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R E P O R T

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA**

JUNE 30, 1960

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Retreat Date... 11/14/60

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

September 2, 1998

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, 1998 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. These 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, 1998 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, 1998, 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 34 - 35 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 - 1998 and supplemental schedules for the year ending June 30, 1998, 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 2, 1998 on our consideration of Municipal Employees' Retirement System of Louisiana's internal control over financial reporting and on its compliance with laws and regulations.

Wynne M. Chapman, CPA & Assoc. LLP

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF IDEBSHAW
STATEMENT OF PLAN NET ASSETS
JUNE 30, 1998

ASSETS:	
Cash	\$ 2,230,400
Receivables:	
Member contributions	2,623,001
Employer contributions	1,650,138
Ad valorem taxes and state revenue sharing funds	84,948
accrued interest and dividends	3,003,424
Total	6,182,405
Investments (At fair value): (Notes 3 and 6) (Pages 18 and 17)	
Cash equivalents	14,605,100
Repurchase agreements	994,651
Bonds	240,658,530
Equities	208,980,000
Mutual fund - foreign	23,585,083
Total	688,173,454
Property, plant and equipment: (Note 1)	
Land	389,547
Building	525,088
Office furnishings and equipment	886,881
	1,571,456
Less: Accumulated depreciation	(541,468)
	829,988
TOTAL ASSETS	937,986,245
LIABILITIES:	
Cash overdraft	12,008
Bonds payable	132,520
Payroll withholding payable	2,809
Accounts payable	337,441
Total Liabilities	584,808
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 937,401,437
(A schedule of funding progress for the plan is presented on Page 23)	

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 1998

ADDITIONS: (Note 1)	
Contributions:	
Members'	\$ 12,227,804
Employers'	7,688,736
ad salaries taxes and state revenue sharing funds	3,089,855
Total contributions	22,996,395
Investment income: (Note 1)	
Interest income	18,924,788
Dividend income	2,482,888
Net appreciation in fair value of investments	50,320,758
Foreign taxes rebated	170,938
	71,899,372
Less investment expenses:	
Investment advisory fee	3,481,169
Custodian and bank fees	83,089
	3,564,258
Net Investment Income	68,335,114
Other additions:	
Interest - other	38,290
Miscellaneous revenue	3,490
Transfers from other retirement systems	258,185
	299,972
Total additions	69,568,591
DEDUCTIONS: (Note 1)	
Benefits	24,873,276
Refund of contributions	4,841,960
Loss on sale of building	63,359
Transfers to other state retirement systems	2,983,371
Administrative expenses (Page 10)	689,572
Depreciation	31,858
Total deductions	33,483,406
NET INCREASE	41,409,838
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	436,023,373
END OF YEAR	\$ 497,491,807

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1988

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 358 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 458 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, 1978.

Effective October 1, 1978, under Act 458B, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan B contains the original plan and the supplemental plan for those municipalities participating in both plans, while Plan A 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, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (Continued)

Property, Plant, and Equipment:

Property, plant and equipment acquired prior to June 30, 1991 is accounted for based on historical cost and capitalized in the Expense fund. Property, plant and equipment acquired subsequent to June 30, 1991 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.111:1331 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, 1998, there were 73 contributing municipalities in Plan A and 54 in Plan B.

The System was originally established by Act 358 of the 1954 regular session of the Legislature of the State of Louisiana. At June 30, 1998 statewide retirement membership consists of:

	PLAN A	PLAN B	TOTAL
Active members	9,388	7,285	16,673
Retirees and survivors	2,081	681	2,762
"Drop Plan" participants	155	91	246
Due deferred benefits	157	80	237
Due refunds	1,082	—	1,082
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	13,863	8,037	21,900

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. These individuals are 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 813 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 each such retirement system.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998**

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 58 with a minimum of ten (10) years of creditable service.
4. Under age 58 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 55 with thirty (30) years of creditable service.
2. Age 58 with a minimum of ten (10) or more years of creditable service.
3. Under age 58 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.

5. 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 50 until he/she becomes eligible for social security survivorship or retirement benefits or until he/she marries.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

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 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 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.

