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INDEPENDENT AUDITOR'S REPORT

September 17, 1997

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

We have audited the statement of plan net assets of the Municipal Employees' Retirement System of Louisiana as of June 30, 1997 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the management of the Municipal Employees' Retirement System. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Employees' Retirement System of Louisiana as of June 30, 1997 and the results of its operations and changes in net assets for the year then ended in conformity with generally accepted accounting principles.

We have audited the financial statements of the System for the year ending June 30, 1991, and issued our unqualified opinion on such financial statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 22 - 24 and the supplemental schedules on pages 14 - 20 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Both required statistical information for the years ending June 30, 1990 - 1991 and supplemental schedules for the year ending June 30, 1991, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 1991 on our consideration of Municipal Employees' Retirement System of Louisiana's internal control structure and a report dated September 17, 1991 on its compliance with laws and regulations.

Douglas H. Chapman, Roger S. Madala, CP

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENT OF PLAN NET ASSETS
JUNE 30, 1991

ASSETS:	
Cash	\$ 1,962,056
Receivables:	
Member contributions	3,038,386
Employer contributions	2,130,871
Accrued interest and dividends	3,965,377
Total	<u>9,134,634</u>
Investments (At fair value): (Notes 1 and 6) (Pages 16 and 17)	
Cash equivalents	14,308,741
Repurchase agreements	662,081
Bonds	250,738,437
Equities	358,655,416
Total	<u>724,364,675</u>
Property, plant and equipment: (Note 1)	
Land	422,182
Building	668,549
Office furnishings and equipment	448,641
	<u>1,539,372</u>
Less: Accumulated depreciation	<u>(591,624)</u>
	<u>947,748</u>
Total assets	<u>836,672,930</u>
LIABILITIES:	
Cash overdraft	4,000
Refunds payable	173,350
Payroll withholding payable	3,043
Accounts payable	<u>285,539</u>
Total liabilities	<u>506,936</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 836,166,024
(A schedule of funding progress for the plan is presented on Page 20)	

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 1992

ADDITIONS: (Note 1)	
Contributions:	
Members'	\$ 12,461,866
Employers'	8,547,900
Ad valorem taxes and state revenue sharing funds	2,932,699
Total contributions	<u>23,942,465</u>
Investment income: (Note 1)	
Interest income	38,838,033
Dividend income	2,806,327
Net appreciation in fair value of investments	34,738,586
	<u>76,382,946</u>
Less investment expenses:	
Investment advisory fee	1,306,110
Custodian and bank fees	79,802
Foreign taxes paid	186,322
	<u>1,572,234</u>
Net investment income	<u>74,810,712</u>
Other Additions:	
Miscellaneous revenue	57,227
Transfers from other retirement systems	806,227
	<u>863,454</u>
Total additions	<u>75,674,166</u>
DEDUCTIONS: (Note 1)	
Benefits	22,420,960
Refund of contributions	1,983,904
Transfers to other state retirement systems	948,548
Administrative expenses (Page 10)	285,241
Depreciation	54,747
	<u>25,993,399</u>
Total deductions	<u>25,993,399</u>
NET INCREASE	51,249,169
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	388,804,100
END OF YEAR	\$ 440,053,269

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1992

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 364 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #568 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #708, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

Basis of Accounting:

The System's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1981**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property, Plant and Equipment:

Property, plant and equipment acquired prior to June 30, 1960 is accounted for based on historical cost and capitalized in the Expense fund. Property, plant and equipment acquired subsequent to June 30, 1960 is accounted for based on historical cost and capitalized as follows: All property and plant additions will be allocated between the two plans based on each plan's member earnings. All operating equipment additions will be recorded in the expense fund. The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight line method. When property, plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account, are relieved and any gain or loss is included in operations.

2. PLAN DESCRIPTION:

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.10:1031 of the Louisiana Revised Statutes (RS).

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 1980, there were 73 contributing municipalities in Plan A and 53 in Plan B.

