R E P O R T

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

JUNE 30, 2009 AND 2008

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2009 AND 2008

PAGE

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INDEPENDENT AUDITOR'S REPORT

December 15, 2009

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, 2009 and 2008 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 the standards applicable to financial audits contained in *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, 2009 and 2008 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.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2009 on our consideration of Municipal Employees' Retirement System of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 considered in assessing the results of our audit.

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 Governmental 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, 2009 and 2008, and issued our unqualified opinions on such financial statements. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 31 – 42 and the required statistical information on pages 43 - 45 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, 2004 - 2009 and supplemental schedules for the years ending June 30, 2009 and 2008, 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.

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, 2009

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, 2009. 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 2009 by $685,909,091 which represents a decrease from last year. The net assets held in trust for pension benefits decreased by $122,885,627 or 15.19%. The decrease was primarily due to the dramatic decline in the financial market during the year.

2. Contributions to the System by members and employers totaled $42,829,268, an increase of $1,871,525 or 4.57%. Contributions from ad valorem taxes and revenue sharing increased to $6,287,731, an increase of $733,687 or 13.21%.

3. The investments of the System decreased by $143,200,597. The decrease was due to the overall decline in the financial markets.

4. Pension benefits paid to retirees and beneficiaries increased by $3,075,861 or 6.69%. This increase is due to an increase in the number of retirees and their benefit amounts.

5. Administrative expenses of the System totaled $991,542, an increase of $91,399 or 10.15%.

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, 2009 and 2008.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

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, 2009 and 2008

	2009	2008 (Restated)
Cash	$ 9,636,259	$ 12,009,177
Receivables	7,539,931	6,237,956
Investments	711,348,244	854,548,841
Mitigation bank capitalized project costs	827,921	655,676
Property and equipment	998,789	743,518
Total assets	730,351,144	874,195,168
Total liabilities	44,442,053	65,400,450
Net Assets Held in Trust for Pension Benefits	$ 685,909,091	$ 808,794,718

Plan net assets decreased by $122,885,627 or 15.19%. The decrease in plan net assets was a result of a dramatic decline in financial markets during the year.

Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2009 and 2008

	2009	2008 (Restated)
Additions:		
Contributions	$ 49,116,999	$ 46,511,787
Investment income (loss)	(117,081,081)	12,073,188
Other	765,641	1,064,995
Total additions/(deductions)	(67,198,441)	59,649,970
Total deductions	55,687,186	55,128,333
Increase (decrease)	$ (122,885,627)	$ 4,521,637

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

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 $1,088,816 or 4.39%, primarily due to an increase in salaries. The System experienced a net investment loss of $117,081,081 as compared to a net investment income of $12,073,188 in the previous year. The decrease in investment return over prior year was due to a decline in the financial markets.

	2009	2008	Increase (Decrease) Percentage
Member contributions	$ 16,961,685	$ 16,178,976	4.84%
Employer contributions	25,867,583	24,778,767	4.39%
Ad valorem and state revenue sharing	6,287,731	5,554,044	13.21%
Net investment income/(loss)	(117,081,081)	12,073,188	(1,069.76)%
Other	765,641	1,064,995	(28.11)%
	$ (67,198,441)	$ 59,649,970	

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 $55,687,186 in fiscal year 2009. The increase of $558,853 from the previous year is primarily due to an increase in retirement benefits.

	2009	2008	Increase (Decrease) Percentage
Retirement benefits	$49,021,369	$ 45,945,508	6.69%
Refunds of contributions	3,931,524	3,556,364	10.55%
Refund to Municipality	-	3,623,911	(100.00%)
Administrative expenses	991,542	900,143	10.15%
Depreciation	51,912	48,675	6.65%
Transfer to other systems	1,690,839	1,053,732	60.46%
	$55,687,186	$ 55,128,333	

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

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 $29,414,538 and minority interest in land mitigation banks in the amount of $9,852,279 and minority interest in LLC of $3,542,406 at June 30, 2009 amounted to $668,539,021 as compared to $792,514,453 at June 30, 2008, which is a decrease of $123,975,432 or 15.64%. The major contributing factor to this decrease was a decline in the financial markets. The System's investments in various asset classes at the end of the 2009 and 2008 fiscal years are indicated in the following table:

	2009	2008	Increase (Decrease) Percentage
Cash equivalents	$ 63,724,653	$ 63,977,049	(.39)%
Bonds	22,764,789	23,472,078	(3.01)%
Equities	53,768,287	86,719,912	(37.99)%
Collateral held under securities lending program	29,414,538	55,360,638	(46.87)%
Mutual funds	130,889,792	200,105,145	(34.59)%
Commingled funds	196,181,569	253,202,949	(22.52)%
Limited Partnerships	101,412,176	86,668,260	17.01%
Limited Liability Companies	36,118,360	35,327,355	2.24%
Mitigation credits	45,900,469	28,475,177	61.19%
Notes receivable	12,764,111	9,169,228	39.21%
Line of credit	3,909,062	3,601,035	8.55%
Real estate-mitigation banks and LLC	14,500,438	8,470,015	71.19%
	$ 711,348,244	$ 854,548,841	

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
CONSOLIDATED STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008 (Restated)
ASSETS:		
Cash	$ 9,636,259	$ 12,009,177
Receivables:		
Member contributions	1,248,917	1,132,992
Employer contributions	1,868,290	1,730,052
Accrued alternative investment income	3,173,265	1,259,670
Investment receivable	178,610	218,479
Miscellaneous receivable	37,728	254,074
Accrued interest and dividends	1,033,121	1,642,689
Total	7,539,931	6,237,956
Investments (At fair value):		
Cash equivalents	63,724,653	63,977,049
Bonds	22,764,789	23,472,078
Equities	53,768,287	86,719,912
Collateral held under securities lending program	29,414,538	55,360,638
Mutual funds	130,889,792	200,105,145
Investments in commingled funds	196,181,569	253,202,949
Investments in limited liability companies	36,118,360	35,327,355
Investments in limited partnerships	101,412,176	86,668,260
Investments in mitigation credits	45,900,469	28,475,177
Investments in notes receivable	12,764,111	9,169,228
Investments in line of credit	3,909,062	3,601,035
Investment in real estate-mitigation banks and LLC	14,500,438	8,470,015
Total	711,348,244	854,548,841
Other Assets:		
Mitigation bank capitalized project costs	827,921	655,676
Total	827,921	655,676
Property, plant and equipment:		
Land	389,547	389,547
Building	770,871	592,356
Office furnishings and equipment	348,806	668,272
	1,509,224	1,650,175
Less: Accumulated depreciation	(510,435)	(906,657)
Total	998,789	743,518
Total assets	730,351,144	874,195,168
LIABILITIES:		
Refunds payable	456,728	351,090
Due to related parties	368,402	535,967
Mitigation bank unearned revenue	176,280	-
Accounts payable	287,203	209,510
Minority interest in mitigation banks	9,852,279	6,673,750
Minority interest in LLC	3,542,406	-
Investment payable	262,299	394,727
Note payable	-	1,800,000
Obligations under securities lending program	29,414,538	55,360,638
Long-term mitigation liability	81,918	74,768
Total liabilities	44,442,053	65,400,450
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 685,909,091	$ 808,794,718

