

4133

OFFICIAL
FILE COPY

MISSISSIPPI
ARCHIVES

DO NOT REMOVE

2007-10-17 0:17

Always use safety
tapes from the
back and FRONT
panels in this

R E P O R T

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF MISSISSIPPI**

JUNE 30, 1986

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewer, entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: **DEC 13 1986**

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

INDEX TO REPORT

JUNE 30, 1998

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS:	
Statement of Plan Net Assets.....	3
Statement of Changes in Plan Net Assets.....	4
Notes to Financial Statements.....	5 - 13
SUPPLEMENTARY INFORMATION:	
Statement of Changes in Reserve Balances - Plan A & B.....	14 - 15
Schedule of Investments - Plan A & B.....	16 - 17
Schedule of Administrative Expenses.....	18
Schedule of Per Diem and Travel Expenses to Board Members.....	19
Individual Funds Statement of Plan Net Assets.....	20
Individual Funds Statement of Changes in Plan Net Assets.....	21
Schedule of Contributions - Employer and Other Sources.....	22
Schedule of Funding Progress.....	23
Notes to Schedules of Contributions and Funding Progress.....	24
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	25 - 26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	27



MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.

MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.

821 Claiborne, Suite 1200 • New Orleans, LA 70117
(504) 586-0906
Fax (504) 525-0000

Professional
Accounting Firm
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.

MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.

MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.
MEMBER OF BRUNNEN & P.A.

INDEPENDENT AUDITOR'S REPORT

September 17, 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.

As discussed in Note 10 to the financial statements, the Municipal Employees' Retirement System of Louisiana changed its method of recording investments in 1995.

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.

David A. Hrapmann
Louisiana Auditor
By _____

We have audited the financial statements of the System for the year ending June 30, 1996, 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 24 - 27 are presented for the purpose of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending June 30, 1991 - 1995 and supplemental schedules for the year ending June 30, 1996, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 1996 on our consideration of Municipal Employees' Retirement System of Louisiana's internal control structure and a report dated September 17, 1996 on its compliance with laws and regulations.

Boylan, Chapman, Hogan & Madar LLP

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

ASSETS:	
Cash	\$ 1,843,421
Receivables:	
Member contributions	2,879,481
Employer contributions	2,217,697
Accrued interest and dividends	3,944,432
Investment	256,080
Total	<u>9,297,011</u>
Investments (At fair value): (Notes 3 and 6) (Pages 16 and 17)	
Cash equivalents	12,462,799
Repurchase agreements	904,989
Bonds	256,315,389
Equities	185,316,253
Total	<u>354,999,330</u>
Property, plant and equipment: (Note 1)	
Land	422,782
Building	666,548
Office furnishings and equipment	486,841
	<u>1,576,171</u>
Less: Accumulated depreciation	(536,838)
	<u>1,039,333</u>
Total Assets	<u>386,429,017</u>
LIABILITIES:	
Cash overdraft	1,237,626
Bonds payable	256,166
Payroll withholding payable	23,403
Accounts payable	129,648
	<u>1,646,843</u>
Total Liabilities	<u>1,646,843</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 384,782,174
(A schedule of funding progress for the plan is presented on Page 22)	

See accompanying notes.

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

ADDITIONS: (Note 1)	
Contributions:	
Members'	\$ 12,042,082
Employers'	6,996,699
Ad valorem taxes and state revenue sharing funds	2,372,732
Total contributions	<u>21,411,513</u>
Investment income: (Note 1)	
Interest income	19,371,845
Dividend income	2,681,562
Net appreciation in fair value of investments	16,535,718
	<u>38,589,125</u>
Less investment expenses:	
Investment advisory fee	600,890
Custodian fee	21,400
	<u>622,290</u>
Net investment income	<u>37,966,835</u>
Other Additions:	
Miscellaneous revenues	40
Transfers from other retirement systems	1,864,696
	<u>1,864,696</u>
Total Additions	<u>82,324,681</u>
DEDUCTIONS: (Note 1)	
Benefits	21,100,634
Refund of contributions	3,146,699
Transfers to other state retirement systems (Note 6)	5,400,521
Administrative expenses (Page 38)	698,494
Depreciation	71,713
Total deductions	<u>31,398,061</u>
NET INCREASE BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	50,926,620
Cumulative effect on prior years resulting from changes in accounting principles (Note 30)	<u>16,664,863</u>
NET INCREASE	67,591,483
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	316,437,650
END OF YEAR	<u>\$ 384,029,163</u>

See accompanying notes.

