R E P O R T

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

JUNE 30, 2012 AND 2011

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

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PAGE

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

December 6, 2012

Board of Trustees of the Municipal Police
Employees' Retirement System and Subsidiaries
7722 Office Park Boulevard, Suite 200
Baton Rouge, LA 70809-7601

We have audited the accompanying statements of plan net assets of the Municipal Police Employees' Retirement System and Subsidiaries as of June 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Police Employees' Retirement System and Subsidiaries as of June 30, 2012 and 2011 and the results of 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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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the index be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Municipal Employees Retirement System of Louisiana's financial statements as a whole. The supplemental information schedules as listed in the index are presented for the purposes of additional analysis and are not a part of the basic financial statements. The supplementary information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2012 on our consideration of Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

The Management's Discussion and Analysis of the Municipal Police Employees' Retirement System's financial performance presents a narrative overview and analysis of the Municipal Police Employees' Retirement System's financial activities for the year ended June 30, 2012. This document focuses on the current 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 Police Employees' Retirement System's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

* The Municipal Police Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2012 by $1,406,662,003 which represents a decrease from last fiscal year. The net assets held in trust for pension benefits decreased by $34,133,583 or 2.4%. The decrease was due primarily to the depreciation in the various investment portfolios.

* Contributions to the plan by members and employers totaled $100,253,037, an increase of $9,637,389 or 10.64% over the prior year.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled $15,628,206, an increase of $197,520, or 1.28% over the prior year.

* The System experienced a net investment loss in the amount of $30,170,558 during the year ended June 30, 2012. This is a 110.98% decrease from net investment income of $274,858,285 during the year ended June 30, 2011. The decrease was due primarily to lower equity market returns available in the market place due to the current economic climate.

* The rate of return on the System's investments was a negative 2.1% based on the market value. This is lower than last year's positive 23.50% rate of return.

* Pension benefits paid to retirees and beneficiaries increased by $4,288,103 or 3.88%. This increase is due to an increase in retirees.

* Administrative expenses totaled $1,096,096, an increase of $73,032 or 7.14%. The cost of administering the system per member during 2012 was $94.50 per individual compared to $87.38 per individual in 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
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OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

* Statement of plan net assets,
* Statement of changes in plan net assets, and
* Notes to the financial statements.

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

The statements of plan net assets report 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, 2012 and 2011.

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 FUND

Municipal Police Employees' Retirement System provides benefits to all eligible municipal police officers throughout the State of Louisiana. Employee contributions, employer contributions and earnings on investments fund these benefits.

Consolidated Statements of Plan Net Assets
June 30, 2012 and 2011

	2012	2011
Cash and investments	$ 1,396,172,809	$ 1,426,873,047
Receivables	24,908,351	25,644,051
Collateral held under securities lending program	119,736,315	121,543,722
Other assets	51,000	55,053
Property and equipment	2,297,129	2,358,276
Total assets	1,543,165,604	1,576,474,149
Total liabilities	136,503,601	135,678,563
Net Assets Held in Trust For Pension Benefits	$ 1,406,662,003	$ 1,440,795,586

Plan net assets decreased by 2.4% ($1,406,662,003 compared to $1,440,795,586). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The decrease in plan net assets was a result of the decrease in the value of investments due to market conditions.

MUNICIPAL POLICE EMPLOYEES'
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FINANCIAL ANALYSIS OF THE FUND (Continued)

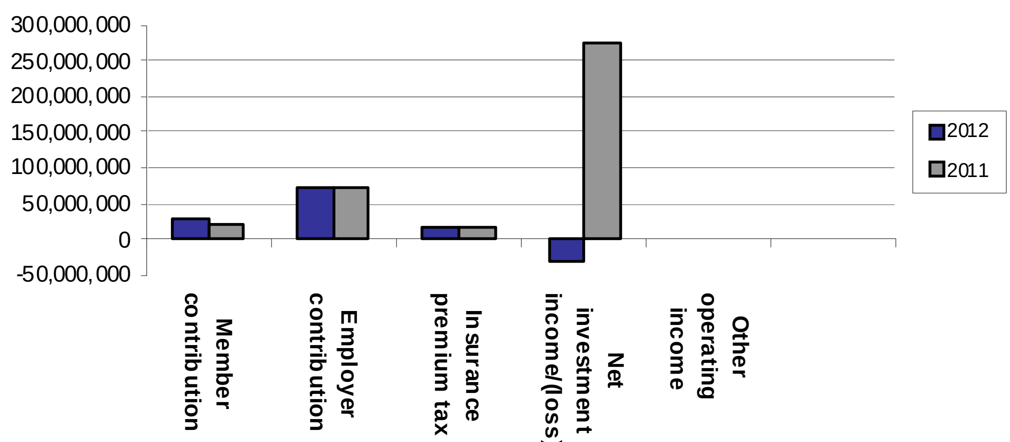
Consolidated Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2012 and 2011

	2012	2011
Additions:		
Contributions	$ 115,881,243	$ 106,046,334
Investment income/(loss) - net	(30,170,558)	274,858,285
Other	140,379	60,564
Total additions	85,851,064	380,965,183
Total deductions	119,984,647	115,253,303
Net increase (decrease)	$ (34,133,583)	$ 265,711,880

Additions to Plan Net Assets

Additions to the System's plan net assets are derived from member contributions, employer contributions and investment income. Member contributions increased $6,484,807 or 31.56% while employer contributions increased by $3,152,582 or 4.50%. The System experienced net investment loss of $30,170,558 as compared to a net investment income of $274,858,285 in the previous year. This is a 110.98% decrease in investment income.