DRIP 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 (DRIP) for up to three years and defer the receipt of benefits. As of July 1, 1998 any member who is eligible to retire may elect to participate in the DRIP 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 DRIP 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 LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998**

7. PLAN DESCRIPTIONS (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 forty-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 but assuming the member remained in continuous service until his earliest normal retirement age and using those benefit computation factors which would be applicable to 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 but 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 ninety dollars per month for each year of creditable service used to determine the benefit and unless the member has at least thirty years of actual service as 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, 1998, the limit of \$90 per month for each year of creditable service 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 1, 1977, 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 statutes in effect at the time of withdrawal.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998**

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by statute at 5.75% of taxable compensation for Plan A and 5% of taxable 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, 1998, employer contributions were 5.15% of member's earnings for Plan A and 3.75% of member's earnings for Plan B. According to state statute the System also receives 1/4 of 1% of ad valorem 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.

Administration 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 those expenses not 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 benefit. The Annuity Savings as of June 30, 1998 is \$71,998,518 for Plan A and \$15,087,508 for Plan B. The Annuity Savings is fully funded for both plans.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1988**

3. CONTRIBUTIONS AND RESERVES--(Continued)

(1) 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 relieved when expenditures are not covered by other accounts. The Pension Accumulation Reserve as of June 30, 1988 is \$180,405,028 for Plan A and \$41,537,508 for Plan B. The Pension Accumulation Reserve is 87.60% funded for Plan A and fully funded for Plan B.

(2) 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, 1988 is \$125,296,318 for Plan A and \$81,488,263 for Plan B. The Annuity Reserve is fully funded for both plans.

(3) 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 Grad annuity. The deferred retirement option as of June 30, 1988 is \$6,456,181 for Plan A and \$1,367,134 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 1985 legislative session requires that the unfunded accrued liability be amortized over a forty year period beginning on July 1, 1986 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, 1998

8. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Following are the components of the System's deposits, cash equivalents and investments at June 30, 1998.

Deposits (bank balance)	\$ 2,387,720
Cash equivalents	14,979,370
Investments	471,185,088
	<u>\$488,552,178</u>

Deposits:

The Retirement System's bank deposits were fully covered by federal depository insurance.

Cash Equivalents:

Cash equivalents in the amount of \$14,979,370 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 \$1,100,548 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.

	MUNICIPAL ASSET	CATEGORY
Repurchase agreements	\$ 694,651	1
Bonds	232,533,482	1
Bonds	8,124,778	3
Stocks	208,580,070	1
Mutual fund - foreign	21,545,095	3/4
	<u>\$471,185,088</u>	

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

7. VACATION AND SICK LEAVE:

The employees of the Municipal Employees' Retirement System accumulate unlimited amounts of vacation and sick leave at varying rates as established by State regulations. Upon resignation or retirement, unused vacation leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, unused vacation leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The liability for accumulated vacation leave of up to 300 hours payable on June 30, 1998, is estimated to be \$38,271. 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.

9. PROPERTY PLANT AND EQUIPMENT:

Changes in property plant and equipment are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	\$427,182	\$ --	\$135,245	\$291,937
Buildings	680,540	--	(135,402)	545,138
Equipment	440,041	--	--	440,041
Accumulated depreciation	\$281,828	\$20,950	82,124	\$219,654
	\$1,829,591	\$20,950	\$212,667	\$1,637,874

The cost of the property, plant and equipment is being depreciated over its useful life using the straight line method. Depreciation expense for the year ended June 30, 1998 is \$20,950.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES - PLAN "A"
FOR THE YEAR ENDED JUNE 30, 1988

