

REPORT

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

JUNE 30, 2007 AND 2006

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

November 6, 2007

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

We have audited the statements of plan net assets of the Municipal Employees' Retirement System of Louisiana as of June 30, 2007 and 2006 and the related statements of changes in plan net assets for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Employees' Retirement System of Louisiana as of June 30, 2007 and 2006 and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on Pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We have audited the financial statements of the System for the years ending June 30, 2007 and 2006, and issued our unqualified opinions on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 23 – 34 and the required statistical information on pages 35 - 37 are presented for the purposes of additional analysis and are not a part of the basic financial statements. The required statistical information for the years ending June 30, 2002 - 2007 and supplemental schedules for the years ending June 30, 2007 and 2006, 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 November 6, 2007 on our consideration of Municipal Employees' Retirement System of Louisiana's internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

The Management's Discussion and Analysis of the Municipal Employees' Retirement System of Louisiana presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2007. This document focuses on the past year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Municipal Employees' Retirement System of Louisiana's financial statements, which begins on page 7.

FINANCIAL HIGHLIGHTS

1. The Municipal Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2007 by \$800,117,496 which represents an increase from last year. The net assets held in trust for pension benefits increased by \$120,692,105 or 17.8%. The increase was primarily due to an improved investment performance.
2. Contributions to the System by members and employers totaled \$44,678,597, an increase of \$1,288,513 or 3.0%. Contributions from ad valorem taxes and revenue sharing increased to \$5,027,228, an increase of \$271,400 or 5.7%.
3. The investments of the System increased by \$112,527,216. The increase was due to continued improvement in the financial markets as well as strategic changes in asset mix.
4. Pension benefits paid to retirees and beneficiaries increased by \$3,739,004 or 9.2%. This increase is due to an increase in the number of retirees and their benefit amounts.
5. Administrative expenses of the System totaled \$822,476, an increase of \$58,191 or 7.6%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the System's basic financial statements, which are comprised of three components:

1. Statement of plan net assets
2. Statement of changes in plan net assets, and
3. Notes to the financial statements.

This report also contains required supplemental information in addition to the basic financial statements themselves.

The statement of plan net assets reports the system's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2007 and 2006.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

The statement of changes in plan net assets reports the results of the system's operations during the year disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

FINANCIAL ANALYSIS OF THE SYSTEM

Municipal Employees' Retirement System provides benefits to employees of all incorporated villages, towns and cities within the State of Louisiana which do not have their own retirement system and which elected to become members of the System. Member contributions, employer contributions and earnings on investments fund these benefits.

Statement of Plan Net Assets
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash	\$ 17,496,749	\$ 10,948,511
Receivables	8,095,040	5,839,394
Investments	850,260,411	737,733,195
Property and equipment	<u>775,130</u>	<u>805,081</u>
Total assets	876,627,330	755,326,181
Total liabilities	<u>76,509,834</u>	<u>75,900,790</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 800,117,496</u>	<u>\$ 679,425,391</u>

Plan net assets increased by \$120,692,105 or 17.8%. The increase in plan net assets was a result of the improved investment performance in 2007.

Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Additions:		
Contributions	\$ 49,705,825	\$ 48,145,912
Investment income	118,639,385	53,379,624
Other	<u>1,900,611</u>	<u>1,759,523</u>
Total additions	170,245,821	103,285,059
Total deductions	<u>52,621,699</u>	<u>47,544,310</u>
Increase	117,624,122	55,740,749
Prior period adjustment	<u>3,067,983</u>	--
Net Increase in Plan Net Assets	<u>\$ 120,692,105</u>	<u>\$ 55,740,749</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Additions to Plan Net Assets

Additions to the System's plan net assets were derived from member and employer contributions, ad valorem taxes, state revenue sharing funds and investment income. Employer contributions increased \$1,143,800 or 4.1%, primarily due to increase in salaries during the past year. The System experienced a net investment return of \$118,639,385 as compared to a net investment return of \$53,379,624 in the previous year. The increase in investment return was due to better market performance in the current year as compared to the prior year and a change in asset mix of the portfolio.

	<u>2007</u>	<u>2006</u>	Increase (Decrease) <u>Percentage</u>
Member contributions	\$ 15,340,668	\$ 15,195,955	.9%
Employer contributions	29,337,929	28,194,129	4.1%
Ad valorem and state revenue sharing	5,027,228	4,755,828	5.7%
Net investment income	118,639,385	53,379,624	122.3%
Other	<u>1,900,611</u>	<u>1,759,523</u>	<u>8.0%</u>
	<u>\$ 170,245,821</u>	<u>\$ 103,285,059</u>	<u>64.8%</u>

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits, administrative expenses and transfers to other systems. Deductions from plan net assets totaled \$52,621,699 in fiscal year 2007. The increase of \$5,077,389 from the previous year is primarily due to an increase in the number of retirees and that newer retirees earn higher benefit amounts than older retirees. In addition, there was an increase in transfers to other systems of \$1,851,353.

	<u>2007</u>	<u>2006</u>	Increase (Decrease) <u>Percentage</u>
Retirement benefits	\$ 44,488,648	\$ 40,749,644	9.2%
Refunds of contributions	4,433,490	5,010,252	(11.5%)
Administrative expenses	822,476	764,285	7.6%
Depreciation	44,631	39,028	14.4%
Transfer to other systems	<u>2,832,454</u>	<u>981,101</u>	<u>188.7%</u>
	<u>\$ 52,621,699</u>	<u>\$ 47,544,310</u>	<u>10.7%</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Investments

Municipal Employees' Retirement System of Louisiana is responsible for the prudent management of funds held in trust for the exclusive benefits of their members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments less collateral held under the securities lending program in the amount of \$73,285,298 at June 30, 2007 amounted to \$776,975,113 as compared to \$664,364,577 at June 30, 2006 which is an increase of \$112,610,586 or 17%. The major contributing factors to this increase were a continued recovery in the markets in 2007 and a change in the asset mix of our portfolio. The System's investments in various asset classes at the end of the 2007 and 2006 fiscal years are indicated in the following table:

	<u>2007</u>	<u>2006</u>	Increase (Decrease) <u>Percentage</u>
Cash equivalents	\$ 22,962,417	\$ 74,192,522	(69.1%)
Bonds	2,729,338	2,247,203	1.4%
Equities	214,004,579	222,185,213	(3.7%)
Collateral held under securities lending program	73,285,298	73,368,618	(.1%)
Mutual funds	340,494,918	239,912,500	41.9%
Limited Partnerships	84,971,639	38,613,827	120.3%
Commingled Funds	<u>111,812,222</u>	<u>87,213,312</u>	<u>28.2%</u>
	<u>\$ 850,260,411</u>	<u>\$ 737,733,195</u>	<u>15.3%</u>