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

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 258 of the 1854 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 #508 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1970, under Act #188, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting:

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

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

Method Used to Value Investments:

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

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property, Plant and Equipment:

Property, plant and equipment acquired prior to June 30, 1996 is accounted for based on historical cost and capitalized in the Expense Fund. Property, plant and equipment acquired subsequent to June 30, 1996 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 plan. The system was established and provided for by R.S. 11:1710 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, 1996, there were 71 contributing municipalities in Plan A and 52 in Plan B.

The System was originally established by Act 356 of the 1968 regular session of the legislature of the State of Louisiana. As June 30, 1996 statewide retirement membership consists of:

Active members	5,859	7,312	13,171
Retirees and survivors			
"Drop Plan" participants	2,022	948	2,970
Due deferred benefits	158	68	226
Due refunds	1,858	832	2,690
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	9,897	9,060	18,957

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 and under age sixty (60) at date of employment. Those individuals paid initially by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. Act 410 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, 1988

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits:

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

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

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

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

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

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

Survivor Benefits:

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

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

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

1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid Option 2 benefits beginning at age 50 until he/she becomes eligible for social security survivorship or retirement benefits or until he/she remarries.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

- Surviving spouse meets the above qualifications but is receiving survivorship benefits due to a prior marriage, shall become eligible for benefits when he/she ceases to receive social security benefits.

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

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

DROP 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 (DROP) for up to three years and defer the receipt of benefits. Beginning July 1, 1995 any member who is eligible to retire may elect to participate in the DROP for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the System terminates. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP 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, 1995

2. 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 had 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 had assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement. The benefit shall not exceed seventy 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 or is an elected official with at least fifteen years of actual service as an elected official, the benefits shall be reduced by three percent for each year the member is younger than the age of sixty-two years at the time of retirement, up to a maximum reduction of six percent.

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 time of withdrawal.

3. CONTRIBUTIONS AND RESERVE:

Contributions:

Contributions for all members are established by statute at 6.35% of earnable compensation for Plan A and 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

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

PAGE 10

3. CONTRIBUTIONS AND RESERVES (Continued)

Contributions: (Continued)

According to state statute contributions for all employees are actuarially determined each year. For the year ended June 30, 1998, employer contributions were 6.75% 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 1/8 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.

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

Reserves:

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

A) Expense:

The Expense Fund Reserve provides for general and administrative expenses of the System and 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 benefits. The Annuity Savings as of June 30, 1998 is \$68,330,815 for Plan A and \$21,589,080 for Plan B. The Annuity Savings is fully funded for both plans.

C) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

C) Pension Accumulation Reserve: (Continued)

Reserve as of June 30, 1996 is \$152,538,573 for Plan A and \$35,202,178 for Plan B. The Pension Accumulation Reserve is 61% funded for Plan A and 75% funded for Plan B.

D) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 1996 is \$152,811,055 for Plan A and \$28,173,645 for Plan B. The Annuity Reserve is fully funded for both plans.

E) Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit 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 as of June 30, 1996 is \$3,597,887 for Plan A and \$690,525 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 1988 legislative session requires that the unfunded accrued liability be amortized over a forty year period beginning on July 1, 1989 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 Schedule is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits is presented on pages 22 - 24.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

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

Deposits (bank balance)	\$ 1,912,430
Cash equivalents	12,462,799
Investments	<u>361,730,531</u>
	<u>\$376,105,760</u>

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

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

DEPOSITS:

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

Cash Equivalents:

Cash equivalents in the amount of \$107,427,451 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 \$28,348 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 such 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.