	ANNUITY RESERVE	ANNUITY SAVINGS	GROP
BALANCES, JULY 1, 1987	\$ 159,806,038	\$ 71,989,175	\$ 5,065,813
REVENUES AND TRANSFERS:			
Contributions:			
Members	--	18,361,846	--
Employers	--	--	--
Net income from investments and other sources	--	--	--
Ad valorem taxes and state revenue sharing funds	--	--	--
Transfers from members' savings	3,408,659	--	--
Pensions transferred from annuity reserve	--	--	2,750,112
Actuarial transfers	28,323,808	--	--
Total revenues	<u>31,732,467</u>	<u>18,361,846</u>	<u>2,750,112</u>
EXPENDITURES AND TRANSFERS:			
Retirement allowances paid	18,325,820	--	804,688
Refunds to members	--	3,776,571	--
Transfers to annuity reserve	--	3,470,688	--
Pensions transferred to GROP	2,750,112	--	--
Transfers to other systems	--	1,896,681	--
Transfer to expense fund	--	--	--
Depreciation	--	--	--
Actuarial transfer	--	--	--
Total expenditures	<u>21,075,932</u>	<u>8,363,940</u>	<u>804,688</u>
NET INCREASE (DECREASE)	<u>10,656,535</u>	<u>1,017,906</u>	<u>1,945,424</u>
BALANCES - JUNE 30, 1988	\$ 170,462,573	\$ 73,007,081	\$ 6,410,237

PERSON ACCOMPLISHION	UNFUNDED ACTUARIAL LIABILITY	TOTAL
\$ 367,641,875	\$ 145,814,764	\$ 513,456,639
--	--	39,351,606
6,629,275	--	6,629,275
58,198,311	--	58,198,311
2,349,798	--	2,349,798
--	--	3,478,658
--	--	2,256,112
--	22,441,908	51,815,514
67,171,304	22,441,908	135,600,713
--	--	20,198,733
--	--	3,776,571
--	--	3,478,658
--	--	2,256,112
1,867,650	--	2,853,319
713,700	--	713,700
22,325	--	22,325
51,815,514	--	51,815,514
54,414,212	--	85,717,987
17,263,151	22,441,906	49,705,057
\$ 180,606,126	\$ 22,427,660	\$ 408,665,283

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES - PLAN "B"
FOR THE YEAR ENDED JUNE 30, 1998

	ANNUITY RESERVE	ANNUITY SAVINGS	BROP
BALANCES, JULY 1, 1997	\$ 25,827,553	\$ 12,412,212	\$ 940,090
REVENUES AND TRANSFERS:			
Contributions:			
Members	--	1,875,958	--
Employers	--	--	--
Net income from investments and other sources	--	--	--
Ad valorem taxes and state revenues sharing funds	--	--	--
Transfers from members' savings	627,969	--	--
Transfer from other systems	--	1,369	--
Pensions transferred from annuity reserve	--	--	477,925
Actuarial transfer	5,330,663	--	--
Total revenues	<u>6,958,632</u>	<u>1,877,327</u>	<u>477,925</u>
EXPENDITURES AND TRANSFERS:			
Retirement allowances paid	3,812,696	--	80,681
Refunds to members	--	664,909	--
Transfers to annuity reserve	--	621,968	--
Pensions transferred to BROP	477,925	--	--
Transfer to expense fund	--	--	--
Depreciation	--	--	--
Actuarial transfer	--	--	--
Total expenditures	<u>4,290,621</u>	<u>1,286,877</u>	<u>80,681</u>
NET INCREASE (DECREASE)	<u>2,668,011</u>	<u>590,450</u>	<u>417,244</u>
BALANCES - JUNE 30, 1998	\$ 28,495,564	\$ 13,002,662	\$ 1,357,334

PROVISION ACCUMULATION	[UNFUNDED] SAMPLES ACTUARIAL LIABILITY	TOTAL
\$ 38,311,891	\$ 15,146,001	\$ 53,457,892
--	--	1,005,858
1,069,461	--	1,069,461
12,299,809	--	12,299,809
719,256	--	719,256
--	--	621,969
157,600	--	157,600
--	--	472,925
--	5,333,948	10,872,681
14,236,382	5,333,948	19,570,330
--	--	3,873,546
--	--	664,588
--	--	623,988
--	--	472,925
231,287	--	231,287
8,688	--	8,688
10,679,688	--	10,679,688
10,918,564	--	10,918,564
3,329,818	5,333,948	8,663,766
\$ 41,537,509	\$ 10,667,896	\$ 52,205,405