The System was originally established by Act 366 of the 1954 regular session of the Legislature of the State of Louisiana. As June 30, 1981 statewide retirement membership consists of:

	PLAN A	PLAN B	TOTAL
Active members	5,739	2,818	7,557
Retirees and survivors	2,085	460	2,545
"Drop Plan" participants	141	42	183
Due deferred benefits	143	40	183
Due refunds	1,862	608	2,470
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	9,969	3,968	13,937

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. Act 413 requires a person employed by more than one public agency within the state who is eligible to be a member of more than one retirement system to be a member of such each retirement system.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1982

2. PLAN DESCRIPTION (Continued)

Retirement Benefits

Any member of Plan A can retire providing he meets one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Under age 60 with five (5) years of creditable service eligible for disability benefits.
5. Survivor's benefits require five (5) years creditable service at death of member.

Any member of Plan B can retire providing he meets one of the following criteria:

1. Age 50 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

Upon death of any member of Plan B with twenty (20) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid Option 2 benefits beginning at age 60 until he/she becomes eligible for social security survivorship or retirement benefits, or until he/she remarries.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1992**

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits (Continued)

2. Surviving spouse meets the above qualifications but is receiving survivorship benefits due to minor children, shall become eligible for benefits when he/she ceases to receive social security benefits.

Any member of Plan B who is eligible for normal retirement at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the Statute.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the Statute.

DBOP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who has been an active contributing member for one full year after becoming eligible to retire may elect to participate in the deferred retirement option plan (DBOP) for up to three years and defer the receipt of benefits. As of July 1, 1996 any member who is eligible to retire may elect to participate in the DBOP for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DBOP fund. This fund does not earn interest until the member terminates employment. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

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

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF BRISTOLMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1991

2. PLAN DESCRIPTION: (Continued)

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service, but not less than four-five percent of his final compensation or an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation had assuming the member remained in continuous service until his earliest normal retirement age and using those benefit computation factors which would be applicable in the member's normal retirement.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation had assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement. The benefits shall not exceed twenty dollars per month for each year of creditable service used in determining the benefit and unless the member has at least thirty years of actual service or is an elected official with at least fifteen years of actual service as an elected official, the benefits shall be reduced by three percent for each year the member is younger than the age of sixty-two years at the time of retirement, up to a maximum reduction of six percent. Beginning June 30, 1990, the limit of \$20 per month for each year of creditable service is increased to \$60 per month for each year of creditable service. Beginning June 30, 1998, the limit is removed entirely.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from interest income in excess of normal requirements. State law allows the system to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 3, 1972, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both plans provide for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on amounts in effect at time of withdrawal.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1992**

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by statute at 4.25% of variable compensation for Plan A and 5% of variable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute contributions for all employers are actuarially determined each year. For the year ended June 30, 1992, employer contributions were 4.25% of member's earnings for Plan A and 3.25% of member's earnings for Plan B. According to state statute the System also receives 1/4 of 1% of all salaries taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions.

Administrative costs of the retirement system are financed through employer contributions.

RESERVES:

Use of the term "reserve" by the retirement system indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Expense:

The Expense Fund Reserve provides for general and administrative expenses of the System and these expenses are funded through other specific legislative appropriations. Funding consists of transfers from the retirement funds and is made as needed.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings as of June 30, 1992 is \$73,981,325 for Plan A and \$12,412,217 for Plan B. The Annuity Savings is fully funded for both plans.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1991**

3. CONTRIBUTIONS AND RESERVES: (Continued)

C) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also reduced when expenditures are not covered by other accounts. The Pension Accumulation Reserve as of June 30, 1991 is \$667,643,595 for Plan A and \$39,231,490 for Plan B. The Pension Accumulation Reserve is 17% funded for Plan A and 87% funded for Plan B.

D) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 1991 is \$158,858,858 for Plan A and \$79,823,833 for Plan B. The Annuity Reserve is fully funded for both plans.

E) Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit 100% into account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The deferred retirement option as of June 30, 1991 is \$4,265,817 for Plan A and \$845,090 for Plan B. The Deferred Retirement Option account is fully funded for both plans.

