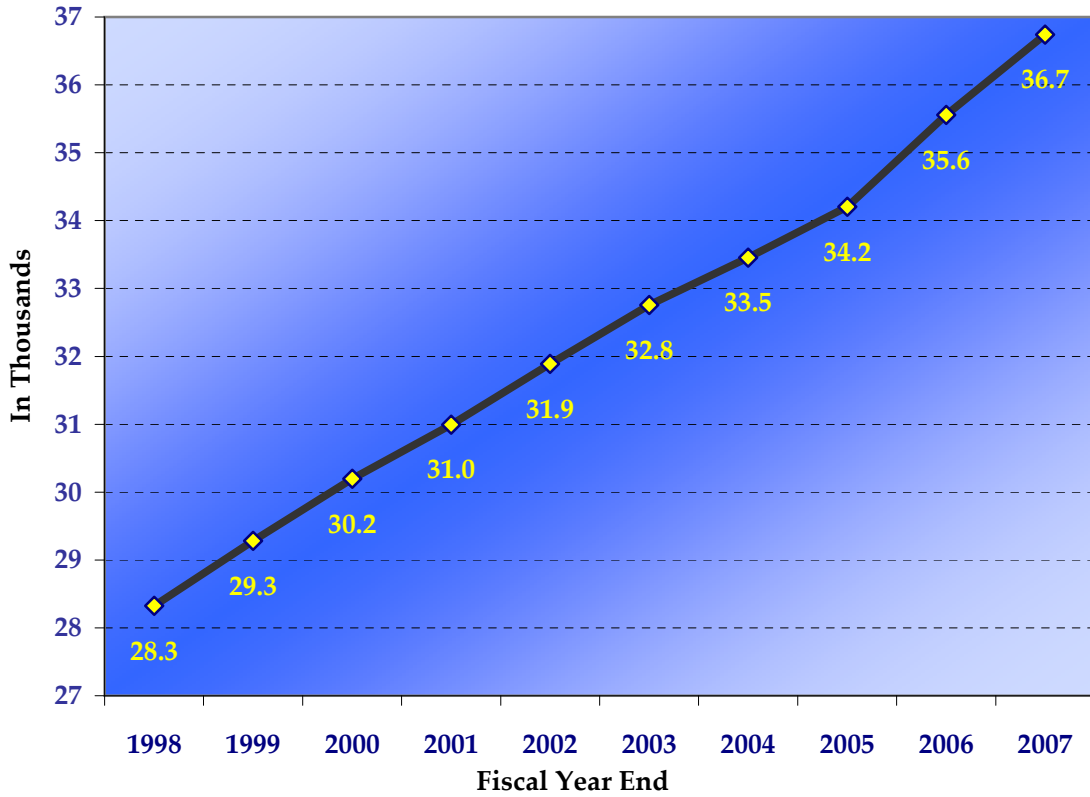


* Retirees includes Regular, Disability, Survivors, and DROP retirees

** Chart does not include Terminated Nonvested

NUMBER OF BENEFIT RECIPIENTS

Fiscal Year End	Recipients	Net Change
1998	28,326	2.0%
1999	29,283	3.4%
2000	30,197	3.1%
2001	30,992	2.6%
2002	31,887	2.9%
2003	32,757	2.7%
2004	33,456	2.1%
2005	34,205	2.2%
2006	35,555	3.9%
2007	36,742	3.3%



STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Summary of All Retirees

	Years of Service Credit										
	<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	All Members	
2007	Average Benefit Received	\$ 775	\$ 930	\$ 700	\$ 1,024	\$ 1,283	\$ 1,767	\$ 2,337	\$ 2,801	\$ 3,002	\$ 1,543
	Average Final Average Compensation	\$ 2,344	\$ 2,087	\$ 2,368	\$ 2,472	\$ 2,662	\$ 2,899	\$ 3,198	\$ 3,453	\$ 3,388	\$ 2,781
	Number of Retirees	101	237	6,223	5,423	7,262	7,947	7,918	1,308	323	36,742
2006	Average Benefit Received	\$ 716	\$ 875	\$ 661	\$ 959	\$ 1,207	\$ 1,672	\$ 2,216	\$ 2,638	\$ 2,860	\$ 1,450
	Average Final Average Compensation	\$ 2,318	\$ 2,020	\$ 2,374	\$ 2,447	\$ 2,622	\$ 2,861	\$ 3,134	\$ 3,340	\$ 3,310	\$ 2,739
	Number of Retirees	97	230	6,080	5,364	7,130	7,569	7,517	1,254	314	35,555
2005	Average Benefit Received	\$ 718	\$ 867	\$ 656	\$ 940	\$ 1,178	\$ 1,600	\$ 2,113	\$ 2,486	\$ 2,685	\$ 1,389
	Average Final Average Compensation	\$ 1,876	\$ 1,966	\$ 2,371	\$ 2,425	\$ 2,600	\$ 2,843	\$ 3,077	\$ 3,225	\$ 3,277	\$ 2,704
	Number of Retirees	117	229	5,891	5,335	6,917	7,090	7,112	1,194	320	34,205
2004	Average Benefit Received	\$ 699	\$ 856	\$ 651	\$ 922	\$ 1,160	\$ 1,566	\$ 2,060	\$ 2,417	\$ 2,625	\$ 1,353
	Average Final Average Compensation	\$ 1,826	\$ 1,966	\$ 2,377	\$ 2,426	\$ 2,599	\$ 2,834	\$ 3,044	\$ 3,175	\$ 3,251	\$ 2,690
	Number of Retirees	130	239	5,754	5,386	6,863	6,834	6,757	1,170	323	33,456
2003	Average Benefit Received	\$ 588	\$ 837	\$ 620	\$ 875	\$ 1,119	\$ 1,459	\$ 1,869	\$ 2,174	\$ 2,465	\$ 1,253
	Average Final Average Compensation	\$ 2,685	\$ 2,204	\$ 2,457	\$ 2,555	\$ 2,598	\$ 2,759	\$ 2,889	\$ 2,939	\$ 3,175	\$ 2,671
	Number of Retirees	138	250	5,726	5,432	6,716	6,620	6,390	1,166	319	32,757
2002	Average Benefit Received	\$ 628	\$ 887	\$ 624	\$ 893	\$ 1,135	\$ 1,502	\$ 1,974	\$ 2,301	\$ 2,497	\$ 1,290
	Average Final Average Compensation	\$ 1,705	\$ 1,912	\$ 2,448	\$ 2,446	\$ 2,624	\$ 2,852	\$ 2,984	\$ 3,065	\$ 3,092	\$ 2,688
	Number of Retirees	140	266	5,624	5,402	6,458	6,400	6,137	1,138	322	31,887
2001	Average Benefit Received	\$ 570	\$ 816	\$ 587	\$ 839	\$ 1,064	\$ 1,385	\$ 1,766	\$ 2,086	\$ 2,371	\$ 1,179
	Average Final Average Compensation	\$ 2,726	\$ 2,190	\$ 2,543	\$ 2,604	\$ 2,621	\$ 2,785	\$ 2,873	\$ 2,881	\$ 3,125	\$ 2,695
	Number of Retirees	150	276	5,579	5,464	6,158	6,113	5,821	1,106	325	30,992
2000	Average Benefit Received	\$ 633	\$ 843	\$ 582	\$ 831	\$ 1,043	\$ 1,363	\$ 1,800	\$ 2,135	\$ 2,401	\$ 1,173
	Average Final Average Compensation	\$ 1,314	\$ 1,937	\$ 2,569	\$ 2,538	\$ 2,688	\$ 2,919	\$ 3,030	\$ 3,106	\$ 3,096	\$ 2,752
	Number of Retirees	179	280	5,524	5,469	5,854	5,860	5,592	1,114	325	30,197
1999	Average Benefit Received	\$ 486	\$ 781	\$ 553	\$ 787	\$ 1,008	\$ 1,287	\$ 1,647	\$ 1,952	\$ 2,272	\$ 1,084
	Average Final Average Compensation	\$ 2,797	\$ 2,109	\$ 2,682	\$ 2,753	\$ 2,740	\$ 2,849	\$ 2,903	\$ 2,873	\$ 3,187	\$ 2,787
	Number of Retirees	779	278	5,342	5,269	5,481	5,542	5,203	1,075	314	29,283
1998	Average Benefit Received	\$ 361	\$ 699	\$ 541	\$ 757	\$ 976	\$ 1,243	\$ 1,579	\$ 1,862	\$ 2,151	\$ 1,034
	Average Final Average Compensation	\$ 2,773	\$ 2,091	\$ 2,756	\$ 2,854	\$ 2,813	\$ 2,900	\$ 2,931	\$ 2,872	\$ 3,198	\$ 2,845
	Number of Retirees	817	265	5,333	5,146	5,182	5,368	4,838	1,064	313	28,326
Ten Years Ended June 30, 2007											
Average Benefit Received	\$ 515	\$ 837	\$ 620	\$ 883	\$ 1,126	\$ 1,504	\$ 1,971	\$ 2,303	\$ 2,534	\$ 1,287	
Average Final Average Compensation	\$ 2,499	\$ 2,049	\$ 2,489	\$ 2,550	\$ 2,651	\$ 2,850	\$ 3,019	\$ 3,104	\$ 3,210	\$ 2,734	
Number of Retirees	2,648	2,550	57,076	53,690	64,021	65,343	63,285	11,589	3,198	323,400	

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Regular State Employees

		Years of Service Credit									All Members
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	
2007	Average Benefit Received	\$ 544	\$ 757	\$ 668	\$ 938	\$ 1,192	\$ 1,636	\$ 2,151	\$ 2,557	\$ 2,727	\$ 1,433
	Average Final Average Compensation	\$ 2,463	\$ 2,135	\$ 2,381	\$ 2,501	\$ 2,583	\$ 2,783	\$ 3,051	\$ 3,237	\$ 3,314	\$ 2,711
	Number of Retirees	93	211	6,108	5,250	6,192	7,586	7,780	1,294	314	34,828
2006	Average Benefit Received	\$ 524	\$ 754	\$ 627	\$ 877	\$ 1,115	\$ 1,533	\$ 2,024	\$ 2,381	\$ 2,581	\$ 1,337
	Average Final Average Compensation	\$ 2,516	\$ 2,084	\$ 2,387	\$ 2,495	\$ 2,558	\$ 2,752	\$ 2,992	\$ 3,132	\$ 3,259	\$ 2,679
	Number of Retirees	90	205	5,965	5,197	6,107	7,228	7,385	1,241	305	33,723
2005	Average Benefit Received	\$ 543	\$ 748	\$ 618	\$ 857	\$ 1,090	\$ 1,464	\$ 1,934	\$ 2,259	\$ 2,464	\$ 1,280
	Average Final Average Compensation	\$ 2,534	\$ 2,038	\$ 2,398	\$ 2,488	\$ 2,543	\$ 2,736	\$ 2,939	\$ 3,035	\$ 3,196	\$ 2,655
	Number of Retirees	110	206	5,778	5,175	5,944	6,775	6,990	1,181	311	32,470
2004	Average Benefit Received	\$ 528	\$ 738	\$ 613	\$ 845	\$ 1,072	\$ 1,431	\$ 1,887	\$ 2,207	\$ 2,409	\$ 1,248
	Average Final Average Compensation	\$ 2,616	\$ 2,060	\$ 2,405	\$ 2,492	\$ 2,543	\$ 2,725	\$ 2,907	\$ 2,993	\$ 3,173	\$ 2,643
	Number of Retirees	122	215	5,647	5,231	5,887	6,530	6,643	1,156	315	31,746
2003	Average Benefit Received	\$ 501	\$ 766	\$ 602	\$ 834	\$ 1,053	\$ 1,399	\$ 1,840	\$ 2,150	\$ 2,374	\$ 1,213
	Average Final Average Compensation	\$ 2,593	\$ 2,079	\$ 2,438	\$ 2,518	\$ 2,559	\$ 2,709	\$ 2,869	\$ 2,924	\$ 3,107	\$ 2,639
	Number of Retirees	131	226	5,620	5,278	5,813	6,325	6,281	1,150	310	31,134
2002	Average Benefit Received	\$ 494	\$ 764	\$ 586	\$ 823	\$ 1,046	\$ 1,378	\$ 1,805	\$ 2,123	\$ 2,328	\$ 1,190
	Average Final Average Compensation	\$ 2,606	\$ 2,011	\$ 2,472	\$ 2,534	\$ 2,577	\$ 2,723	\$ 2,852	\$ 2,885	\$ 3,063	\$ 2,647
	Number of Retirees	133	243	5,524	5,258	5,663	6,138	6,041	1,124	313	30,437
2001	Average Benefit Received	\$ 490	\$ 734	\$ 570	\$ 803	\$ 1,007	\$ 1,334	\$ 1,738	\$ 2,064	\$ 2,294	\$ 1,143
	Average Final Average Compensation	\$ 2,643	\$ 2,048	\$ 2,526	\$ 2,574	\$ 2,600	\$ 2,752	\$ 2,857	\$ 2,870	\$ 3,061	\$ 2,672
	Number of Retirees	142	251	5,489	5,320	5,498	5,895	5,731	1,091	317	29,734
2000	Average Benefit Received	\$ 459	\$ 715	\$ 555	\$ 773	\$ 977	\$ 1,279	\$ 1,674	\$ 1,996	\$ 2,258	\$ 1,099
	Average Final Average Compensation	\$ 2,726	\$ 2,012	\$ 2,585	\$ 2,627	\$ 2,649	\$ 2,769	\$ 2,874	\$ 2,897	\$ 3,095	\$ 2,708
	Number of Retirees	171	257	5,445	5,331	5,296	5,663	5,514	1,100	318	29,095
1999	Average Benefit Received	\$ 458	\$ 732	\$ 539	\$ 753	\$ 957	\$ 1,238	\$ 1,620	\$ 1,930	\$ 2,198	\$ 1,050
	Average Final Average Compensation	\$ 2,794	\$ 2,017	\$ 2,667	\$ 2,728	\$ 2,732	\$ 2,819	\$ 2,886	\$ 2,860	\$ 3,135	\$ 2,768
	Number of Retirees	774	259	5,269	5,143	5,009	5,361	5,131	1,064	308	28,318
1998	Average Benefit Received	\$ 326	\$ 650	\$ 527	\$ 729	\$ 926	\$ 1,197	\$ 1,552	\$ 1,851	\$ 2,110	\$ 1,002
	Average Final Average Compensation	\$ 2,769	\$ 1,988	\$ 2,741	\$ 2,835	\$ 2,807	\$ 2,873	\$ 2,917	\$ 2,863	\$ 3,182	\$ 2,829
	Number of Retirees	812	249	5,265	5,040	4,786	5,202	4,773	1,055	308	27,490
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ 435	\$ 734	\$ 592	\$ 824	\$ 1,049	\$ 1,404	\$ 1,849	\$ 2,164	\$ 2,374	\$ 1,208
Average Final Average Compensation		\$ 2,712	\$ 2,045	\$ 2,495	\$ 2,578	\$ 2,609	\$ 2,761	\$ 2,921	\$ 2,977	\$ 3,158	\$ 2,693
Number of Retirees		2,578	2,322	56,110	52,223	56,195	62,703	62,269	11,456	3,119	308,975