See accompanying notes.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
CONSOLIDATED STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008 (Restated)
ADDITIONS:		
Contributions:		
Members'	$ 16,961,685	$ 16,178,976
Employers'	25,867,583	24,778,767
Ad valorem taxes and state revenue sharing funds	6,287,731	5,554,044
Total contributions	49,116,999	46,511,787
Investment income:		
Interest income	4,837,797	4,911,761
Dividend income	1,546,721	2,113,952
Securities lending income	463,134	438,651
Alternative investment income	4,099,552	4,997,111
Net appreciation (depreciation) in fair value of investments	(124,886,722)	2,801,170
	(113,939,518)	15,262,645
Less investment expense:		
Investment advisory fees	2,919,715	2,936,112
Miscellaneous investment expense	-	48,549
Securities lending expense	161,848	144,796
Custodian and bank fees	60,000	60,000
	3,141,563	3,189,457
Net investment loss	(117,081,081)	12,073,188
Other additions:		
Interest-other	38,264	171,647
Transfers from other retirement systems	727,377	893,348
	765,641	1,064,995
Total additions/(deductions)	(67,198,441)	59,649,970
DEDUCTIONS:		
Benefits	49,021,369	45,945,508
Refund of contributions	3,931,524	3,556,364
Refund to Municipality	-	3,623,911
Administrative expenses	991,542	900,143
Depreciation	51,912	48,675
Transfers to other retirement systems	1,690,839	1,053,732
Total deductions	55,687,186	55,128,333
NET INCREASE (DECREASE)	(122,885,627)	4,521,637
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year as previously reported	808,794,718	800,117,496
Prior period adjustment	-	4,155,585
Beginning of year as restated	808,794,718	804,273,081
END OF YEAR	$ 685,909,091	$ 808,794,718

See accompanying notes.

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.

Consolidation:

The consolidated financial statements include the accounts of Municipal Employees' Retirement System, 30% ownership in four mitigation banks, and 61.60% ownership in a limited liability company. The System is allocated 70% of the income, gain and net cash flows of the mitigation banks until they have received their capital contributions to the Banks. All significant intercompany balances have been eliminated in the consolidation.

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 commingled funds, limited liability companies, limited partnerships and the notes receivable are reported at fair value. Investments in mitigation banks is reported at fair value which is reflected as the present value of projected cash flows from the sale of mitigation credits less related project cost. Capitalized project cost related to the mitigation banks include costs related to the acquisition, formation engineering and reforestation and maintenance of the mitigation banks. Land related to the mitigation banks is reported at estimated recreational 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, 2009 and 2008, respectively, there were 82 and 81 contributing municipalities in Plan A and 65 and 64 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, 2009 and 2008 statewide retirement membership consists of:

	2009			2008		
	PLAN A	PLAN B	TOTAL	PLAN A	PLAN B	TOTAL
Active members	4,875	2,204	7,079	4,792	2,134	6,926
Retirees and survivors	2,861	833	3,694	2,794	793	3,587
“Drop Plan” participants	177	65	242	238	57	295
Terminated due deferred benefits	172	67	239	184	68	252
Terminated due refunds	2,596	1,022	3,618	2,561	998	3,559
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	10,681	4,191	14,872	10,569	4,050	14,619

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.

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 a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or

2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

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.

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 it 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.

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, 2009 and 2008, 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, 2009 and 2008, the actuarially determined employer contribution rates were 10.25% and 11.17%, respectively, of member's earnings for Plan A. The actual contribution rates were 13.50% and 13.50% for the years ended June 30, 2009 and 2008, respectively. The actuarially determined employer contribution rates for Plan B for the fiscal years ending June 30, 2009 and 2008 were 4.50% and 5.06%, respectively. The actual contribution rates were 6.75% and 6.75% for the years ended June 30, 2009 and 2008, respectively. For the years ending June 30, 2009 and 2008, the actual rates for Plans A and B are greater than the actuarially required rates due to the System’s ability to elect to maintain the net direct employer contribution rate at the higher current contribution rate and allocate additional funds collected to reduce the System’s frozen unfunded actuarial accrued liability.

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, 2009 AND 2008

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, 2009 and 2008 is $103,219,853 and $100,942,104, respectively, for Plan A and $20,576,851 and $19,644,454, 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, 2009 and 2008 is $268,480,647 and $303,335,014 respectively, for Plan A and $58,873,040 and $65,352,016 respectively, for Plan B. The Pension Accumulation Reserve is 33.94% and 73.37% funded for Plan A and 55.68% and 89.78% funded for Plan B as of June 30, 2009 and 2008, 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, 2009 and 2008 is $344,755,409 and $326,407,128, respectively, for Plan A and $58,060,771 and $54,142,591, respectively, for Plan B. The Annuity Reserve is fully funded for both plans.

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, 2009 and 2008 is $22,964,790 and $20,986,430, respectively, for Plan A and $4,036,451 and $3,455,398, respectively, for Plan B. The Deferred Retirement Option Account is fully funded for both plans.

F) Funding Deposit Account:

The Funding Deposit Account consists of excess contribution collected by the System. The excess funds earn interest at the board approved actuarial valuation rate and are credited to the fund at least once a year. These funds are due to the System freezing the employer rate at a higher rate than actuarially required. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability, (2) reduce the present value of future normal, and/or (3) pay all or a portion of any future net direct employer contributions. The Funding Deposit Account was established as of January 1, 2009 and has a balance as of June 30, 2009 of $6,105,938 for Plan A and $1,806,555 for Plan B.

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 43 - 44.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2009 and 2008:

	2009	2008
Deposits (bank balance)	$ 6,813,579	$ 6,111,767
Cash equivalents	63,724,653	63,977,049
Investments	647,623,591	790,571,792
	$ 718,161,823	$ 860,660,608

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.

The System's variable interest entities maintain cash balances at various banks. Cash accounts are insured by the FDIC for up to $250,000. For the years ended June 30, 2009 and 2008, bank balances in excess of insured limits were $2,676,339 and $5,636,502, respectively.

Cash Equivalents:

For the years ended June 30, 2009 and 2008, cash equivalents in the amount of $45,458,013 and $48,027,395, 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, 2009 and 2008, cash equivalents in the amount of $18,266,640 and $15,949,654, 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.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-RS 33:2955. LAMP is rated AAAm by Standard & Poor's.

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

Cash Equivalents: (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool share.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The System's cash equivalents were rated AAA by Standard and Poors.

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).

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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, 2009 and 2008.

