

R E P O R T

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM
(STATE OF LOUISIANA)

JUNE 30, 1957 AND 1956

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or assigned, acting and officer representative public officials. The report is available for public inspection at the Union League office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

JAN 14 1958

Release Date _____

67

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
(STATE OF LOUISIANA)

INDEX TO REPORT

JUNE 30, 1987 AND 1988

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	i - 2
FINANCIAL STATEMENTS:	
Statements of Plan Net Assets.....	3
Statements of Changes in Plan Net Assets.....	4
Notes to Financial Statements.....	5 - 13
SUPPLEMENTARY INFORMATION:	
Detail Statements of Changes in Reserve Balances.....	14
Per Diem Paid Trustees.....	15
Schedule of Accounts Receivable - Merged Systems.....	16
Schedule of Investments.....	17
Schedule of Administrative Expenses - Actual and Budget.....	18
Schedule of Contributions - Employer and Other Sources.....	19
Schedule of Funding Progress.....	20
Notes to Schedules of Contributions and Funding Progress.....	21
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	22 - 23
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	24



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MEMBERSHIP IN A.I.A.A.
(Charter)

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A MEMBER OF THE A.I.A.A.
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INDEPENDENT AUDITOR'S REPORT

September 12, 1997

Board of Trustees of the Municipal
Police Employees' Retirement System
6901 United Plaza Blvd., Room 270
Metairie, Louisiana 70002

We have audited the accompanying statements of plan net assets of the Municipal Police Employees' Retirement System as of June 30, 1997 and 1996, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Police Employees' Retirement System as of June 30, 1997 and 1996 and the results of operations and changes in net assets for the years then ended in conformity with generally accepted accounting principles.

We have audited the financial statements of the System for the year ending June 30, 1997 and 1996 and issued our unqualified opinions 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 19 - 21 and the supplemental schedules on pages 14 - 18 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending June 30, 1997 - 1994 and supplemental schedules for the years ending June 30, 1997 and 1996, have been subjected to the auditing procedures applied in the audits 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 12, 1997 on our consideration of the Municipal Police Employees' Retirement System's internal control structure and a report dated September 12, 1997 on its compliance with laws and regulations.

Supplement: Chapman, Hogan & Maden LLP

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 1997 AND 1996

	1997	1996
ASSETS:		
Cash: (Note 6)		
In bank	\$ 385,500	\$ 104,000
Receivables:		
Member contributions (Note 1)	321,366	316,956
Employer contributions (Note 3)	1,280,579	1,310,370
Due from merged systems (Page 16 and Note 12)	139,816,000	122,680,000
Notes receivable - State of LA (Note 9)	39,989,268	19,291,901
Investment receivable	7,583,000	--
Accrued interest	5,381,500	8,010,000
Accrued interest - State of LA (Note 9)	791,646	1,166,800
Total receivables	<u>149,337,359</u>	<u>147,357,067</u>
Investments at fair value: (Notes 2 and 6) (Page 17)		
Bonds - domestic and foreign	333,482,440	369,580,704
Mutual funds - domestic	2,290,800	4,000,000
Mutual funds - foreign	38,355,104	--
Marketable securities - domestic	327,696,572	229,369,000
Marketable securities - foreign	28,313,300	68,430,500
Collateral held under securities lending program - repurchase agreement	149,733,800	--
Collateral held under securities lending program - money market account	4,333,830	--
Short-term cash equivalents - domestic	38,624,500	19,301,300
Short-term cash equivalents - foreign	3,603,815	3,249,000
Short-term repurchase agreements	4,677,852	6,459,500
Total investments at fair value	<u>963,339,863</u>	<u>728,437,604</u>
Property, plant and equipment: (Notes 1 and 13)		
Net of accumulated depreciation 396,839 in 1997;		
189,784 in 1996	<u>179,370</u>	<u>78,985</u>
Total assets	<u>1,108,138,326</u>	<u>867,969,429</u>
LIABILITIES:		
Accounts payable	666,740	614,166
Refunds payable - members	119,736	105,405
Other liabilities	2,652	4,000
Obligations under securities lending program	244,946,000	--
Investment payable	2,518,542	3,760,624
Total liabilities	<u>251,049,660</u>	<u>4,524,195</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 856,074,286	\$ 863,407,325
(A schedule of funding progress for the plan is presented on page 20)		