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Corrections Employees (Before 1986)

		Years of Service Credit									All Members
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	
2007	Average Benefit Received	\$ -	\$ 1,440	\$ 1,123	\$ 1,296	\$ 1,411	\$ 2,113	\$ 2,696	\$ 3,534	\$ 4,410	\$ 1,559
	Average Final Average Compensation	\$ -	\$ 1,935	\$ 2,246	\$ 2,634	\$ 2,717	\$ 3,463	\$ 3,872	\$ 4,455	\$ 5,577	\$ 2,850
	Number of Retirees	0	13	54	57	882	185	46	2	4	1,243
2006	Average Benefit Received	\$ -	\$ 1,356	\$ 999	\$ 1,233	\$ 1,368	\$ 2,024	\$ 2,657	\$ 3,399	\$ 4,210	\$ 1,502
	Average Final Average Compensation	\$ -	\$ 1,935	\$ 2,229	\$ 2,555	\$ 2,672	\$ 3,373	\$ 3,867	\$ 4,455	\$ 5,577	\$ 2,799
	Number of Retirees	0	13	54	52	838	171	45	2	4	1,179
2005	Average Benefit Received	\$ -	\$ 1,335	\$ 1,246	\$ 1,212	\$ 1,333	\$ 2,007	\$ 2,541	\$ 2,637	\$ 4,210	\$ 1,475
	Average Final Average Compensation	\$ -	\$ 1,918	\$ 2,209	\$ 2,498	\$ 2,628	\$ 3,341	\$ 3,809	\$ 2,805	\$ 5,577	\$ 2,749
	Number of Retirees	0	12	53	48	794	154	42	1	4	1,108
2004	Average Benefit Received	\$ -	\$ 1,300	\$ 898	\$ 1,245	\$ 1,311	\$ 1,997	\$ 2,516	\$ 2,637	\$ 3,920	\$ 1,434
	Average Final Average Compensation	\$ -	\$ 1,917	\$ 2,135	\$ 2,440	\$ 2,599	\$ 3,327	\$ 3,750	\$ 2,805	\$ 5,582	\$ 2,711
	Number of Retirees	0	13	50	46	792	148	39	1	3	1,092
2003	Average Benefit Received	\$ -	\$ 1,377	\$ 895	\$ 1,242	\$ 1,296	\$ 1,980	\$ 2,473	\$ 2,637	\$ 3,920	\$ 1,425
	Average Final Average Compensation	\$ -	\$ 1,917	\$ 2,106	\$ 2,436	\$ 2,561	\$ 3,337	\$ 3,689	\$ 2,805	\$ 5,582	\$ 2,687
	Number of Retirees	0	13	47	45	718	143	37	1	3	1,007
2002	Average Benefit Received	\$ -	\$ 1,322	\$ 900	\$ 1,298	\$ 1,315	\$ 1,931	\$ 2,343	\$ 2,637	\$ 3,920	\$ 1,424
	Average Final Average Compensation	\$ -	\$ 1,857	\$ 2,050	\$ 2,412	\$ 2,511	\$ 3,239	\$ 3,451	\$ 2,805	\$ 5,582	\$ 2,618
	Number of Retirees	0	12	42	41	613	120	28	1	3	860
2001	Average Benefit Received	\$ -	\$ 1,245	\$ 887	\$ 1,231	\$ 1,238	\$ 1,916	\$ 2,271	\$ 2,596	\$ 3,714	\$ 1,347
	Average Final Average Compensation	\$ -	\$ 1,745	\$ 2,024	\$ 2,384	\$ 2,414	\$ 3,115	\$ 3,254	\$ 2,805	\$ 5,582	\$ 2,505
	Number of Retirees	0	12	36	41	480	79	23	1	3	675
2000	Average Benefit Received	\$ -	\$ 1,302	\$ 899	\$ 1,196	\$ 1,224	\$ 1,920	\$ 2,055	\$ 2,545	\$ 2,880	\$ 1,313
	Average Final Average Compensation	\$ -	\$ 1,738	\$ 2,011	\$ 2,356	\$ 2,369	\$ 2,950	\$ 2,830	\$ 2,805	\$ 4,203	\$ 2,420
	Number of Retirees	0	10	29	35	389	62	14	1	1	541
1999	Average Benefit Received	\$ -	\$ 1,164	\$ 889	\$ 1,129	\$ 1,218	\$ 1,870	\$ 1,950	\$ 2,495	\$ -	\$ 1,290
	Average Final Average Compensation	\$ -	\$ 1,689	\$ 1,993	\$ 2,294	\$ 2,332	\$ 2,884	\$ 2,679	\$ 2,805	\$ -	\$ 2,373
	Number of Retirees	0	8	27	32	329	54	12	1	0	463
1998	Average Benefit Received	\$ -	\$ 1,081	\$ 875	\$ 1,113	\$ 1,212	\$ 1,834	\$ 1,913	\$ 2,456	\$ -	\$ 1,281
	Average Final Average Compensation	\$ -	\$ 1,666	\$ 1,976	\$ 2,271	\$ 2,305	\$ 2,812	\$ 2,632	\$ 2,805	\$ -	\$ 2,346
	Number of Retirees	0	5	22	23	259	44	10	1	0	364
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ -	\$ 1,313	\$ 982	\$ 1,230	\$ 1,314	\$ 1,990	\$ 2,463	\$ 2,876	\$ 4,025	\$ 1,436
Average Final Average Compensation		\$ -	\$ 1,852	\$ 2,123	\$ 2,451	\$ 2,560	\$ 3,275	\$ 3,596	\$ 3,355	\$ 5,524	\$ 2,667
Number of Retirees		0	111	414	420	6,094	1,160	296	12	25	8,532