	MARKET VALUE	CATEGORY
Repurchase agreements	\$ 504,080	1
Bonds	247,111,300	1
Bonds	9,085,901	2
Stocks	106,120,278	1
	<u>\$462,821,559</u>	

7. VACATION AND SICK LEAVE:

The employees of the Municipal Employees' Retirement System accumulate unfilled 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 at June 30, 1998, is estimated to be \$28,873. Accumulated vacation leave is not material and therefore not accrued (reflected) in the accompanying financial statements.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995

8. TRANSFER TO OTHER SYSTEMS:

During the current year a number of firefighters from municipalities throughout the state transferred from Plan A to the Firefighters' Retirement System of Louisiana. Plan A transferred \$2,481,863, of which \$166,686 consisted of member contributions and \$1,834,827 consisted of employer contributions and interest. During the current year, the City of Houma transferred from Plan B to the Parochial Employees' Retirement System. Plan B transferred \$2,464,680 of which \$749,829 consisted of member contributions and \$1,823,871 consisted of employer contributions and interest. The transfers were made at actuarial cost and the System does not have a receivable or payable from this transaction.

9. 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.

10. CUMULATIVE DEFICIT OF CHANGE IN ACCOUNTING PRINCIPLE:

During 1996, the Retirement 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 is deemed permanent. Stocks were recorded at the lower of cost or market if the decline 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 the year by \$14,548,885 for Plan A and \$2,436,088 for Plan B. 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 EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES - PLAN "A"
FOR THE YEAR ENDED JUNE 30, 1996

	ANNUITY RESERVE	MEMBERS' SAVINGS
BALANCES, JULY 1, 1995	\$ <u>141,776,024</u>	\$ <u>85,955,895</u>
REVENUES AND TRANSFERS:		
Contributions		
Members	--	10,260,600
Employers	--	--
Net income from investments and other sources	--	--
Ad valorem taxes and state revenue sharing funds	--	--
Transfers from members' savings	3,951,067	--
Positions transferred from annuity reserve	--	--
Actuarial transfers	<u>25,890,155</u>	<u>--</u>
Total revenues	<u>29,841,222</u>	<u>10,260,600</u>
EXPENDITURES AND TRANSFERS:		
Retirement allowances paid	17,327,153	--
Refunds to members	--	3,129,847
Transfers to annuity reserve	--	3,051,803
Positions transferred to BRPF	1,569,340	--
Transfers to other systems	--	836,273
Transfer to expense fund	--	--
Depreciation	--	--
Actuarial transfer	--	--
Total expenditures	<u>18,896,493</u>	<u>7,017,923</u>
NET INCREASE (DECREASE) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	11,024,989	3,242,677
Cumulative effect on prior years resulting from changes in accounting principles	<u>--</u>	<u>--</u>
NET INCREASE (DECREASE)	<u>11,024,989</u>	<u>3,242,677</u>
BALANCES - JUNE 30, 1996	\$ <u>152,801,013</u>	\$ <u>89,198,572</u>

2002	PERIODIC ACCUMULATION	UNFUNDED ACTUARIAL LIABILITY	UNFUNDED ACTUARIAL PRESENT VALUE OF CREDITED PROJECTED BENEFIT	TOTAL
\$ 2,202,904	\$ 211,082,758	\$ ---	\$ (48,532,761)	\$ 276,392,871
---	---	---	---	10,262,850
---	7,665,245	---	---	7,665,245
---	30,578,631	---	---	30,578,631
---	1,848,968	---	---	1,848,968
---	---	---	---	3,953,087
1,669,190	---	---	---	1,669,190
---	---	---	---	25,888,191
<u>1,669,190</u>	<u>42,793,836</u>	<u>---</u>	<u>---</u>	<u>81,981,098</u>
269,157	---	---	---	17,606,354
---	22,676	---	---	3,352,629
---	---	---	---	3,953,087
---	---	---	---	1,908,193
---	1,929,150	---	---	2,768,427
---	592,857	---	---	592,857
---	52,590	---	---	52,590
---	28,683,112	5,315,072	---	25,888,191
<u>269,157</u>	<u>23,298,782</u>	<u>5,315,072</u>	<u>---</u>	<u>53,846,629</u>
1,309,983	18,912,644	(5,315,072)	---	28,331,455
---	22,724,771	[14,696,667]	48,532,761	14,548,885
<u>1,309,983</u>	<u>40,637,415</u>	<u>[10,821,719]</u>	<u>48,532,761</u>	<u>48,886,328</u>
\$ 3,592,082	\$ 152,528,623	\$ [10,821,719]	\$ ---	\$ 317,277,790

