

Hall Actuarial Associates

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September 6, 2004

Board of Trustees
LOUISIANA STATE POLICE
RETIREMENT SYSTEM
3100 Brentwood Drive, Suite B
Baton Rouge, Louisiana 70809

Gentlemen:

This report presents the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana State Police Retirement System as of June 30, 2004.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Louisiana State Police Retirement System.

In preparing this valuation, I have relied upon the information provided regarding plan provisions, plan membership, plan assets and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets as provided by Hawthorn, Waymouth & Carroll, Certified Public Accountants.

The present values shown herein have been calculated on the basis of the actuarial cost method specified in Louisiana Revised Statutes Title 11 Section 22(12). The Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate for the purposes of this valuation are reasonable in the aggregate, and when applied in combination represents my best estimates of the anticipated experience under the plan.

Board of Trustees
September 6, 2004

A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	<u>June 30, 2004</u>	-----Prior Years----- <u>June 30, 2003</u>	<u>June 30, 2002</u>
I. Membership Census			
1) Retirees	1,091	1,074	1,060
2) Actives	979	948	961
3) Terminated Vested	22	21	20
4) DROP	36	45	43
II. Annual Benefits	\$ 23,752,087	\$ 22,387,980	\$ 22,179,624
III. Total Payroll	47,922,930	44,148,026	31,695,354
IV. Valuation Assets	248,108,702	231,984,687	231,636,639
V. Investment Yield			
Actuarial Value	4.30%	-2.45%	1.75%
DROP Accounts	3.80%	0.00%	1.25%
Market Value	11.49%	5.13%	-2.82%
VI. Cost to Fund Annual Pension Accruals (Normal Costs)	11,351,580 23.69%	10,494,725 23.77%	6,977,795 22.02%
VII. Unfunded Actuarial Accrued Liability	228,975,901	215,708,893	155,062,035
VIII. Funded Percentage	52.0%	51.8%	59.9%
IX. Funding Requirements (Mid Year Payment)			
1) Employee Rate	8.00%	8.00%	8.00%
2) Employer Rate	62.6%	59.9%	61.9%
Premium Tax Allocation (Current Year)	1,500,000	1,500,000	1,500,000
3) Projected Employer Rate	64.4%	59.6%	63.8%
Premium Tax Allocation (Next Year)	1,500,000	1,500,000	1,500,000

The above funding requirements measure the cost of benefits that were in effect on June 30, 2004.

Board of Trustees
September 6, 2004

Current Funding

The Actuarial Valuation for the plan year ending June 30, 2004 discloses an expected increase in the value of the plan's unfunded actuarial accrued liability due primarily to the yield on the actuarial value of assets less than the valuation rate of 7.50%. The dollar funding requirements have increased, and the funding as a percentage of payroll, have increased. It is generally appropriate for the current valuation process to disclose the source and causes of any significant changes in the plan from year to year. Changes that occur are generally the result of changes in actuarial assumptions, gains or losses resulting from actual experience which differs significantly from expected plan experience or some external force such as plan restructuring.

In accordance with Act 165 of the 1992 Legislative Session, beginning with the 1992-1993 plan year, the actuarial cost method was changed from the "Projected Unit Credit" to the "Entry Age Normal" cost method. Act 165 further provides that the Unfunded Actuarial Liability in accordance with the Projected Unit Credit cost method on June 30, 1988 shall continue to be amortized over a 20-year period as a level dollar amount. Now changes in Actuarial Methods or Assumptions are amortized over the later of the year 2029 or the amortization period stated in Act 81 of the 1988 Legislative Session.

During the past fiscal year the actuarial accrued liability in excess of assets to pay benefits increased from 215.7 million to a 229.0 million dollar deficit.

To assist the Board of Trustees in reconciling changes in the unfunded actuarial accrued liability, the following gain/loss analysis is presented as follows:

CHANGE IN UNFUNDED LIABILITY

Unfunded Liability 6/30/2003 \$ 215,708,893

INCREASES

Interest on Unfunded Liability	\$ 16,178,167
Investment Loss	7,521,721
Benefit Changes	0
Experience Loss	8,088,869
Employer Shortfall Charge	<u>3,940,465</u>
Incurred Increases	35,729,222

DECREASES

Net Amortization Payment	<u>22,462,214</u>
Incurred Decreases	22,462,214

Unfunded Liability 6/30/2004 \$ 228,975,901

Board of Trustees
September 6, 2004

There were no Bills passed during the 2004 Legislative Session, which would have affected the actuarial liability or annual funding requirements.

The Board of Trustees approved a five year Experience Study during the 2002-2003 fiscal year which altered the actuarial assumptions as illustrated in Exhibit 6. The adopted rates are subject to the Legislative Actuary's review and are utilized in this valuation. A copy of the Study dated February 7, 2003 can be obtained from the Retirement System Office.

Exhibit 3, "Pension Accounting and Financial Disclosure", contains disclosure of the accrued liabilities under the Entry Age Normal Actuarial Cost Method required by the Governmental Accounting Standards Board Statement No. 25.

In accordance with the interpretation of the Division of Administration and the Public Retirement Systems' Actuarial Committee, the assets received from the Texaco Settlement have been placed in a side-fund and removed from the assets for funding purposes. The side-fund assets will accrue interest at the actuarial yield until the accumulated balance equals the outstanding balance of the initial funded liability. At that time, the remaining initial Unfunded Accrued Liability will be liquidated. This account is reported in Exhibit 2, page 9 of the report.

Finally, Exhibit 7, the Development of the Target Ratio, is an important consideration for both retired members and members of the Board of Trustees. The Board is specifically prohibited from granting a cost of living increase to retirees and survivors by Act 256 of the 1986 regular session unless the system has met the Funding Target.