	2012	2011	Increase (Decrease) Percentage
Member Contributions	$ 27,034,278	$ 20,549,471	31.56%
Employer Contributions	73,218,759	70,066,177	4.50%
Insurance Premium Taxes	15,628,206	15,430,686	1.28%
Net Investment Income/(Loss)	(30,170,558)	274,858,285	(110.98)%
Other	140,379	60,564	131.79%
Total	$ 85,851,064	$ 380,965,183	



MUNICIPAL POLICE EMPLOYEES'
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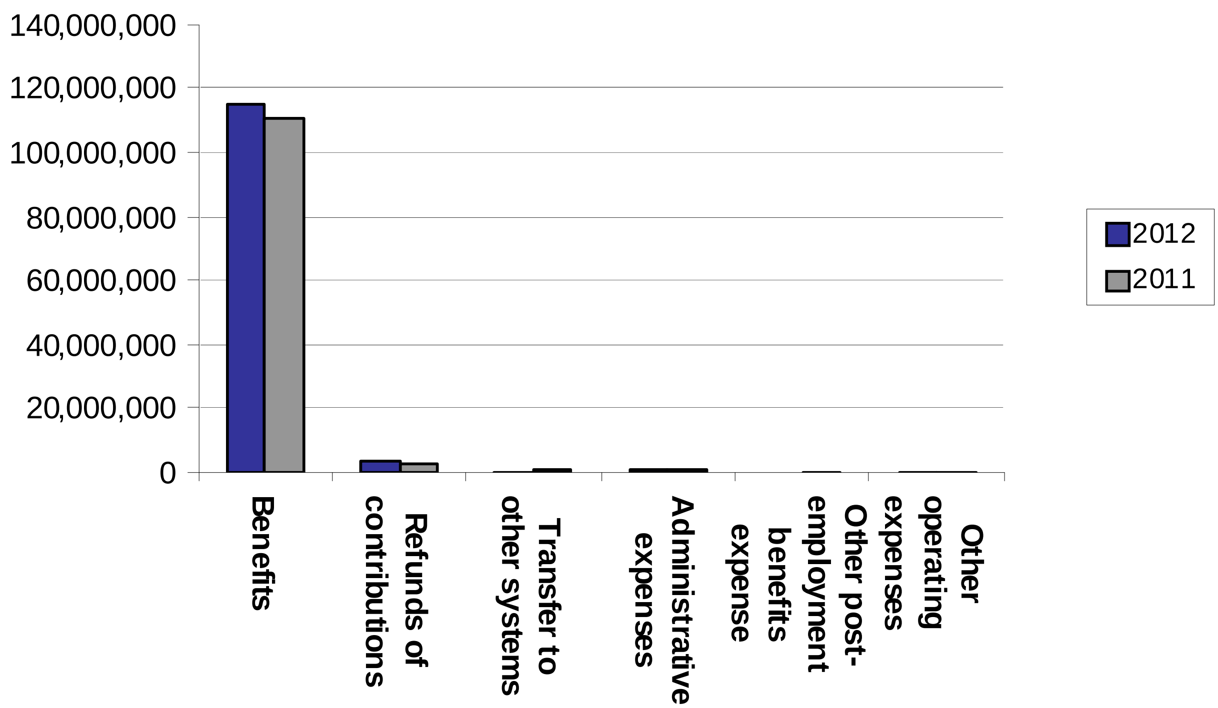
FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits, refund of contributions and administrative expenses. Deductions from plan net assets totaled $119,984,647 in fiscal year 2012. This increase of $4,731,344 was primarily due to an increase in retirees who retired with larger benefits.

	2012	2011	Increase (Decrease) Percentage
Benefits	$ 114,693,248	$ 110,405,145	3.88%
Refunds of Contributions	3,713,577	2,757,367	34.68%
Transfer to other systems	357,245	925,949	(61.74)%
Administrative Expenses	1,096,096	1,023,064	7.14%
Other post-employment benefits expense	39,531	54,926	(28.03)%
Other Operating Expenses	84,950	86,852	(2.19)%
Total	$ 119,984,647	$ 115,253,303	



MUNICIPAL POLICE EMPLOYEES'
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FINANCIAL ANALYSIS OF THE FUND (Continued)

Investments

MPERS 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 fair value of investments at June 30, 2012 was $1,368,484,205 as compared to $1,407,889,416 at June 30, 2011, which is a decrease of $39,405,211 or 2.80%. The System's investments in various markets at the end of the 2012 and 2011 fiscal years are indicated in the following table:

	2012	2011	Increase (Decrease) Percentage
Cash and cash equivalents	$ 43,970,174	$ 34,706,510	26.69%
Bonds	199,632,286	189,722,651	5.22%
Marketable securities - domestic	461,054,379	470,516,047	(2.01)%
Marketable securities – international	220,991,723	267,987,562	(17.54)%
Pooled Bond Fund	84,827,089	117,294,767	(27.68)%
Real Estate Fund	117,357,421	102,684,689	14.29%
Mutual Funds	89,106,155	95,470,665	(6.67)%
Real Estate – Land and Rental	726,563	726,563	0.00%
Real Estate – Olde Oaks Golf Course	1,725,414	3,012,628	(42.73)%
Real Estate – Olde Oaks Development	5,942,367	6,911,100	(14.02)%
Real Estate – The Golf Club at StoneBridge	1,182,837	2,706,475	(56.30)%
Investment in partnership	38,451,010	39,243,352	(2.02)%
Other investments	103,516,787	76,906,407	34.60%
Total	$ 1,368,484,205	$ 1,407,889,416	

MUNICIPAL POLICE EMPLOYEES'
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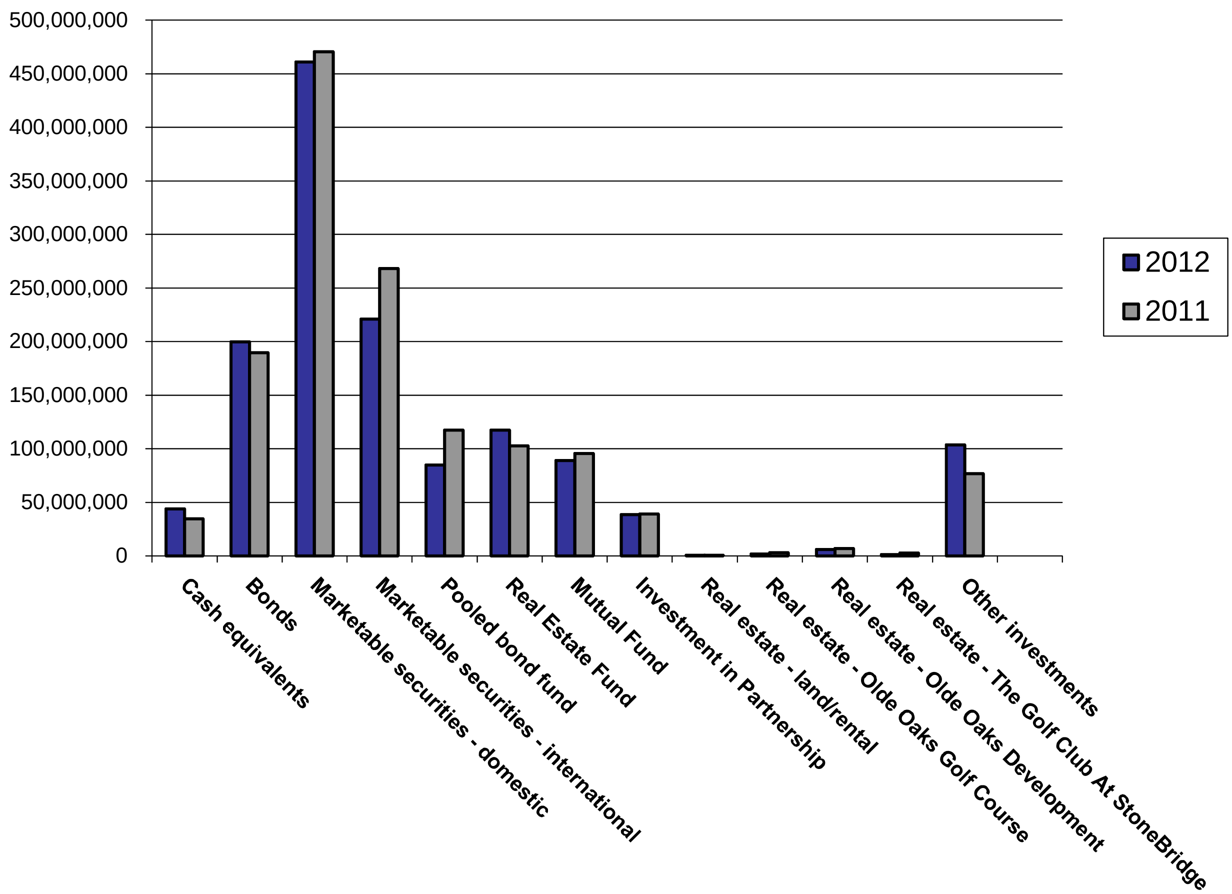
FINANCIAL ANALYSIS OF THE FUND (Continued)



Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Kathy Bourque, Director, Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, (225) 929-7411.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS:		
Cash:		
Cash in bank	$ 20,178,432	$ 17,926,592
Cash in trust	7,510,172	1,057,039
Total cash	27,688,604	18,983,631
Receivables:		
Member contributions	2,238,471	1,772,654
Employer contributions	6,052,552	6,004,796
Due from merged systems	352,935	559,134
Other receivable	45,005	138,161
Investment receivable	12,333,482	13,414,991
Accrued interest and dividends	3,885,906	3,754,315
Total receivables	24,908,351	25,644,051
Investments:		
Short-term cash equivalents - domestic	43,970,174	34,706,510
Bonds - domestic and foreign	199,632,286	189,722,651
Marketable securities - domestic	461,054,379	470,516,047
Marketable securities - international	220,991,723	267,987,562
Pooled Bond Fund	84,827,089	117,294,767
Real Estate Fund	117,357,421	102,684,689
Mutual Fund	89,106,155	95,470,665
Investment in partnership	38,451,010	39,243,352
Other investments	103,516,787	76,906,407
Real estate - Land and rental	726,563	726,563
Real estate - Olde Oaks Development	5,942,367	6,911,100
Real estate - Olde Oaks Golf Course	1,725,414	3,012,628
Real estate - The Golf Club at StoneBridge	1,182,837	2,706,475
Total investments	1,368,484,205	1,407,889,416
Collateral held under securities lending program	119,736,315	121,543,722
Other assets	51,000	55,053
Property, plant and equipment: (Net of accumulated depreciation $1,105,743 in 2012; $1,020,793 in 2011)	2,297,129	2,358,276
TOTAL ASSETS	1,543,165,604	1,576,474,149
LIABILITIES:		
Accounts payable	564,841	735,793
Accrued payroll and taxes	79,157	58,799
Refunds payable - members	441,501	341,358
Deferred contributions	88,603	60,144
Other liabilities	62,619	3,000
Capital lease payable	79,347	40,381
Obligations under securities lending program	120,797,432	126,066,795
Other post employment benefits obligation	402,662	363,131
Investment payable	13,987,439	8,009,162
TOTAL LIABILITIES	136,503,601	135,678,563
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,406,662,003	$ 1,440,795,586

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
ADDITIONS:		
CONTRIBUTIONS:		
Members	$ 27,034,278	$ 20,549,471
Employer	73,218,759	70,066,177
Insurance premium tax	15,628,206	15,430,686
Total contributions	115,881,243	106,046,334
INVESTMENT INCOME:		
Net appreciation (depreciation) in investments	(56,207,135)	247,038,743
Interest - cash and cash equivalents	15,853	37,656
Interest - notes, bonds, etc.	12,297,708	11,913,441
Interest - securities lending	603,292	503,767
Dividends - stock	16,774,445	14,633,038
Dividends - commingled funds	1,973,304	1,811,259
Income on real estate investments	-	4,833,332
Miscellaneous	135,971	172,108
	(24,406,562)	280,943,344
Less investment expenses:		
Securities lending expense (income)	21,188	50,600
Custodial	106,648	106,097
Investment advisor	4,178,493	4,237,423
Miscellaneous investment expense	222,461	380,896
Real estate - Olde Oaks Development	376,129	630,173
Real estate - Olde Oaks Golf Course	377,694	250,253
Real estate - The Golf Club at StoneBridge	481,383	429,617
	5,763,996	6,085,059
Net investment income (loss)	(30,170,558)	274,858,285
OTHER ADDITIONS:		
Merger interest payment	26,112	52,511
Miscellaneous income	-	600
Transfers (to) from other systems - employees	114,267	7,453
Total other additions	140,379	60,564
Total additions	85,851,064	380,965,183
DEDUCTIONS:		
Benefits	114,693,248	110,405,145
Refund of contributions	3,713,577	2,757,367
Transfers to other systems - employers/interest	357,245	925,949
Administrative expenses	1,096,096	1,023,064
Other post-employment benefit expense	39,531	54,926
Depreciation	84,950	86,852
Total deductions	119,984,647	115,253,303
NET INCREASE (DECREASE)	(34,133,583)	265,711,880
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
BEGINNING OF YEAR	1,440,795,586	1,175,083,706
END OF YEAR	$ 1,406,662,003	$ 1,440,795,586

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

The Municipal Police Employees' Retirement System (MPERS) was established as of July 1, 1973, by Act 189 of 1973. The System is a state retirement system, which was created for full-time municipal police officers in Louisiana. The System is administered by a Board of Trustees and includes a representative from the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB). In addition, these financial statements include the implementation 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's discussion and analysis as supplementary information and other changes.

Basis of Accounting:

MPERS' 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 the plan.

Interest income is recognized when earned. Dividends are recognized when declared. Insurance premiums are recognized in the year appropriated by the legislature.

Method Used to Value Investments:

All investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. MPERS reports securities lent through the securities lending program as assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Liabilities resulting from securities lending transactions are reported as well. Shares in external investment pools and mutual funds are equivalent to the fair value of the external investment pool and mutual funds. The investment in real estate consists of golf courses, real estate developments and rental portion of the building. These investments are valued at fair market value, which is based upon an independent appraisal or comparable sales. Derivatives regarding outstanding currency contracts are measured at fair value of the net obligation.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Land, Equipment and Fixtures:

Land, equipment and fixtures of the Municipal Police Employees' Retirement System are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and the equipment and fixtures are depreciated using the straight-line method of depreciation over the asset's estimated useful life.

Consolidation:

The consolidated financial statements include the accounts of Municipal Police Employees' Retirement System and its 100% owned subsidiaries, Olde Oaks Golf Course, LLC, StoneBridge Enterprises, LLC and Olde Oaks Development, LLC. All significant intercompany balances have been eliminated in the consolidation.

2. PLAN DESCRIPTION:

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan.

The Municipal Police Employees' Retirement System provides retirement benefits for municipal police officers. For the years ended June 30, 2012 and 2011, there are 142 contributing municipalities. At June 30, 2012 and 2011 statewide retirement membership consists of:

	2012	2011
Active members	5,779	5,933
Retired members and beneficiaries	4,230	4,165
Terminated due a deferred benefit	130	128
Terminated due a refund	1,176	1,251
DROP participants	284	231
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	11,599	11,708

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

MUNICIPAL POLICE EMPLOYEES'
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2. PLAN DESCRIPTION: (Continued)

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of the System or if he is no longer a member but has 20 years creditable service established in the System, and suffers disability, which has been certified by examination by a member of the Statewide Medical Disability Board. A service related disability requires no certain number of years of creditable service; however, a non-service connected disability requires ten years of creditable service for new members having an employment date after July 1, 2008. Members employed prior to July 1, 2008 require five years of creditable service.