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES - PLAN "B"
FOR THE YEAR ENDED JUNE 30, 1986

	ANNUITY RESERVE	MEMBERS' SAVINGS
BALANCES, JULY 1, 1985	\$ <u>26,504,677</u>	\$ <u>11,676,398</u>
REVENUES AND TRANSFERS:		
Contributions		
Members	--	1,749,252
Employers	--	--
Net income from investments and other sources	--	--
Ad valorem taxes and state revenue sharing funds	--	--
Transfers from members' savings	505,341	--
Transfer from other systems	--	--
Pensions transferred from annuity reserve	--	--
Actuarial transfer	4,844,008	--
Total revenues	<u>5,349,518</u>	<u>1,749,252</u>
EXPENDITURES AND TRANSFERS:		
Retirement allowances paid	3,385,502	--
Refunds to members	--	578,330
Transfers to annuity reserve	--	505,341
Pensions transferred to MOP	294,900	--
Transfers to other systems	--	352,803
Transfer to expense fund	--	--
Depreciation	--	--
Actuarial transfer	--	--
Total expenditures	<u>3,680,402</u>	<u>1,936,563</u>
NET INCREASE (DECREASE) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	1,668,986	(187,311)
Cumulative effect on prior years resulting from changes in accounting principles	--	--
NET INCREASE (DECREASE)	<u>1,668,986</u>	<u>(187,311)</u>
BALANCES - JUNE 30, 1986	\$ <u>28,173,663</u>	\$ <u>11,506,086</u>

2008	PENSION ACCUMULATION	UNFUNDED ACTUARIAL LIABILITY	UNFUNDED ACTUARIAL PRESENT VALUE OF CREDITED PENSION BENEFIT	TOTAL
\$ 525,443	\$ 25,875,044	\$ --	\$ (4,236,200)	\$ 25,343,908
--	--	--	--	3,749,252
--	1,331,454	--	--	3,331,454
--	6,438,303	--	--	6,438,303
--	623,752	--	--	623,752
--	--	--	--	586,343
--	1,868,058	--	--	1,868,058
294,800	--	--	--	294,800
--	--	--	--	4,644,829
<u>294,800</u>	<u>19,260,563</u>	<u>--</u>	<u>--</u>	<u>17,654,685</u>
129,808	--	--	--	3,515,320
--	19,813	--	--	587,255
--	--	--	--	505,343
--	--	--	--	294,800
--	1,862,817	--	--	2,715,504
--	390,343	--	--	189,343
--	16,808	--	--	15,808
--	4,371,204	432,823	--	4,644,829
<u>129,808</u>	<u>9,558,799</u>	<u>432,823</u>	<u>--</u>	<u>12,638,406</u>
365,082	9,391,774	(432,823)	--	4,635,686
--	4,635,686	(8,445,465)	6,236,200	2,416,006
<u>365,082</u>	<u>9,327,134</u>	<u>(8,938,288)</u>	<u>6,236,200</u>	<u>7,391,793</u>
\$ <u>690,625</u>	\$ <u>35,232,178</u>	<u>(8,938,288)</u>	\$ <u>--</u>	\$ <u>66,737,343</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 2008

PLAN "A" Bonds	PAR VALUE	ORIGINAL COST	MARKET VALUE
Federal Farm Credit Bank Federal Home Loan Mortgage Corporation	\$ 1,708,800	\$ 1,708,217	\$ 1,708,217
Federal National Mortgage Assn. Government National Mortgage Association	15,027,533	15,038,896	15,027,386
U.S. Treasury Note, Bonds and Bills	22,876,775	21,527,851	21,664,000
Corporate Bonds	19,388,811	18,811,758	18,552,583
	29,288,080	28,738,758	29,528,588
	<u>325,868,382</u>	<u>325,424,803</u>	<u>324,924,344</u>
Total Bonds	<u>\$ 313,844,524</u>	<u>\$ 312,958,344</u>	<u>\$ 312,998,052</u>
		COST	MARKET VALUE
Equities		<u>\$ 85,953,493</u>	<u>\$ 86,797,235</u>
Cash equivalents		<u>\$ 18,552,088</u>	<u>\$ 18,552,088</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 1996