4. ACTUARIAL COST METHOD:

The Frozen Attained Age Normal Cost Method was used to calculate the funding requirements of the System. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the System's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. Act 81 of the 1968 legislative session requires that the unfunded accrued liability be amortized over a forty year period beginning on July 1, 1969 with payments increasing at 4.25% per year in Plan A and decreasing at 2% per year in Plan B.

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

Information in the Required Supplementary Schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 22 - 24.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2007.

Deposits (bank balance)	\$ 2,180,974
Cash equivalents	14,388,743
Investments	412,085,853
	<u>\$428,655,570</u>

Deposits:

The Retirement System's bank deposits were fully covered by Federal depositary insurance and pledged securities.

Cash Equivalents:

Cash equivalents in the amount of \$14,388,743 consist of government backed pooled funds which are held by a sub-custodian, are managed by a separate money manager, and are in the name of the Retirement System's custodian's trust department. Cash equivalents in the amount of \$412,086 consist of government backed pooled funds which are held and managed by the Retirement System's custodian bank and are held in the name of the Retirement System.

Investments:

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the System shall not invest more than fifty-five percent of the total portfolio in common stock.

The Retirement System's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Retirement System or its agent in the Retirement System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Retirement System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Retirement System's name.

	TARGET VALUE	CATEGORY
Repurchase agreements	\$ 500,000	1
Bonds	245,351,715	1
Bonds	5,388,732	2
Stocks	186,895,015	1
	<u>\$437,685,562</u>	

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

7. VACATION AND SICK LEAVE:

The employees of the Municipal Employees' Retirement System accumulate unvested amounts of vacation and sick leave at varying rates as established by State regulations. Upon resignation or retirement, unused vacation leave of up to 360 hours is paid to employees at the employee's current rate of pay. Upon retirement, unused vacation leave in excess of 360 hours and unused sick leave is credited as earned service in computing retirement benefits. The liability for accumulated vacation leave of up to 360 hours payable at June 30, 1997, is estimated to be \$32,889. Accumulated vacation leave is not material and therefore not accrued (reflected) in the accompanying financial statements.

8. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 OF LOUISIANA
 SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN RESERVE BALANCES - PLAN "A"
 FOR THE YEAR ENDED JUNE 30, 1997

	ANNUITY RESERVE	MEMBERS' SAVINGS	BOPF
BALANCES, JULY 1, 1996	\$ 152,831,695	\$ 89,351,515	\$ 3,397,887
REVENUES AND TRANSFERS:			
Contributions:			
Members	--	10,636,500	--
Employers	--	--	--
Ad valorem taxes and state revenue sharing funds	--	--	--
Net income from investments and other sources	--	--	--
Transfers from members' savings	3,428,827	--	--
Pensions transferred from annuity reserve	--	--	3,000,958
Actuarial transfers	23,764,008	--	--
Total revenues	<u>27,192,835</u>	<u>10,636,500</u>	<u>3,000,958</u>
EXPENDITURES AND TRANSFERS:			
Retirement allowances paid	19,195,901	--	562,875
Refunds to members	--	3,458,286	--
Transfers to annuity reserve	--	3,428,827	--
Pensions transferred to BOPF	2,800,958	--	--
Transfers to other systems	--	98,637	--
Transfer to expense fund	--	--	--
Depreciation	--	--	--
Actuarial transfer	--	--	--
Total expenditures	<u>21,996,860</u>	<u>6,985,750</u>	<u>562,875</u>
NET INCREASE (DECREASE)	<u>5,195,975</u>	<u>3,650,750</u>	<u>2,438,083</u>
BALANCES - JUNE 30, 1997	\$ 158,027,670	\$ 93,002,265	\$ 5,835,970