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 1998

	PAR VALUE	ORIGINAL COST	MARKET VALUE
PLAN "A"			
Bonds:			
Federal Home Loan			
Mortgage Corporation	\$ 18,290,058	\$ 18,241,008	\$ 18,482,431
Federal National Mortgage Assn.	27,480,840	27,060,809	26,299,162
Government National			
Mortgage Association	15,500,460	15,308,965	16,194,480
U.S. Treasury Notes, Bonds and Bills	8,057,240	8,385,990	9,583,545
Corporate Bonds	<u>129,411,990</u>	<u>129,010,560</u>	<u>134,523,768</u>
Total Bonds	<u>\$ 190,239,598</u>	<u>\$ 190,777,422</u>	<u>\$ 199,484,297</u>
		COST	MARKET VALUE
Equities		<u>\$ 123,636,674</u>	<u>\$ 169,600,967</u>
Mutual fund - Foreign		<u>\$ 19,495,008</u>	<u>\$ 19,486,047</u>
Cash equivalents		<u>\$ 12,218,667</u>	<u>\$ 12,219,687</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LISIANSI
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 1998

	PAR VALUE	ORIGINAL COST	MARKET VALUE
PLAN "B"			
Bonds:			
Federal Home Loan Mortgage Corporation	\$ 2,548,298	\$ 2,524,853	\$ 2,500,320
Federal National Mortgage Associates	5,958,782	5,014,514	5,162,486
Government National Mortgage Association	3,455,000	3,320,800	3,505,685
U.S. Treasury Notes, Bonds and Bills	958,308	967,760	1,834,835
Corporate Bonds	<u>27,839,891</u>	<u>27,722,355</u>	<u>29,952,689</u>
Total Bonds	\$ 39,899,279	\$ 39,569,372	\$ 41,955,035
		COST	MARKET VALUE
Equities		\$ 27,267,757	\$ 38,768,183
Mutual fund - Foreign		\$ 4,208,000	\$ 4,058,546
Cash Equivalents		\$ 2,758,700	\$ 2,758,700

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 1988

EXPENSE FUND

Refueling and yard maintenance	\$ 14,214
Hospitalization	13,713
Insurance	18,348
Miscellaneous expense	7,287
Office equipment maintenance	28,840
Office supplies	11,343
Per diem and travel	55,417
Postage	15,962
Printing	7,315
Professional fees	38,819
Resainer fee	60,368
Retirement - employer portion	17,482
Salaries	399,540
Telephone	5,723
Utilities	6,835
 Total	 \$ 680,532

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTAL INFORMATION
SCHEDULE OF PER DIEM AND TRAVEL EXPENSES TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1995

	PER DIEM	TRAVEL EXPENSES	TOTAL
Charles Powell	\$ 488	\$ 2,778	\$ 3,266
Dudley Dixon	375	1,680	2,055
Claire Sarraoet	375	438	813
Johnny Borchelet	490	1,638	2,128
Joe Sampite	490	1,945	2,435
Robert Robert	375	328	703
Billy Cobb	490	473	963
TOTAL	\$ 2,925	\$ 9,294	\$ 12,219

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF PLAN NET ASSETS
JUNE 30, 1999

	PLAN "A"	PLAN "B"	EXPENSE FUND	TOTAL
ASSETS:				
Cash	\$ 1,767,544	\$ 637,609	\$ ---	\$ 2,405,153
Receivables:				
Due from (to) other funds	(805,744)	585,381	243,440	--
Member contributions	2,186,572	457,239	--	2,643,811
Employer contributions	1,888,842	781,187	--	2,669,929
All volume taxes and state revenue sharing funds	98,584	--	--	98,584
Accrued interest and dividends	3,858,201	718,883	--	4,577,084
Total	5,873,425	2,132,545	243,440	8,189,410
Investments:				
Cash equivalents	17,218,667	3,756,760	--	20,975,427
Derivative agreements	--	--	894,651	894,651
Bonds	198,404,283	41,750,813	--	240,155,096
Equities	168,818,897	16,798,183	--	185,617,080
Money fund - foreign	19,808,547	4,158,548	--	23,967,095
Total	324,240,494	66,764,304	894,651	391,909,449
Property, plant and equipment:				
Land	296,248	93,259	--	389,507
Building	418,447	129,626	--	548,073
Office furnishings and equipment	188,543	58,798	281,579	528,910
	893,238	281,683	281,579	1,456,499
Less accumulated depreciation	(258,087)	(88,852)	(204,329)	(551,268)
	635,151	192,831	--	827,982
Total assets	409,698,540	87,673,811	1,238,094	498,610,445
LIABILITIES:				
Cash overdraft	--	--	12,038	12,038
Refunds payable	158,675	32,847	--	191,522
Payroll withholding payable	--	--	2,829	2,829
Accounts payable	263,588	55,843	--	319,431
Total liabilities	422,263	88,690	14,867	525,820
NET ASSETS HELD IN TRUST FOR FUTURE BENEFITS	\$ 487,435,277	\$ 87,585,121	\$ 1,223,227	\$ 576,243,625