	PAR VALUE	ORIGINAL COST	MARKET VALUE
PLAN "B"			
Bonds:			
Federal Home Loan Mortgage Corporation	\$ 4,834,087	\$ 4,810,474	\$ 4,808,175
Federal National Mortgage Association	3,748,685	3,491,137	3,502,650
Government National Mortgage Association	4,258,186	4,683,548	4,179,388
U.S. Treasury Notes, Bonds and Bills	5,398,080	5,223,418	5,152,131
Corporate Bonds	<u>28,306,037</u>	<u>28,347,835</u>	<u>28,380,526</u>
Total Bonds	\$ 44,236,035	\$ 43,905,613	\$ 43,726,228
		COST	MARKET VALUE
Equities		<u>\$ 14,226,648</u>	<u>\$ 16,212,668</u>
Cash Equivalents		<u>\$ 3,908,713</u>	<u>\$ 3,918,731</u>
EXPENSE FUND:			
Repurchase Agreement		<u>\$ 504,908</u>	<u>\$ 504,088</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOSOSHAH
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

EXPENSE FUND

Building and yard maintenance	\$	24,850
Hospitalization		13,780
Insurance		8,887
Miscellaneous		8,102
Office equipment maintenance		23,000
Office supplies		8,988
Per diem and travel		66,363
Postage		11,500
Printing		60,560
Professional fees		151,800
Retainer fee		58,276
Retirement - employer portion		32,358
Salaries		293,641
Telephone		8,226
Utilities		<u>10,328</u>
Total	\$	<u>828,458</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM AND TRAVEL EXPENSES TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1996

	PER DIEM	TRAVEL (EXPENSES)	TOTAL
Joe Kell	\$ 350	\$ 2,653	\$ 3,003
C. B. Wood	300	2,380	2,680
Claire Sarradet	300	1,661	1,961
Johnny Berthelot	300	1,890	2,190
Joe Sapien	300	3,934	4,234
Robert Robert	225	780	1,005
Billy Cobb	<u>300</u>	<u>1,887</u>	<u>2,187</u>
TOTAL	\$ <u>3,075</u>	\$ <u>25,368</u>	\$ <u>28,443</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF PLAN NET ASSETS
JUNE 30, 1996

	PLAN '94	PLAN '95	EXPENSE 1995	1996
ASSETS:				
Cash	\$ 1,548,808	\$ 293,421	\$ ---	\$ 1,842,229
Receivables:				
Due from (to) other Funds	893,799	828,325	243,844	---
Member contributions	2,524,295	479,668	---	2,879,481
Employer contributions	1,895,164	328,833	---	2,217,997
Accrued interest and dividends	1,200,417	741,834	---	1,942,251
Investment	258,808	---	---	258,808
Total	<u>7,604,417</u>	<u>7,143,476</u>	<u>243,444</u>	<u>9,191,911</u>
Investments (at fair value):				
Cash equivalents	10,582,088	1,819,721	---	12,401,789
Repurchase agreements	---	---	584,998	584,998
Bonds	212,389,927	43,326,228	---	256,115,280
Equities	86,292,215	18,712,598	---	105,004,791
Total	<u>309,338,798</u>	<u>64,149,827</u>	<u>584,998</u>	<u>374,106,758</u>
Property, plant and equipment:				
Land	294,248	92,289	52,295	422,732
Building	419,442	324,824	121,432	865,500
Office furniture and equipment	146,243	58,298	221,529	444,861
	<u>859,933</u>	<u>475,411</u>	<u>395,256</u>	<u>1,333,193</u>
Less accumulated depreciation	(758,485)	(187,408)	(275,924)	(1,121,817)
	<u>101,448</u>	<u>288,003</u>	<u>119,332</u>	<u>211,376</u>
Total Assets	<u>318,487,199</u>	<u>67,381,554</u>	<u>848,784</u>	<u>384,429,917</u>
LIABILITIES:				
Cash overdraft	1,813,811	216,504	7,505	1,737,520
Refunds payable	798,879	29,277	---	218,194
Payroll withholding payable	---	---	25,458	32,405
Accounts payable	125,438	52,998	---	178,436
Total Liabilities	<u>2,738,128</u>	<u>308,779</u>	<u>33,963</u>	<u>2,166,555</u>
NET ASSETS HELD IN TRUST FOR MEMBER BENEFITS	<u>\$ 315,749,071</u>	<u>\$ 67,072,775</u>	<u>\$ 814,821</u>	<u>\$ 382,263,362</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