2009

	Federal Home Loan Mortgage Corp.	Federal National Mortgage Assn.	Government National Mortgage Assn.	Corporate Bonds	Total
BBB+	--	--	--	1,076,530	1,076,530
BBB	- -	- -	- -	--	--
BBB-	- -	- -	- -	749,357	749,357
BB-	- -	- -	- -	3,793,480	3,793,480
B+	- -	- -	- -	1,508,595	1,508,595
B	- -	- -	- -	1,180,340	1,180,340
B-	- -	- -	- -	2,538,997	2,538,997
CCC+	- -	- -	- -	4,518,183	4,518,183
CCC	- -	- -	- -	2,958,705	2,958,705
CCC-	- -	- -	- -	930,480	930,480
CC	--	--	--	310,500	310,500
D	- -	- -	- -	1,134,693	1,134,693
Not Rated	93,089	601,303	552,677	817,860	2,064,929
	$ 93,089	$ 601,303	$ 552,677	$ 21,517,720	$ 22,764,789

2008

	Federal Home Loan Mortgage Corp.	Federal National Mortgage Assn.	Government National Mortgage Assn.	Corporate Bonds	Total
A-	$ - -	$ - -	$ - -	$ 472,203	$ 472,203
BBB	- -	- -	- -	671,180	671,180
BBB-	- -	- -	- -	983,768	983,768
BB	- -	- -	- -	996,748	996,748
BB-	- -	- -	- -	488,890	488,890
B+	- -	- -	- -	4,643,146	4,643,146
B	- -	- -	- -	4,865,594	4,865,594
B-	- -	- -	- -	2,313,750	2,313,750
CCC+	- -	- -	- -	3,361,653	3,361,653
CCC	- -	- -	- -	813,240	813,240
CCC-	- -	- -	- -	1,549,995	1,549,995
C	- -	- -	- -	16,440	16,440
D	- -	- -	- -	801,990	801,990
Not Rated	109,089	732,725	651,667	- -	1,493,481
	$ 109,089	$ 732,725	$ 651,667	$ 21,978,597	$ 23,472,078

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

At June 30, 2009, the System invested in five mutual funds in the amount of $45,527,385. The weighted average credit rating of holdings in the funds are as follows: Loomis Sayles in the amount of $21,066,659 is rated Baa1, Brandywine Global Opportunistic Fixed Income Fund in the amount of $18,742,028 is rated A1, Ashmore Emerging Markets Debt Fund in the amount of $5,236,442 has a credit rating ranging from AA to CC with the majority of the assets not rated or rated at BB+, Nuveen Senior Income Fund in the amount of $214,114 has a credit rating ranging from AAA to CC with the majority of assets rated at BB or B, and Pimco Floating Rate Strategy Fund in the amount of $268,142 has a credit rating ranging from AAA to <B with an average credit rating of BBB-.

At June 30, 2008, the System invested in two mutual funds in the amount of $62,259,176. The weighted average credit ratings of holdings in the funds were A+ and Baa1.

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.

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, 2009 and 2008 for investments in the amounts of $636,475,693 and $751,160,808, respectively, since the investments are in the name of the System. At June 30, 2009 and 2008, for cash collateral held under the securities lending program in the amounts of $29,414,538 and $55,360,638, 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.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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

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, 2009 and 2008, the System had the following investments in long-term debt securities and maturities:

2009	Fair Value	Less Than 1	1 – 5	6 – 10	More Than 10
Investment Type					
Corporate Bonds	$ 21,517,720	$ 1,771,875	$ 16,682,615	$ 2,263,230	$ 800,000
Federal Home Loan Mortgage Corporation	93,089	--	1,737	66,116	25,236
Federal National Mortgage Assn.	601,303	--	--	120,809	480,494
Government National Mortgage Assn.	552,677	--	--	365,274	187,403
	$ 22,764,789	$ 1,771,875	$ 16,684,352	$ 2,815,429	$ 1,493,133
Collateral Held Under Securities Lending Program	$ 29,414,538	$ 29,414,538	$ --	$ --	$ --

2008	Fair Value	Less Than 1	1 – 5	6 – 10	More Than 10
Investment Type					
Corporate Bonds	$ 21,978,597	$ --	$ 13,915,440	$ 7,263,157	$ 800,000
Federal Home Loan Mortgage Corporation	109,089	3,596	2,569	73,993	28,931
Federal National Mortgage Assn.	732,725	1,804	2,240	--	728,681
Government National Mortgage Assn.	651,667	--	--	421,886	229,781
	$ 23,472,078	$ 5,400	$ 13,920,249	$ 7,759,036	$ 1,787,393
Collateral Held Under Securities Lending Program	$ 55,360,638	$ 55,360,638	$ --	$ --	$ --

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

At June 30, 2009 and 2008, the System has committed to invest an additional $46,685,409 and $49,640,419, respectively, in various investments.

7. INVESTMENT - MITIGATION CREDITS:

At June 30, 2008, the System has an investment in a variable interest entity which consist of four limited liability companies. The limited liability companies are mitigation banking entities ("the Banks"). The Banks acquire land in the state of Louisiana, restore original wetland features and protect the land in perpetuity. As a result of the land restoration and protection, the Banks are granted land mitigation credits by the U.S. Army Corps of Engineers. These credits are sold to developers and landowners in need of habitat to substitute for those being lost to development. The System has a 30% ownership in each Bank. However, the System is allocated 70% of the income, gain and net cash flows until they have received their capital contributions to the Banks. The System has committed to invest $23,404,500 in the Banks over the next few years. As of June 30, 2009 and 2008, the System has invested $19,942,292 and $10,594,500, respectively, in the Banks.

The Banks' net assets have been consolidated with the net assets of the System and is reported as an investment on the statement of net assets. The System's share of the market value of the net assets of the mitigation banks as of June 30, 2009 and 2008 is $44,517,606 and $34,814,951, respectively.

The Bank's creditors lack recourse against the System as the Banks were set up as limited liability companies.

8. 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 stocks 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, 2009 and 2008, the fair value of the securities on loan was $28,909,179 and $53,458,741, 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, 2009 and 2008. 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.

9. 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, 2009, 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, 2009 and 2008, is estimated to be $15,723 and $15,723, respectively. Accumulated vacation leave is not material and therefore not accrued (reflected) in the accompanying financial statements.

10. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment as of June 30, 2009 and 2008, are as follows:

2009

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 389,547	$ --	$ --	$ 389,547
Building	592,356	178,515	--	770,871
Equipment	668,272	128,668	(448,134)	348,806
Accumulated depreciation	(906,657)	(51,912)	448,134	(510,435)
	$ 743,518	$ 255,271	$ --	$ 998,789

2008

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 389,547	$ --	$ --	$ 389,547
Building	592,356	--	--	592,356
Equipment	651,207	17,065	--	668,272
Accumulated depreciation	(857,980)	(48,677)	--	(906,657)
	$ 775,130	$ (31,612)	$ --	$ 743,518

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, 2009 and 2008 is $51,912 and $48,675, respectively.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

11. TAX QUALIFICATION:

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

12. 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.

13. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The funded status of the Plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

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, 2009	$670,910,030	$745,526,637	$74,616,607	89.99%	$157,082,727	47.50%

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, 2009	$138,441,127	$143,353,668	$4,912,541	96.57%	$64,816,945	7.58%

13. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN: (Continued)

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of the Plan's assets are increasing or decreasing over time relative to the AALs for benefits.

Valuation Date	June 30, 2009
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).
Remaining Amortization Period	Plan A 20 years Plan B 14 years
Asset Valuation Method	Market Value of investment securities adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.
Actuarial Assumptions:	
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.

13. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN: (Continued)

Changes in Actuarial Valuation Methods, Assumptions and Amortization Periods	Change in the method of calculating the actuarial value of assets from five year phase in of earning above or below the assumed rate of return subject to limits of 90% to 110% of the market value of assets to the above described method.
Changes in Normal Costs	For the year ended June 30, 2009, Plan A and Plan B incurred an increase in normal cost in the amount of $12,880,984 and $3,083,299, respectively. This increase was due to an unfavorable asset experience. The increase was offset by a decrease in normal cost for Plan A and Plan B in the amount of $6,308,841 and $1,510,136, respectively. This decrease was due to a change in the asset valuation method. The effect of the change in normal cost for years ending subsequent to June 30, 2009 has not been determined.

14. OTHER POST EMPLOYMENT BENEFITS (OPEB):

All employees are eligible for post-employment health care benefits when they reach normal retirement age while working for the System. At June 30, 2009, six retirees were receiving post-employment benefits.

Plan Description

The System's employees participate in the Louisiana Municipal Risk Management Agency II Plan (the Plan), an agent multiple-employer defined benefit health plan that provides medical benefits to eligible active employees, retirees and their beneficiaries. The Plan administrator is the Louisiana Municipal Association. The Louisiana Municipal Association is established and sponsored by Louisiana Municipal Risk Management Agency II. The LA Municipal Association through its Risk Management Division has the authority to establish and amend plan provisions.

Funding Policy

The System recognizes the cost of providing post-employment medical benefits (the System's portion of the retiree medical benefit premiums) as an expense when the benefit premiums are due and thus finances the cost of the post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2009, the System's portion of health care premiums for retired employees totaled $25,951. Effective for the fiscal year beginning July 1, 2008, the System implemented Government Accounting Standards Board Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions* (GASB 45) prospectively.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

14. OTHER POST EMPLOYMENT BENEFITS (OPEB): (Continued)

Funding Policy (Continued)

The contribution requirements of plan members and the System are established and may be amended by the Louisiana Municipal Association through its Risk Management Division. Retired employees have access to two Preferred Provider Organization Plans (PPO), depending on the years of service. The System contributes 50% of the individual and family employee monthly premiums for both types of PPO plans. For retirees with a minimum of 20 years of service and under 65 years of age, the employer and retiree portion of the monthly premium for an individual retiree and family is $225.22 and $330.17, respectively. For retirees with a minimum of 20 years of service and over 65 years of age, the employer and retiree portion of the monthly premium for an individual retiree and family is $155.70 and $159.97, respectively. For retirees with a minimum of 10 years of service and a minimum of 60 years of age, the employer and retiree portion of the monthly premium for an individual retiree under 65 years of age and family is $225.22 and $330.17, respectively. For retirees with a minimum of 10 years of service and a minimum of 60 years of age, the employer and retiree portion of the monthly premium for an individual retiree over 65 years of age and family is $155.70 and $159.97, respectively.

Annual Required Contribution

The System's Annual Required Contribution (ARC) is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities. The total ARC for the fiscal year beginning July 1, 2008 is $31,257, as set forth below:

Normal Cost	$ 13,338
Amortization of the UAAL	16,717
Interest	1,202
Annual required contribution (ARC)	$ 31,257

Net Other Post Employment (OPEB) Obligation

The table below shows the System's Net Other Post-Employment Benefit (OPEB) obligation for fiscal year ended June 30, 2009:

Beginning Net OPEB Obligation – 7/1/2008	$ -
Annual required contribution	31,257
ARC adjustment	-
OPEB cost	31,257
Contribution	-
Current year claim cost	(25,951)
Change in Net OPEB Obligation	5,306
Ending Net OPEB Obligation – 06/30/2009	$ 5,306

14. OTHER POST EMPLOYMENT BENEFITS (OPEB): (Continued)

Net Other Post Employment (OPEB) Obligation (Continued)

The Net OPEB Obligation at June 30, 2009 is not material and therefore not accrued (reflected) in the accompanying financial statements.

The following table shows the System's annual other post employment benefits (OPEB) cost, percentage of the cost contributed utilizing the pay-as-you-go method, and the net unfunded other post employment benefits (OPEB) liability:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal Year Ended June 30, 2009	$31,257	83.03%	$5,306

Funded Status and Funding Progress

In the fiscal year ending June 30, 2009, the System made no contributions to its other post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was $489,571, which is defined as that portion, as determined by a particular actuarial cost method (the System uses the Entry Age Actuarial Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009, the entire actuarial accrued liability of $489,571 was unfunded.

Actuarial Accrued Liability (AAL)	$ 489,571
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 489,571
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (annual payroll of active employee employee covered by the plan)	$ 298,673
UAAL as a percentage of covered payroll	163.92%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial valuation for other post employment benefits includes estimates and assumptions regarding (1) turnover and retirement rates; (2) medical inflation and claims costs; (3) mortality; and (4) discount

14. OTHER POST EMPLOYMENT BENEFITS (OPEB): (Continued)

Actuarial Methods and Assumptions (Continued)

rate (investment return assumption). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the types of benefits provided under the substantive plan (the plan as understood by the System and plan members) at the time of the valuation and on the pattern of sharing costs between the System and plan members to that point. The projection of benefits for financial statement purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the System and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

In the June 30, 2009 actuarial valuation, the Alternative Measurement Method (AMM) was used in determining the annual required contribution and unfunded actuarial accrued liability. Under this method, the Entry Age Actuarial Cost Method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of 30 years in developing the annual required contribution.

Turnover and Retirement Rates Assumption

This assumption is used in determining how likely it is that an employee will qualify for post-employment benefits and when will benefits start. A standard turnover assumption has been used.

Healthcare Cost Trend Rate

This assumption is used in determining how much will post-employment benefits cost each year and how rapidly will the cost grow when an employee starts receiving post-employment benefits. The expected rate of increase in medical cost is based on projections performed by Getzen model promulgated by Society of Actuaries. Per the model, the rates for health care cost range from 9% in year 1 to 4.7% in year 10 and over.

Mortality Rate

This assumption is used in determining how long a retiree is likely to receive the benefits. The RP2000 Mortality Table for Males and Females Projected 10 years has been used.

14. OTHER POST EMPLOYMENT BENEFITS (OPEB): (Continued)

Discount Rate (Investment Return Assumption)

This assumption is used in determining what the present value is of those future benefit payments in terms of today's dollars. The discount rate is based on the long-term earnings potential of any investments set up in a trust to prefund these benefits. If the benefits are not prefunded, the discount rate must be set based on the expected earnings of the general fund. A 3% annual investment return has been used in the valuation. The discount rate baseline was calculated using a 0% plan asset return rate, a 3% employer asset return rate and funds irrevocably set aside for OPEB.

15. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS:

The System restated its results for the period ended June 30, 2008, to reflect a correction related to its valuation of Mitigation Credits, and associated unrealized gain, and capitalized project costs. The System also restated its results for the period ended June 30, 2008, to reflect a correction related to the consolidation of mitigation banks, including its allocation of income to minority shareholder. The effects of the restatements were to increase plan net assets for the period ended June 30, 2008 by $3,004,692.