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Robert Rust, Administrative Director, Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS:		
Cash	\$ 17,496,749	\$ 10,948,511
Receivables:		
Member contributions	1,253,193	1,247,922
Employer contributions	2,368,901	2,324,010
Accrued priority return	2,097,562	-
Investment receivable	2,036,081	1,700,075
Accrued interest and dividends	339,303	409,333
Ad valorem taxes	-	158,054
Total	<u>8,095,040</u>	<u>5,839,394</u>
Investments (At fair value):		
Cash equivalents	22,962,417	74,192,522
Bonds	2,729,338	2,247,203
Equities	214,004,579	222,185,213
Collateral held under securities lending program	73,285,298	73,368,618
Mutual funds	340,494,918	239,912,500
Investments in commingled funds	111,812,222	87,213,312
Investments in limited liability companies	39,413,654	-
Investments in limited partnerships	43,456,949	38,613,827
Investment in line of credit	2,101,036	-
Total	<u>850,260,411</u>	<u>737,733,195</u>
Property, plant and equipment:		
Land	389,547	389,547
Building	592,356	592,356
Office furnishings and equipment	651,207	636,527
	<u>1,633,110</u>	<u>1,618,430</u>
Less: Accumulated depreciation	<u>(857,980)</u>	<u>(813,349)</u>
	<u>775,130</u>	<u>805,081</u>
Total assets	<u>876,627,330</u>	<u>755,326,181</u>
LIABILITIES:		
Refunds payable	385,285	345,300
Accounts payable	636,950	544,156
Investment payable	2,202,301	1,642,716
Obligations under securities lending program	73,285,298	73,368,618
Total liabilities	<u>76,509,834</u>	<u>75,900,790</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 800,117,496</u>	<u>\$ 679,425,391</u>

(A schedule of funding progress for the plan is presented on page 36)

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ADDITIONS:		
Contributions:		
Members'	\$ 15,340,668	\$ 15,195,955
Employers'	29,337,929	28,194,129
Ad valorem taxes and state revenue sharing funds	5,027,228	4,755,828
Total contributions	<u>49,705,825</u>	<u>48,145,912</u>
Investment income:		
Interest income	3,130,150	7,417,022
Dividend income	6,320,574	2,991,187
Priority return	2,975,380	-
Securities lending income	211,730	172,654
Net appreciation in fair value of investments	109,162,213	45,367,170
	<u>121,800,047</u>	<u>55,948,033</u>
Less investment expense:		
Investment advisory fees	2,596,557	2,440,525
Miscellaneous investment expense	430,256	-
Securities lending expense	73,782	59,757
Custodian and bank fees	60,067	68,127
	<u>3,160,662</u>	<u>2,568,409</u>
Net investment income	<u>118,639,385</u>	<u>53,379,624</u>
Other additions:		
Interest-other	317,234	560,982
Transfers from other retirement systems	1,583,377	1,198,541
	<u>1,900,611</u>	<u>1,759,523</u>
Total additions	<u>170,245,821</u>	<u>103,285,059</u>
DEDUCTIONS:		
Benefits	44,488,648	40,749,644
Refund of contributions	4,433,490	5,010,252
Administrative expenses	822,476	764,285
Depreciation	44,631	39,028
Transfers to other retirement systems	2,832,454	981,101
	<u>52,621,699</u>	<u>47,544,310</u>
NET INCREASE	<u>117,624,122</u>	<u>55,740,749</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year as previously reported	679,425,391	623,684,642
Prior period adjustment	<u>3,067,983</u>	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year as restated	<u>682,493,374</u>	<u>623,684,642</u>
END OF YEAR	<u>\$ 800,117,496</u>	<u>\$ 679,425,391</u>

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System.

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

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, 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).

In addition, these financial statements include the provisions of GASB Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related standards. This standard provides for inclusion of a management discussion and analysis as supplementary information.

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 collected by the tax collector.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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. Investments in limited liability companies, the line of credit, limited partnerships and commingled funds are reported at fair value.

Property, Plant and Equipment:

Property, plant and equipment acquired prior to June 30, 1991 are accounted for based on historical cost and capitalized in the Expense Fund. Property, plant and equipment acquired subsequent to June 30, 1991 is accounted for based on historical cost and capitalized as follows: All property and plant additions will be allocated between the two plans based on each plans' 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.

2. PLAN DESCRIPTION:

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

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 years ended June 30, 2007 and 2006, respectively, there were 83 and 83 contributing municipalities in Plan A and 65 and 59 in Plan B.

The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. At June 30, 2007 and 2006 statewide retirement membership consists of:

	<u>2007</u>			<u>2006</u>		
	<u>PLAN A</u>	<u>PLAN B</u>	<u>TOTAL</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>TOTAL</u>
Active members	4,720	2,105	6,825	4,879	2,016	6,895
Retirees and survivors	2,721	794	3,515	2,588	763	3,351
"Drop Plan" participants	245	48	293	230	44	274
Terminated due deferred benefits	209	74	283	179	77	256
Terminated due refunds	<u>2,553</u>	<u>928</u>	<u>3,481</u>	<u>2,148</u>	<u>777</u>	<u>2,925</u>
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	<u>10,448</u>	<u>3,949</u>	<u>14,397</u>	<u>10,024</u>	<u>3,677</u>	<u>13,701</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

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. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Retirement Benefits:

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

1. Any age 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 five (5) 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 monthly average 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 monthly average 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.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

Any member of Plan A who is eligible for normal retirement at time of death, surviving spouse or, if none, surviving minor children shall receive benefits for as long as he/she lives as outlined in the statutes.

Upon death of any member of Plan B with five (5) 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 marries.
2. Surviving spouse meets the above qualifications but is receiving survivorship benefits due to minor children, shall become eligible for benefits when he/she ceases to receive social security benefits.

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

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 statutes.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is 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. 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. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. 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.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

DROP Benefits: (Continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP 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. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account 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 DROP fund cease and the person resumes active contributing membership in the System.

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 forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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; in which he would receive a regular retirement under retirement provisions. 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 thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

Deferred Benefits:

Both plans provide for deferred benefits for 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 RESERVES:

Contributions:

Contributions for all members are established by statute at 9.25% of earnable compensation for Plan A and 5% of earnable compensation for Plan B for the years ended June 30, 2007 and 2006, respectively. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the years ended June 30, 2007 and 2006, the actuarially determined employer contribution rates were 13.89% and 16.30%, respectively, of member's earnings for Plan A. The actual contribution rates were 16.25% and 16% for the years ended June 30, 2007 and 2006, respectively. The actuarially determined employer contribution rates for Plan B for the fiscal years ending June 30, 2007 and 2006 were 7.08% and 9.86%, respectively. The actual contribution rates were 9.75% and 9.75% for the years ended June 30, 2007 and 2006, respectively. For the years ending June 30, 2007 and 2006, the actual rates for Plans A and B are less than the actuarially required rates due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions.