ADDITIONS:			EXPENSE	TOTAL
	PLAN '04'	PLAN '05'	FUND	
Contributions:				
Members'	\$ 18,292,830	\$ 1,748,932	\$ --	\$ 12,842,680
Employers'	7,888,248	1,311,484	--	8,898,238
Net salaries taxes and state revenue sharing funds	1,848,869	823,752	--	2,532,712
Total contributions	<u>19,929,847</u>	<u>3,784,168</u>	<u>---</u>	<u>23,611,432</u>
Investment income:				
Interest income	16,897,487	1,747,634	30,389	18,575,440
Dividend income	1,717,880	264,482	--	2,082,362
Net appreciation in fair value of investments	12,523,126	1,887,683	--	14,390,719
	<u>31,138,493</u>	<u>3,899,800</u>	<u>30,389</u>	<u>35,068,682</u>
Less investment expense:				
Investment advisory fees	354,668	346,630	--	699,098
Custodian fees	16,512	8,868	--	21,480
	<u>371,180</u>	<u>355,498</u>	<u>---</u>	<u>746,678</u>
Net investment income	<u>30,767,313</u>	<u>3,544,302</u>	<u>30,389</u>	<u>34,321,732</u>
Other additions:				
Benevolence revenue	--	--	48	48
Transfers from other retirement systems	--	1,856,286	--	1,856,286
Total other additions	<u>---</u>	<u>1,856,286</u>	<u>48</u>	<u>1,856,286</u>
TOTAL ADDITIONS	<u>50,688,646</u>	<u>12,809,815</u>	<u>31,348</u>	<u>63,529,809</u>
DEDUCTIONS:				
Benefits	57,586,314	1,616,100	--	59,202,414
Refund of contributions	5,157,623	343,253	--	5,500,876
Administrative expenses	--	--	498,496	498,496
Depreciation	50,298	15,808	4,615	70,711
Transfers to other retirement systems	2,785,427	2,715,504	--	5,499,831
Transfers from pension funds to expense fund	580,652	296,143	(181,698)	--
TOTAL DEDUCTIONS	<u>66,149,214</u>	<u>7,026,708</u>	<u>(271,699)</u>	<u>73,302,823</u>
NET INCREASE BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>14,539,432</u>	<u>5,783,107</u>	<u>189,649</u>	<u>16,422,188</u>
CUMULATIVE EFFECT ON PRIOR YEARS FOR CHANGE IN ACCOUNTING PRINCIPLES:				
To account for investments at fair value	<u>14,539,432</u>	<u>2,414,898</u>	<u>---</u>	<u>16,954,330</u>
NET INCREASE	<u>49,064,320</u>	<u>7,197,905</u>	<u>189,649</u>	<u>56,351,874</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	<u>218,290,271</u>	<u>59,345,360</u>	<u>180,319</u>	<u>277,816,350</u>
END OF YEAR	<u>\$ 267,358,641</u>	<u>\$ 66,543,265</u>	<u>\$ 369,968</u>	<u>\$ 334,271,874</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 1991 THROUGH 1996