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 1990**

ADDITIONS:	PLAN '87	PLAN '88	EXPENSE FUND	TOTAL
Contributions:				
Members'	\$ 10,350,848	\$ 1,075,958	--	\$ 11,426,806
Employers'	6,629,275	1,058,460	--	7,687,735
All values taxes and state revenue sharing funds	3,388,799	718,764	--	4,107,563
Total contributions	<u>20,368,922</u>	<u>2,853,182</u>	<u>---</u>	<u>23,222,104</u>
Investment Income:				
Interest income	11,661,314	1,728,278	34,196	13,423,788
Dividend income	2,054,178	818,243	--	2,872,421
Net appreciation in fair value of investments	41,470,518	8,027,718	--	49,498,236
Foreign taxes reimbursed	313,836	55,802	--	369,638
	<u>55,499,846</u>	<u>10,630,041</u>	<u>34,196</u>	<u>66,164,083</u>
Less investment expenses:				
Investment advisory fees	1,114,257	250,800	50,800	1,415,857
Custodian and bank fees	23,009	5,347	50,850	80,206
	<u>1,137,266</u>	<u>256,147</u>	<u>101,650</u>	<u>1,505,063</u>
Net investment income (expenses)	<u>54,362,580</u>	<u>10,373,894</u>	<u>(77,454)</u>	<u>64,658,020</u>
Other additions:				
Interest - other	34,899	3,890	--	38,789
Miscellaneous revenue	2,348	1,154	--	3,502
Transfers from other retirement systems	--	150,188	--	150,188
Total other additions	<u>37,247</u>	<u>155,232</u>	<u>---</u>	<u>192,429</u>
TOTAL ADDITIONS	<u>71,508,429</u>	<u>18,113,709</u>	<u>(77,454)</u>	<u>89,544,684</u>
DEDUCTIONS:				
Benefits	20,189,200	1,871,546	--	22,060,746
Refund of contributions	3,378,573	664,888	--	4,043,461
Loss on sale of building	--	--	61,728	61,728
Administrative expenses	--	--	608,517	608,517
Depreciation	23,326	6,666	2,766	32,758
Transfers to other retirement systems	2,951,371	--	--	2,951,371
Transfers from pension funds to expense fund	313,360	231,297	(946,606)	--
TOTAL DEDUCTIONS	<u>27,865,860</u>	<u>2,774,997</u>	<u>(279,730)</u>	<u>30,361,127</u>
NET INCREASE	<u>43,642,569</u>	<u>15,338,712</u>	<u>107,724</u>	<u>59,089,005</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	<u>398,812,540</u>	<u>78,245,218</u>	<u>1,005,178</u>	<u>478,062,936</u>
END OF YEAR	<u>\$ 442,455,109</u>	<u>\$ 93,583,930</u>	<u>\$ 1,112,902</u>	<u>\$ 537,151,941</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
 JUNE 30, 1992 THROUGH 1998