For the plan year ending June 30, 2004, the funding target is .60956, which is greater than the current .52005 funding ratio. The yield to actuarial value during the last plan year was 4.30%, which is less than the actuarial valuation rate of 7.50%. Therefore, there are not sufficient excess interest earnings available to grant a COLA, nor has the Fund achieved the funding target, which precludes the Board from granting a cost of living increase.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements. Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Charles G. Hall, FCA,MAAA,ASA
Actuary

Enclosure

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EXHIBIT 1

DEVELOPMENT
OF
COSTS, LIABILITIES AND CONTRIBUTIONS

	<u>June 30, 2004</u>		---Prior Year--- <u>June 30, 2003</u>	
	<u>Dollar Amount</u>	<u>% of Salary</u>	<u>Dollar Amount</u>	<u>% of Salary</u>
I. Normal Costs (to fund annual pension accruals)				
Active Members with Complete Data				
a) Retirement Benefits	\$ 9,508,079	19.84%	\$ 8,709,756	19.73%
b) Disability Benefits	355,349	.74%	331,193	.75%
c) Survivor Benefits	524,845	1.10%	513,252	1.16%
d) Voluntary Termination	533,307	1.11%	495,524	1.12%
e) Expenses	430,000	.90%	445,000	1.01%
TOTAL	11,351,580	23.69%	10,494,725	23.77%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	\$ 164,029,346		\$ 142,222,883	
2) Disability Benefits	1,832,933		1,737,543	
3) Survivor Benefits	3,582,147		3,381,630	
4) Voluntary Termination	3,209,190		3,102,366	
	172,653,616		150,444,422	
b) Retired and Inactive Members				
1) Regular Retirees	\$ 196,956,372		\$ 187,773,788	
2) Disabled Retirees	14,585,392		13,551,841	
3) Survivors	39,358,648		36,644,502	
4) Vested Deferred & Transfers	2,356,276		2,426,065	
5) DROP Account Balance	20,586,071		18,843,441	
6) DROP Annuity Reserve	30,588,228		38,009,521	
	304,430,987		297,249,158	
c) TOTAL	477,084,603		447,693,580	

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2004</u>	<u>---Prior Year---</u> <u>June 30, 2003</u>
II. Actuarial Accrued Liability	\$ 477,084,603	\$ 447,693,580
III. Actuarial Assets	248,108,702	231,984,687
IV. Unfunded Actuarial Accrued Liabilities	228,975,901	215,708,893
a) Change over prior year	13,267,008	60,646,858
b) Funded Percentage	52.01%	51.82%
V. Employer Contributions to Fund		
Current Plan Year ¹		
a) Employer Portion of Normal Cost	7,179,365	6,599,442
b) Amortization Payments	27,119,524	25,887,461
c) Prior Contribution Variance	-2,387,581	-4,222,978
GROSS Required Contribution	<u>31,911,308</u>	<u>28,263,925</u>
d) Ins. Prem. Tax Fund (IPTF) Offset		
ACT 1160 Normal Cost	798,523	735,322
ACT 1160 Amortization payment	1,326,572	1,269,447
TOTAL ITPF Allocation ²	1,500,000	1,500,000
TOTAL Required Contribution	30,411,308	26,763,925
	62.6%	59.9%
PERSAC approved Rate	59.6%	63.8%
VI. Projected Employer Contributions		
To Fund Next Plan Year ¹		
a) Employer Portion of Normal Cost	7,358,396	6,761,922
b) Amortization Payments	27,516,435	26,228,927
c) Prior Contribution Variance	-1,310,027	-4,176,271
d) IPTF allocation ²	-1,500,000	-1,500,000
TOTAL Projected Contribution	<u>32,064,804</u>	<u>27,314,578</u>
	64.4%	59.6%
VII. Current Payroll	47,922,930	44,148,026
Projected Payroll - Mid Year	48,542,403	44,700,456
Projected Payroll - Next Year	49,752,902	45,800,995

¹Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81.

²IPTF allocation is the lesser of the normal cost plus amortization or \$1,500,000.

EXHIBIT 2

FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING

	<u>June 30, 2004</u>	-----Prior Years----- <u>June 30, 2003</u>	<u>June 30, 2002</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 4,090,079	\$ 3,929,839	\$ 2,770,619
MV Fees	2,911,875	2,925,692	3,391,033
Appropriations	21,000,174	20,473,174	20,416,961
Insurance Premium Tax	1,500,000	1,500,000	1,500,000
2. Other Income			
Transfers/Purchases	815,945	3,205,631	3,509,395
Miscellaneous	24,529	19,405	0
TOTAL CONTRIBUTIONS	<u>30,342,602</u>	<u>29,213,417</u>	<u>28,306,604</u>
3. Investment Income			
Investments	32,208,864	13,573,110	-6,283,266
Less, investment expenses	<u>-845,666</u>	<u>-683,770</u>	<u>-829,774</u>
TOTAL INVESTMENT INCOME	<u>31,363,198</u>	<u>12,889,340</u>	<u>-7,113,040</u>
4. Total Revenues	61,705,800	42,102,757	21,193,564
<u>OPERATING EXPENSES:</u>			
1. General Administration	416,304	429,726	402,620
Other Expenses	12,873	14,925	16,575
2. Benefits Paid			
a) Pension Benefits	23,889,741	22,484,503	22,197,351
b) Return of Contributions	298,653	193,891	203,420
c) Transfers Out	0	0	0
TOTAL BENEFITS PAID	<u>24,188,394</u>	<u>22,678,394</u>	<u>22,400,771</u>
3. Total Expenses	24,617,571	23,123,045	22,819,966
<u>NET INCREASE:</u>	37,088,229	18,979,712	-1,626,402