The effects of the restatements on the statement of plan net assets and the statement of changes in plan net assets as of and for the year ended June 30, 2008 are as follows:

	As previously reported	Restated
Investment in mitigation credits	$44,923,530	$28,475,177
Investment in real estate-mitigation banks	-	8,470,015
Investment in notes receivable	9,009,228	9,169,228
Mitigation bank capitalized project costs	-	655,676
Other receivables	48,989	254,074
Accounts payable	118,111	209,510
Long-term maintenance liability	-	74,768
Minority interest	20,957,772	6,673,750
Prior period adjustment	-	4,155,585
Net assets held in trust	801,634,441	808,794,718
Appreciation (depreciation) in fair value of investments	(209,959)	2,801,170

16. PRIOR PERIOD ADJUSTMENT:

The System restated its results for the period ended June 30, 2007 to reflect a correction related to the allocation of income to minority shareholder for the mitigation banks. The effect of the correction was to increase the plan net assets for the year ended June 30, 2007 by $4,155,585.

17. RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN A
FOR THE YEAR ENDED JUNE 30, 2009

	Annuity Reserve	Annuity Savings	DROP	Funding Deposit Account	Pension Accumulation	Unfunded Actuarial Liability	Total
BALANCES, JULY 1, 2008	$ 326,407,128	$ 100,942,104	$ 20,986,430	$ -	$ 303,335,014	$ (79,180,011)	$ 672,490,665
REVENUES AND TRANSFERS:							
Contributions:							
Members	-	13,823,329	-	-	-	-	13,823,329
Employers	-	-	-	6,105,938	15,339,663	-	21,445,601
Ad valorem taxes and state revenue sharing funds	-	-	-	-	4,495,733	-	4,495,733
Net loss from investments and other sources	-	-	-	-	(97,355,717)	-	(97,355,717)
Transfer from annuity savings	8,196,511	-	-	-	-	-	8,196,511
Pensions transferred from annuity reserve	-	-	5,157,125	-	-	-	5,157,125
Transfers from other systems	-	143,467	-	-	363,874	-	507,341
Transfers to/from Plans	-	-	-	-	20,216	-	20,216
Actuarial transfer	53,859,291	-	-	-	44,319,522	-	98,178,813
Total revenues	62,055,802	13,966,796	5,157,125	6,105,938	(32,816,709)	-	54,468,952
EXPENDITURES AND TRANSFERS:							
Retirement allowances paid	38,550,396	-	3,178,765	-	-	-	41,729,161
Refunds to members	-	3,093,707	-	-	-	-	3,093,707
Refund to Municipality	-	-	-	-		-	-
Transfers to annuity reserve	-	8,196,511	-	-	-	-	8,196,511
Pensions transferred to DROP	5,157,125	-	-	-	-	-	5,157,125
Transfers to other systems	-	398,829	-	-	1,133,495	-	1,532,324
Transfer to expense fund	-	-	-	-	884,891	-	884,891
Depreciation	-	-	-	-	19,272	-	19,272
Actuarial transfer	-	-	-	-	-	98,178,813	98,178,813
Total expenditures	43,707,521	11,689,047	3,178,765	-	2,037,658	98,178,813	158,791,804
NET INCREASE (DECREASE)	18,348,281	2,277,749	1,978,360	6,105,938	(34,854,367)	(98,178,813)	(104,322,852)
BALANCES, JUNE 30, 2009	$ 344,755,409	$ 103,219,853	$ 22,964,790	$ 6,105,938	$ 268,480,647	$ (177,358,824)	$ 568,167,813

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN A
FOR THE YEAR ENDED JUNE 30, 2008

	Annuity Reserve	Annuity Savings	DROP	Pension Accumulation	Unfunded Actuarial Liability	Total
BALANCES, JULY 1, 2007, as previously reported	$ 306,103,941	$ 97,829,545	$ 18,225,630	$ 275,499,525	$ (30,313,161)	$ 667,345,480
Prior period adjustment	-	-	-	3,456,729	-	3,456,729
BALANCES, JULY 1, 2007, as restated	306,103,941	97,829,545	18,225,630	278,956,254	(30,313,161)	670,802,209
REVENUES AND TRANSFERS:						
Contributions:						
Members	-	13,186,261	-	-	-	13,186,261
Employers	-	-	-	20,535,599	-	20,535,599
Ad valorem taxes and state revenue sharing funds	-	-	-	4,006,086	-	4,006,086
Net income from investments and other sources	-	-	-	10,051,222	-	10,051,222
Transfer from annuity savings	7,182,844	-	-	-	-	7,182,844
Pensions transferred from annuity reserve	-	-	5,441,002	-	-	5,441,002
Transfers from other systems	-	178,253	-	598,655	-	776,908
Transfers to/from Plans	-	-	-	119,074	-	119,074
Actuarial transfer	54,936,929	-	-	-	-	54,936,929
Total revenues	62,119,773	13,364,514	5,441,002	35,310,636	-	116,235,925
EXPENDITURES AND TRANSFERS:						
Retirement allowances paid	36,375,584	-	2,680,202	-	-	39,055,786
Refunds to members	-	2,904,972	-	-	-	2,904,972
Transfers to municpality	-	-	-	3,623,911	-	3,623,911
Transfers to annuity reserve	-	7,182,844	-	-	-	7,182,844
Pensions transferred to DROP	5,441,002	-	-	-	-	5,441,002
Transfers to other systems	-	164,139	-	639,741	-	803,880
Transfer to expense fund	-	-	-	583,337	-	583,337
Depreciation	-	-	-	14,808	-	14,808
Actuarial transfer	-	-	-	6,070,079	48,866,850	54,936,929
Total expenditures	41,816,586	10,251,955	2,680,202	10,931,876	48,866,850	114,547,469
NET INCREASE (DECREASE)	20,303,187	3,112,559	2,760,800	24,378,760	(48,866,850)	1,688,456
BALANCES, JUNE 30, 2008	$ 326,407,128	$ 100,942,104	$ 20,986,430	$ 303,335,014	$ (79,180,011)	$ 672,490,665

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN B
FOR THE YEAR ENDED JUNE 30, 2009