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1997 AND 1998

	1997	1998
ADDITIONS:		
Contributions: (Note 1)		
Members	\$ 8,271,503	\$ 8,060,643
Employer	30,391,511	4,503,485
Insurance premiums	1,898,885	5,898,734
Total contributions	<u>39,561,899</u>	<u>28,462,862</u>
Investment income: (Note 1)		
Interest - repurchase agreements	320,450	360,753
Interest - cash equivalents	1,095,893	970,078
Interest - notes, bonds, etc.	26,089,147	26,730,843
Interest - securitization lending (Note 2)	5,587,298	4,987,119
Dividends - stock	7,296,563	6,013,831
Dividends - mutual funds	300,000	316,008
Foreign currency gain	—	517,757
Net appreciation in fair value of investments	38,070,864	43,884,266
	<u>119,692,442</u>	<u>86,779,734</u>
Less investment expenses:		
Securitization lending expense (Note 2)	5,376,430	4,531,028
Custodial	125,830	54,718
Investment adviser	1,808,698	1,513,819
Foreign currency loss	71,738	—
Miscellaneous	9,800	6,000
	<u>7,392,496</u>	<u>6,105,565</u>
Net investment income	<u>109,800,286</u>	<u>79,432,502</u>
Other additions:		
Merger interest payment	8,199,411	8,559,350
Interest income - State of Louisiana rate (Note 9)	181,845	1,146,893
Interest income - refunds	134,602	246,425
Gain on sale of assets	—	124
Miscellaneous income	58,689	10,771
Total other additions	<u>8,374,547</u>	<u>10,063,543</u>
Total additions	<u>339,526,577</u>	<u>307,152,591</u>
DEDUCTIONS:		
Benefits	42,032,585	46,481,275
Refund of contributions	3,578,431	1,595,430
Administrative expenses (Page 16)	512,137	468,774
Depreciation (Note 1)	11,082	5,480
Total deductions	<u>46,034,235</u>	<u>49,550,959</u>
NET INCREASE BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	94,660,091	64,796,431
CUMULATIVE EFFECT OF PRIOR YEARS RESULTING FROM CHANGES IN ACCOUNTING PRINCIPLES		
To account for investments at fair market value (Note 1b)	<u>—</u>	<u>83,169,156</u>
Net increase	94,660,091	107,965,587
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - beginning of year	863,423,325	766,464,738
END OF YEAR	\$ 958,083,396	\$ 863,423,325

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1987 AND 1986

The Municipal Police Employees' Retirement System (MPERS) was established as of July 1, 1973, by Act 389 of 1973. The System is a state retirement system which was created for full-time municipal police officers in Louisiana. The System is administered by a Board of Trustees and includes a representative from the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board.

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:

MPERS' 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 the plan.

Interest income is recognized when earned. Dividends are recognized upon receipt. Insurance premiums are recognized in the year appropriated by the legislature.

Method Used to Value Investments:

All investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported using estimated future cash flows. MPERS reports securities lent through the securities lending program as assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Liabilities resulting from securities lending transactions are reported as well.

Equipment and Fixtures:

Equipment and fixtures of the Municipal Police Employees' Retirement System are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation.

2. PLAN DESCRIPTION:

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan.

The Municipal Police Employees' Retirement System provides retirement benefits for municipal police officers. There are 187 contributing municipalities. At June 30, 1987 and 1986 statewide retirement membership consists of:

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

2. PLAN DESCRIPTION (Continued)

	1997	1996
Active members	4,306	4,273
Regular retirees	1,748	1,652
Disability retirees	188	181
Survivors	868	868
Retced and reciprocals	138	180
Buy refunds	905	751
DRIP participants	191	237
DRIP to retirees	88	---
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	<u>7,824</u>	<u>7,002</u>

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LA 5 11:2211-11:2253.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 180% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of the System, or if he is no longer a member but has 20 years creditable service established in the System, and suffers disability which has been certified by examination by a member of the State-wide Medical Disability Board. A service related disability requires no certain number of years of creditable service; however, a non-service related disability requires five years of creditable service.

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than forty percent nor more than sixty percent of average final compensation. Upon reaching the age required for regular retirement, the disability possessor receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation.