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Corrections Employees (After 1986)

		Years of Service Credit									All Members
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	
2007	Average Benefit Received	\$ -	\$ 1,897	\$ 1,203	\$ 2,291	\$ 2,153	\$ 2,953	\$ 4,492	\$ 4,661	\$ 4,504	\$ 3,198
	Average Final Average Compensation	\$ -	\$ 2,528	\$ 2,812	\$ 3,290	\$ 3,348	\$ 4,415	\$ 5,658	\$ 5,058	\$ 4,945	\$ 4,398
	Number of Retirees	0	2	3	4	1	10	10	1	1	32
2006	Average Benefit Received	\$ -	\$ 1,911	\$ 1,015	\$ 1,644	\$ 2,153	\$ 4,011	\$ 4,590	\$ -	\$ 4,271	\$ 3,482
	Average Final Average Compensation	\$ -	\$ 2,548	\$ 2,724	\$ 3,165	\$ 3,348	\$ 4,654	\$ 5,872	\$ -	\$ 4,945	\$ 4,580
	Number of Retirees	0	1	2	3	1	7	8	0	1	23
2005	Average Benefit Received	\$ -	\$ -	\$ 884	\$ 1,796	\$ -	\$ 3,418	\$ 5,464	\$ -	\$ 4,270	\$ 3,797
	Average Final Average Compensation	\$ -	\$ -	\$ 2,578	\$ 3,075	\$ -	\$ 4,739	\$ 6,182	\$ -	\$ 4,945	\$ 4,877
	Number of Retirees	0	0	1	2	0	5	5	0	1	14
2004	Average Benefit Received	\$ -	\$ -	\$ -	\$ 1,224	\$ -	\$ 3,917	\$ 4,244	\$ -	\$ 4,270	\$ 3,706
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ 2,993	\$ -	\$ 5,344	\$ 5,369	\$ -	\$ 4,945	\$ 5,007
	Number of Retirees	0	0	0	1	0	4	2	0	1	8
2003	Average Benefit Received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,775	\$ 4,001	\$ 2,124	\$ 4,270	\$ 3,834
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,089	\$ 5,369	\$ 5,058	\$ 4,945	\$ 5,366
	Number of Retirees	0	0	0	0	0	1	2	1	1	5
2002	Average Benefit Received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,497	\$ -	\$ -	\$ 4,270	\$ 3,884
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,089	\$ -	\$ -	\$ 4,945	\$ 5,517
	Number of Retirees	0	0	0	0	0	1	0	0	1	2
1998-2001	Average Benefit Received	No Activity									
	Average Final Average Compensation	No Activity									
	Number of Retirees	No Activity									
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ -	\$ 1,902	\$ 1,087	\$ 1,891	\$ 2,153	\$ 3,523	\$ 4,646	\$ 3,393	\$ 4,309	\$ 3,478
Average Final Average Compensation		\$ -	\$ 2,535	\$ 2,744	\$ 3,180	\$ 3,348	\$ 4,785	\$ 5,776	\$ 5,058	\$ 4,945	\$ 4,670
Number of Retirees		0	3	6	10	2	28	27	2	6	84

Peace Officers

		Years of Service Credit									All Members
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	
2007	Average Benefit Received	\$ -	\$ -	\$ -	\$ 2,065	\$ 2,041	\$ -	\$ 3,024	\$ -	\$ -	\$ 2,299
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ 3,808	\$ 4,528	\$ -	\$ 3,987	\$ -	\$ -	\$ 4,033
	Number of Retirees	0	0	0	2	1	0	1	0	0	4
1998-2006	Average Benefit Received	No Activity									
	Average Final Average Compensation	No Activity									
	Number of Retirees	No Activity									
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ -	\$ -	\$ -	\$ 2,065	\$ 2,041	\$ -	\$ 3,024	\$ -	\$ -	\$ -
Average Final Average Compensation		\$ -	\$ -	\$ -	\$ 3,808	\$ 4,528	\$ -	\$ 3,987	\$ -	\$ -	\$ -
Number of Retirees		0	0	0	2	1	0	1	0	0	4

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Wildlife Agents (Before 2003)