PENSION ACCUMULATION	UNFUNDED ACTUARIAL LIABILITY	TOTAL
\$ 152,538,873	\$ (66,901,738)	\$ 113,227,291
---	---	18,835,390
7,354,778	---	7,354,778
2,140,263	---	2,140,263
44,872,987	---	44,872,987
---	---	3,426,027
---	---	2,838,089
---	14,886,875	37,871,011
<u>64,158,005</u>	<u>14,886,875</u>	<u>100,114,513</u>
---	---	18,717,850
---	---	1,458,268
---	---	1,426,827
---	---	2,000,819
282,296	---	381,922
855,852	---	655,282
98,278	---	30,278
<u>37,871,011</u>	---	<u>37,871,011</u>
<u>66,848,624</u>	---	<u>66,576,243</u>
13,303,482	14,886,875	41,516,290
\$ 167,641,675	\$ (28,914,764)	\$ 138,817,541

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES - PLAN "B"
FOR THE YEAR ENDED JUNE 30, 1992

	ANNUITY RESERVE	MEMBERS' SAVINGS	DROP
BALANCES, JULY 1, 1991	\$ <u>28,173,644</u>	\$ <u>11,509,088</u>	\$ <u>698,526</u>
REVENUES AND TRANSFERS:			
Contributions:			
Members	---	1,815,275	---
Employers	---	---	---
Ad valorem taxes and state revenue sharing funds	---	---	---
Net income from investments and other sources	---	---	---
Transfers from members' savings	214,800	---	---
Transfer from other systems	---	332,844	---
Pensions transferred from annuity reserve	---	---	352,241
Actuarial transfer	4,801,594	---	---
Total revenues	<u>5,686,574</u>	<u>2,147,919</u>	<u>352,241</u>
EXPENDITURES AND TRANSFERS:			
Retirement allowances paid	3,684,466	---	97,674
Refunds to members	---	445,838	---
Transfers to annuity reserve	---	734,880	---
Pensions transferred to DROP	352,241	---	---
Transfers to other systems	---	144,969	---
Transfer to expense fund	---	---	---
Depreciation	---	---	---
Actuarial transfer	---	---	---
Total expenditures	<u>4,036,707</u>	<u>1,325,287</u>	<u>97,674</u>
NET INCREASE (DECREASE)	<u>1,649,867</u>	<u>822,632</u>	<u>254,567</u>
BALANCES - JUNE 30, 1992	\$ <u>29,823,511</u>	\$ <u>12,331,720</u>	\$ <u>953,093</u>

PERSON ACCUMULATION	UNFUNDED ACTUARIAL LIABILITY	TOTAL
\$ 35,302,170	\$ (6,908,290)	\$ 68,737,140
—	—	1,815,275
1,213,217	—	1,213,217
690,438	—	690,438
9,850,337	—	9,850,337
—	—	714,980
582,580	—	875,327
—	—	392,241
—	3,771,489	8,563,883
<u>17,365,675</u>	<u>3,771,489</u>	<u>24,174,798</u>
—	—	3,782,143
—	—	445,538
—	—	714,980
—	—	352,741
827,250	—	858,402
208,949	—	208,949
11,778	—	11,778
8,563,080	—	8,563,080
<u>9,597,062</u>	—	<u>12,868,231</u>
<u>3,069,543</u>	<u>3,771,489</u>	<u>5,508,563</u>
\$ 18,211,891	\$ (5,746,801)	\$ 79,245,710

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOS ANGELES
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 1997

PLAN 1&2 BONDS:	FAS VALUE	ORIGINAL COST	MARKET VALUE
Federal Home Loan Mortgage Corporation	\$ 11,763,664	\$ 11,243,854	\$ 11,306,336
Federal National Mortgage Assn.	25,962,774	25,111,860	25,828,546
Government National Mortgage Association	18,923,225	18,654,368	19,542,290
U.S. Treasury Notes, Bonds and Bills	18,579,286	16,712,445	16,868,386
Corporate Bonds	133,627,594	133,581,547	134,014,666
Total Bonds:	\$ 208,166,543	\$ 204,324,074	\$ 207,560,224
		COST	MARKET VALUE
Equities		\$ 88,811,778	\$ 128,350,560
Cash equivalents		\$ 32,168,358	\$ 32,382,158