	Annuity Reserve	Annuity Savings	DROP	Funding Deposit Account	Pension Accumulation	Surplus (Unfunded) Actuarial Liability	Total
BALANCES, JULY 1, 2008	$ 54,142,591	$ 19,644,454	$ 3,455,398	$ -	$ 65,352,016	$ (6,558,148)	$ 136,036,311
REVENUES AND TRANSFERS:							
Contributions:							
Members	-	3,138,356	-	-	-	-	3,138,356
Employers	-	-	-	1,806,555	2,615,427	-	4,421,982
Ad valorem taxes and state revenue sharing funds	-	-	-	-	1,791,998	-	1,791,998
Net loss from investments and other sources	-	-	-	-	(19,691,320)	-	(19,691,320)
Transfer from annuity savings	1,406,267	-	-	-	-	-	1,406,267
Pensions transferred from annuity reserve	-	-	1,018,743	-	-	-	1,018,743
Transfers from other systems	-	78,133	-	-	141,903	-	220,036
Actuarial transfer	10,385,174	-	-	-	9,151,936	-	19,537,110
Total revenues	11,791,441	3,216,489	1,018,743	1,806,555	(5,990,056)	-	11,843,172
EXPENDITURES AND TRANSFERS:							
Retirement allowances paid	6,854,518	-	437,690	-	-	-	7,292,208
Refunds to members	-	837,817	-	-	-	-	837,817
Transfers to annuity reserve	-	1,406,267	-	-	-	-	1,406,267
Pensions transferred to DROP	1,018,743	-	-	-	-	-	1,018,743
Transfers to other systems	-	40,008	-	-	118,507	-	158,515
Transfer to expense fund	-	-	-	-	343,922	-	343,922
Transfer to from Plans	-	-	-	-	20,216	-	20,216
Depreciation	-	-	-	-	6,275	-	6,275
Actuarial transfer	-	-	-	-	-	19,537,110	19,537,110
Total expenditures	7,873,261	2,284,092	437,690	-	488,920	19,537,110	30,621,073
NET INCREASE (DECREASE)	3,918,180	932,397	581,053	1,806,555	(6,478,976)	(19,537,110)	(18,777,901)
BALANCES, JUNE 30, 2009	$ 58,060,771	$ 20,576,851	$ 4,036,451	1,806,555	58,873,040	$ (26,095,258)	$ 117,258,410

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES-PLAN B
FOR THE YEAR ENDED JUNE 30, 2008

	Annuity Reserve	Annuity Savings	DROP	Pension Accumulation	Surplus (Unfunded) Actuarial Liability	Total
BALANCES, JULY 1, 2007, as previously reported	$ 51,976,545	$ 18,533,447	$ 3,100,485	$ 56,319,570	$ 2,396,026	$ 132,326,073
Prior period adjustment	-	-	-	698,856	-	698,856
BALANCES, JULY 1, 2007, as restated	51,976,545	18,533,447	3,100,485	57,018,426	2,396,026	133,024,929
REVENUES AND TRANSFERS:						
Contributions:						
Members	-	2,992,715	-	-	-	2,992,715
Employers	-	-	-	4,243,168	-	4,243,168
Ad valorem taxes and state revenue sharing funds	-	-	-	1,547,958	-	1,547,958
Net income from investments and other sources	-	-	-	2,242,300	-	2,242,300
Transfer from annuity savings	1,223,351	-	-	-	-	1,223,351
Pensions transferred from annuity reserve	-	-	746,871	-	-	746,871
Transfers from other systems	-	33,815	-	82,625	-	116,440
Actuarial transfer	8,187,330	-	-	766,844	-	8,954,174
Total revenues	9,410,681	3,026,530	746,871	8,882,895	-	22,066,977
EXPENDITURES AND TRANSFERS:						
Retirement allowances paid	6,497,764	-	391,958	-	-	6,889,722
Refunds to members	-	651,392	-	-	-	651,392
Transfers to annuity reserve	-	1,223,351	-	-	-	1,223,351
Pensions transferred to DROP	746,871	-	-	-	-	746,871
Transfers to other systems	-	40,780	-	209,072	-	249,852
Transfer to expense fund	-	-	-	216,663	-	216,663
Transfer to from Plans	-	-	-	119,074	-	119,074
Depreciation	-	-	-	4,496	-	4,496
Actuarial transfer	-	-	-	-	8,954,174	8,954,174
Total expenditures	7,244,635	1,915,523	391,958	549,305	8,954,174	19,055,595
NET INCREASE (DECREASE)	2,166,046	1,111,007	354,913	8,333,590	(8,954,174)	3,011,382
BALANCES, JUNE 30, 2008	$ 54,142,591	$ 19,644,454	$ 3,455,398	$ 65,352,016	$ (6,558,148)	$ 136,036,311

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATON
CONSOLIDATED SCHEDULE OF INVESTMENTS
JUNE 30, 2009 AND 2008

	2009 MARKET VALUE	2008 MARKET VALUE
PLAN "A"		
Bonds:		
U.S. Government Agency	$ 1,035,266	$ 1,242,318
Corporate Bonds	17,863,133	18,282,396
Total Bonds	$ 18,898,399	$ 19,524,714
Cash equivalents	$ 53,255,038	$ 53,423,813
Equities:		
U.S. Equities	$ 36,434,207	$ 63,512,163
Foreign Equities	8,202,031	8,623,822
Total Equities	$ 44,636,238	$ 72,135,985
Equity mutual funds:		
U.S. Equity Mutual Fund	$ 13,150,865	$ 3,261,117
International Equity Mutual Funds	57,713,524	111,402,915
Total Equity Mutual Funds	70,864,389	114,664,032
Fixed income mutual funds	37,794,977	51,788,879
Total mutual funds	$ 108,659,366	$ 166,452,911
Investment - commingled funds	$ 162,839,250	$ 210,613,059
Investment - limited liability companies	$ 29,985,681	$ 29,388,451
Investment - limited partnerships	$ 84,207,511	$ 72,088,466
Investment - mitigation credits	$ 38,104,696	$ 23,686,428
Investment - notes receivable	$ 10,596,244	$ 7,626,649
Investment - line of credit	$ 3,245,148	$ 2,995,341
Investment in real estate-mitigation banks and LLC	$ 12,037,672	$ 7,045,589

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATON
SCHEDULE OF INVESTMENTS
JUNE 30, 2009 AND 2008

	2009 MARKET VALUE	2008 MARKET VALUE
PLAN "B"		
Bonds:		
U.S. Government Agency	$ 211,803	$ 251,163
Corporate Bonds	3,654,587	3,696,201
Total Bonds	$ 3,866,390	$ 3,947,364
Cash equivalents	$ 10,469,615	$ 10,553,236
Equities:		
U.S. Equities	$ 7,454,010	$ 12,840,425
Foreign Equities	1,678,039	1,743,502
Total Equities	$ 9,132,049	$ 14,583,927
Mutual Funds:		
Equity Mutual Funds		
U.S. Equity Mutual Fund	$ 2,690,510	$ 659,309
International Equity Mutual Funds	11,807,508	22,522,628
Total Equity Mutual Funds	14,498,018	23,181,937
Fixed income mutual funds	7,732,408	10,470,297
Total mutual funds	$ 22,230,426	$ 33,652,234
Investment - commingled funds	$ 33,342,319	$ 42,589,890
Investment - limited liability companies	$ 6,132,679	$ 5,938,904
Investment - limited partnerships	$ 17,204,665	$ 14,579,794
Investment - mitigation credits	$ 7,795,773	$ 4,788,749
Investment - notes receivable	$ 2,167,867	$ 1,542,579
Investments - line of credit	$ 663,914	$ 605,694
Investment in real estate-mitigation banks and LLC	$ 2,462,766	$ 1,424,426

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009 Expense Fund	2008 Expense Fund
Building and yard maintenance	$ 45,414	$ 14,138
Hospitalization	49,668	51,174
Insurance	18,856	18,274
Miscellaneous	6,208	1,110
Office equipment maintenance	34,841	34,189
Office supplies	20,824	16,883
Travel	85,252	62,699
Board member - per diem	4,800	4,725
Postage	14,453	12,475
Printing	8,428	6,149
Professional fees	47,602	64,228
Retainer fees	78,120	69,540
Retirement - employer portion	65,718	61,462
Salaries	494,075	465,317
Telephone	6,164	6,832
Utilities	11,119	10,948
Total	$ 991,542	$ 900,143