**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1987 AND 1988**

2. PLAN DESCRIPTION: (Continued)

A member is eligible upon receiving 25 years of credit regardless of age or 30 years of credit and attaining the age of 50, to elect to enter the deferred retirement option plan (DORP). Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DORP, the employee and employer contributions cease. The amount to be deposited into the DORP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DORP is specified for a period of three years or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. DORP accounts shall earn interest subsequent to the termination of DORP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute at 7.50% of earnable compensation. The contributions are deducted from the member's salary and remitted by the participating municipalities.

Contributions for all employers are established by state statute at 9% of the employer's earnable compensation including overtime but including state supplemental pay. In addition, according to state statute, the System receives the difference in the actuarially required employer contribution and the estimated actual employer contributions in insurance premium tax. This tax is appropriated by the legislature each year based on an actuarial study.

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) 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, 1987 and 1988 is \$70,118,863 and \$68,812,443, respectively. The Annuity Savings is fully funded.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

B) Pension Accumulation:

The Pension Accumulation 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 relieved when expenditures are not covered by other accounts. The Pension Accumulation as of June 30, 1997 and 1996 is \$35,633,462 and \$259,662,691, respectively. The Pension Accumulation is fully funded.

C) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to 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, 1997 and 1996 is \$48,174,609 and \$467,949,871, respectively. The Annuity Reserve is fully funded.

D) Deferred Retirement Option Account:

The Deferred Retirement Option Account consists of the reserves for all members who upon retirement eligibility elect to deposit into this 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 Account as of June 30, 1997 and 1996 is \$32,754,762 and \$27,834,325, respectively. The Deferred Retirement Option Account is fully funded.

4. ACTUARIAL COST METHOD:

The individual "Entry Age Normal" cost method was used to calculate the funding requirements of the Retirement System. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal cost is called the actuarial accrued liability.

5. REQUIRED SUPPLEMENTAL SCHEDULE INFORMATION:

Information in the required supplemental schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits is presented on pages 19 - 21.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997 AND 1996

8. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Retirement System's deposits, cash equivalents and investments at June 30, 1997 and 1996:

	1997	1996
Deposits (bank balances)	\$ 438,812	\$ 227,035
Cash equivalents - domestic	50,874,863	19,303,388
Cash equivalents - foreign	2,923,858	3,240,638
Investments	655,542,285	657,875,058
	<u>\$1,018,759,818</u>	<u>\$1,047,446,119</u>

Deposits:

The System's bank deposits were entirely covered by federal depository insurance and by securities pledged.

Cash Equivalents - Domestic:

Cash equivalents consist of government backed pooled funds. The funds are held by a sub-custodian, are managed by a separate money manager and are in the name of the System's custodian's trust department.

Cash Equivalents - Foreign:

Cash equivalents consist of pooled funds in a commingled trust.

Investments:

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule as used herein means that in investing the governing authorities of the System 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. Notwithstanding the Prudent-Man Rule, the System shall not invest more than fifty-five percent of the total portfolio in common stock.

The 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 System or its agents in the 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 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 System's name.

	1997	1996	CITE-
	MARKET	MARKET	CATE-
	VALUE	VALUE	GORY
Repurchase agreements	\$ 4,377,660	\$ 4,499,686	1
Bonds, notes, and mortgages	392,946,261	396,566,340	1
Marketable securities - domestic	327,668,972	278,291,813	1
Marketable securities - foreign	78,513,592	68,458,816	N/A
Mutual funds - domestic	2,259,800	4,080,800	N/A

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued)

	1997 MARKET VALUE	1996 MARKET VALUE	CATE- GORY
Mutual fund - foreign Investments held by brokers- dealers in which collateral may be reinvested:	\$ 38,295,384	\$ --	N/A
US Government Securities Collateral held under securities lending program - repurchase agreements:	148,455,382	--	N/A
Collateral held under securities lending program - money market account:	146,733,800	--	I
	<u>4,213,632</u>	<u>--</u>	I
	<u>\$29,542,892</u>	<u>\$87,813,892</u>	

Beginning October 1993, the System entered into three commingled trusts which invest in foreign markets. The foreign markets consist of Europe, Asia, Canada, and the Far East. In September 1995, one of these commingled trusts was liquidated and converted to a foreign mutual fund. The foreign investments are presented on the balance sheet in the following amounts and classifications:

	1997 MARKET VALUE	1996 MARKET VALUE
Cash equivalents	\$ 2,702,025	\$ 2,240,608
Mutual funds	38,295,384	--
Stocks	76,513,882	88,498,468
Bonds	12,689	12,332
Total	<u>\$118,609,880</u>	<u>\$93,751,892</u>

7. SECURITY LENDING AGREEMENTS:

State statutes and board of trustee policies authorize the System to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the System is allowed to lend its securities to broker - dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System has entered into a contract as of August 1996 with a company which acts as their third-party securities lending agent. The lending agent has access to the System's lendable portfolio or available assets. The agent lends the available assets such as U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. The lending agent has full discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

7. SECURITY LENDING AGREEMENTS: (Continued)

Collateralization of loans will be 100% domestic/100% international of the market value of the loaned securities plus accrued income for U.S. and non-U.S. loans, respectively. As a result of the required collateralization percentages, the System has no credit risk. The lending agent and the System enter into contracts with all approved borrowers. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of MPERS) in approved investments outlined in the contract between the agent and MPERS such as commercial paper, collected money market mutual funds, certificates of deposit, and repurchase agreements including tri-party. For tri-party repurchase agreements, party to such agreements must be an approved borrower. Acceptable collateral from approved borrowers for repurchase agreements (including tri-party) is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper, and other investments stipulated in lender agent contract.

At June 30, 1997, MPERS has the following securities on loan:

	PAR	Market
U.S. Government securities	\$196,380,800	\$140,864,102

At June 30, 1997, MPERS has the following collateral under securities lending program:

	Cost	Market
Money Market	\$ 4,213,000	\$ 4,213,000
Tri-party repurchase agreements	180,233,800	180,233,800
Totals	\$184,446,800	\$184,446,800

Securities on loan at June 30, 1997 are presented as unclassified under footnote 8. The contracts with approved borrower requires them to indemnify the System if they fail to return the securities (and if the collateral is inadequate to replace the securities lost). The System cannot pledge or sell collateral securities received unless the borrower defaults.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral by investing only in repurchase agreements with maturities of one to two days. Such matching existed at June 30, 1997.

For the fiscal years ending June 30, 1991 to June 30, 1996, the System had a contract with a bank which acted as their securities lending agent. This contract was terminated during the fiscal year ended June 30, 1996. The System had no securities loaned at June 30, 1996.

8. OPERATING LEASE COMMITMENTS:

The Municipal Police Employees' Retirement System leases office space from the Teachers' Retirement System under an operating lease. The current lease-term is for five years beginning July 1, 1996 and ending June 30, 2000. Rent expense for the year ended June 30, 1997 and 1996 is \$67,168 and \$49,587, respectively. The following is a schedule by years of the future minimum lease payments as of June 30, 1997:

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

8. OPERATING LEASE COMMITMENTS: (Continued)

YEAR ENDING	AMOUNT
June 30, 1998	\$ 71,499
June 30, 1999	70,663
June 30, 2000	70,663
TOTAL	\$218,825

9. LAWSUITS SETTLEMENT:

During the year ended June 30, 1991, the System received a judgment in its favor against the State of Louisiana for monies collected pursuant to R.S. 22:1418(A). Specifically, the court ruled that the funds are exempt from the provisions of Act 5 of the First Extraordinary Session of 1988 (R.S. 49:308.3(B)) and therefore belong to the System. The amount of the judgment in favor of the System was \$31,158,428.

The Office of the Governor, Division of Administration, under the authority granted it under R.S. 38:329 settled the claim by issuing a promissory note to the System dated June 28, 1991 in the amount of \$31,158,428 with interest at 7.5% per annum. The note is to be paid in seven equal annual installments of \$5,000,000 including interest. The first installment was due and payable on July 1, 1992 and the last payment is due and payable on July 1, 1998. The Office of the Governor is to take the necessary action annually to place the funding in the executive budget to fund the annual installments due each year. All payments due have been received.

10. OPERATING BUDGET:

The budget is under the control of the Board of Trustees and is not an appropriated budget but is considered a budgetary execution for management purposes.

11. TAX QUALIFICATION:

The System is a tax qualified plan under IRS Code Section 401(a).