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:

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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, 2007 and 2006 is \$97,829,545 and \$97,180,857, respectively, for Plan A and \$18,533,447 and \$18,184,518, respectively, 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 Reserve as of June 30, 2007 and 2006 is \$275,499,525 and \$242,212,407, respectively, for Plan A and \$56,319,570 and \$47,858,239, respectively, for Plan B. The Pension Accumulation Reserve is 89% and 71% funded for Plan A and 100% and 88% funded for Plan B as of June 30, 2007 and 2006, respectively.

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, 2007 and 2006 is \$306,103,941 and \$281,331,217, respectively, for Plan A and \$51,976,545 and \$48,119,994, respectively, for Plan B. The Annuity Reserve is fully funded for both plans.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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 Account as of June 30, 2007 and 2006 is \$18,225,630 and \$17,185,497, respectively, for Plan A and \$3,100,485 and \$2,945,832, respectively, 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 Schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 35 – 37.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Deposits (bank balance)	\$ 17,564,420	\$ 11,656,052
Cash equivalents	22,962,417	74,192,522
Investments	<u>827,297,994</u>	<u>663,540,673</u>
	<u>\$ 867,824,831</u>	<u>\$ 749,389,247</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Deposits:

The Retirement System's bank deposits were fully covered by federal depository insurance and pledged securities. The pledged securities are held in joint custody with the System's bank.

Cash Equivalents:

For the years ended June 30, 2007 and 2006, cash equivalents in the amount of \$9,644,693 and \$58,684,454, respectively, consist of government backed pooled funds which are held by a sub-custodian, managed by a separate money manager, and are in the name of the Retirement System's custodian's trust department.

For the years ended June 30, 2007 and 2006, cash equivalents in the amount of \$13,317,724 and \$15,508,068, respectively, consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the Retirement System.

Investments:

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the System may invest more than fifty-five percent of the total portfolio in equities, so long as not more than sixty five percent of the total portfolio is invested in equities and at least ten percent of total portfolio is invested in one or more index funds which seek to replicate the performance of the chosen index or indices.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer.

The System's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry. The equity holdings in any single corporation shall not exceed 10% of the market value of the equity portfolio at any time. In addition, no more than 5% of the aggregate long-term debt portfolio at cost may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other Federal agencies). At June 30, 2007, there were no investment holdings that exceeded the System's concentration of credit risk investment policy.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the System's investments in long-term debt securities as of June 30, 2007 and 2006.

2007

	Federal Home Loan <u>Mortgage Corp.</u>	Federal National <u>Mortgage Assn.</u>	Government National <u>Mortgage Assn.</u>	Corporate <u>Bonds</u>	<u>Total</u>
Not Rated	\$ 178,029	\$ 916,106	\$ 721,203	\$ --	\$ 1,815,338
D	<u>--</u>	<u>--</u>	<u>--</u>	<u>914,000</u>	<u>914,000</u>
	<u>\$ 178,029</u>	<u>\$ 916,106</u>	<u>\$ 721,203</u>	<u>\$ 914,000</u>	<u>\$ 2,729,338</u>

2006

	Federal Home Loan <u>Mortgage Corp.</u>	Federal National <u>Mortgage Assn.</u>	Government National <u>Mortgage Assn.</u>	Corporate <u>Bonds</u>	<u>Total</u>
Not Rated	\$ <u>238,077</u>	\$ <u>1,137,500</u>	\$ <u>871,626</u>	\$ <u>---</u>	\$ <u>2,247,203</u>

At June 30, 2007 and 2006, the System's fixed income mutual funds were not rated.

The System's investment policy limits its investments to corporate debt issues rated the equivalent of A or better by Moody's Investor Services or Standard & Poors. Also, corporate debt issues rated BAA by Moody's or BBB by Standard & Poors may be acquired and/or held up to a maximum of no more than 15% of the portfolio allocated to any one money manager. Securities that are downgraded below the policy standard must be sold within a reasonable amount of time. Obligations guaranteed or implicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore are not rated.

Cash collateral invested under the securities lending program may be invested in securities issued or fully guaranteed by the U.S. Government or its agencies, high-grade commercial paper, notes, bonds and other debt obligations, asset-backed securities which carry the highest rating by Standard and Poors or Moody's, Certificates of deposit, time deposits, repurchase and reverse repurchase agreements, money market funds, or short-term investment funds, pools or trusts. The System is in compliance with the investment policy regarding cash collateral invested under the securities lending program.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The System is not exposed to custodial credit risk at June 30, 2007 and 2006 for investments in the amounts of \$754,012,696 and \$590,172,055, respectively, since the investments are in the name of the System. At June 30, 2007 and 2006, for cash collateral held under the securities lending program in the amounts of \$73,285,298 and \$73,368,618, respectively, the System is exposed to custodial credit risk since the investments are not in the name of the System.

The System has no formal investment policy regarding custodial credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2007 and 2006, the System had the following investments in long-term debt securities and maturities:

2007

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More Than 10</u>
Corporate Bonds	\$ 914,000	\$ --	\$ --	\$ --	\$ 914,000
Federal Home Loan Mortgage Corporation	178,029	--	18,832	38,583	120,614
Federal National Mortgage Assn.	916,016	--	20,913	--	895,193
Government National Mortgage Assn.	<u>721,203</u>	<u>--</u>	<u>--</u>	<u>258,556</u>	<u>462,647</u>
	<u>\$ 2,729,338</u>	<u>\$ --</u>	<u>\$ 39,745</u>	<u>\$ 297,139</u>	<u>\$ 2,392,454</u>
Collateral Held Under Securities Lending Program	<u>\$ 73,285,298</u>	<u>\$ 73,285,298</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Interest Rate Risk (Continued)

2006

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More Than 10</u>
Federal Home Loan Mortgage Corporation	\$ 238,077	\$ --	\$ 40,984	\$ 25,455	\$ 171,638
Federal National Mortgage Assn.	1,137,500	--	39,157	--	1,098,343
Government National Mortgage Assn.	<u>871,626</u>	<u>--</u>	<u>--</u>	<u>131,109</u>	<u>740,517</u>
	<u>\$ 2,247,203</u>	<u>\$ --</u>	<u>\$ 80,141</u>	<u>\$ 156,564</u>	<u>\$ 2,010,498</u>
Collateral Held Under Securities Lending Program	<u>\$ 73,368,618</u>	<u>\$ 73,368,618</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The System has no formal investment policy regarding interest rate risk.