PLAN A

YEAR	ACTUARIAL REQUIRED	ACTUARIAL REQUIRED	PERCENT CONTRIBUTED EMPLOYER	PERCENT CONTRIBUTED OTHER SOURCES
	CONTRIBUTIONS EMPLOYER	CONTRIBUTIONS OTHER SOURCES		OTHER SOURCES
1993	\$ 6,099,179	\$ 1,649,000	119.32%	106.01%
1994	6,617,002	1,804,000	115.50	109.27
1995	6,925,354	1,898,000	85.86	89.81
1996	6,829,174	1,979,000	117.20	88.40
1997	6,883,767	2,096,000	106.40	104.20
1998	6,615,694	2,282,117	97.20	102.52

PLAN B

YEAR	ACTUARIAL REQUIRED	ACTUARIAL REQUIRED	PERCENT CONTRIBUTED EMPLOYER	PERCENT CONTRIBUTED OTHER SOURCES
	CONTRIBUTIONS EMPLOYER	CONTRIBUTIONS OTHER SOURCES		OTHER SOURCES
1993	\$ 1,252,466	\$ 509,000	101.13%	80.59%
1994	1,018,714	583,000	100.91	75.83
1995	1,219,975	608,000	85.49	80.27
1996	1,174,566	632,000	115.36	88.69
1997	944,433	627,000	125.80	110.12
1998	1,404,870	724,855	75.41	89.23

MEMORIAL EMPLOYEES' RETIREMENT SYSTEM

OF LEADERSHIP

SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

June 30, 1993 THROUGH 1998

PLAN A

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED BAL. (BAL.)	FUNDED RATIO	COVERED DEFICIT (DEFICIT)	BAL. AS A PERCENTAGE OF COVERED DEFICIT
June 30, 1993	\$ 246,681,892	\$ 311,303,588	\$ 64,431,596	82.31%	\$ 68,381,409	66.36%
June 30, 1994	276,723,790	328,828,521	55,950,848	82.87%	102,250,948	64.74%
June 30, 1995	308,133,400	345,626,683	67,491,102	83.37%	104,735,181	64.36%
June 30, 1996	318,271,748	377,279,090	96,987,298	84.30%	118,313,880	63.66%
June 30, 1997	348,233,683	444,727,303	68,513,748	85.25%	115,680,149	60.37%
June 30, 1998	378,194,018	432,158,122	61,684,106	86.46%	118,808,281	53.17%

PLAN B

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	UNFUNDED BAL. (DEFICIT)	FUNDED RATIO	COVERED DEFICIT (DEFICIT)	BAL. AS A PERCENTAGE OF COVERED DEFICIT
June 30, 1993	\$ 84,724,716	\$ 83,722,811	\$ 8,897,803	85.86%	\$ 37,374,879	37.68%
June 30, 1994	87,464,289	86,254,322	\$ 7,688,890	86.73%	\$ 7,323,487	28.68%
June 30, 1995	81,823,293	70,328,823	\$ 8,580,480	87.73%	\$ 8,746,164	25.43%
June 30, 1996	87,276,177	75,653,433	\$ 3,718,246	86.95%	\$ 4,234,222	24.48%
June 30, 1997	75,218,231	81,282,311	\$ 6,118,380	86.98%	\$ 6,884,834	32.33%
June 30, 1998	79,423,287	87,353,768	7,874,625	90.86%	\$ 7,800,481	23.03%

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENT INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS - PLANS A AND B
JUNE 30, 1993 THROUGH 1998

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 1998
Actuarial Cost Method	Frozen Attained 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	31 years
Asset Valuation Methods: Bonds Equities	Amortized Cost Market Value adjusted to reflect a three year smoothing of realized and unrealized capital gains. 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 target ratios 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 to increase the smoothing period on realized and unrealized capital gains on common stock from two to three years. This actuarial assumption change resulted in a decrease of the actuarial value of assets in the amount of \$14,299,823 in Plan A and \$3,578,858 in Plan B.
Change in Benefit Provisions:	Beginning, June 30, 1998 the limit on regular and disability benefits for Plan B service was removed entirely. The effect of this change could not be readily determined.

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA**
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON A FINANCIAL STATEMENT AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1998**

September 2, 1998

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, 1998, and have issued our report thereon dated September 2, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipal Employees' Retirement System of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees and management of Municipal Employees' Retirement System of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Deplanche, Hagan, & Hagan, L.L.P.