12. ACCOUNTS RECEIVABLE - MERGED SYSTEMS:

Thirteen cities throughout Louisiana merged with the Municipal Police Employees' Retirement System between November 1978 and January 1984. The balances owed were amortized at 6% or 7% over periods ranging from 19 to 30 years with payments made either quarterly, semi-annually, or annually. The total accounts receivable from merged systems as of June 30, 1999 and 1998 is \$318,918,080 and \$129,065,058, respectively.

13. EQUIPMENT AND FIXTURES:

The following is a summary of equipment and fixtures - at cost less accumulated depreciation:

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997 AND 1996

13. EQUIPMENT AND FIXTURES: (Continued)

	1997	1996
Equipment	\$ 41,842	\$ 42,542
Computer software	128,723	44,313
Furniture	53,824	53,824
Automobile	12,970	12,910
	277,159	154,749
Less accumulated depreciation	86,830	88,194
Total	<u>\$190,329</u>	<u>\$ 66,555</u>

Depreciation expense charged to operations was \$11,065 for 1997 and \$9,840 for 1996.

14. 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.

15. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:

During 1996, the System changed its method of accounting for investments. In prior years, bonds were recorded at the lower of amortized cost or market if the decline in market value is deemed permanent. Stocks and mutual funds were recorded at the lower of cost or market if the decline in market value is deemed permanent. In 1996, all investments were recorded at fair value to conform with new requirements of the Governmental Accounting Standards Board (GASB). The effect of this change was to increase income for 1996 by \$43,168,136. The financial statements for 1995 have not been restated and the cumulative effect of the change is shown as a one time credit to income in the statement of changes in plan net assets.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
DETAIL STATEMENTS OF CHANGES IN RESERVE BALANCES
YEARS ENDED JUNE 30, 1987 AND 1988

	JUNE 30, 1988				
	AMOUNT \$1988	AMOUNT \$1987	BALANCE AT 12/31/87	POSITION ACQUISITION	GENERAL REVENUE ACCRES LIMBIDEX
BALANCE - BEGINNING	1,16,852,880	1,052,949,871	1,27,104,193	1,258,807,891	1,11,244,799
REVENUE AND TRANSFERS:					
Employee contributions	8,770,887	---	---	---	---
Employer contributions	---	---	---	10,101,111	---
Insurance proceeds	---	---	---	1,100,887	---
Net investment income	---	---	---	100,800,180	---
Netges Interest and penalty payment	---	---	---	8,119,481	---
Deferred Income - Louisiana - Togel settlement	---	---	---	79,180	---
Income from purchase of prior service	---	---	---	118,882	---
Net accretion income	---	---	---	84,888	---
Transfer from Assets Savings	---	3,881,043	---	---	---
Reserve transferred from Assets Reserve	---	---	8,770,887	---	---
Admitted Transfer	---	76,761,096	---	---	---
	8,771,887	81,179,116	8,770,887	109,804,888	---
EXPENDITURES AND TRANSFERS:					
Pensions paid	---	38,111,111	3,878,792	---	---
Refunds to members	3,834,133	---	---	---	---
Administrative expenses	---	---	---	802,137	---
Depreciation	---	---	---	11,888	---
Transfer to Assets Reserve	3,880,040	---	---	---	---
Reserve transferred to DROP	---	8,770,887	---	---	---
Admitted Transfer	---	---	---	76,881,097	4,881,111
	3,413,111	41,163,098	3,878,792	78,884,888	5,882,111
NET INCREASE/(DECREASE) RESULTING OPERATING EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	1,008,888	10,175,008	1,100,887	30,888,001	(4,881,111)
Concomitant effect on prior years resulting from changes in accounting principles	---	---	---	---	---
NET INCREASE/(DECREASE)	1,008,888	10,175,008	1,100,887	30,888,001	(4,881,111)
BALANCE - ENDING	1,17,861,768	1,063,124,879	1,28,205,080	1,289,695,892	1,06,363,688