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

<u>ASSETS</u>	<u>June 30, 2004</u>	<u>-----Prior June 30, 2003</u>	<u>Years----- June 30, 2002</u>
1. Cash Equivalents	\$ 169,762	\$ 0	\$ 480
2. Bonds (at amortized cost)			
United States Obligations	23,818,449	23,801,057	36,044,587
Corporate Issues	64,728,743	68,264,119	56,674,900
Bonds - General	46,445,794	40,282,253	36,411,444
Canadian Foreign Issues	924,180	1,007,100	500,000
3. Equities			
Property and Equipment	23,406	33,050	39,661
Common Stock - Domestic	95,480,802	78,057,615	70,326,717
- Foreign	21,298,842	24,249,100	20,743,087
- Index	50,196,595	30,815,830	27,373,217
4. Receivables (-) Payables	<u>1,236,591</u>	<u>724,811</u>	<u>141,130</u>
TOTAL ASSETS			
Market Value	304,323,164	267,234,935	248,255,223
Valued at Cost	262,856,948	244,389,957	238,826,886
<u>INVESTMENT YIELD:</u>			
Actuarial Value	4.30%	-2.45%	1.75%
DROP Account Yield	3.80%	0.00%	1.25%
Market Value	11.49%	5.13%	-2.82%
<u>TEXACO SETTLEMENT FUND:</u>			
Prior Year End Balance	39,077,491	40,057,644	39,367,811
+ Current Year Allocation	0	0	0
+ Accumulated Interest	<u>1,679,452</u>	<u>-980,153</u>	<u>689,833</u>
Fund Balance - Year End	40,756,843	39,077,491	40,057,644
<u>ACTUARIAL VALUE OF ASSETS:</u>			
Total Assets, less	304,323,164	267,234,935	248,255,223
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	-20,866,525	-13,825,845	-3,504,970
Plan Year - 1 (wt. 2/4)	13,416,641	-20,866,525	-13,825,845
Plan Year - (wt. 3/4)	<u>18,621,238</u>	<u>13,416,641</u>	<u>-20,866,525</u>
Gross Actuarial Value of Assets	288,865,545	271,062,178	271,694,283
Less, Texaco Settlement Fund	<u>-40,756,843</u>	<u>-39,077,491</u>	<u>-40,057,644</u>
Valuation Assets	248,108,702	231,984,687	231,636,639

EXHIBIT 3

**PENSION ACCOUNTING
AND
FINANCIAL DISCLOSURE**

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective is to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities. The following disclosures and statistical tables are in accordance with the GASB's Statement No. 25.

SCHEDULE OF FUNDING PROGRESS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Unfunded AAL (UAAL)¹ (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
1995	92,991	268,588	175,597	34.6	22,299	787.5
1996	113,114	273,533	160,419	41.3	24,570	652.9
1997	155,308	293,295	137,987	53.0	27,780	496.7
1998	188,904	313,146	124,242	60.3	29,642	419.1
1999	216,954	340,299	123,345	63.8	35,312	349.3
2000	244,015	337,701	93,686	72.3	33,603	278.8
2001	261,576	355,629	94,053	73.6	32,157	292.5
2002	271,694	386,698	115,004	70.3	31,695	362.8
2003	271,062	447,694	176,631	60.6	44,148	400.1
2004	288,865	477,085	188,220	60.6	47,923	392.8

The total actuarial accrued liability determined using the Individual Entry Age Normal cost method increased by \$29,391,023 from June 30, 2003 to June 30, 2004. From all sources, there was a net experience loss of \$15,610,590.

Fiscal year gains/losses are summarized on page 3 under "Change in Unfunded Liability".

¹UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes the Texaco Settlement Fund Assets, which appear on page 9.

EXHIBIT 3 (Continued)**Pension Accounting & Financial Disclosure****SUPPLEMENTARY INFORMATION****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation*</u>
1995	18,649,843	126.3	21,082,385	23,554,464	111.7	-11,875,837
1996	19,459,288	113.2	22,347,601	22,035,468	98.6	-11,563,704
1997	18,608,947	113.4	22,157,411	21,098,982	95.2	-10,505,277
1998	19,131,381	118.6	22,702,873	22,684,240	99.9	-10,486,644
1999	19,233,721	119.5	22,866,185	22,992,494	100.5	-10,612,953
2000	20,651,122	114.6	24,171,405	23,661,417	97.9	-10,102,965
2001	20,152,607	120.0	23,198,292	24,174,644	104.2	-11,079,317
2002	21,153,440	124.6	24,483,266	26,362,607	107.7	-12,958,661
2003	24,411,521	107.2	28,272,466	26,126,060	92.4	-10,812,252
2004	30,288,239	87.0	33,855,791	26,347,773	77.8	-3,304,234

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

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation (see Exhibit A).

Development of Net Pension Obligation

Actuarial Required Contribution	30,288,239
Interest on Net Pension Obligation (+)	-810,919
Amortization of Net Pension obligation (-)	-4,378,471
Annual Pension Cost	33,855,791
Employer Contribution ¹	26,347,773
Increase (decrease) in Net Pension Obligation	7,508,018
Net Pension Obligation - Beginning of Year	-10,812,252
Net Pension Obligation - End of Year	3,304,234

¹Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 27, paragraph 21.

EXHIBIT 3 (Continued)**Pension Accounting & Financial Disclosure****STATISTICAL DATA****COMPARATIVE SUMMARY OF REVENUES BY SOURCE
AND EXPENSES BY TYPE****Revenues by Source**

<u>Fiscal Year</u>	<u>Members Contribution</u>	<u>Employer Contribution</u>	<u>Investment Income</u>	<u>Total</u>
1995	1,819,606	24,711,098 ¹	4,739,238	31,269,942
1996	2,057,704	22,409,526 ²	6,969,567	31,436,797
1997	2,054,541	39,705,704 ³	9,596,382	51,356,627
1998	2,367,755	21,878,624	15,076,029	39,322,408
1999	2,557,227	22,175,930	12,639,618 ⁴	37,372,775
2000	2,940,289	22,821,097	10,660,541	36,421,927
2001	2,748,089	23,316,097	-1,388,040	24,676,146
2002	2,880,248	25,426,356	-7,113,040	21,193,564
2003	4,015,207	25,198,210	12,889,340	42,102,757
2004	4,090,079	26,252,523	31,363,198	61,705,800

Expenses by Type

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u>	<u>Total</u>
1995	15,674,302	164,100	220,716	16,059,118
1996	15,206,850	78,274	200,659	15,485,783
1997	16,478,217	84,997	225,535	16,788,749
1998	16,982,409	74,852	325,858	17,383,119
1999	17,551,193	50,912	370,652	17,972,757
2000	19,125,651	223,607	372,549	19,721,807
2001	20,000,815	208,673	396,623	20,606,111
2002	22,197,351	203,420	419,195	22,819,966
2003	22,484,503	193,891	444,651	23,123,045
2004	23,889,741	298,653	429,177	24,617,571

¹Includes Texaco Settlement of \$1,156,634 on 6/30/95²Includes Texaco Settlement of \$1,156,633 on 6/30/96³Includes Texaco Settlement of \$19,356,039 on 6/30/97⁴Prior to 6/30/99, reported realized investment income. A change in Asset Valuation Method now reports realized and unrealized investment income at Market (see Exhibit 6, page 28.)