		Years of Service Credit									
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	All Members
2007	Average Benefit Received	\$ 718	\$ 966	\$ 1,320	\$ 1,168	\$ 1,514	\$ 1,875	\$ 2,149	\$ 1,819	\$ -	\$ 1,639
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,559	\$ 2,198	\$ 2,763	\$ 2,901	\$ 2,946	\$ 3,335	\$ -	\$ 2,745
	Number of Retirees	2	2	15	23	88	81	20	3	0	234
2006	Average Benefit Received	\$ 989	\$ 916	\$ 1,290	\$ 1,108	\$ 1,429	\$ 1,771	\$ 1,917	\$ 1,755	\$ -	\$ 1,545
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,586	\$ 2,198	\$ 2,796	\$ 2,946	\$ 2,858	\$ 3,335	\$ -	\$ 2,768
	Number of Retirees	2	2	16	23	91	82	21	3	0	240
2005	Average Benefit Received	\$ 988	\$ 915	\$ 1,290	\$ 1,107	\$ 1,406	\$ 1,760	\$ 1,785	\$ 1,754	\$ -	\$ 1,521
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,586	\$ 2,198	\$ 2,738	\$ 2,912	\$ 2,712	\$ 3,335	\$ -	\$ 2,723
	Number of Retirees	2	2	16	23	92	84	20	3	0	242
2004	Average Benefit Received	\$ 988	\$ 915	\$ 1,290	\$ 1,107	\$ 1,386	\$ 1,760	\$ 1,662	\$ 1,667	\$ -	\$ 1,501
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,586	\$ 2,198	\$ 2,717	\$ 2,912	\$ 2,671	\$ 3,643	\$ -	\$ 2,720
	Number of Retirees	2	2	16	23	95	84	19	4	0	245
2003	Average Benefit Received	\$ 988	\$ 915	\$ 1,255	\$ 1,125	\$ 1,388	\$ 1,744	\$ 1,501	\$ 1,507	\$ -	\$ 1,475
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,456	\$ 2,152	\$ 2,700	\$ 2,978	\$ 2,421	\$ 3,050	\$ -	\$ 2,689
	Number of Retirees	2	2	17	25	96	83	19	5	0	249
2002	Average Benefit Received	\$ 988	\$ 915	\$ 1,206	\$ 1,125	\$ 1,356	\$ 1,725	\$ 1,520	\$ 1,507	\$ -	\$ 1,449
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,562	\$ 2,152	\$ 2,638	\$ 2,916	\$ 2,421	\$ 3,050	\$ -	\$ 2,647
	Number of Retirees	2	2	18	25	97	79	19	5	0	247
2001	Average Benefit Received	\$ 988	\$ 901	\$ 1,207	\$ 1,074	\$ 1,313	\$ 1,649	\$ 1,516	\$ 1,496	\$ -	\$ 1,404
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,431	\$ 2,104	\$ 2,653	\$ 2,800	\$ 2,325	\$ 3,050	\$ -	\$ 2,596
	Number of Retirees	2	2	16	24	96	78	19	5	0	242
2000	Average Benefit Received	\$ 988	\$ 883	\$ 1,078	\$ 1,070	\$ 1,262	\$ 1,601	\$ 1,418	\$ 1,268	\$ -	\$ 1,352
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,353	\$ 2,104	\$ 2,620	\$ 2,926	\$ 2,292	\$ 3,059	\$ -	\$ 2,618
	Number of Retirees	2	2	13	25	88	78	17	4	0	229
1999	Average Benefit Received	\$ 989	\$ 884	\$ 956	\$ 1,143	\$ 1,288	\$ 1,606	\$ 1,434	\$ 1,221	\$ -	\$ 1,375
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,595	\$ 2,337	\$ 2,912	\$ 3,165	\$ 2,814	\$ 4,225	\$ -	\$ 2,904
	Number of Retirees	2	2	11	21	70	72	16	2	0	196
1998	Average Benefit Received	\$ 992	\$ 884	\$ 890	\$ 1,083	\$ 1,211	\$ 1,552	\$ 1,435	\$ 1,201	\$ -	\$ 1,322
	Average Final Average Compensation	\$ 1,628	\$ 1,546	\$ 2,748	\$ 2,292	\$ 2,926	\$ 3,146	\$ 2,814	\$ 4,225	\$ -	\$ 2,912
	Number of Retirees	2	2	11	18	64	70	16	2	0	185
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ 962	\$ 909	\$ 1,197	\$ 1,111	\$ 1,361	\$ 1,709	\$ 1,649	\$ 1,531	\$ -	\$ 1,463
Average Final Average Compensation		\$ 1,628	\$ 1,546	\$ 2,541	\$ 2,188	\$ 2,735	\$ 2,956	\$ 2,630	\$ 3,319	\$ -	\$ 2,725
Number of Retirees		20	20	149	230	877	791	186	36	0	2,309

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Wildlife Agents (After 2003)

		Years of Service Credit									
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	All Members
2007	Average Benefit Received	\$ -	\$ -	\$ -	\$ 2,401	\$ 3,039	\$ 4,419	\$ 4,936	\$ -	\$ -	\$ 4,079
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ 3,840	\$ 4,415	\$ 5,097	\$ 4,921	\$ -	\$ -	\$ 4,785
	Number of Retirees	0	0	0	4	7	16	10	0	0	37
2006	Average Benefit Received	\$ -	\$ -	\$ -	\$ 2,281	\$ 3,477	\$ 5,006	\$ 5,267	\$ -	\$ -	\$ 4,469
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ 3,840	\$ 4,388	\$ 4,899	\$ 4,948	\$ -	\$ -	\$ 4,691
	Number of Retirees	0	0	0	4	6	14	9	0	0	33
2005	Average Benefit Received	\$ -	\$ -	\$ -	\$ 2,180	\$ 2,649	\$ 3,805	\$ 5,331	\$ -	\$ -	\$ 3,715
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ 3,685	\$ 4,022	\$ 4,831	\$ 5,433	\$ -	\$ -	\$ 4,610
	Number of Retirees	0	0	0	3	2	3	4	0	0	12
2004	Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ 2,497	\$ 4,213	\$ 4,432	\$ -	\$ -	\$ 3,714
	Average Final Average Compensation	\$ -	\$ -	\$ -	\$ -	\$ 3,910	\$ 5,245	\$ 4,432	\$ -	\$ -	\$ 4,529
	Number of Retirees	0	0	0	0	1	1	1	0	0	3
1998-2003	Average Benefit Received	No Activity									
	Average Final Average Compensation	No Activity									
	Number of Retirees	No Activity									

Ten Years Ended June 30, 2007

Average Benefit Received	\$ -	\$ -	\$ -	\$ 2,297	\$ 3,121	\$ 4,600	\$ 5,105	\$ -	\$ -	\$ 4,166
Average Final Average Compensation	\$ -	\$ -	\$ -	\$ 3,798	\$ 4,324	\$ 4,996	\$ 4,996	\$ -	\$ -	\$ 4,715
Number of Retirees	0	0	0	11	16	34	24	0	0	85