JUNE 30, 2008							
TOTAL	ANNUITY PAYMENTS	ANNUITY RECEIVE	DEFERRED RETIREMENT OPTION PLAN	PENSION MEMBERSHIP	SURPLUS ACTUARIAL ACCUMULATED LIABILITY	EXCESS RESERVE	TOTAL
\$ 840,473,323	\$ 34,000,000	\$ 411,540,540	\$ 24,000,000	\$ 220,000,000	\$ ---	\$ 30,411,000	\$ 791,004,320
8,721,000	8,000,000	--	--	--	--	--	8,721,000
10,001,011	--	--	--	8,000,000	--	--	18,001,011
1,000,000	--	--	--	1,000,000	--	--	2,000,000
100,000,000	--	--	--	70,000,000	--	--	170,000,000
8,129,000	--	--	--	8,000,000	--	--	16,129,000
700,000	--	--	--	1,100,000	--	--	1,800,000
100,000	--	--	--	100,000	--	--	200,000
80,000	--	--	--	10,000	--	--	90,000
3,000,000	--	4,000,000	--	--	--	--	7,000,000
8,721,000	--	--	7,000,000	--	--	--	15,721,000
70,000,000	--	34,000,000	--	--	20,000,000	--	124,000,000
120,473,154	8,000,000	70,000,540	7,000,000	80,000,000	20,000,000	--	295,473,694
80,000,000	--	10,100,000	4,000,000	--	--	--	94,100,000
1,000,000	1,000,000	--	--	--	--	--	2,000,000
500,000	--	--	--	400,000	--	--	900,000
10,000	--	--	--	8,000	--	--	18,000
2,000,000	4,000,000	--	--	--	--	--	6,000,000
8,721,000	--	7,000,000	--	--	--	--	15,721,000
70,000,000	--	--	--	200,000,000	--	--	270,000,000
100,000,000	3,000,000	43,000,000	8,000,000	100,000,000	--	--	254,000,000
80,000,000	3,111,000	10,000,000	3,000,000	(2,000,000)	20,000,000	--	112,111,000
--	--	--	--	20,100,000	20,000,000	(10,000,000)	30,100,000
80,000,000	3,111,000	10,000,000	3,000,000	70,100,000	20,000,000	(10,000,000)	186,211,000
\$ 900,074,300	\$ 36,000,000	\$ 411,540,540	\$ 27,000,000	\$ 700,000,000	\$ 20,000,000	\$ ---	\$ 1,404,614,840

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 PER DIEM PAID TRUSTEES
 YEARS ENDED JUNE 30, 1997 AND 1996

The per diem paid to the trustees is an expenditure of the Expense Fund. For 1997 and 1996 the trustees receive per diem at the rate of \$75.00 for each day of a regularly scheduled meeting of the Board of Trustees that they attend. Particulars of the per diem paid to the trustees for the year ended June 30, 1997 and 1996 are as follows:

TRUSTEES	NUMBER OF DAYS ATTENDING		AMOUNTS	
	1997	1996	1997	1996
Jeffrey Masley	13	12	\$ 975	\$ 900
Larry Booth	10	10	750	750
Jim Derrick	10	15	750	975
Thomas Swell	13	12	975	900
Arthur Lawson	13	8	975	675
Malvin Ogburn	13	12	975	900
Steve Prater	13	43*	975	3,225
			<u>\$6,225</u>	<u>\$6,125</u>

* Member was paid in 1996 for 31 meetings for fiscal years 1992-1996 in which this member was not previously paid.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 ACCOUNTS RECEIVABLE - MERGED SYSTEMS
 YEAR ENDS JUNE 30, 1992 AND 1993

NAME	TERM	INCIDENT DATE	PAYMENT PLAN	PAYMENT AMOUNT	BALANCE 6-30-92	BALANCE 6-30-93	
Alexandria	06-80	06-13	75	Quarterly	\$ 111,008.00	\$ 4,508,292	\$ 4,509,200
Baskin	01-78	06-08	85	Cont-annu	82,478.00	82,183	158,667
Baskin	01-86	12-13	75	Quarterly	21,694.00	894,708	873,873
Brookley	03-80	18-13	75	Quarterly	88,782.00	2,231,723	2,593,823
Brum	05-83	07-13	75	Quarterly	51,278.00	1,813,873	1,732,000
Lake Charles	05-83	07-13	75	Quarterly	51,442.00	1,847,982	1,784,808
Brown	08-80	03-00	75	Quarterly	23,781.00	67,281	438,481
Carrollville	08-83	03-12	75	Quarterly	1,081,782.00	79,643,814	80,546,123
DeVries	01-84	08-13	75	Quarterly	17,273.00	1,454,843	1,501,078
Dorland	09-83	05-03	75	Quarterly	22,000.00	443,000	504,173
Edwin	01-83	02-01	75	Quarterly	140,113.28	21,809,078	22,815,287
Harveyport	01-84	06-13	75	Quarterly	1,334.00	213,188	213,000
Neil Smith	00-80	03-08	85	Annual	51,771.00	38,000	378,582
TOTAL						125,815,000	127,801,258