EXHIBIT 4

CENSUS DATA

GENERAL COMMENTS

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents "error-free data", which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the database. Prior to processing, suspicious data and data containing errors were purged from the data base and processed separately based on the following error types:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates

This year there were eighteen records purged from the database containing errors or categorized as suspicious data, which is consistent with recent years' reporting. Suspicious data are not necessarily errors, but is data which falls outside the parameters of the editing process for further checking.

Salary data contained in the profiles and valuation report may exceed the sums reported by internal audit due to salary annualization. In the valuation process, membership data with fractional service annualizes the salary in the first year of employment.

The following is a summary by participant status of the data submitted for valuation:

	----- June 30 -----	
	2004	2003
	<u>Census</u>	<u>Census</u>
Active Members	979	948
Regular Retirees	716	704
Disability Retirees	57	55
Survivors	318	315
Vested & Reciprocals	22	21
DROP Participants	<u>36</u>	<u>45</u>
TOTAL	2,128	2,088

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
Active After 9/7/78

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	Total
[0 - 19)	0	0	0	0	0	0	0	0	0	0
[20 - 24)	9	6	1	0	0	0	0	0	0	16
[25 - 29)	23	37	46	0	0	0	0	0	0	106
[30 - 34)	19	28	188	38	0	0	0	0	0	273
[35 - 39)	8	8	102	125	7	0	0	0	0	250
[40 - 44)	1	5	27	58	19	17	0	0	0	127
[45 - 49)	0	1	2	22	15	71	10	0	0	121
[50 - 54)	0	0	4	1	11	19	9	0	0	44
[55 - 59)	0	0	0	0	1	1	1	0	0	3
[60 - 64)	0	0	0	0	0	0	0	0	0	0
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	0	0
Total	60	85	370	244	53	108	20	0	0	940
Total	1832866	3113330	15734014	12821569	3122962	7339431	1420131	0	0	45384303

AVERAGES --- Attained Age 37.34
Service Years 10.62
Active Salary 48,281

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
Active Before 9/7/78

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	Total
[0 - 19)	0	0	0	0	0	0	0	0	0	0
[20 - 24)	0	0	0	0	0	0	0	0	0	0
[25 - 29)	0	0	0	0	0	0	0	0	0	0
[30 - 34)	0	0	0	0	0	0	0	0	0	0
[35 - 39)	0	0	0	0	0	0	0	0	0	0
[40 - 44)	0	0	0	0	0	0	0	0	0	0
[45 - 49)	0	0	0	0	0	1	1	0	0	2
[50 - 54)	0	0	0	0	0	66531	79332	0	0	145863
[55 - 59)	0	0	0	0	0	0	0	0	0	0
[60 - 64)	0	0	0	0	0	0	0	0	0	0
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	1	1	0	0	2
Total	0	0	0	0	0	66531	79332	0	0	145863

AVERAGES --- Attained Age 48.55
Service Years 24.43
Active Salary 72,932

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 34)	0	0	0	0	0	0	0	0	0	0
[35 - 39)	0	0	0	0	0	0	0	0	0	0
[40 - 44)	0	0	0	0	0	0	0	0	0	0
[45 - 49)	0	0	1	3	0	1	0	0	0	5
[50 - 54)	6	3	1	3	4	5	0	0	0	22
[55 - 59)	0	2	1	2	4	1	0	0	0	10
[60 - 64)	0	0	0	0	0	0	0	0	0	0
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	0	0
Total	6	5	3	8	8	7	0	0	0	37
Total	345804	326892	188892	496536	564552	470088	0	0	0	2392764
Total	171528	166320	87120	198600	256344	255840	0	0	0	1135752

AVERAGES --- Attained Age 53.62
Post Drop Years 3.46
Active Salary 64,669
Annual Benefit 30,696

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 39)	0	0	0	0	0	0	0	0	0	0
[40 - 44)	0	0	0	0	0	0	0	0	0	0
[45 - 49)	2	0	1	0	1	1	1	2	0	8
[50 - 54)	10	5	14	8	3	25	28	22	0	115
[55 - 59)	11	5	19	8	9	42	53	52	3	202
[60 - 64)	1	0	3	4	4	21	23	50	30	136
[65 - 69)	0	0	0	0	1	5	12	24	55	97
[70 - 74)	0	0	0	0	0	0	2	10	72	84
[75 - 79)	0	0	0	0	0	0	2	4	41	47
[80 - 84)	0	1	0	0	0	0	1	0	14	16
[85 - 89)	0	0	0	0	0	0	0	0	9	9
[90 - 99)	0	0	0	0	0	0	0	0	2	2
Total	24	11	37	20	18	94	122	164	226	716
Total	1156698	434208	1408752	879888	790124	3415860	3210564	3025044	3769908	18091046

AVERAGES --- Attained Age 62.92
Years Retired 16.06
Annual Benefit 25,267

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 39)	0	0	0	0	0	1	0	0	0	1
	0	0	0	0	0	36000	0	0	0	36000
[40 - 44)	1	0	1	1	0	2	0	0	0	5
	25656	0	18576	29376	0	59052	0	0	0	132660
[45 - 49)	1	0	0	0	0	1	1	3	0	6
	16944	0	0	0	0	13956	13980	53412	0	98292
[50 - 54)	0	0	0	0	0	0	5	6	3	14
	0	0	0	0	0	0	79212	119676	80424	279312
[55 - 59)	0	0	0	0	0	1	4	4	7	16
	0	0	0	0	0	21972	80844	77028	157716	337560
[60 - 64)	0	0	0	0	0	1	0	4	4	9
	0	0	0	0	0	24372	0	104916	68628	197916
[65 - 69)	0	0	0	0	0	0	0	0	3	3
	0	0	0	0	0	0	0	0	63300	63300
[70 - 74)	0	0	0	0	0	0	0	0	3	3
	0	0	0	0	0	0	0	0	66504	66504
[75 - 79)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[80 - 84)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[85 - 89)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[90 - 99)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total	2	0	1	1	0	6	10	17	20	57
Total	42600	0	18576	29376	0	155352	174036	355032	436572	1211544