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 1997

	PAR VALUE	ORIGINAL COST	MARKET VALUE
PLAN "D"			
Bonds:			
Federal Home Loan Mortgage Corporation	\$ 3,190,765	\$ 3,170,746	\$ 3,221,140
Federal National Mortgage Association	5,477,182	5,370,709	5,487,764
Government National Mortgage Association	3,675,946	3,611,706	3,677,373
U.S. Treasury Notes, Bonds and Bills	3,360,489	3,327,946	3,327,466
Corporate Bonds	<u>27,376,698</u>	<u>27,428,892</u>	<u>27,485,363</u>
Total Bonds	\$ <u>43,080,078</u>	\$ <u>43,009,999</u>	\$ <u>43,179,094</u>
		COST	MARKET VALUE
Equities		\$ <u>28,325,368</u>	\$ <u>28,385,814</u>
Cash Equivalents		\$ <u>2,126,582</u>	\$ <u>2,126,582</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 1997

EXPENSE FUND

Building and yard maintenance	\$ 19,356
Registration	37,821
Insurance	9,816
Office equipment maintenance	29,492
Office supplies	19,416
Per diem and travel	61,489
Postage	15,000
Printing	12,693
Professional fees	31,500
Retainer fee	66,380
Retirement - employer portion	24,601
Salaries	296,174
Telephones	1,049
Utilities	9,449
Total	\$ 886,243

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM AND TRAVEL EXPENSES TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1992

	PER DIEM	TRAVEL EXPENSES	TOTAL
Charles Powell	\$ 375	\$ 1,876	\$ 2,251
Jerrel Austin	300	349	649
Clairne Sarrades	375	583	958
Johnny Berthelot	375	1,386	1,761
Joe Sempice	300	1,763	2,063
Robert Robert	375	221	596
Billy Cobb	<u>375</u>	<u>2,041</u>	<u>2,416</u>
TOTAL	\$ <u>2,475</u>	\$ <u>8,320</u>	\$ <u>10,795</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUND STATEMENT OF PLAN NET ASSETS
JUNE 30, 1987

	PLAN '8A'	PLAN '8C'	EXPENSE FUND	TOTAL
ASSETS:				
Cash	\$ 1,848,394	\$ 313,772	\$ —	\$ 2,162,166
Receivables:				
Due from (to) other Funds	(804,380)	568,741	743,443	—
Member contributions	2,828,278	458,108	—	3,286,386
Employer contributions	1,818,863	303,664	—	2,122,527
Accrued interest and dividends	1,398,278	252,144	—	1,650,422
Total	6,882,523	2,879,656	743,443	9,505,622
Investments:				
Cash equivalents	12,382,359	2,126,560	—	14,508,919
Repurchase agreements	—	—	692,081	692,080
Bonds	287,328,343	43,179,894	—	330,508,237
Equities	185,249,881	28,389,838	—	213,639,719
Total	365,059,583	73,795,312	692,081	439,546,976
Property, plant and equipment:				
Land	396,360	81,398	13,246	491,004
Building	410,442	124,878	133,432	668,752
Office furnishings and equipment	186,543	56,358	200,529	443,430
	683,345	262,634	347,207	1,293,186
Less accumulated depreciation	(218,781)	(74,358)	(189,627)	(482,766)
	464,564	188,276	157,580	810,420
Total assets	399,137,464	76,287,456	1,873,013	477,307,933
LIABILITIES:				
Cash overdraft	—	—	4,860	4,860
Refunds payable	157,944	15,408	—	173,352
Payroll withholding payable	—	—	1,043	1,043
Accounts payable	185,979	36,348	—	222,327
Total liabilities	344,923	51,756	5,903	398,582
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 354,213,541	\$ 25,535,700	\$ 1,815,120	\$ 381,558,353