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Judges

		Years of Service Credit									
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	All Members
2007	Average Benefit Received	\$ 3,147	\$ 2,218	\$ 2,956	\$ 4,500	\$ 4,972	\$ 6,288	\$ 5,598	\$ 6,713	\$ 8,308	\$ 4,956
	Average Final Average Compensation	\$ 6,101	\$ 5,939	\$ 6,161	\$ 6,534	\$ 6,470	\$ 6,465	\$ 5,531	\$ 5,575	\$ 7,325	\$ 6,277
	Number of Retirees	6	8	33	54	63	58	38	6	3	269
2006	Average Benefit Received	\$ 2,752	\$ 2,104	\$ 2,802	\$ 4,218	\$ 4,578	\$ 6,020	\$ 5,264	\$ 6,379	\$ 7,934	\$ 4,660
	Average Final Average Compensation	\$ 5,574	\$ 5,939	\$ 6,127	\$ 6,520	\$ 6,387	\$ 6,487	\$ 5,531	\$ 5,575	\$ 7,325	\$ 6,244
	Number of Retirees	5	8	33	55	60	57	38	6	3	265
2005	Average Benefit Received	\$ 2,752	\$ 2,103	\$ 2,839	\$ 4,216	\$ 4,631	\$ 6,047	\$ 5,519	\$ 5,808	\$ 7,934	\$ 4,721
	Average Final Average Compensation	\$ 5,574	\$ 5,939	\$ 6,127	\$ 6,471	\$ 6,398	\$ 6,507	\$ 5,462	\$ 5,222	\$ 7,325	\$ 6,215
	Number of Retirees	5	8	33	55	60	58	40	7	3	269
2004	Average Benefit Received	\$ 2,445	\$ 2,103	\$ 2,870	\$ 4,145	\$ 4,608	\$ 6,029	\$ 5,698	\$ 5,808	\$ 7,934	\$ 4,713
	Average Final Average Compensation	\$ 5,481	\$ 5,939	\$ 5,989	\$ 6,326	\$ 6,344	\$ 6,444	\$ 5,462	\$ 5,222	\$ 7,325	\$ 6,136
	Number of Retirees	6	8	32	54	60	56	40	7	3	266
2003	Average Benefit Received	\$ 2,071	\$ 2,103	\$ 2,896	\$ 4,173	\$ 4,602	\$ 6,163	\$ 5,761	\$ 6,537	\$ 7,348	\$ 4,781
	Average Final Average Compensation	\$ 4,851	\$ 5,939	\$ 5,989	\$ 6,326	\$ 6,280	\$ 6,354	\$ 5,462	\$ 5,222	\$ 5,846	\$ 6,076
	Number of Retirees	5	8	32	54	61	56	40	7	4	267
2002	Average Benefit Received	\$ 2,071	\$ 2,103	\$ 2,916	\$ 4,170	\$ 4,615	\$ 6,128	\$ 5,711	\$ 6,510	\$ 6,869	\$ 4,741
	Average Final Average Compensation	\$ 4,851	\$ 5,939	\$ 5,926	\$ 6,181	\$ 6,174	\$ 6,135	\$ 5,399	\$ 4,776	\$ 5,846	\$ 5,939
	Number of Retirees	5	8	31	47	56	49	39	6	4	245
2001	Average Benefit Received	\$ 2,038	\$ 2,521	\$ 2,893	\$ 4,114	\$ 4,565	\$ 6,039	\$ 5,640	\$ 6,427	\$ 6,801	\$ 4,676
	Average Final Average Compensation	\$ 4,851	\$ 6,110	\$ 5,960	\$ 6,182	\$ 6,122	\$ 6,082	\$ 5,399	\$ 4,776	\$ 5,846	\$ 5,917
	Number of Retirees	6	10	30	48	54	48	39	7	4	246
2000	Average Benefit Received	\$ 1,998	\$ 2,151	\$ 2,824	\$ 4,005	\$ 4,367	\$ 5,769	\$ 5,460	\$ 6,184	\$ 6,356	\$ 4,498
	Average Final Average Compensation	\$ 4,851	\$ 5,421	\$ 5,855	\$ 6,116	\$ 6,071	\$ 5,924	\$ 5,415	\$ 4,776	\$ 5,999	\$ 5,823
	Number of Retirees	6	10	28	46	52	45	38	7	5	237
1999	Average Benefit Received	\$ 1,345	\$ 2,139	\$ 2,770	\$ 4,072	\$ 4,280	\$ 5,641	\$ 5,385	\$ 5,956	\$ 6,261	\$ 4,496
	Average Final Average Compensation	\$ 4,105	\$ 5,159	\$ 5,838	\$ 6,135	\$ 6,014	\$ 5,899	\$ 5,442	\$ 4,776	\$ 5,999	\$ 5,803
	Number of Retirees	3	8	26	42	46	44	37	6	5	217
1998	Average Benefit Received	\$ 1,325	\$ 2,118	\$ 2,735	\$ 3,861	\$ 4,286	\$ 5,489	\$ 5,394	\$ 4,712	\$ 4,727	\$ 4,320
	Average Final Average Compensation	\$ 4,105	\$ 5,159	\$ 5,838	\$ 5,972	\$ 5,893	\$ 5,788	\$ 5,232	\$ 4,854	\$ 4,076	\$ 5,657
	Number of Retirees	3	8	26	35	45	41	32	4	4	198
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ 2,280	\$ 2,174	\$ 2,854	\$ 4,163	\$ 4,569	\$ 5,985	\$ 5,548	\$ 6,151	\$ 6,905	\$ 4,670
Average Final Average Compensation		\$ 5,132	\$ 5,749	\$ 5,990	\$ 6,298	\$ 6,234	\$ 6,240	\$ 5,437	\$ 5,082	\$ 6,167	\$ 6,026
Number of Retirees		50	84	304	490	557	512	381	63	38	2,479