AVERAGES --- Attained Age 55.24
Years Retired 16.95
Annual Benefit 21,255

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 39)	0	0	0	0	0	3	8	6	4	21
	0	0	0	0	0	47688	53244	51468	31548	183948
[40 - 44)	0	0	0	0	1	2	0	2	1	6
	0	0	0	0	3912	33768	0	37020	18660	93360
[45 - 49)	0	0	0	0	0	0	1	2	0	3
	0	0	0	0	0	0	1596	6996	0	8592
[50 - 54)	2	0	0	1	2	2	6	4	4	21
	47325	0	0	22308	29628	24768	50172	56880	54348	285429
[55 - 59)	6	0	0	0	3	5	6	6	13	39
	67092	0	0	0	89590	45192	91020	64596	172980	530470
[60 - 64)	0	0	0	0	0	0	3	9	13	25
	0	0	0	0	0	0	44556	230076	186948	461580
[65 - 69)	0	0	0	0	1	0	2	8	41	52
	0	0	0	0	35854	0	28848	159684	598944	823330
[70 - 74)	0	0	0	0	0	0	3	6	33	42
	0	0	0	0	0	0	36108	109668	485952	631728
[75 - 79)	0	0	0	0	0	0	1	0	43	44
	0	0	0	0	0	0	12900	0	596160	609060
[80 - 84)	0	0	0	0	0	1	2	0	35	38
	0	0	0	0	0	3840	22848	0	464316	491004
[85 - 89)	0	0	0	0	0	0	0	0	17	17
	0	0	0	0	0	0	0	0	209904	209904
[90 - 99)	0	0	0	0	0	0	0	0	10	10
	0	0	0	0	0	0	0	0	121092	121092
Total	8	0	0	1	7	13	32	43	214	318
Total	114417	0	0	22308	158984	155256	341292	716388	2940852	4449497

AVERAGES --- Attained Age 67.04
Years Retired 25.05
Annual Benefit 13,992

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LOUISIANA STATE POLICE
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 39)	0	0	0	0	0	0	0	0	0	0
[40 - 44)	0	0	0	0	0	0	0	0	0	0
[45 - 49)	1	1	0	0	0	0	0	0	0	2
[50 - 54)	0	12	17	0	0	0	0	0	0	29
[55 - 59)	0	1	2	1	0	0	0	0	0	4
[60 - 64)	0	0	1	0	0	0	0	0	0	1
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	0	0
[75 - 79)	0	0	0	0	0	0	0	0	0	0
[80 - 84)	0	0	0	0	0	0	0	0	0	0
[85 - 89)	0	0	0	0	0	0	0	0	0	0
[90 - 99)	0	0	0	0	0	0	0	0	0	0
Total	1	14	20	1	0	0	0	0	0	36
Total	54036	721812	799680	41664	0	0	0	0	0	1617192

AVERAGES --- Attained Age 52.74
Years Retired 1.94
Annual Benefit 44,922

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LOUISIANA STATE POLICE
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	Total
[0 - 19)	0	0	0	0	0	0	0	0	0	0
[20 - 24)	0	0	0	0	0	0	0	0	0	0
[25 - 29)	0	0	0	0	0	0	0	0	0	0
[30 - 34)	0	0	0	0	0	0	0	0	0	0
[35 - 39)	0	0	0	4	3	0	0	0	0	7
[40 - 44)	0	0	0	42408	44328	0	0	0	0	86736
[45 - 49)	0	0	0	4	3	1	0	0	0	8
[50 - 54)	0	0	0	55368	74400	25104	0	0	0	154872
[55 - 59)	0	0	0	44448	0	24588	0	0	0	69036
[60 - 64)	0	0	0	0	0	0	0	0	0	0
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	1	1
Total	0	0	0	13	6	2	0	0	1	22
Total	0	0	0	142224	118728	49692	0	0	54324	364968

AVERAGES --- Attained Age 43.82
Service Years 16.13
Annual Benefit 16,589

EXHIBIT 5

SUMMARY OF THE STATE POLICE
RETIREMENT SYSTEM'S PLAN PROVISIONS

EFFECTIVE DATE:

Legislative Act No. 293 of 1938; last amendment date - 2003

EMPLOYEE:

Sworn, commissioned law enforcement officers of the Division of State Police of the Department of Public Safety who have completed the State Police Training Academy Course of Instruction; those members employed on the Effective Date of the Fund, those subsequently employed who did not withdraw employee contributions; the secretary and deputy secretary of the Department of Public Safety, provided they are sworn, commissioned State Police officers as defined above.

EMPLOYER:

Division of State Police of the Department of Public Safety of the State of Louisiana.

CREDITABLE SERVICE:

1. Service as defined as a member of the retirement system.
2. Police duty qualifying as having contributed to the war effort during World War II.
3. Credit for military service, not to exceed four years as follows:
 - a) Members employed prior to September 8, 1977 receive a maximum of three years free military service credit. Members may purchase eligible service credit in excess of three years.
 - b) Members employed on or after September 8, 1977 but prior to September 8, 1978 were eligible to purchase military service credit after one year of employment.

Military service credit in a) and b) applied to retirement eligibility.
 - c) Members employed on or after September 8, 1978 were eligible to purchase military service credit; however, such service did not apply to retirement eligibility.
 - d) Upon retirement, all unused accumulated sick and annual leave.

EXHIBIT 5 (Continued)
Plan Provisions

EMPLOYEE CONTRIBUTIONS:

7% of earnable compensation; 8% effective July 1, 1989.

EMPLOYER CONTRIBUTIONS:

State contributes each fiscal year, ten thousand dollars derived from bonuses, revenues and receipts from oil and mineral leases. The fund receives 30% of the Port of New Orleans 9/20 gasoline tax and various fees collected by the Motor Vehicle Office within the Department of Public Safety.