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 1997

MODIFICATIONS:	PLAN '96	PLAN '97	EXPENSE SHARE	TOTAL
Contributions:				
Members'	\$ 30,036,690	\$ 3,815,275	\$ --	\$ 33,851,965
Employers'	7,534,790	1,213,217	--	8,748,007
Ad valorem taxes and state revenue sharing funds	2,147,781	696,458	--	2,844,239
Total contributions	<u>39,725,261</u>	<u>5,725,950</u>	<u>---</u>	<u>45,451,211</u>
Investment income:				
Interest income	15,545,841	3,255,942	26,750	18,828,533
Dividend income	1,829,537	381,418	--	2,210,955
Net appreciation in fair value of investments	28,794,168	6,494,418	--	35,288,586
	<u>46,169,546</u>	<u>10,131,778</u>	<u>26,750</u>	<u>56,328,074</u>
Less investment expenses:				
Investment advisory fees	862,438	186,640	55,080	1,104,158
Custodian and bank fees	21,467	4,095	50,080	75,642
Foreign taxes paid	129,814	60,288	--	190,102
	<u>1,013,719</u>	<u>250,923</u>	<u>105,160</u>	<u>1,370,802</u>
Net investment income (expense)	<u>45,155,827</u>	<u>9,880,855</u>	<u>216,590</u>	<u>55,253,272</u>
Other additions:				
Miscellaneous revenue	18,480	19,181	18,056	55,717
Transfers from other retirement systems	--	875,227	--	875,227
Total other additions	<u>18,480</u>	<u>894,408</u>	<u>18,056</u>	<u>930,941</u>
TOTAL ADDITIONS	<u>84,706,818</u>	<u>14,444,485</u>	<u>458,696</u>	<u>99,610,000</u>
Subtractions:				
Benefits	18,717,858	3,782,142	--	22,500,000
Refund of contributions	3,438,264	623,630	--	4,061,894
Administrative expenses	--	--	595,241	595,241
Depreciation	38,278	21,728	8,445	68,451
Transfers to other retirement systems	380,924	584,422	--	965,346
Transfers from pension funds to expense fund	636,832	229,948	1869,000	--
TOTAL SUBTRACTIONS	<u>23,253,356</u>	<u>4,937,930</u>	<u>1762,686</u>	<u>29,953,972</u>
NET INCREASE	<u>61,453,462</u>	<u>9,506,555</u>	<u>286,010</u>	<u>71,246,027</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS -				
BEGINNING OF YEAR	\$ 317,272,290	\$ 66,737,143	\$ 808,788	\$ 384,818,221
END OF YEAR	<u>\$ 378,725,752</u>	<u>\$ 76,243,700</u>	<u>\$ 1,094,798</u>	<u>\$ 455,064,250</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
 JUNE 30, 1992 THROUGH 1997

PLAN A

YEAR	ACTUARIAL	ACTUARIAL	PERCENT	PERCENT
	REQUIRED CONTRIBUTIONS EMPLOYER	REQUIRED CONTRIBUTIONS OTHER SOURCES	CONTRIBUTED EMPLOYER	CONTRIBUTED OTHER SOURCES
1992	\$ 8,638,700	\$ 1,608,000	186.86%	189.92%
1993	8,088,175	1,668,000	199.32	196.11
1994	7,612,000	1,804,000	237.56	199.27
1995	8,923,184	1,898,000	85.86	89.91
1996	8,828,174	1,978,000	225.26	95.89
1997	8,883,387	2,056,000	196.80	184.70

PLAN B

YEAR	ACTUARIAL	ACTUARIAL	PERCENT	PERCENT
	REQUIRED CONTRIBUTIONS EMPLOYER	REQUIRED CONTRIBUTIONS OTHER SOURCES	CONTRIBUTED EMPLOYER	CONTRIBUTED OTHER SOURCES
1992	\$ 1,488,180	\$ 538,000	399.31%	383.62%
1993	1,282,488	539,000	231.13	98.69
1994	1,022,758	595,000	290.90	73.03
1995	1,219,973	688,000	68.48	98.37
1996	1,178,848	632,000	213.38	98.69
1997	968,433	627,000	225.88	118.12