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than forty percent nor more than sixty percent of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member’s average final compensation or $200.00 per month, whichever is greater.

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current retirement, beneficiary or survivor’s benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA to all retirees, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Additionally, no COLA shall be authorized unless the actuary for the System and the legislative actuary certify that the funded ratio of the System, as of the end of the previous fiscal year, equals or exceeds the target ratio as of that date.

2. PLAN DESCRIPTION: (Continued)

A member is eligible upon receiving 25 years of credit regardless of age or 20 years of credit and attaining the age of 50, to elect to enter the deferred retirement option plan (DROP). Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis. Once the member has terminated participation, the funds may be transferred to a self-directed subaccount. When funds are transferred to a self-directed subaccount, the System is authorized to hire a third party provider to act as an agent of the system for purposes of investing balances in the self-directed subaccounts of the participant as directed by the participant. Money market DROP accounts are managed by the Louisiana Asset Management Pool (LAMP). For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election can be made to earn interest based on the System’s investment portfolio return rather than a money market investment return. This could result in a negative earnings rate being applied to the account.

Effective June 16, 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on an interest rate determined actuarially.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute and are deducted from member’s salary and remitted by the participating municipality. Contributions for all employers are actuarially determined as required by state law but cannot be less than 9% of the employees’ earnable compensation excluding overtime but including state supplemental pay.

Effective July 1, 2011 employee contribution rates are 7.5% for members whose earnable compensation is less than or equal to the poverty guidelines. For employees whose compensation is greater than the poverty guidelines contributions will be determined each fiscal year based on a sliding scale depending upon the total actuarially required contribution for both employee and employers. For the year ended June 30, 2012, total contributions due were 36.50% and the employee contribution rate for members above the poverty line was 10%. The actuarial required employer and employee combined contribution for June 30, 2012 was 40.52%.

MUNICIPAL POLICE EMPLOYEES'
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NOTES TO FINANCIAL STATEMENTS
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3. CONTRIBUTIONS AND RESERVES: (Continued)

Contributions: (Continued)

The actual employee and employer contribution rate for June 30, 2011 was 7.5% and 25.00% respectively. The actuarially required employer contribution rate for June 30, 2011 was 27.84%. The difference was due to the state statute that requires the rate to be calculated two years in advance.

The System also receives insurance premium tax monies as additional employer contributions. This tax is appropriated by the legislature each year based on an actuarial study. For the year ended June 30, 2012 and 2011, the state appropriated $15,628,206 and $15,430,686, respectively, in insurance premium tax.

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

Reserves:

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

A) 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 accumulated contributions is transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings as of June 30, 2012 and 2011 is $177,174,210 and $166,392,917, respectively. The Annuity Savings is fully funded.

B) Pension Accumulation:

The Pension Accumulation 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 as of June 30, 2012 and 2011 is $966,247,968 and $935,682,156, respectively. The Pension Accumulation is 6,12% funded for the year ended June 30, 2012 and 17.18% funded for the year ended June 30, 2011.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

C) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to 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, 2012 and 2011 is $1,081,672,474 and $1,032,489,351, respectively. The Annuity Reserve is fully funded for the year ended June 30, 2012 and was fully funded for the year ended June 30, 2011.

D) 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, 2012 and 2011 is $87,953,389 and $80,326,013, respectively. The Deferred Retirement Option Account is fully funded.

E) Initial Benefit Option Reserve:

The Initial Benefit Option Reserve consists of the reserves for all participants who elect to take a lump sum benefit payment up front and subsequently receive a reduced monthly benefit. The maximum amount a member may receive up front is 36 months times the maximum benefit. The Initial Benefit Option Reserve as of June 30, 2012 and 2011 is $703,798 and $783,906, respectively. The Initial Benefit Option Reserve is fully funded.

4. ACTUARIAL COST METHOD:

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

5. REQUIRED SUPPLEMENTAL SCHEDULE INFORMATION:

Information in the required supplemental schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 51 – 53.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2012 and 2011:

	2012	2011
Deposits (bank balance)	$ 20,525,440	$ 18,072,089
Cash in trust and cash equivalents	43,970,174	34,706,510
Investments	1,324,514,031	1,373,182,906
	$ 1,389,009,645	$ 1,425,961,505

Deposits:

The System’s bank deposits were entirely covered by federal depository insurance.

Cash Equivalents:

For the years ending June 30, 2012 and 2011, cash equivalents in the amount of $32,937,712 and $26,411,371, respectively, consist of government pooled investments. The funds are held and managed by the System’s custodian bank. For the years ending June 30, 2012 and 2011, cash equivalents in the amount of $11,032,462 and $8,295,139, respectively, consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP) held by a custodial bank in the name of the 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 AAA by Standard & Poor’s.