Effective June 29, 2001 - 1.5M of premium Tax Assessment governed by R.S. 22:1419(A)(3).

EARNABLE COMPENSATION:

Full amount of regular salary earned by an employee in qualified service.

AVERAGE FINAL COMPENSATION:

1. For members employed prior to September 8, 1978

Average annual earned compensation for the highest 12 successive or joined months prior to Retirement or Date of Death.

2. For members employed on or after September 8, 1978

Average annual earned compensation for the highest 36 successive or joined months prior to Retirement or Date of Death.

NORMAL RETIREMENT:

ELIGIBILITY:

1. Attained Age 50 with 10 years of creditable service
2. Employed prior to September 8, 1978, 20 years of service regardless of age
3. Employed on or after September 8, 1978, 25 years of service regardless of age.

Note: Compulsory retirement at age 65 (except for the Secretary and Deputy Secretary of the Department of Public Safety).

EXHIBIT 5 (Continued)
Plan Provisions

BENEFIT:

3 1/3% of average final compensation for each year of service.

Note: Maximum benefit accrual cannot exceed 100% of Average Final Compensation.

ANNUITY FORM:

An Annuity payable for the lifetime of the member.

An Initial Benefit Option is available to retirees who have not participated in DROP. Election pays up to 36 months of regular benefits in lump-sum, with monthly annuity actuarially reduced for life.

DISABILITY BENEFITS:

ELIGIBILITY:

1. Nonservice-related total disability - 5 years of service
2. Service-related total disability - condition of employment

BENEFIT:

Disabled members eligible will receive a benefit equal to fifty percent of average salary, plus one and one-half percent of average salary for each year of service in excess of ten years.

Greater of 100% of Average Final Compensation or 36,000 for loss of sight or hearing, permanent damage to brain or spinal cord, paralysis, loss of organ, or loses the use of a limb

DEATH BENEFITS:

ELIGIBILITY:

1. Death of an active member in the line of duty
2. Death of an active member not in the line of duty
3. Death of a retiree or terminated vested member

BENEFIT:

1. Surviving Spouse receives 75% of the Average Monthly Salary
 - A. If no surviving spouse, eligible children under the age of 18 receive the following benefit to be shared equally:

<u>Number of Children</u>	<u>Percentage Average Monthly Salary</u>
1	30%
2	40%
3	50%
4	60%

EXHIBIT 5 (Continued)
Plan Provisions

Benefit ceases at age 18 unless child is handicapped or mentally handicapped. Students may have benefits extended to age 23.

- B. If no surviving spouse and no eligible children, dependent parent(s) will receive 25% of the Average Monthly Salary.

2. Surviving Spouse receives benefits according to the following schedule:

<u>Years of Service at Death</u>	<u>Percentage Average Monthly Salary</u>
5 or less	25%
5 - 10	30%
10 - 15	40%
15 - 20	50%
20 or more	Member's Accrued Benefit

- A. If no surviving spouse, eligible children receive benefits in accordance with section 1(A) above.

- B. If no surviving spouse and no surviving eligible children, dependent parent(s) receive benefits in accordance with section 1(B) above.

3. Surviving spouse, who was married and living with the member at least two years prior to the date of death, eligible surviving children or the dependent parent(s) shall receive the same monthly pension which was paid to the retired member in the following order of priority:

Surviving Spouse
 Eligible Surviving Children
 Dependent Parent(s)

Note: Under all survivor benefits, the spouse forfeits benefits upon remarriage if remarriage occurs prior to age 55 as if there were no surviving spouse. Subsequent monthly benefit payments will be made to eligible surviving children or dependent parent(s).

VESTING:

All members are entitled to a refund of employee contributions in excess of benefits received upon termination or death of the member or survivor(s).

Any member employed on or after September 8, 1978 who is vested for retirement benefits by virtue of 20 years of service but less than attained age 50, who terminates employment will be vested for disability benefits during the deferred period. This provision was deleted in accordance with Act 679 of the 1991 Legislative Session.

EXHIBIT 5 (Continued)
Plan Provisions

COST OF LIVING INCREASES:

Effective July 1st of each year, the Board shall grant to each retiree and widow receiving less than \$500 per month, a supplemental adjustment of not more than 2% in any year not to exceed 25% of the current benefit.

The supplemental adjustment is based on the difference between the Annual Average All-items Consumer Price Index of the two immediately preceding calendar years.

DEFERRED RETIREMENT OPTION PLAN:

Instead of terminating employees and accepting a service retirement allowance, any member who has met the following eligibility requirements may elect to participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

ELIGIBILITY:

Any Active member who is eligible to receive a service retirement allowance may begin participation on the eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility.

BENEFIT:

Upon termination of employment at the end of or prior to the end of the specified period of participation, a participant will receive, at his option:

- (1) lump sum payment (equal to the payments to the account);
- (2) a true annuity based upon his account; or
- (3) any other method of payment if approved by the board of trustees. Monthly benefits being paid into the fund during participation will begin being paid to the retiree.

If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance shall be paid to the beneficiary, or if none, to his estate; in addition, normal survivor benefits payable to survivors of retirees shall be payable.

EXHIBIT 5 (Continued)
Plan Provisions

If employment is not terminated at the end of the specified period of participation, then:

- (1) payment into account shall cease;
- (2) payment from account only upon termination of employment; and
- (3) the participant shall resume active contributing membership.

Then, upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive an additional retirement benefit based on additional service rendered since termination of participation in the fund, usually the normal method of computation of benefit subject to the following:

- (1) Members employed prior to September 8, 1978
 - (a) If additional service was less than 12 months, average compensation figure used to calculate original benefit.
 - (b) If additional service was 12 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.
- (2) Members employed on or after September 8, 1978
 - (a) If additional service was less than 36 months, average compensation figure used to calculate additional benefit shall be that used to calculate original benefit.
 - (b) If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.

DROP Accounts shall earn interest following termination of DROP at a rate which is .5% below the actuarial rate of the System's investment portfolio.