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENTS
 YEARS ENDED JUNE 30, 1997 AND 1996

	JUNE 30, 1997		
	PAR VALUE	ORIGINAL COST	MARKET VALUE
BONDS:			
U.S. Treasury Notes and Bonds	\$ 342,980,800	\$ 145,353,138	\$ 248,363,484
Federal Home Loan Mortgage Corporation	14,627,472	14,595,292	14,826,562
Federal National Mortgage Association	18,379,516	18,336,728	18,608,632
Government National Mortgage Association	10,072,746	10,216,762	10,250,538
U. S. Government Notes and Mortgages	1,000,000	980,868	967,408
Corporate Bonds	351,172,702	132,392,197	152,255,284
Foreign Bonds	13,339,876	11,316,260	13,137,748
TOTAL BONDS:	\$ 829,542,112	\$ 532,896,118	\$ 635,402,444

	COST	MARKET VALUE
MUTUAL FUNDS:		
Domestic - American Insured Mortgage	\$ 4,000,000	\$ 7,250,000
Foreign - Morgan Grenfell	32,199,873	38,258,164
TOTAL MUTUAL FUNDS:	\$ 38,199,873	\$ 45,508,164

STOCKS:		
Domestic stocks	\$ 268,723,543	\$ 327,696,672
Foreign stocks	58,826,843	78,513,592
TOTAL STOCKS:	\$ 327,550,386	\$ 406,210,264

JUNE 30, 1985		
PRR VALUE	ORIGINAL COST	MARKET VALUE
\$ 195,510,000	\$ 108,315,584	\$ 298,133,125
15,264,000	15,000,000	15,000,776
17,287,841	17,353,915	17,294,258
10,836,477	10,131,709	10,006,511
4,399,000	4,280,168	4,272,184
147,894,000	148,327,733	144,862,170
<u>847,000</u>	<u>654,500</u>	<u>890,000</u>
<u>\$ 381,800,312</u>	<u>\$ 396,653,160</u>	<u>\$ 390,596,140</u>

COST	MARKET VALUE
\$ 4,000,000	\$ 4,000,000
<u>4,000,000</u>	<u>4,000,000</u>
\$ 100,186,129	\$ 276,293,813
56,035,132	66,496,456
<u>\$ 218,410,261</u>	<u>\$ 342,790,269</u>

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF ADMINISTRATIVE EXPENSES
 ACTUAL AND BUDGET
 YEAR ENDED JUNE 30, 1997 AND 1998

	JUNE 30, 1997		BALANCE FAVORABLE [UNFAVORABLE]
	ACTUAL	BUDGET	
SUBSIDIZED EXPENSES:			
Personal Services:			
Staff salaries	\$ 132,889	\$ 132,888	\$ (1)
Group insurance	28,275	28,702	427
Retirement	18,182	18,240	58
Board member - per diem	6,226	6,308	76
Professional Services:			
Accountant	29,785	28,871	(914)
Actuarial	38,680	38,890	210
Advertising	309	309	-
Computer services	17,805	18,318	513
Risk management	3,180	3,198	18
Legal	43,287	43,287	-
Medical board	4,886	5,272	386
Retirement Association fees	315	515	200
Communications:			
Postage, printing and supplies	32,120	32,717	(597)
Telephone	15,132	14,803	(329)
Travel	21,645	21,890	245
Other:			
Educational conference fees	1,620	2,208	678
Equipment rental and repair	4,938	2,702	(2,236)
Miscellaneous	5,003	5,910	907
Office furniture (expensed)	18,418	17,543	7,225
Rest	67,180	67,108	-
Uniforms	2,953	2,963	-
Medicars	778	774	(4)
Vehicle maintenance	1,124	1,124	(54)
Educational - staff	---	---	---
Total budgeted expenses	\$ 512,137	\$ 512,132	\$ (5)
CAPITAL OUTLAYS	\$ 87,887	\$ 87,882	\$ (5)