PLAN A

FISCAL YEAR	ACTUARIAL REQUIRED	ACTUARIAL REQUIRED	PERCENT	PERCENT
	CONTRIBUTIONS EMPLOYER	CONTRIBUTIONS OTHER SOURCES	CONTRIBUTED EMPLOYER	CONTRIBUTED OTHER SOURCES
1991	\$ 6,760,857	\$ 1,824,000	212.86%	100.78%
1992	6,538,380	1,809,000	210.46%	100.52%
1993	6,008,175	1,809,000	219.25%	100.13%
1994	5,517,682	1,804,000	213.25%	100.27%
1995	6,323,184	1,808,000	83.80%	99.91%
1996	6,828,174	1,979,000	112.20%	99.48%

PLAN B

FISCAL YEAR	ACTUARIAL REQUIRED	ACTUARIAL REQUIRED	PERCENT	PERCENT
	CONTRIBUTIONS EMPLOYER	CONTRIBUTIONS OTHER SOURCES	CONTRIBUTED EMPLOYER	CONTRIBUTED OTHER SOURCES
1991	\$ 1,456,162	\$ 526,800	117.39%	76.95%
1992	1,460,100	539,800	109.31%	100.52%
1993	1,250,468	579,800	131.13%	88.59%
1994	1,042,714	583,800	138.94%	73.85%
1995	1,219,973	668,800	88.49%	88.87%
1996	1,174,568	632,800	113.36%	88.69%

MEMORIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 1993 THROUGH 1995

PLAN A

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL		DEFICITS AMT. [DOLL.]	FUNDED RATIO	COVERED		UNAL. AS A PERCENTAGE CONTRIBUTOR OF BUDGET
		ACCURSED LIABILITY [DOLL.]	LIABILITY [DOLL.]			CONTRIB.	BUDGET	
June 30, 1991	\$ 204,160,162	\$ 258,199,879	\$ 51,433,333	79.86%	\$ 89,729,138		37.32%	
June 30, 1992	216,382,694	263,259,839	51,577,741	81.37%	94,402,000		56.02%	
June 30, 1993	236,857,982	311,303,338	54,451,598	82.57%	88,362,499		33.36%	
June 30, 1994	279,725,785	338,868,812	59,170,848	82.87%	102,253,246		54.74%	
June 30, 1995	268,326,401	345,628,200	57,481,182	83.37%	106,755,181		54.36%	
June 30, 1996	318,273,340	377,278,038	59,007,290	84.36%	113,232,860		52.66%	

PLAN B

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL		DEFICITS AMT. [DOLL.]	FUNDED RATIO	COVERED		UNAL. AS A PERCENTAGE CONTRIBUTOR OF BUDGET
		ACCURSED LIABILITY [DOLL.]	LIABILITY [DOLL.]			CONTRIB.	BUDGET	
June 30, 1992	\$ 42,142,208	\$ 52,582,003	\$ 4,409,476	69.86%	\$ 28,390,014		33.26%	
June 30, 1993	46,140,443	58,316,436	4,209,493	64.23%	39,402,699		34.27%	
June 30, 1994	54,734,776	63,332,611	4,597,835	69.89%	32,274,679		27.80%	
June 30, 1995	67,444,186	68,234,195	4,789,809	68.73%	32,721,047		34.86%	
June 30, 1996	61,423,289	79,228,262	6,283,808	67.27%	33,738,084		35.43%	
June 30, 1998	67,276,177	73,833,433	6,379,256	68.62%	34,234,232		34.66%	

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS - PLANS A AND B
JUNE 30, 1991 THROUGH 1990

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

Valuation Date	June 30, 1990
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	33 years
Asset Valuation Method: Bonds Equities	Amortized Cost Market Value (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% (3.00% Inflation, 2.5% 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.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1996

September 27, 1996

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

We have audited the financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 1996, and have issued our report thereon dated September 27, 1996.

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.

The management of the Municipal Employees' Retirement System of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to 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 Employees' Retirement System of Louisiana for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1998

(Continued)

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

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

Debra L. Chapman, CPA

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
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, 1996

September 13, 1996

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, 1996, and have issued our report thereon dated September 13, 1996.

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

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

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

Boylan, Hayman, Hoyer & Vander LLP