Effective 1/1/2004 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

EXHIBIT 6

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

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

ASSET VALUATION:

For plan years ending prior to June 30, 1998, equities were valued on a four year weighted average. The computation of the actuarial value of assets was the sum of the bonds at amortized cost, plus a weighted average of unrealized losses or (gains) in the market value of equities.

Effective June 30, 1998, the Board of Trustees approved a change in the Asset Valuation Method. The Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average of the unrealized gain or loss in the value of all assets. This value is determined in accordance with Reg. 1.412(c)(2)-1-(6) & (7) of the Internal Revenue Service Code and is subject to the Corridor Limits defined therein.

As a result of the change in the Asset Valuation Method, the reporting of realized income has been changed to realized plus unrealized income for Valuations beginning on June 30, 1999 and thereafter.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires disclosure of certain Actuarial Liabilities for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Entry Age Normal cost method. The statement of assets provided by the independent auditors was a copy of the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued, but only to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The current five-year observation period (1997-2001) was chosen to coincide with the most recent period of data reporting following the restructuring of the Deferred Retirement Option Program.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the 1983 Sex Distinct Group Annuity Mortality Table for the current valuation. 1971 GAM in prior valuations.

DISABILITY ASSUMPTION:

Disability rates are based on age and service eligibility requirements for benefits. Disability rates are based on the most recent Experience Study. For mortality after disability, rates were based on the Eleventh Actuarial Valuation of the Railroad Retirement System for occupational disabilities. As an approximation of the Railroad Retirement tables, an age set-up of the 1971 GAM table was used equal to 1/2 the rate at disability and the rate at age 82.

RETIREMENT/DROP ASSUMPTION:

Retirement rates are based on age and service eligibility requirements for normal benefits. Age and service requirements vary by plan. DROP is viewed as an alternative form of benefit accrual since mandatory terminate is not required following participation. Therefore, at eligibility, the probability of DROP accrual is determine in conjunction with regular benefit accrual. Retirement rates and DROP probabilities are based on the most recent Experience Study.

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates are based upon the most recent Experience Study. During the first five years of employment, the probability of voluntarily terminating is a multiple of the attained age rate in prior reports and a multiple of employment duration in the current valuation as follows:

1st year	1.50x
2nd year	1.00x
3rd year	1.00x
4th year	1.00x
5th year	1.00x

Furthermore, for members terminating with twenty (20) or more years of service it is assumed that 80% will not withdraw their accumulated employee contributions.

SALARY GROWTH:

The rates of annual salary growth are base upon the members years of service and are illustrated in the rate tables at the end of this exhibit.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

FAMILY STATISTICS:

The composition of the Family was based on Age-Specific Fertility Rates from the 1983 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.3	17
30	1.8	15
35	2.2	13
40	2.1	10
45	1.7	8
50	1.2	4

REMARRIAGE:

Annuities payable to a spouse, which cease upon death or remarriage, were taken from "A Technical Note for the Construction of Widow's Annuities." The Remarriage and Mortality rates used to develop these annuities were based on the graduated rates from "Mortality and Remarriage Experience for Widow's Beneficiaries under OASDI."

ASSUMPTION FOR INCOMPLETE DATA:

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

INVESTMENT EARNINGS:

An effective annual rate of 7 1/2%, net expenses.

ADMINISTRATIVE EXPENSES:

Expenses are included in Aggregate Normal Cost and are assumed to be \$430,000 per year. Investment Manager fees are not included in Normal Cost but are treated as a direct offset to investment income. The Employer portion of the Normal Cost excludes an allocation for administrative expenses.

COST OF LIVING:

The liability for cost of living raises already granted is included in the retirees reserve. The Board may grant Cost of Living increases provided there is sufficient excess investment income and the fund has met the Target Ratio.

ACTUARIAL TABLES AND RATES
EFFECTIVE 6/30/2003

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	DROP Rates	Dur	Salary Scale
	Male	Female						
18	.00035	.00017	.0020	.0300	.0000	.000	1	1.1500
19	.00036	.00018	.0020	.0300	.0000	.000	2	1.0500
20	.00038	.00019	.0020	.0300	.0000	.000	3	1.0500
21	.00039	.00020	.0020	.0300	.0000	.000	4	1.0500
22	.00041	.00021	.0020	.0300	.0000	.000	5	1.0500
23	.00042	.00023	.0020	.0300	.0000	.000	6	1.0500
24	.00044	.00024	.0020	.0300	.0000	.000	7	1.0500
25	.00046	.00025	.0020	.0300	.0000	.000	8	1.0500
26	.00049	.00027	.0020	.0300	.0000	.000	9	1.0500
27	.00051	.00028	.0020	.0300	.0000	.000	10	1.0500
28	.00054	.00030	.0020	.0300	.0000	.000	11	1.0450
29	.00057	.00032	.0020	.0300	.0000	.000	12	1.0450
30	.00061	.00034	.0020	.0300	.0000	.000	13	1.0450
31	.00065	.00036	.0020	.0200	.0000	.000	14	1.0450
32	.00069	.00039	.0020	.0200	.0000	.000	15	1.0450
33	.00073	.00041	.0020	.0200	.0000	.000	16	1.0450
34	.00078	.00044	.0020	.0200	.0000	.000	17	1.0450
35	.00086	.00048	.0020	.0200	.0000	.000	18	1.0450
36	.00091	.00050	.0020	.0200	.0000	.000	19	1.0450
37	.00097	.00054	.0020	.0200	.0000	.000	20	1.0450
38	.00104	.00057	.0020	.0200	.0000	.000	21	1.0450
39	.00113	.00062	.0020	.0200	.0000	.000	22	1.0450
40	.00124	.00066	.0020	.0200	.0000	.000	23	1.0450
41	.00137	.00072	.0020	.0200	.0000	.000	24	1.0450
42	.00153	.00078	.0020	.0200	.0000	.000	25	1.0450
43	.00172	.00084	.0020	.0100	.0000	.000	26	1.0450
44	.00193	.00092	.0020	.0100	.0000	.000	27	1.0450
45	.00218	.00101	.0020	.0100	.1500	.870	28	1.0450
46	.00247	.00112	.0020	.0100	.1500	.870	29	1.0450
47	.00279	.00124	.0020	.0100	.1500	.870	30	1.0450
48	.00314	.00137	.0020	.0100	.2000	.870	31	1.0450
49	.00351	.00151	.0020	.0100	.2000	.870	32	1.0450
50	.00391	.00165	.0020	.0100	.2000	.870	33	1.0450
51	.00432	.00179	.0020	.0100	.2000	.870	34	1.0450
52	.00475	.00195	.0020	.0100	.2700	.870	35	1.0450
53	.00520	.00212	.0020	.0100	.2700	.870	36	1.0450
54	.00566	.00231	.0020	.0100	.2700	.870	37	1.0450
55	.00613	.00254	.0020	.0100	.3500	.870	38	1.0450
56	.00662	.00280	.0020	.0100	.3500	.870	39	1.0450
57	.00714	.00310	.0020	.0100	.4200	.870	40	1.0450
58	.00772	.00344	.0020	.0100	.5000	.870	41	1.0450
59	.00838	.00382	.0020	.0100	.5000	.870	42	1.0450
60	.00916	.00424	.0020	.0100	.5000	.870	43	1.0450
61	.01006	.00470	.0020	.0000	.5000	.870	44	1.0450
62	.01113	.00521	.0020	.0000	.5000	.870	45	1.0450
63	.01239	.00577	.0020	.0000	.9900	.870	46	1.0450
64	.01387	.00639	.0020	.0000	.9900	.870	47	1.0450
65	.01559	.00706	.0000	.0000	.9900	.870	48	1.0450
66	.01758	.00782	.0000	.0000	.9900	.870	49	1.0450
67	.01980	.00868	.0000	.0000	.9900	.870	50	1.0450
68	.02223	.00970	.0000	.0000	.9900	.870	51	1.0450
69	.02482	.01092	.0000	.0000	.9900	.870	52	1.0450
70	.02753	.01238	.0000	.0000	.9900	.870	53	1.0450
71	.03035	.01413	.0000	.0000	.9900	.870	54	1.0450
72	.03337	.01616	.0000	.0000	.9900	.870	55	1.0450
73	.03668	.01848	.0000	.0000	.9900	.870	56	1.0450
74	.04039	.02109	.0000	.0000	.9900	.870	57	1.0450