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2002 THROUGH 2001

PLAN A

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCURD LIABILITY	EMPLOYER AMT (MAY)	FUNDED AMT (MAY)	FUNDED PERCENTAGE OF COVERED PAYROLL	UNAMOUNT PERCENTAGE OF COVERED PAYROLL
June 30, 1992	\$ 236,322,098	\$ 283,258,835	\$ 52,027,243	\$ 82,314	82.31%	17.69%
June 30, 1993	238,821,262	301,300,320	34,481,566	82,314	82.31%	17.69%
June 30, 1994	218,326,765	326,896,411	55,569,646	82,314	82.31%	17.69%
June 30, 1995	268,126,461	349,829,203	52,491,102	82,314	82.31%	17.69%
June 30, 1996	318,277,140	337,278,820	58,087,269	82,314	82.31%	17.69%
June 30, 1997	344,217,663	404,727,300	68,513,742	82,314	82.31%	17.69%

PLAN B

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCURD LIABILITY	EMPLOYER AMT (MAY)	FUNDED AMT (MAY)	FUNDED PERCENTAGE OF COVERED PAYROLL	UNAMOUNT PERCENTAGE OF COVERED PAYROLL
June 30, 1992	\$ 46,140,440	\$ 58,156,426	\$ 9,207,986	\$ 4,324	46.24%	53.76%
June 30, 1993	44,384,376	63,182,611	6,997,635	4,324	46.24%	53.76%
June 30, 1994	57,464,196	64,234,159	6,769,660	4,324	46.24%	53.76%
June 30, 1995	61,623,283	75,296,923	6,960,680	4,324	46.24%	53.76%
June 30, 1996	67,279,177	73,655,423	6,376,246	4,324	46.24%	53.76%
June 30, 1997	71,219,211	81,392,521	6,173,310	4,324	46.24%	53.76%

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA**
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS - PLANS A AND B
JUNE 30, 1992 THROUGH 1992

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress 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, 1992
Actuarial Cost Method	Frozen Retained Age Normal Method
Amortization Method	In accordance with state statute, the payment amounts increase at 4.25% each year for the remaining amortization period for Plan A and the payment amounts decrease at 2% each year for the remaining amortization period for Plan B. The amortization period is for a specific number of years. (Closed Basis)
Remaining Amortization Period	32 years
Asset Valuation Method: Bonds Equities	Amortized Cost Market Value adjusted to reflect the deferral of one-half of all realized and unrealized gains and (losses).
	Expense fund assets are allocated to each plan in proportion to reported payroll.
Actuarial Assumptions: Investment Rate of Return Projected Salary Increases Cost of Living Adjustments	8% 5.5% (3.25% inflation, 2.25 Merit) The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific legal action are met and excess interest earnings are available to fund the cost of the benefit increase.
Change in Actuarial Assumptions	The method for calculating the actuarial value of assets was changed from valuing common stocks at market value to deferring for one year one-half of all realized and unrealized capital gains (losses). This actuarial assumption change resulted in a decrease of the actuarial value of assets in the amount of \$12,608,641 in Plan A and \$2,943,756 in Plan B.
Change in Benefit Provisions	Beginning June 30, 1992 the limit on regular and disability benefits for Plan B service was increased from \$40 per month to \$98 per month for each year of creditable service. The effect of this change was to increase the normal cost accrual rate by 1.5%.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1987

September 17, 1987

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

We have audited the financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 1987, and have issued our report thereon dated September 17, 1987.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Municipal Employees' Retirement System of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to attain the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Municipal Employees' Retirement System of Louisiana for the year ended June 30, 1987, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1997

(Continued)

specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Trustees, management, and legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

D. L. Thompson, CPA, Hogan & Maden, L.L.P.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN ASSESSMENT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1987

September 17, 1987

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

We have audited the financial statements of the Municipal Employees' Retirement System of Louisiana as of and for the year ended June 30, 1987, and have issued our report thereon dated September 17, 1987.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Municipal Employees' Retirement System of Louisiana is the responsibility of the Retirement System's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Retirement System's compliance with certain provisions of laws, regulations, and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the Board of Trustees, management, and Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Douglas W. Chapman, CPA

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REPORT

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

JUNE 30, 1980

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the Bureau Group office of the Legislative Assembly and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 24 1980

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA**

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