At June 30, 2007 and 2006, the System has committed to invest an additional \$41,778,237 and \$21,471,739, respectively, in various investments.

7. VACATION AND SICK LEAVE:

The employees of the Municipal Employees' Retirement System accumulate limited amounts of vacation and unlimited amounts of sick leave. For the year ended June 30, 2007, upon resignation or retirement, unused vacation leave up to 300 hours is payable to employees (who were employed by the System on December 31, 2004) at the employee's rate of pay as of December 31, 2004. Effective January 1, 2005, unused vacation and sick leave will accumulate but will not be paid upon termination. 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, 2007 and 2006, is estimated to be \$15,723 and \$16,776, respectively. 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, 2007 AND 2006

8. USE OF ESTIMATES:

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

9. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment as of June 30, 2007 and 2006, are as follows:

2007

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 389,547	\$ --	\$ --	\$ 389,547
Building	592,356	--	--	592,356
Equipment	636,527	14,680	--	651,207
Accumulated depreciation	<u>(813,349)</u>	<u>(44,631)</u>	--	<u>(857,980)</u>
	<u>\$ 805,081</u>	<u>\$ (29,951)</u>	<u>\$ --</u>	<u>\$ 775,130</u>

2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 389,547	\$ --	\$ --	\$ 389,547
Building	592,356	--	--	592,356
Equipment	605,482	31,045	--	636,527
Accumulated depreciation	<u>(774,321)</u>	<u>(39,028)</u>	--	<u>(813,349)</u>
	<u>\$ 813,064</u>	<u>\$ (7,983)</u>	<u>\$ --</u>	<u>\$ 805,081</u>

The cost of the property, plant and equipment is being depreciated over its useful life using the straight-line method. Depreciation expense for the years ended June 30, 2007 and 2006 is \$44,631 and \$39,028, respectively.

10. TAX QUALIFICATION:

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

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

11. SECURITY LENDING AGREEMENTS:

The Board of Trustees of the System authorized the System to enter into a securities lending program. These agreements consist of the loan of stock and bonds with a simultaneous agreement to reacquire the same loaned security in the future plus a contract rate of interest. The System requires the dealer to transfer cash or collateral of 102% of the market value of the loaned securities.

At June 30, 2007 and 2006, the fair value of the securities on loan was \$70,946,043 and \$71,646,981, respectively.

In cases of security loans in which the collateral received by the System is cash, the System is able to reinvest the cash under the agreement with the dealer. When this occurs the collateral is reported as an asset with a corresponding liability. If the System receives collateral other than cash, it may not reinvest the collateral. When this occurs, the System does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the balance sheet. The cash collateral was invested in a money market fund at June 30, 2007 and 2006. The maturities of these investments match the maturities of the securities loans. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The System cannot pledge or sell collateral securities received unless the borrower defaults.

12. PRIOR PERIOD ADJUSTMENT:

For the year ended June 30, 2006, a mutual fund dividend in the amount of \$3,067,983 was not reported. As a result net assets held in trust for pension benefits were understated by \$3,067,983 and dividend income was understated by \$3,067,983.

MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN A
FOR THE YEAR ENDED JUNE 30, 2007

	Annuity Reserve	Annuity Savings	DROP	Pension Accumulation	Unfunded Actuarial Liability	Total
BALANCES, JULY 1, 2006, as previously reported	\$ 281,331,217	\$ 97,180,857	\$ 17,185,497	\$ 242,212,407	\$ (70,894,965)	\$ 567,015,013
Prior period adjustment	-	-	-	-	2,577,106	2,577,106
BALANCES, JULY 1, 2006, as restated	<u>281,331,217</u>	<u>97,180,857</u>	<u>17,185,497</u>	<u>242,212,407</u>	<u>(68,317,859)</u>	<u>569,592,119</u>
REVENUES AND TRANSFERS:						
Contributions:						
Members	-	12,742,929	-	-	-	12,742,929
Employers	-	-	-	24,123,480	-	24,123,480
Ad valorem taxes and state revenue sharing funds	-	-	-	3,689,482	-	3,689,482
Net income from investments and other sources	-	-	-	99,922,736	-	99,922,736
Transfer from annuity savings	8,247,421	-	-	-	-	8,247,421
Pensions transferred from annuity reserve	-	-	5,212,722	-	-	5,212,722
Transfers from other systems	-	299,968	-	995,616	-	1,295,584
Actuarial transfer	55,443,295	-	-	-	38,004,698	93,447,993
Total revenues	<u>63,690,716</u>	<u>13,042,897</u>	<u>5,212,722</u>	<u>128,731,314</u>	<u>38,004,698</u>	<u>248,682,347</u>
EXPENDITURES AND TRANSFERS:						
Retirement allowances paid	33,705,270	-	4,172,589	-	-	37,877,859
Refunds to members	-	3,534,289	-	-	-	3,534,289
Transfers to annuity reserve	-	8,247,421	-	-	-	8,247,421
Pensions transferred to DROP	5,212,722	-	-	-	-	5,212,722
Transfers to other systems	-	612,499	-	1,614,446	-	2,226,945
Transfer to expense fund	-	-	-	366,950	-	366,950
Depreciation	-	-	-	14,807	-	14,807
Actuarial transfer	-	-	-	93,447,993	-	93,447,993
Total expenditures	<u>38,917,992</u>	<u>12,394,209</u>	<u>4,172,589</u>	<u>95,444,196</u>	<u>-</u>	<u>150,928,986</u>
NET INCREASE (DECREASE)	<u>24,772,724</u>	<u>648,688</u>	<u>1,040,133</u>	<u>33,287,118</u>	<u>38,004,698</u>	<u>97,753,361</u>
BALANCES, JUNE 30, 2007	<u>\$ 306,103,941</u>	<u>\$ 97,829,545</u>	<u>\$ 18,225,630</u>	<u>\$ 275,499,525</u>	<u>\$ (30,313,161)</u>	<u>\$ 667,345,480</u>

MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN A
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Annuity Reserve</u>	<u>Annuity Savings</u>	<u>DROP</u>	<u>Pension Accumulation</u>	<u>Unfunded Actuarial Liability</u>	<u>Total</u>
BALANCES, JULY 1, 2005	\$ <u>267,162,483</u>	\$ <u>95,970,950</u>	\$ <u>15,495,949</u>	\$ <u>189,170,272</u>	\$ <u>(46,388,375)</u>	\$ <u>521,411,279</u>
REVENUES AND TRANSFERS:						
Contributions:						
Members	-	12,715,335	-	-	-	12,715,335
Employers	-	-	-	23,203,836	-	23,203,836
Ad valorem taxes and state revenue sharing funds	-	-	-	3,593,983	-	3,593,983
Net income from investments and other sources	-	-	-	45,115,920	-	45,115,920
Transfer from annuity savings	7,302,096	-	-	-	-	7,302,096
Pensions transferred from annuity reserve	-	-	4,877,691	-	-	4,877,691
Transfers from other systems	-	198,739	-	602,827	-	801,566
Actuarial transfer	<u>43,031,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,031,987</u>
Total revenues	<u>50,334,083</u>	<u>12,914,074</u>	<u>4,877,691</u>	<u>72,516,566</u>	<u>-</u>	<u>140,642,414</u>
EXPENDITURES AND TRANSFERS:						
Retirement allowances paid	31,287,658	-	3,188,143	-	-	34,475,801
Refunds to members	-	4,175,996	-	-	-	4,175,996
Transfers to annuity reserve	-	7,302,096	-	-	-	7,302,096
Pensions transferred to DROP	4,877,691	-	-	-	-	4,877,691
Transfers to other systems	-	226,075	-	682,019	-	908,094
Transfer to expense fund	-	-	-	252,207	-	252,207
Depreciation	-	-	-	14,808	-	14,808
Actuarial transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,525,397</u>	<u>24,506,590</u>	<u>43,031,987</u>
Total expenditures	<u>36,165,349</u>	<u>11,704,167</u>	<u>3,188,143</u>	<u>19,474,431</u>	<u>24,506,590</u>	<u>95,038,680</u>
NET INCREASE (DECREASE)	<u>14,168,734</u>	<u>1,209,907</u>	<u>1,689,548</u>	<u>53,042,135</u>	<u>(24,506,590)</u>	<u>45,603,734</u>
BALANCES, JUNE 30, 2006	\$ <u><u>281,331,217</u></u>	\$ <u><u>97,180,857</u></u>	\$ <u><u>17,185,497</u></u>	\$ <u><u>242,212,407</u></u>	\$ <u><u>(70,894,965)</u></u>	\$ <u><u>567,015,013</u></u>

MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN B
FOR THE YEAR ENDED JUNE 30, 2007

	Annuity Reserve	Annuity Savings	DROP	Pension Accumulation	Surplus (Unfunded) Actuarial Liability	Total
BALANCES, JULY 1, 2006, as previously reported	\$ 48,119,994	\$ 18,184,518	\$ 2,945,832	\$ 47,858,239	\$ (5,527,131)	\$ 111,581,452
Prior period adjustment	-	-	-	-	490,877	490,877
BALANCES, JULY 1, 2006, as restated	<u>48,119,994</u>	<u>18,184,518</u>	<u>2,945,832</u>	<u>47,858,239</u>	<u>(5,036,254)</u>	<u>112,072,329</u>
REVENUES AND TRANSFERS:						
Contributions:						
Members	-	2,597,739	-	-	-	2,597,739
Employers	-	-	-	5,214,449	-	5,214,449
Ad valorem taxes and state revenue sharing funds	-	-	-	1,337,746	-	1,337,746
Net income from investments and other sources	-	-	-	19,069,062	-	19,069,062
Transfer from annuity savings	1,251,035	-	-	-	-	1,251,035
Pensions transferred from annuity reserve	-	-	704,250	-	-	704,250
Transfers from other systems	-	56,057	-	231,736	-	287,793
Actuarial transfer	9,370,958	-	-	-	7,432,280	16,803,238
Total revenues	<u>10,621,993</u>	<u>2,653,796</u>	<u>704,250</u>	<u>25,852,993</u>	<u>7,432,280</u>	<u>47,265,312</u>
EXPENDITURES AND TRANSFERS:						
Retirement allowances paid	6,061,192	-	549,597	-	-	6,610,789
Refunds to members	-	899,201	-	-	-	899,201
Transfers to annuity reserve	-	1,251,035	-	-	-	1,251,035
Pensions transferred to DROP	704,250	-	-	-	-	704,250
Transfers to other systems	-	154,631	-	450,878	-	605,509
Transfer to expense fund	-	-	-	133,050	-	133,050
Depreciation	-	-	-	4,496	-	4,496
Actuarial transfer	-	-	-	16,803,238	-	16,803,238
Total expenditures	<u>6,765,442</u>	<u>2,304,867</u>	<u>549,597</u>	<u>17,391,662</u>	<u>-</u>	<u>27,011,568</u>
NET INCREASE (DECREASE)	<u>3,856,551</u>	<u>348,929</u>	<u>154,653</u>	<u>8,461,331</u>	<u>7,432,280</u>	<u>20,253,744</u>
BALANCES, JUNE 30, 2007	<u>\$ 51,976,545</u>	<u>\$ 18,533,447</u>	<u>\$ 3,100,485</u>	<u>\$ 56,319,570</u>	<u>\$ 2,396,026</u>	<u>\$ 132,326,073</u>

MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN B
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Annuity Reserve</u>	<u>Annuity Savings</u>	<u>DROP</u>	<u>Pension Accumulation</u>	<u>Unfunded Actuarial Liability</u>	<u>Total</u>
BALANCES, JULY 1, 2005	\$ 46,261,236	\$ 17,885,184	\$ 2,764,482	\$ 35,462,388	\$ (1,263,391)	\$ 101,109,899
REVENUES AND TRANSFERS:						
Contributions:						
Members	-	2,480,620	-	-	-	2,480,620
Employers	-	-	-	4,990,293	-	4,990,293
Ad valorem taxes and state revenue sharing funds	-	-	-	1,161,845	-	1,161,845
Net income from investments and other sources	-	-	-	8,787,927	-	8,787,927
Transfer from annuity savings	1,410,260	-	-	-	-	1,410,260
Pensions transferred from annuity reserve	-	-	695,419	-	-	695,419
Transfers from other systems	-	83,260	-	313,715	-	396,975
Actuarial transfer	6,903,691	-	-	-	-	6,903,691
Total revenues	<u>8,313,951</u>	<u>2,563,880</u>	<u>695,419</u>	<u>15,253,780</u>	<u>-</u>	<u>26,827,030</u>
EXPENDITURES AND TRANSFERS:						
Retirement allowances paid	5,759,774	-	514,069	-	-	6,273,843
Refunds to members	-	834,256	-	-	-	834,256
Transfers to annuity reserve	-	1,410,260	-	-	-	1,410,260
Pensions transferred to DROP	695,419	-	-	-	-	695,419
Transfers to other systems	-	20,030	-	52,977	-	73,007
Transfer to expense fund	-	-	-	160,504	-	160,504
Depreciation	-	-	-	4,497	-	4,497
Actuarial transfer	-	-	-	2,639,951	4,263,740	6,903,691
Total expenditures	<u>6,455,193</u>	<u>2,264,546</u>	<u>514,069</u>	<u>2,857,929</u>	<u>4,263,740</u>	<u>16,355,477</u>
NET INCREASE (DECREASE)	<u>1,858,758</u>	<u>299,334</u>	<u>181,350</u>	<u>12,395,851</u>	<u>(4,263,740)</u>	<u>10,471,553</u>
BALANCES, JUNE 30, 2006	<u>\$ 48,119,994</u>	<u>\$ 18,184,518</u>	<u>\$ 2,945,832</u>	<u>\$ 47,858,239</u>	<u>\$ (5,527,131)</u>	<u>\$ 111,581,452</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 2007 AND 2006