STATISTICAL SECTION

AVERAGE MONTHLY BENEFIT AMOUNTS

Ten Years Ended June 30, 2007

Legislators

		Years of Service Credit									All Members
		<5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40+	
2007	Average Benefit Received	\$ -	\$ 197	\$ 1,085	\$ 1,437	\$ 2,037	\$ 3,062	\$ 2,943	\$ 2,152	\$ 5,140	\$ 2,012
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 3,032	\$ 2,908	\$ 3,480	\$ 3,561	\$ 2,748	\$ 2,440	\$ 4,466	\$ 3,207
	Number of Retirees	0	1	10	29	28	11	13	2	1	95
2006	Average Benefit Received	\$ -	\$ 193	\$ 1,220	\$ 1,350	\$ 1,617	\$ 2,815	\$ 2,646	\$ 2,041	\$ 4,874	\$ 1,769
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 2,986	\$ 2,831	\$ 3,113	\$ 3,604	\$ 2,239	\$ 2,440	\$ 4,466	\$ 3,013
	Number of Retirees	0	1	10	30	27	10	11	2	1	92
2005	Average Benefit Received	\$ -	\$ 192	\$ 1,002	\$ 1,331	\$ 1,632	\$ 2,639	\$ 2,645	\$ 2,040	\$ 4,873	\$ 1,741
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 2,986	\$ 2,941	\$ 2,870	\$ 3,342	\$ 2,239	\$ 2,440	\$ 4,466	\$ 2,956
	Number of Retirees	0	1	10	29	25	11	11	2	1	90
2004	Average Benefit Received	\$ -	\$ 192	\$ 1,042	\$ 1,293	\$ 1,627	\$ 2,639	\$ 2,691	\$ 2,040	\$ 4,873	\$ 1,752
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 3,034	\$ 2,832	\$ 3,175	\$ 3,342	\$ 2,774	\$ 2,440	\$ 4,466	\$ 3,068
	Number of Retirees	0	1	9	31	28	11	13	2	1	96
2003	Average Benefit Received	\$ -	\$ 192	\$ 965	\$ 1,302	\$ 1,647	\$ 2,593	\$ 2,334	\$ 2,040	\$ 4,873	\$ 1,692
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 3,469	\$ 2,830	\$ 3,106	\$ 3,255	\$ 2,512	\$ 2,440	\$ 4,466	\$ 3,063
	Number of Retirees	0	1	10	30	28	12	11	2	1	95
2002	Average Benefit Received	\$ -	\$ 192	\$ 1,010	\$ 1,290	\$ 1,581	\$ 2,486	\$ 2,418	\$ 2,040	\$ 4,873	\$ 1,673
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 3,734	\$ 2,930	\$ 3,160	\$ 3,126	\$ 2,421	\$ 2,440	\$ 4,466	\$ 3,111
	Number of Retirees	0	1	9	31	29	13	10	2	1	96
2001	Average Benefit Received	\$ -	\$ 189	\$ 822	\$ 1,291	\$ 1,572	\$ 2,447	\$ 2,136	\$ 2,008	\$ 4,324	\$ 1,614
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 3,191	\$ 2,932	\$ 3,312	\$ 3,126	\$ 2,242	\$ 2,440	\$ 4,466	\$ 3,098
	Number of Retirees	0	1	8	31	30	13	9	2	1	95
2000	Average Benefit Received	\$ -	\$ 185	\$ 791	\$ 1,213	\$ 1,485	\$ 2,324	\$ 2,095	\$ 1,969	\$ 4,240	\$ 1,517
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 3,749	\$ 2,986	\$ 3,267	\$ 3,135	\$ 2,242	\$ 2,440	\$ 4,466	\$ 3,153
	Number of Retirees	0	1	9	32	29	12	9	2	1	95
1999	Average Benefit Received	\$ -	\$ 182	\$ 783	\$ 1,219	\$ 1,441	\$ 2,462	\$ 2,038	\$ 1,931	\$ 4,157	\$ 1,498
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 4,315	\$ 3,055	\$ 3,333	\$ 3,269	\$ 2,150	\$ 2,440	\$ 4,466	\$ 3,284
	Number of Retirees	0	1	9	31	27	11	7	2	1	89
1998	Average Benefit Received	\$ -	\$ 179	\$ 771	\$ 1,239	\$ 1,424	\$ 2,308	\$ 2,005	\$ 1,899	\$ 4,091	\$ 1,477
	Average Final Average Compensation	\$ -	\$ 8,374	\$ 4,315	\$ 3,154	\$ 3,293	\$ 3,164	\$ 2,150	\$ 2,440	\$ 4,466	\$ 3,295
	Number of Retirees	0	1	9	30	28	11	7	2	1	89
Ten Years Ended June 30, 2007											
Average Benefit Received		\$ -	\$ 189	\$ 956	\$ 1,295	\$ 1,606	\$ 2,570	\$ 2,452	\$ 2,016	\$ 4,632	\$ 1,676
Average Final Average Compensation		\$ -	\$ 8,374	\$ 3,469	\$ 2,940	\$ 3,215	\$ 3,282	\$ 2,409	\$ 2,440	\$ 4,466	\$ 3,124
Number of Retirees		0	10	93	304	279	115	101	20	10	932