EXHIBIT 7

DEVELOPMENT OF TARGET RATIO

Funded Ratio of the System as of the 1986 fiscal year end07120

Number of fiscal years elapsed since the 1986 fiscal year end
multiplied by one-thirtieth of the difference between one hundred
percent and the initial Funded Ratio55728

Changes in Funded Ratio after the 1986 fiscal year end;

<u>Date of Change</u>	<u>Change in funded Ratio</u>
<u>6/30/89</u>	<u>.00085</u>
<u>6/30/91</u>	<u>-.00834</u>
<u>6/30/92</u>	<u>-.00724</u>
<u>6/30/93</u>	<u>.00135</u>
<u>6/30/96</u>	<u>.00232</u>
<u>6/30/98</u>	<u>.00171</u>
<u>6/30/03</u>	<u>-.01468</u>

Total Change in Funded Ratio -.02403

Number of fiscal years elapsed since the date of each change in
(6)(h)(iii) multiplied by one-thirtieth of the amount of such change
in funded ratio and of opposite arithmetic sign of such change;

<u>Date of Change</u>	<u>Amortization of Change</u>
<u>6/30/89</u>	<u>-.00043</u>
<u>6/30/91</u>	<u>.00361</u>
<u>6/30/92</u>	<u>.00290</u>
<u>6/30/93</u>	<u>-.00050</u>
<u>6/30/96</u>	<u>-.00062</u>
<u>6/30/98</u>	<u>-.00034</u>
<u>6/30/03</u>	<u>.00049</u>

Total Amortization of Changes00511

Target Ratio as of the end of the just completed fiscal year.60956

Actual Funded Ratio of the system as of the just completed fiscal year. . .52010

This system has not met the target ratio required to grant a cost of living increase to current benefit recipients.

EXHIBIT A

AMORTIZATION of UNFUNDED
ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2004

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAIN</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1993	Initial Liability	L	16	171,274,213	5	75,803,232	18,070,491
1993	Change in Liability	I	36	15,691,553	25	20,210,864	1,153,047
1992	Legislative COLA	L	15	2,094,304	3	616,995	228,832
1994	Change in Liability	I	35	-1,038,330	25	-1,300,885	-74,217
1995	Change in Liability	I	34	15,539,310	25	18,951,629	1,081,206
1996	Change in Liability	I	33	-7,736,364	25	-9,192,028	-524,413
1997	Change in Liability	I	32	3,583,701	25	4,151,806	236,864
1998	Change in Liability	I	31	-2,035,369	25	-2,301,313	-131,292
1999	Change in Liability	I	30	10,585,477	25	11,692,155	667,047
2000	Change in Liability	I	29	-18,534,058	25	-20,019,859	-1,142,150
2001	Change in Liability	I	28	12,659,226	25	13,387,291	763,756
2002	Change in Liability	I	27	33,500,498	25	34,726,266	1,981,163
2003	Change in Assumptions	I	30	13,051,664	29	13,346,257	689,679
2003	Change in Liability	I	26	55,628,632	25	56,597,134	3,228,914
2004	Change in Liability	I	25	15,610,591	25	<u>15,610,591</u>	<u>890,597</u>
TOTAL OUTSTANDING BALANCE						232,280,135	27,119,524
EMPLOYER'S CREDIT BALANCE							
2000	Contribution Variance	L	5	-3,010,295	1	-692,129	-717,615
2001	Contribution Variance	L	5	-4,022,037	2	-1,784,981	-958,801
2002	Contribution Variance	L	5	-5,209,164	3	-3,348,233	-1,241,796
2003	Contribution Variance	L	5	-1,714,539	4	-1,419,356	-408,724
2004	Contribution Variance	L	5	3,940,465	5	<u>3,940,465</u>	<u>939,355</u>
TOTAL EMPLOYER CREDIT						-3,304,234	-2,387,581
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						228,975,901	