	<u>2007</u> <u>MARKET</u> <u>VALUE</u>	<u>2006</u> <u>MARKET</u> <u>VALUE</u>
PLAN "A"		
Bonds:		
U.S. Government Agency	\$ 1,517,341	\$ 1,877,631
Corporate Bonds	<u>764,344</u>	<u>-</u>
Total Bonds	<u>\$ 2,281,685</u>	<u>\$ 1,877,631</u>
Cash equivalents	<u>\$ 19,122,844</u>	<u>\$ 62,005,327</u>
Equities	<u>\$ 178,904,371</u>	<u>\$ 185,648,275</u>
Equity mutual funds	\$ 216,342,474	\$ 141,383,010
Fixed income mutual funds	<u>68,299,241</u>	<u>59,073,816</u>
Total mutual funds	<u>\$ 284,641,715</u>	<u>\$ 200,456,826</u>
Investments in commingled funds	<u>\$ 93,464,737</u>	<u>\$ 72,870,334</u>
Investments in limited liability companies	<u>\$ 33,107,469</u>	<u>\$ -</u>
Investments in limited partnerships	<u>\$ 36,164,735</u>	<u>\$ 32,263,451</u>
Investment in line of credit	<u>\$ 1,756,273</u>	<u>\$ -</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
JUNE 30, 2007 AND 2006

	<u>2007</u> <u>MARKET</u> <u>VALUE</u>	<u>2006</u> <u>MARKET</u> <u>VALUE</u>
PLAN "B"		
Bonds:		
U.S. Government Agency	\$ 297,997	\$ 369,572
Corporate Bonds	<u>149,656</u>	<u>-</u>
Total Bonds	<u>\$ 447,653</u>	<u>\$ 369,572</u>
Cash equivalents	<u>\$ 3,839,573</u>	<u>\$ 12,187,195</u>
Equities	<u>\$ 35,100,208</u>	<u>\$ 36,536,938</u>
Equity mutual funds	\$ 42,441,845	\$ 27,828,246
Fixed income mutual funds	<u>13,411,358</u>	<u>11,627,428</u>
Total mutual funds	<u>\$ 55,853,203</u>	<u>\$ 39,455,674</u>
Investments in commingled funds	<u>\$ 18,347,485</u>	<u>\$ 14,342,978</u>
Investments in limited liability companies	<u>\$ 6,306,185</u>	<u>\$ -</u>
Investments in limited partnerships	<u>\$ 7,292,214</u>	<u>\$ 6,350,376</u>
Investment in line of credit	<u>\$ 344,763</u>	<u>\$ -</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007 Expense <u>Fund</u>	2006 Expense <u>Fund</u>
Building and yard maintenance	\$ 17,380	\$ 15,798
Hospitalization	50,258	50,633
Insurance	10,404	9,199
Office equipment maintenance	27,927	19,990
Office supplies	21,420	27,212
Per diem	5,775	6,375
Postage	9,860	4,449
Printing	11,758	2,805
Professional fees	66,808	37,627
Retainer fees	66,900	66,900
Retirement - employer portion	66,694	62,801
Salaries	423,399	405,525
Telephone	6,184	6,039
Travel	27,203	36,728
Utilities	10,506	11,674
Miscellaneous	<u>-</u>	<u>530</u>
Total	<u>\$ 822,476</u>	<u>\$ 764,285</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM TO BOARD MEMBERS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007 PER <u>DIEM</u>	2006 PER <u>DIEM</u>
Johnny Berthelot	\$ 825	\$ 1,200
Dudley Dixon	975	1,200
Robert Hebert	600	525
Gerald Johnson	825	600
J. Lynn Lewis	825	-
William Mulkey	-	675
David Riggins	75	750
Claire Sarradet	825	1,350
Mary Vice	<u>825</u>	<u>75</u>
 TOTAL	 \$ <u><u>5,775</u></u>	 \$ <u><u>6,375</u></u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF PLAN NET ASSETS
JUNE 30, 2007

	<u>PLAN "A"</u>	<u>PLAN "B"</u>	<u>EXPENSE FUND</u>	<u>TOTAL</u>
ASSETS:				
Cash	\$ 13,422,403	\$ 3,677,466	\$ 396,880	\$ 17,496,749
Receivables:				
Member contributions	1,003,671	249,522	-	1,253,193
Employer contributions	1,869,667	499,234	-	2,368,901
Accrued priority return	1,761,952	335,610	-	2,097,562
Investment receivable	1,710,308	325,773	-	2,036,081
Accrued interest and dividends	285,055	54,248	-	339,303
Total	<u>6,630,653</u>	<u>1,464,387</u>	<u>-</u>	<u>8,095,040</u>
Investments:				
Cash equivalents	19,122,844	3,839,573	-	22,962,417
Bonds	2,281,685	447,653	-	2,729,338
Equities	178,904,371	35,100,208	-	214,004,579
Collateral held under securities lending program	61,232,901	12,052,397	-	73,285,298
Mutual funds	284,641,715	55,853,203	-	340,494,918
Investments in commingled funds	93,464,737	18,347,485	-	111,812,222
Investments in limited liability companies	33,107,469	6,306,185	-	39,413,654
Investments in limited partnerships	36,164,735	7,292,214	-	43,456,949
Investment in line of credit	1,756,273	344,763	-	2,101,036
Total	<u>710,676,730</u>	<u>139,583,681</u>	<u>-</u>	<u>850,260,411</u>
Property, plant, and equipment:				
Land	296,248	93,299	-	389,547
Building	454,388	137,968	-	592,356
Office furnishings and equipment	186,543	58,769	405,895	651,207
	<u>937,179</u>	<u>290,036</u>	<u>405,895</u>	<u>1,633,110</u>
Less: Accumulated depreciation	<u>(389,053)</u>	<u>(120,259)</u>	<u>(348,668)</u>	<u>(857,980)</u>
	<u>548,126</u>	<u>169,777</u>	<u>57,227</u>	<u>775,130</u>
Total assets	<u>731,277,912</u>	<u>144,895,311</u>	<u>454,107</u>	<u>876,627,330</u>
LIABILITIES:				
Refunds payable	307,388	77,897	-	385,285
Accounts payable	542,210	86,576	8,164	636,950
Investment payable	1,849,933	352,368	-	2,202,301
Obligation under securities lending program	61,232,901	12,052,397	-	73,285,298
Total liabilities	<u>63,932,432</u>	<u>12,569,238</u>	<u>8,164</u>	<u>76,509,834</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 667,345,480</u>	<u>\$ 132,326,073</u>	<u>\$ 445,943</u>	<u>\$ 800,117,496</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF PLAN NET ASSETS
JUNE 30, 2006