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM TO BOARD MEMBERS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009 PER DIEM	2008 PER DIEM
Johnny Berthelot	$ 750	$ 750
Dudley Dixon	675	600
Clarence Fields	75	675
Ronnie Harris	75	-
Robert Hebert	-	450
Gerald Johnson	675	675
Michael Sands	750	75
Bill Robertson	225	-
Claire Sarradet	750	750
Mary Vice	825	750
TOTAL	$ 4,800	$ 4,725

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
CONSOLIDATED INDIVIDUAL FUNDS STATEMENT OF PLAN NET ASSETS
JUNE 30, 2009

	PLAN "A"	PLAN "B"	EXPENSE FUND	TOTAL
ASSETS:				
Cash	$ 6,511,494	$ 2,607,997	$ 516,768	$ 9,636,259
Receivables:				
Member contributions	979,309	269,608	-	1,248,917
Employer contributions	1,504,035	364,255	-	1,868,290
Accrued alternative investment income	2,652,698	520,567	-	3,173,265
Investment receivable	148,275	30,335	-	178,610
Miscellenous receivable	21,796	15,932	-	37,728
Due to (from) other funds	17,613	(17,613)	-	-
Accrued interest and dividends	857,798	175,323	-	1,033,121
Total	6,181,524	1,358,407	-	7,539,931
Investments:				
Cash equivalents	53,255,038	10,469,615	-	63,724,653
Bonds	18,898,399	3,866,390	-	22,764,789
Equities	44,636,238	9,132,049	-	53,768,287
Collateral held under securities lending program	24,418,749	4,995,789	-	29,414,538
Mutual funds	108,659,366	22,230,426	-	130,889,792
Investments in commingled funds	162,839,250	33,342,319	-	196,181,569
Investments in limited liability companies	29,985,681	6,132,679	-	36,118,360
Investments in limited partnerships	84,207,511	17,204,665	-	101,412,176
Investments in mitigation credits	38,104,696	7,795,773	-	45,900,469
Investments in notes receivable	10,596,244	2,167,867	-	12,764,111
Investments in line of credit	3,245,148	663,914	-	3,909,062
Investment in real estate-mitigation banks and LLC	12,037,672	2,462,766	-	14,500,438
Total	590,883,992	120,464,252	-	711,348,244
Other Assets:				
Mitigation bank capitalized project costs	687,306	140,615	-	827,921
Total	687,306	140,615	-	827,921
Property, plant, and equipment:				
Land	296,248	93,299	-	389,547
Building	582,026	188,845	-	770,871
Office furnishings and equipment	74,382	28,708	245,716	348,806
	952,656	310,852	245,716	1,509,224
Less: Accumulated depreciation	(244,712)	(74,558)	(191,165)	(510,435)
	707,944	236,294	54,551	998,789
Total assets	604,972,260	124,807,565	571,319	730,351,144
LIABILITIES:				
Refunds payable	360,668	96,060	-	456,728
Due to related parties	305,832	62,570	-	368,402
Mitigation bank unearned revenue	146,340	29,940	-	176,280
Accounts payable	167,382	31,370	88,451	287,203
Minority interest in mitigation banks	8,178,960	1,673,319	-	9,852,279
Minority interest in LLC	2,940,761	601,645	-	3,542,406
Investment payable	217,750	44,549	-	262,299
Obligation under securities lending program	24,418,749	4,995,789	-	29,414,538
Long-term mitigation liability	68,005	13,913	-	81,918
Total liabilities	36,804,447	7,549,155	88,451	44,442,053
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 568,167,813	$ 117,258,410	$ 482,868	$ 685,909,091

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF PLAN NET ASSETS
JUNE 30, 2008

	PLAN "A"	PLAN "B"	EXPENSE FUND	TOTAL
ASSETS:				
Cash	$ 9,515,210	$ 2,260,177	$ 233,790	$ 12,009,177
Receivables:				
Member contributions	922,823	210,169	-	1,132,992
Employer contributions	1,435,055	294,997	-	1,730,052
Accrued alternative investment income	1,064,110	195,560	-	1,259,670
Investment receivable	181,737	36,742	-	218,479
Miscelleneous receivable	200,545	53,529	-	254,074
Due to (from) other funds	84,220	(84,220)	-	-
Accrued interest and dividends	1,366,438	276,251	-	1,642,689
Total	5,254,928	983,028	-	6,237,956
Investments:				
Cash equivalents	53,423,813	10,553,236	-	63,977,049
Bonds	19,524,714	3,947,364	-	23,472,078
Equities	72,135,985	14,583,927	-	86,719,912
Collateral held under securities lending program	46,050,487	9,310,151	-	55,360,638
Mutual funds	166,452,911	33,652,234	-	200,105,145
Investments in commingled funds	210,613,059	42,589,890	-	253,202,949
Investments in limited liability companies	29,388,451	5,938,904	-	35,327,355
Investments in limited partnerships	72,088,466	14,579,794	-	86,668,260
Investments in mitigation credits	23,686,428	4,788,749	-	28,475,177
Investments in notes receivable	7,626,649	1,542,579	-	9,169,228
Investments in line of credit	2,995,341	605,694	-	3,601,035
Investment in real estate-mitigation banks and LLC	7,045,589	1,424,426	-	8,470,015
Total	711,031,893	143,516,948	-	854,548,841
Other Assets:				
Mitigation bank capitalized project costs	545,409	110,267	-	655,676
Total	545,409	110,267	-	655,676
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	422,960	668,272
	937,179	290,036	422,960	1,650,175
Less: Accumulated depreciation	(403,863)	(124,755)	(378,039)	(906,657)
	533,316	165,281	44,921	743,518
Total assets	726,880,756	147,035,701	278,711	874,195,168
LIABILITIES:				
Refunds payable	287,032	64,058	-	351,090
Due to related parties	445,832	90,135	-	535,967
Accounts payable	167,505	31,036	10,969	209,510
Minority interest in mitigation banks	5,551,407	1,122,343	-	6,673,750
Investment payable	328,345	66,382	-	394,727
Note payable	1,497,289	302,711	-	1,800,000
Obligation under securities lending program	46,050,487	9,310,151	-	55,360,638
Long-term mitigation liability	62,194	12,574	-	74,768
Total liabilities	54,390,091	10,999,390	10,969	65,400,450
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 672,490,665	$ 136,036,311	$ 267,742	$ 808,794,718