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.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Investments:

In accordance with LRS 11:263, the System is authorized 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 not invest more than sixty-five percent of the book value of the System's assets in equities and at least ten percent of the total portfolio must be 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 7% of the total stock portfolio value at market may be invested in the common stock of any one organization. In addition, exposure to any economic sector shall not exceed greater of 30% of the portfolio at market value or two times that of the underlying index for any given portfolio; and investments in one issuer shall not exceed 5% of any fixed income portfolio's market value unless otherwise authorized by the board. There are no investments greater than 30% in one economic sector at June 30, 2012 and 2011. However, at June 30, 2012 and 2011, the investment in the real estate fund in the amount of $90,206,097 and $80,153,347 represented 6.59% and 6.23% respectively, of the market value of the System's investments. At June 30, 2012 and 2011, the investment in the pooled bond fund in the amount of $84,827,089 and $117,294,767 represented 6.20% and 8.33%, respectively, of the market value of the System's investments.

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 risk ratings of the System's investments in long-term debt securities as of June 30, 2012 and 2011.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Credit Risk: (Continued)

Below is a schedule of bonds with their applicable ratings as of June 30, 2012:

	Corporate Bonds	State and Municipal Bonds	Foreign Government Bonds	Other	Total
AAA	$ 3,607,887	$ --	$ 8,435,432	$ 534,579	$ 12,577,898
AA+	--	13,967	2,016,104	5,927,914	7,957,985
AA	854,228	--	--	--	854,228
AA-	--	20,459	4,189,517	--	4,209,976
A+	2,339,478	--	--	1,375,221	3,714,699
A	3,135,524	325,647	--	2,103,940	5,565,111
A-	5,514,834	--	85,751	650,828	6,251,413
BBB+	10,762,116	--	2,904,482	1,461,317	15,127,915
BBB	13,017,502	36,876	916,874	8,329,513	22,300,765
BBB-	34,460,219	--	--	1,647,933	36,108,152
BB+	7,482,655	--	398,952	564,184	8,445,791
BB	9,502,169	--	--	101,000	9,603,169
BB-	14,171,672	--	57,333	141,429	14,370,434
B+	19,923,428	--	--	--	19,923,428
B	12,141,405	--	--	175,586	12,316,991
B-	11,983,891	--	--	--	11,983,891
CCC+	4,302,585	--	--	--	4,302,585
CCC	2,906,937	--	--	--	2,906,937
Not Rated	341,250	--	--	769,668	1,110,918
	$ 156,447,780	$ 396,949	$ 19,004,445	$ 23,783,112	$ 199,632,286

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Credit Risk: (Continued)

Below is a schedule of bonds with their applicable ratings as of June 30, 2011:

	Corporate Bonds	State and Municipal Bonds	Foreign Government Bonds	Other	United States Treasury Notes	Total
AAA	$ --	$ 11,878	$ 15,934,660	$ 1,070,548	$ 9,225,128	$ 26,242,214
AA+	837,889	17,070	285,148	--	--	1,140,107
AA	--	--	--	518,608	--	518,608
AA-	1,507,914	662,403	--	--	--	2,170,317
A+	--	701,844	--	730,483	--	1,432,327
A	4,613,324	--	3,539,760	2,365,285	--	10,518,369
A-	4,414,193	--	--	4,385,635	--	8,799,828
BBB+	5,507,042	30,769	262,171	5,001,220	--	10,801,202
BBB	17,371,739	--	--	1,723,766	--	19,095,505
BBB-	24,271,740	--	2,317,882	--	--	26,589,622
BB+	5,008,334	--	--	850,917	--	5,859,251
BB	13,341,168	--	--	152,675	--	13,493,843
BB-	14,699,904	--	--	695,707	--	15,395,611
B+	14,900,349	--	--	111,394	--	15,011,743
B	13,023,138	--	--	--	--	13,023,138
B-	7,779,641	--	--	--	--	7,779,641
CCC+	2,111,938	--	--	--	--	2,111,938
CCC	1,041,937	--	--	--	--	1,041,937
Not Rated	3,180,075	289,718	631,183	4,596,474	--	8,697,450
	$ 133,610,325	$ 1,713,682	$ 22,970,804	$ 22,202,712	$ 9,225,128	$ 189,722,651

The System's investment policy limits its investments to corporate debt issues rated equivalent of B or better by Standard & Poor's and Moody's Investor Services. If securities fall to a CCC rating, they are to be eliminated in a timely manner. Obligations guaranteed or explicitly guaranteed by the U.S. Government consist of United States Treasury Notes.

The System invested in a pooled bond fund. As of June 30, 2012 and 2011, the market value of the fund is $84,827,089 and $117,294,767, respectively. The rating of the bonds in the fund range between Aaa and Baa with 74.31% rated Aaa.

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. At June 30, 2012 and 2011, the System is not exposed to custodial risk for investments in the amount of $900,616,064 and $937,855,416, respectively, since the investments are held in the name of the System.

MUNICIPAL POLICE EMPLOYEES'
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Custodial Credit Risk: (Continued)

At June 30, 2012 and 2011, the System has $465,801,132 and $457,734,272, respectively, in cash equivalents, pooled bond fund, real estate fund, mutual fund, investment in partnership and other investments which are exposed to custodial credit risk since the investments are not in the name of the System.