	<u>PLAN "A"</u>	<u>PLAN "B"</u>	<u>EXPENSE FUND</u>	<u>TOTAL</u>
ASSETS:				
Cash	\$ <u>7,884,832</u>	\$ <u>2,300,043</u>	\$ <u>763,636</u>	\$ <u>10,948,511</u>
Receivables:				
Due from (to) other funds	749,048	(749,048)	-	-
Member contributions	1,040,342	207,580	-	1,247,922
Employer contributions	1,905,029	418,981	-	2,324,010
Investment receivable	1,428,063	272,012	-	1,700,075
Accrued interest and dividends	344,042	65,291	-	409,333
Ad valorem taxes	119,446	38,608	-	158,054
Total	<u>5,585,970</u>	<u>253,424</u>	<u>-</u>	<u>5,839,394</u>
Investments:				
Cash equivalents	62,005,327	12,187,195	-	74,192,522
Bonds	1,877,631	369,572	-	2,247,203
Equities	185,648,275	36,536,938	-	222,185,213
Collateral held under securities lending program	61,302,518	12,066,100	-	73,368,618
Mutual funds	200,456,826	39,455,674	-	239,912,500
Investments in limited partnerships	32,263,451	6,350,376	-	38,613,827
Investments in commingled funds	72,870,334	14,342,978	-	87,213,312
Total	<u>616,424,362</u>	<u>121,308,833</u>	<u>-</u>	<u>737,733,195</u>
Property, plant and equipment:				
Land	296,248	93,299	-	389,547
Building	454,388	137,968	-	592,356
Office furnishings and equipment	186,543	58,769	391,215	636,527
	937,179	290,036	391,215	1,618,430
Less: Accumulated depreciation	<u>(374,246)</u>	<u>(115,763)</u>	<u>(323,340)</u>	<u>(813,349)</u>
	<u>562,933</u>	<u>174,273</u>	<u>67,875</u>	<u>805,081</u>
Total assets	<u>630,458,097</u>	<u>124,036,573</u>	<u>831,511</u>	<u>755,326,181</u>
LIABILITIES:				
Refunds payable	305,684	39,616	-	345,300
Accounts payable	455,000	86,571	2,585	544,156
Investment payable	1,379,882	262,834	-	1,642,716
Obligation under securities lending program	61,302,518	12,066,100	-	73,368,618
Total liabilities	<u>63,443,084</u>	<u>12,455,121</u>	<u>2,585</u>	<u>75,900,790</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 567,015,013</u>	<u>\$ 111,581,452</u>	<u>\$ 828,926</u>	<u>\$ 679,425,391</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

ADDITIONS:	PLAN "A"	PLAN "B"	EXPENSE FUND	TOTAL
Contributions:				
Members'	\$ 12,742,929	\$ 2,597,739	\$ -	\$ 15,340,668
Employers'	24,123,480	5,214,449	-	29,337,929
Ad valorem taxes and state revenue sharing funds	3,689,482	1,337,746	-	5,027,228
Total contributions	<u>40,555,891</u>	<u>9,149,934</u>	<u>-</u>	<u>49,705,825</u>
Investment income:				
Interest income	2,626,683	503,467	-	3,130,150
Dividend income	5,309,280	1,011,294	-	6,320,574
Priority return	2,499,319	476,061	-	2,975,380
Securities lending income	177,853	33,877	-	211,730
Net appreciation in fair value of investments	91,696,259	17,465,954	-	109,162,213
	<u>102,309,394</u>	<u>19,490,653</u>	<u>-</u>	<u>121,800,047</u>
Less investment expense:				
Investment advisory fees	2,181,108	415,449	-	2,596,557
Miscellaneous investment expense	361,415	68,841	-	430,256
Securities lending expense	61,977	11,805	-	73,782
Custodian and bank fees	-	67	60,000	60,067
	<u>2,604,500</u>	<u>496,162</u>	<u>60,000</u>	<u>3,160,662</u>
Net investment income (loss)	<u>99,704,894</u>	<u>18,994,491</u>	<u>(60,000)</u>	<u>118,639,385</u>
Other additions:				
Interest-other	217,842	74,571	24,821	317,234
Transfers from other retirement systems	1,295,584	287,793	-	1,583,377
Total other additions	<u>1,513,426</u>	<u>362,364</u>	<u>24,821</u>	<u>1,900,611</u>
TOTAL ADDITIONS (DEDUCTIONS)	<u>141,774,211</u>	<u>28,506,789</u>	<u>(35,179)</u>	<u>170,245,821</u>
DEDUCTIONS:				
Benefits	37,877,859	6,610,789	-	44,488,648
Refund of contributions	3,534,289	899,201	-	4,433,490
Administrative expenses	-	-	822,476	822,476
Depreciation	14,807	4,496	25,328	44,631
Transfers to other retirement systems	2,226,945	605,509	-	2,832,454
Transfers to expense fund from pension funds	366,950	133,050	(500,000)	-
TOTAL DEDUCTIONS	<u>44,020,850</u>	<u>8,253,045</u>	<u>347,804</u>	<u>52,621,699</u>
NET INCREASE (DECREASE)	97,753,361	20,253,744	(382,983)	117,624,122
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS- BEGINNING OF YEAR as previously reported	567,015,013	111,581,452	828,926	679,425,391
Prior period adjustment	<u>2,577,106</u>	<u>490,877</u>	<u>-</u>	<u>3,067,983</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS- BEGINNING OF YEAR as restated	<u>569,592,119</u>	<u>112,072,329</u>	<u>828,926</u>	<u>682,493,374</u>
END OF YEAR	<u>\$ 667,345,480</u>	<u>\$ 132,326,073</u>	<u>\$ 445,943</u>	<u>\$ 800,117,496</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