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

ADDITIONS:	PLAN "A"	PLAN "B"	EXPENSE FUND	TOTAL
Contributions:				
Members'	$ 13,823,329	$ 3,138,356	$ -	$ 16,961,685
Employers'	21,445,601	4,421,982	-	25,867,583
Ad valorem taxes and state revenue sharing funds	4,495,733	1,791,998	-	6,287,731
Total contributions	39,764,663	9,352,336	-	49,116,999
Investment income:				
Interest income	4,015,022	822,775	-	4,837,797
Dividend income	1,285,248	261,473	-	1,546,721
Securities lending income	384,822	78,312	-	463,134
Alternative investment income	3,407,586	691,966	-	4,099,552
Net (depreciation) in fair value of investments	(103,863,941)	(21,022,781)	-	(124,886,722)
	(94,771,263)	(19,168,255)	-	(113,939,518)
Less investment expense:				
Investment advisory fees	2,424,583	495,132	-	2,919,715
Securities lending expense	134,499	27,349	-	161,848
Custodian bank fees	49,810	10,190	-	60,000
	2,608,892	532,671	-	3,141,563
Net investment (loss)	(97,380,155)	(19,700,926)	-	(117,081,081)
Other additions:				
Interest-other	24,438	9,606	4,220	38,264
Transfers from other retirement systems	507,341	220,036	-	727,377
Total other additions	531,779	229,642	4,220	765,641
TOTAL ADDITIONS (DEDUCTIONS)	(57,083,713)	(10,118,948)	4,220	(67,198,441)
DEDUCTIONS:				
Benefits	41,729,161	7,292,208	-	49,021,369
Refund of contributions	3,093,707	837,817	-	3,931,524
Refund to Municipality	-	-	-	-
Administrative expenses	-	-	991,542	991,542
Depreciation	19,272	6,275	26,365	51,912
Transfers to other retirement systems	1,532,324	158,515	-	1,690,839
Transfers to/from Plans	(20,216)	20,216	-	-
Transfers to expense fund from pension funds	884,891	343,922	(1,228,813)	-
TOTAL DEDUCTIONS	47,239,139	8,658,953	(210,906)	55,687,186
NET INCREASE (DECREASE)	(104,322,852)	(18,777,901)	215,126	(122,885,627)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	672,490,665	136,036,311	267,742	808,794,718
END OF YEAR	$ 568,167,813	$ 117,258,410	$ 482,868	$ 685,909,091

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL FUNDS STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	PLAN "A"	PLAN "B"	EXPENSE FUND	TOTAL
ADDITIONS:				
Contributions:				
Members'	$ 13,186,261	$ 2,992,715	$ -	$ 16,178,976
Employers'	20,535,599	4,243,168	-	24,778,767
Ad valorem taxes and state revenue sharing funds	4,006,086	1,547,958	-	5,554,044
Total contributions	37,727,946	8,783,841	-	46,511,787
Investment income:				
Interest income	4,084,219	827,542	-	4,911,761
Dividend income	1,761,633	352,319	-	2,113,952
Securities lending income	365,372	73,279	-	438,651
Alternative investment income	4,161,871	835,240	-	4,997,111
Net appreciation in fair value of investments	2,164,521	636,649	-	2,801,170
	12,537,616	2,725,029	-	15,262,645
Less investment expense:				
Investment advisory fees	2,445,094	491,018	-	2,936,112
Miscellaneous investment expense	42,112	6,437	-	48,549
Securities lending expense	120,628	24,168	-	144,796
Custodian and bank fees	-	-	60,000	60,000
	2,607,834	521,623	60,000	3,189,457
Net investment income (loss)	9,929,782	2,203,406	(60,000)	12,073,188
Other additions:				
Interest-other	121,440	38,894	11,313	171,647
Transfers from other retirement systems	776,908	116,440	-	893,348
Total other additions	898,348	155,334	11,313	1,064,995
TOTAL ADDITIONS (DEDUCTIONS)	48,556,076	11,142,581	(48,687)	59,649,970
DEDUCTIONS:				
Benefits	39,055,786	6,889,722	-	45,945,508
Refund of contributions	2,904,972	651,392	-	3,556,364
Refund to Municipality	3,623,911	-	-	3,623,911
Administrative expenses	-	-	900,143	900,143
Depreciation	14,808	4,496	29,371	48,675
Transfers to other retirement systems	803,880	249,852	-	1,053,732
Transfers to/from Plans	(119,074)	119,074	-	-
Transfers to expense fund from pension funds	583,337	216,663	(800,000)	-
TOTAL DEDUCTIONS	46,867,620	8,131,199	129,514	55,128,333
NET INCREASE (DECREASE)	1,688,456	3,011,382	(178,201)	4,521,637
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR AS PREVIOUSLY REPORTED	667,345,480	132,326,073	445,943	800,117,496
Prior period adjustment	3,456,729	698,856	-	4,155,585
BEGINNING OF YEAR AS RESTATED	670,802,209	133,024,929	445,943	804,273,081
END OF YEAR	$ 672,490,665	$ 136,036,311	$ 267,742	$ 808,794,718

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2004 THROUGH 2009

PLAN A

Year	Actuarial Required Contributions Employer	Actuarial Required Contributions Other Sources	Percent Contributed Employer	Percent Contributed Other Sources
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
2008	16,244,037	3,807,874	126.42	105.21
2009	15,549,446	4,276,524	132.06	93.68

PLAN B

Year	Actuarial Required Contributions Employer	Actuarial Required Contributions Other Sources	Percent Contributed Employer	Percent Contributed Other Sources
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
2008	2,863,722	1,471,382	148.17	105.20
2009	2,722,215	1,704,162	155.87	90.83

For Plans A and B for the years ending June 30, 2004 - 2009 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, 2004 THROUGH 2009

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, 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%
June 30, 2008	671,721,084	745,714,562	73,993,478	90.08%	148,644,512	49.78%
June 30, 2009	670,910,030	745,526,637	74,616,607	89.99%	157,082,727	47.50%

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, 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%
June 30, 2008	136,207,119	141,390,296	5,183,177	96.33%	59,233,705	8.75%
June 30, 2009	138,441,127	143,353,668	4,912,541	96.57%	64,816,945	7.58%

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM'S OPEB PLAN
JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a/c)]
June 30, 2009	$ -	$ 489,571	$ 489,571	- %	$ 298,673	163.92%

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 15, 2009

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, 2009, and have issued our report thereon dated December 15, 2009. 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 as a basis for designing 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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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. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 09-02 to be a material weakness.

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, grant agreements, 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, Hogan & Maher, LLP

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Municipal Employees' Retirement System of Louisiana for the years ended June 30, 2009 and 2008 was unqualified.

2. The audit disclosed no instances of noncompliance.

3. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards:

   Internal Control:

   (09-01) During testing of investments, we found several mispostings of investment transactions by the custodial bank. For example, cash received was recorded by the custodial bank as income and should have been recorded as a return of capital for several investment transactions. In addition, there were instances in which capital calls or distributions were recorded to incorrect investments. These types of mispostings could result in a misstatement to investment assets. We recommend that System obtain monthly or quarterly statements from the investment money managers and compare to the custodial bank statements to ensure that activity for individual investments are being posted correctly by the custodial bank.

   (09-02) It was noted during the audit that many adjustments are being proposed by the auditor. These entries include general accruals and market value adjustments to investments. The System should record all adjustments to generate financial statements in accordance with GAAP. Failure to record these entries could result in a misstatement of the System's financial statements. We recommend that the System record these entries in future years.

4. Status of Prior Year Comments:

   (08-01) As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the System's annual financial statements. This condition is intentional by management based upon the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and the annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. Auditor proposed certain year-end adjusting journal entries. See comment 09-02.