JUNE 30, 1966			VARIANCE
ACTUAL	BUDGET		(FAVORABLE)
			(UNFAVORABLE)
\$ 583,686	\$ 163,686	\$	1
21,480	22,071		591
13,576	13,662		87
8,329	16,289		1,879
29,857	33,440		3,523
29,340	28,340		---
---	289		289
34,312	48,000		13,488
2,286	2,079		207
36,344	37,600		1,256
3,286	4,000		714
280	600		320
26,381	27,300		1,309
9,880	12,000		2,120
13,289	14,500		1,211
10,034	12,000		1,966
3,286	5,000		1,714
---	2,000		2,000
6,084	4,286		1,798
49,587	38,588		(10,999)
2,880	2,880		---
459	458		1
36	1,000		964
183	600		417
\$ 460,774	\$ 476,606	\$	15,862
\$ 24,067	\$ 24,067	\$	---

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

FISCAL YEAR	ACTUARIAL REQUIRED CONTRIBUTION EMPLOYER	ACTUARIAL REQUIRED CONTRIBUTION OTHER SOURCES	PERCENT CONTRIBUTED EMPLOYER	PERCENT CONTRIBUTED OTHER SOURCES
1992	\$ 8,724,597	\$3,418,553	101.36A	100.00
1993	8,842,617	2,822,188	96.54	100.00
1994	9,036,711	2,753,386	100.42	100.00
1995	8,943,393	3,569,885	103.28	100.00
1996	9,157,408	5,005,376	104.64	100.00
1997	9,547,753	1,498,487	108.04	100.00

MINISTRIAL PENSION EMPLOYERS' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENDING PREMIUMS
FROM 2015 TO 2022 THROUGH 2022

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE BY ASSETS	ACTUARIAL ACCRUED LIABILITY (VAL) CURRENT YEAR	(SURPLUS) REPAID AMT. TOTAL	FORMED RATIO	CURRENT ESTIMATE	VAL AS A PERCENTAGE OF CURRENT ESTIMATE
June 30, 2012	\$627,609,200	\$632,180,200	\$ 4,570,917	99.33%	\$ 99,803,287	4.38%
June 30, 2013	696,607,779	693,591,873	(7,283,868)	100.06	97,803,493	--
June 30, 2014	739,100,265	736,148,201	(2,949,294)	100.49	98,005,573	--
June 30, 2015	766,346,170	772,983,248	6,638,818	96.34	100,894,990	8.59
June 30, 2016	839,224,604	817,070,510	(27,156,134)	103.24	104,741,407	--
June 30, 2017	829,868,203	911,661,736	(81,387,503)	101.89	123,561,876	--

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 NOTES TO SCHEDULE OF CONTRIBUTIONS AND
 SCHEDULE OF FUNDING PROGRESS
 JUNE 30, 1987 THROUGH 1997

The information presented in the Schedule of Employer Contributions and 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, 1997
Actuarial cost method	Entry age
Amortization method	Level dollar - The amortization period is for a specific number of years. (Closed Basis).
Remaining amortization period	13 years
Asset valuation methods: Equities Bonds	4 year smoothed market amortization cost
Actuarial Required Contribution - Employer:	The actuarial required contribution for employer is based on the actuarial method for funding purposes.
Actuarial assumptions: Investment rate of return Projected salary increases	3% Technical paper No. 16 "Present Value of Estimated Lifetime Earnings". These rates are increased by 2% during the first ten years of employment.
Cost of living Adjustments	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 target ratios are met and excess interest earnings are available to fund the cost of the benefit increase.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
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

September 12, 1997

Municipal Police Employees'
Retirement System
8808 United Plaza Blvd., Room 218
Baton Rouge, Louisiana 70809

We have audited the financial statements of Municipal Police Employees' Retirement System, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 12, 1997.

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 System is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess 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 Police Employees' Retirement System, for the year ended June 30, 1997, 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.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
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, 1991

(Continued)

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 internal control structure elements does not reduce to a relatively low level the risk that errors or 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 the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deplattin; Hopmann, Morgan & Maden, LLP

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

September 12, 1997

Municipal Police Employees'
 Retirement System
 8801 United Plaza Blvd., Room 170
 Baton Rouge, Louisiana 70809

We have audited the financial statements of the Municipal Police Employees' Retirement System as of and for the year ended June 30, 1997, and have issued our report thereon dated September 12, 1997.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Municipal Police Employees' Retirement System is the responsibility of the System's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the System's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements 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 the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Debra L. Waggoner, CPA & Manager LLP