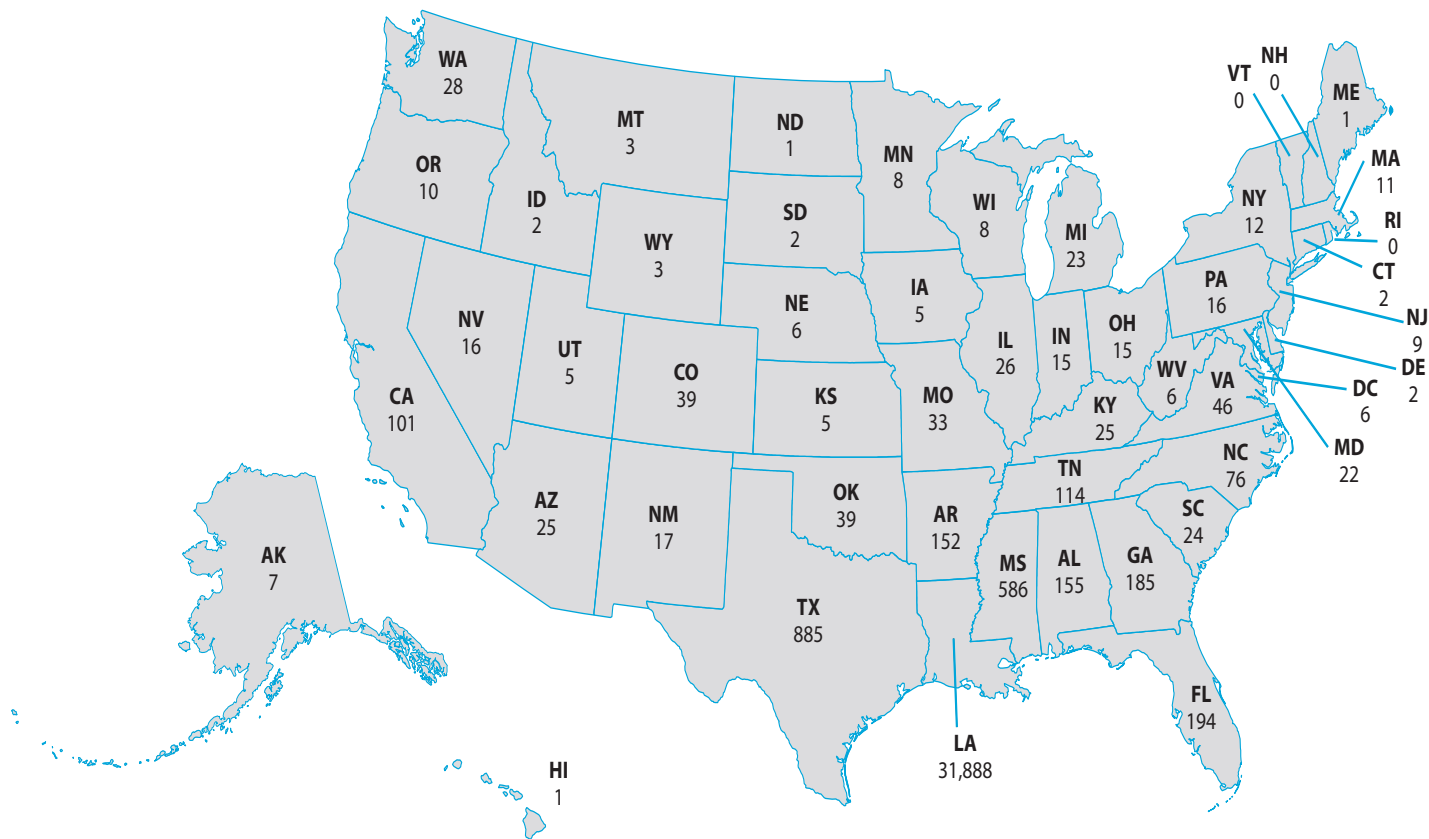
STATISTICAL SECTION

RETIRED MEMBERS BY RECIPIENT TYPE AND PLAN

Fiscal Year

Retirement Plan	Benefit Recipient Type	Fiscal Year									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Regular Employees	Regular Retiree	21,632	22,335	23,028	23,603	24,259	24,939	25,540	26,230	27,453	28,625
	Survivor	4,788	4,881	4,964	5,006	5,031	5,042	5,074	5,114	5,149	5,146
	Disability Retiree	1,070	1,102	1,103	1,125	1,147	1,153	1,132	1,126	1,121	1,057
	DROP Accrual	2,499	2,090	2,143	2,108	2,443	2,605	2,666	2,652	2,438	2,516
Regular State Employees-Total		29,989	30,408	31,238	31,842	32,880	33,739	34,412	35,122	36,161	37,344
Corrections Employees (Before 1986)	Regular Retiree	306	392	464	580	753	890	965	968	1,021	1,082
	Survivor	33	41	45	54	63	66	72	83	96	103
	Disability Retiree	25	30	32	41	44	51	55	57	62	58
	DROP Accrual	212	174	221	216	159	138	132	121	100	74
Corrections Employees (Before 1986)-Total		576	637	762	891	1,019	1,145	1,224	1,229	1,279	1,317
Corrections Employees (After 1986)	Regular Retiree	--	--	--	--	2	5	7	11	17	24
	Survivor	--	--	--	--	--	--	--	1	2	5
	Disability Retiree	--	--	--	--	--	--	1	2	4	3
	DROP Accrual	--	--	--	--	5	6	13	9	11	5
Corrections Employees (After 1986)-Total		--	--	--	--	7	11	21	23	34	37
Wildlife Agents (Before 2003)	Regular Retiree	137	146	151	159	158	161	160	158	158	156
	Survivor	35	38	66	69	75	75	73	73	71	68
	Disability Retiree	13	12	12	14	14	13	12	11	11	10
	DROP Accrual	31	18	12	5	2	--	--	--	--	--
Wildlife Agents (Before 2003)-Total		216	214	241	247	249	249	245	242	240	234
Wildlife Agents (After 2003)	Regular Retiree	--	--	--	--	--	--	3	10	30	33
	Survivor	--	--	--	--	--	--	--	--	--	1
	Disability Retiree	--	--	--	--	--	--	--	2	3	3
	DROP Accrual	--	--	--	--	--	--	--	--	--	3
Wildlife Agents (After 2003)-Total		--	--	--	--	--	--	3	12	33	40
Judges	Regular Retiree	159	172	179	186	186	203	193	197	192	194
	Survivor	37	43	55	56	56	61	70	71	72	73
	Disability Retiree	2	2	3	4	3	3	3	1	1	2
	DROP Accrual	21	30	41	34	24	17	23	23	23	20
Judges-Total		219	247	278	280	269	284	289	292	288	289
Peace Officers	Regular Retiree	--	--	--	--	--	--	--	--	--	3
	Disability Retiree	--	--	--	--	--	--	--	--	--	1
	DROP Accrual	--	--	--	--	--	--	--	--	--	1
Peace Officers-Total		--	--	--	--	--	--	--	--	--	5
Legislators	Regular Retiree	80	79	78	78	78	77	77	72	73	73
	Survivor	9	10	17	17	18	18	19	18	19	22
	DROP Accrual	3	4	4	2	2	2	1	5	5	5
Legislators-Total		92	93	99	97	98	97	97	95	97	100
Grand Total Benefit Recipients		31,092	31,599	32,618	33,357	34,522	35,525	36,291	37,015	38,132	39,366

LOCATION OF LASERS RETIREES



FOREIGN COUNTRIES

AUSTRALIA	1
CANADA	2
COLOMBIA	1
COSTA RICA	2
FRANCE	1
GERMANY	2
GREAT BRITAIN	2
MEXICO	2
NETHERLANDS	1
PANAMA	1
PHILIPPINES	1
SOUTH KOREA	1
THAILAND	1
TURKEY	1
U.S. VIRGIN ISLANDS	2