ADDITIONS:	<u>PLAN "A"</u>	<u>PLAN "B"</u>	<u>EXPENSE FUND</u>	<u>TOTAL</u>
Contributions:				
Members'	\$ 12,715,335	\$ 2,480,620	\$ -	\$ 15,195,955
Employers'	23,203,836	4,990,293	-	28,194,129
Ad valorem taxes and state revenue sharing funds	3,593,983	1,161,845	-	4,755,828
Total contributions	<u>39,513,154</u>	<u>8,632,758</u>	<u>-</u>	<u>48,145,912</u>
Investment income:				
Interest income	6,245,306	1,171,716	-	7,417,022
Dividend income	2,505,599	485,588	-	2,991,187
Securities lending income	140,869	31,785	-	172,654
Net appreciation in fair value of investments	37,926,932	7,440,238	-	45,367,170
	<u>46,818,706</u>	<u>9,129,327</u>	<u>-</u>	<u>55,948,033</u>
Less investment expense:				
Investment advisory fees	2,036,929	403,596	-	2,440,525
Securities lending expense	48,851	10,906	-	59,757
Custodian and bank fees	56,889	11,238	-	68,127
	<u>2,142,669</u>	<u>425,740</u>	<u>-</u>	<u>2,568,409</u>
Net investment income	<u>44,676,037</u>	<u>8,703,587</u>	<u>-</u>	<u>53,379,624</u>
Other additions:				
Interest-other	439,883	84,340	36,759	560,982
Transfers from other retirement systems	801,566	396,975	-	1,198,541
Total other additions	<u>1,241,449</u>	<u>481,315</u>	<u>36,759</u>	<u>1,759,523</u>
TOTAL ADDITIONS	<u>85,430,640</u>	<u>17,817,660</u>	<u>36,759</u>	<u>103,285,059</u>
DEDUCTIONS:				
Benefits	34,475,801	6,273,843	-	40,749,644
Refund of contributions	4,175,996	834,256	-	5,010,252
Administrative expenses	-	-	764,285	764,285
Depreciation	14,808	4,497	19,723	39,028
Transfers to other retirement systems	908,094	73,007	-	981,101
Transfers to expense fund from pension funds	252,207	160,504	(412,711)	-
TOTAL DEDUCTIONS	<u>39,826,906</u>	<u>7,346,107</u>	<u>371,297</u>	<u>47,544,310</u>
NET INCREASE (DECREASE)	45,603,734	10,471,553	(334,538)	55,740,749
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS- BEGINNING OF YEAR	<u>521,411,279</u>	<u>101,109,899</u>	<u>1,163,464</u>	<u>623,684,642</u>
END OF YEAR	<u>\$ 567,015,013</u>	<u>\$ 111,581,452</u>	<u>\$ 828,926</u>	<u>\$ 679,425,391</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2002 THROUGH 2007

PLAN A				
<u>Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
2002	\$ 10,223,883	\$ 2,817,666	90.83 %	96.89 %
2003	14,438,244	3,052,408	76.60	98.48
2004	20,406,697	3,199,619	75.66	99.40
2005	22,172,649	3,326,836	95.52	100.69
2006	25,397,814	3,339,890	91.36	107.61
2007	19,945,082	3,673,051	120.95	100.45

PLAN B				
<u>Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
2002	\$ 2,705,856	\$ 957,305	73.35 %	113.05 %
2003	3,385,457	1,021,289	83.77	99.77
2004	4,304,882	1,065,798	87.17	100.98
2005	4,776,412	1,166,910	98.42	103.96
2006	4,918,376	1,178,793	101.46	98.56
2007	3,711,669	1,332,285	140.49	100.41

For Plans A and B for the years ending June 30, 2002 - 2007 the actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2002 THROUGH 2007

PLAN A

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
June 30, 2002	\$ 463,477,324	\$ 531,127,529	\$ 67,650,205	87.26%	\$ 130,191,230	51.96%
June 30, 2003	452,830,104	521,766,411	68,936,307	86.79%	135,876,426	50.73%
June 30, 2004	465,429,341	535,579,287	70,149,946	86.90%	135,925,550	51.61%
June 30, 2005	496,521,782	567,799,654	71,277,872	87.45%	140,020,164	50.91%
June 30, 2006	565,604,518	637,909,978	72,305,460	88.67%	140,773,796	51.36%
June 30, 2007	624,442,059	697,658,641	73,216,582	89.51%	141,232,448	51.84%

PLAN B

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
June 30, 2002	\$ 88,697,416	\$ 95,381,233	\$ 6,683,817	92.99%	\$ 43,560,002	15.34%
June 30, 2003	86,170,714	92,615,633	6,444,919	93.04%	45,260,679	14.24%
June 30, 2004	89,415,704	95,618,087	6,202,383	93.51%	47,676,817	13.01%
June 30, 2005	96,417,685	102,373,290	5,955,605	94.18%	48,690,316	12.23%
June 30, 2006	111,404,638	117,108,583	5,703,945	95.13%	51,055,201	11.17%
June 30, 2007	124,483,332	129,930,047	5,446,715	95.81%	54,572,935	10.00%

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS - PLANS A AND B
JUNE 30, 2002 THROUGH 2007

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, 2007
Actuarial Cost Method	Frozen Attained Age Normal Cost 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). The required payment amount under the parameters of the current accounting standards produces a payment in the amount of \$4,420,902 for Plan A. This amount is approximately 2% lower than the amount required by state statute. The difference is not accounted for in the required supplemental schedules.
Remaining Amortization Period	Plan A 22 years Plan B 16 years
:	
Asset Valuation Method	Market Value adjusted to reflect a four year smoothing of all investment returns above or below the current valuation interest rate.
Actuarial Assumptions:	Expense fund assets are allocated to each plan in proportion to reported payroll.
Investment Rate of Return	8%
Projected Salary Increases	6% (3.25% Inflation, 2.75 Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON A
FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

November 6, 2007

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, 2007, and have issued our report thereon dated November 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipal Employees' Retirement System of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects Municipal Employees' Retirement System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Municipal Employees' Retirement System's financial statements that is more than inconsequential will not be prevented or detected by Municipal Employees' Retirement System's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Municipal Employees' Retirement System's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended for the use of the Board of Trustees, Office of the Legislative Auditor of the State of Louisiana, and management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hagan & Maher, LLP