The System reported collateral held for investment purposes in the amount of $119,736,315 as of June 30, 2012 and $121,543,722 as of June 30, 2011. The System is exposed to custodial credit risk since the collateral is not in the name of the System.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates in the general market will adversely affect the fair value of an investment. As of June 30, 2012 and 2011, the System had the following investments in long-term debt securities and maturities:

2012	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Investment Type					
Corporate Bonds	$ 156,447,780	$ 957,153	$ 39,562,069	$ 85,213,320	$ 30,715,238
Municipal Bonds	396,949	--	--	--	396,949
Foreign Government Bonds	19,004,445	364,832	12,624,949	2,013,108	4,001,556
Other	23,783,112	--	2,077,459	3,721,397	17,984,256
	$ 199,632,286	$ 1,321,985	$ 54,264,477	$ 90,947,825	$ 53,097,999

2011	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Investment Type					
Corporate Bonds	$ 133,610,325	$ --	$ 48,193,303	$ 59,296,232	$ 26,120,790
Municipal Bonds	1,713,682	--	--	--	1,713,682
Foreign Government Bonds	22,970,804	438,508	15,692,644	1,667,871	5,171,781
U.S. Treasury Notes	9,225,128	933,636	8,291,492	--	--
Other	22,202,712	311,260	3,050,851	2,127,158	16,713,443
	$ 189,722,651	$ 1,683,404	$ 75,228,290	$ 63,091,261	$ 49,719,696

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Interest Rate Risk: (Continued)

The System has no formal policy regarding interest rate risk.

The System may invest in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment.

The System's exposure for foreign currency risk consisted of its investment in foreign marketable securities at June 30, 2012 and 2011 as follows:

	2012	2011
Country/Currency	Fair Value	Fair Value
Austria / Euro	$ 891,039	$ 791,258
Australian / Dollar	10,010,632	8,352,079
Belgium / Euro	1,061,560	3,106,738
Hong Kong / Dollar	5,020,354	3,351,820
Finland / Euro	2,454,135	2,685,599
France / Euro	21,243,955	29,511,062
Greece / Euro	--	423,565
Singapore / Dollar	2,468,854	4,597,063
Germany / Euro	13,466,530	20,298,012
Taiwan / Dollar	403,973	450,555
Ireland / Euro	468,731	467,398
Italy / Euro	4,321,618	9,068,538
Switzerland / Swiss £	13,455,784	10,028,917
Canada / Dollar	7,883,007	12,615,949
United Kingdom / Pounds	58,215,360	65,521,334
United Kingdom / Euro	2,790,619	--
Netherlands / Euro / Golden	9,095,551	8,983,994
South Korea / Won	1,850,006	1,815,500
New Zealand / Dollar	152,368	--
South Africa / Rand	224,965	--
Norway / Kroner	7,112,880	3,470,118
Spain / Euro	3,500,950	5,149,276
Portugal / Euro	1,098,223	931,745
Sweden / Kroner	5,829,102	7,483,426
Japan / Yen	45,192,888	63,361,285
Israel / Shekel	165,114	1,722,613
Kazakhstan / Euro	--	--
Denmark / Kroner	2,613,525	3,799,718
TOTAL	$ 220,991,723	$ 267,987,562

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Foreign Currency Risk: (Continued)

The System's exposure to foreign currency risk also consisted of its investment in cash in trust accounts at June 30, 2012 and 2011 as follows:

	2012	2011
Country/Currency	Fair Value	Fair Value
Australia / Dollar	$ 24,070	$ 20,375
United Kingdom / Pound	64,481	169,252
Canada / Dollar	21,042	9,378
Denmark / Krone	13,178	10,327
Euro	91,144	247,580
Hong Kong / Dollar	27,297	93,010
Israel / Shekel	9,409	17,873
Japan / Yen	256,834	84,440
Taiwan / Dollar	180,260	28
Norway / Krone	97,460	78,255
Singapore / Dollar	9,856	40,658
South Africa / Rand	19,607	--
South Korea / Won	3	2
Sweden / Kroner	20,575	22,507
Switzerland / Swiss £	21,624	38,592
TOTAL	$ 856,840	$ 832,277

The System's investment policy has a target not to exceed 20% of total investments in foreign marketable securities. At June 30, 2012 and 2011, the System's position was 16.15% and 19.03%, respectively, of the total investments.

The System's exposure to foreign currency risk also consisted of its investment in long term debt securities. At June 30, 2012 and 2011, the balance consisted of foreign government bonds of $19,004,445 and $22,970,804, respectively; and foreign corporate bonds of $3,824,401 and $-0-, respectively. The breakdown per country at June 30, 2012 and 2011 is as follows:

	2012	2011
Country/Currency	Fair Value	Fair Value
Australia / Dollar	$ 2,464,313	$ --
Brazil / Real	916,875	2,270,163
Canada / Dollar	12,473,142	12,467,044
Euro	645,501	309,889
India / Rupee	--	1,579,498
Indonesia / Rupiah	--	1,014,919
Malaysia / Ringgit	--	631,183
Mexico / Peso	2,904,482	2,673,201
New Zealand / Dollar	2,121,983	2,024,907
Sweden / Kroner	1,302,550	--
TOTAL	$ 22,828,846	$ 22,970,804

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS:

During the year ending June 30, 2012, the System had investment in three limited liability corporations as follows:

A) The System purchased, as an investment, a golf course located in northwest Louisiana. The initial cost of the golf course was $6,797,156. Subsequent to the purchase the System has made improvements to the golf course in the amount of $4,210,523 During the year ending June 30, 2005, Olde Oaks transferred a portion of the land with a cost of $48,574 and a market value of $50,000 to Olde Oaks Development, LLC, an affiliate organization. During the year ending June 30, 2007, Olde Oaks transferred a portion of the land with a cost and market value of $6,600 to Olde Oaks Development, LLC, an affiliate organization. As a result, total cost and improvements as of June 30, 2012 are $10,952,505. An appraisal was performed for the year ending June 30, 2012. At June 30, 2012, the golf course was appraised at a value of $1,850,000 less fixed assets reported by the System and selling costs. The market value as of June 30, 2012 is $1,725,414. Olde Oaks Golf Course, LLC operates the Olde Oaks Golf Course. Municipal Police Employees' Retirement System is the sole owner of the Olde Oaks Golf Course, LLC. The net loss of the LLC has been reported as investment expense in the amount of $377,694 for the year ended June 30, 2012.

B) On July 23, 2003, Municipal Police Employees' Retirement System paid $2,901,000 to purchase, as an investment, at a Sheriff's sale a golf course in northwest Louisiana. Subsequent to the purchase the System made improvements to The Golf Club at StoneBridge in the amount of $1,833,985. As a result, total cost and improvements as of June 30, 2012 are $4,734,985. During the year ended June 30, 2012 an appraisal was performed. At June 30, 2012, the golf course was appraised at a value of $1,350,000 less fixed assets reported by the System and selling costs. The market value as of June 30, 2012 is $1,182,837. StoneBridge Enterprises, LLC operates The Golf Club at StoneBridge. Municipal Police Employees' Retirement System is the sole owner of the StoneBridge Enterprises, LLC. The net loss of the LLC has been reported as investment expense in the amount of $481,383 for the year ended June 30, 2012.

C) On December 23, 2003, Municipal Police Employees' Retirement System paid a $50,000 deposit to purchase, as an investment, undeveloped land surrounding one of the golf courses it owns in north Louisiana. On February 13, 2004, the System acquired the land for $5,932,000. The land consisted of 209.99 acres of undivided land and 75 lots. Subsequent to the acquisition, the System began making improvements to the infrastructure, subdivided some of the land it acquired and began to sell lots. The cost of improvements to the land as of June 30, 2012 and 2011 is $5,466,118 and $5,489,638, respectively. During the year ended June 30, 2012, an appraisal was performed. Based on the appraisal and the sales and sales commitments

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS: (Continued)

obtained as of June 30, 2012 and 2011 the market value of the land and improvements is $4,489,600 and $5,379,239 which resulted in an unrealized loss of $891,941 and an unrealized gain of $8,832 in 2012 and 2011, respectively. During the year ending June 30, 2012, two (2) lots were sold which resulted in a realized gain of $23,040. During the year ending June 30, 2011, four (4) lots were sold which resulted in a realized gain of $89,309. The unrealized gains or losses and realized gains are reported on these financial statements in the net appreciation in the fair market value of the investments.

The Development constructed a sewer plant at a cost of $1,843,525. During the year ended June 30, 2010 the System made improvements to the sewer plant in the amount of $140,432. Total cost of the sewer plant as of June 30, 2012 is $1,983,957.

The Development has an agreement with a management company to maintain the plant. Beginning July 1, 2005, the Development began to bill residents for sewer services. For the year ended June 30, 2012, the operations of the plant generated $-0- in revenue and incurred $28,487 in maintenance cost. Accumulated depreciation on the sewer plant as of June 30, 2012 and 2011 is $531,191 and $452,096, respectively.

The System has an agreement with a management company to oversee the operations of Olde Oaks Development, LLC. Municipal Police Employees’ Retirement System is the sole owner of Olde Oaks Development, LLC. The net operating loss of the LLC has been reported as an investment loss in the amount of $376,129 for the year ended June 30, 2012.

8. INVESTMENTS – VARIABLE INTEREST PARTNERSHIP:

During the year ending June 30, 2004, the System invested in a limited liability partnership. The purpose of the partnership was to own and develop, as a first class golf and residential development, a parcel of land in Gillespie County, Texas commonly known as Boot Ranch. The land was purchased at a cost of $15,675,588. The partnership opened a line of credit in the amount of $30,000,000 in which the System was the guarantor. The collateral on the line of credit was a pooled bond fund owned by the System. The interest rate on the line of credit was 5.84% with a maturity date of June 8, 2007.

During the year ending June 30, 2007, the System paid off the $30,000,000 balance on the line of credit and retired its interest in the partnership. The Partnership agreed to repay Municipal Police Employees’ Retirement System the $30,000,000.

In October 2009, the project’s primary lender, Lehman Brothers, began to prepare foreclosure proceedings on the Boot Ranch property. Lehman went into bankruptcy in September 2008. As a result, the receivable was written off in fiscal year ending June 30, 2010.

8. INVESTMENTS – VARIABLE INTEREST PARTNERSHIP: (Continued)

The net assets of Boot Ranch are not consolidated since the System terminated their interest in the partnership. The System engaged in litigation against Boot Ranch, LLC to recover these funds. During the year ended June 30, 2011, this litigation was settled and the System received $4,833,332. Since the entire receivable was reduced by an allowance in prior years, this amount is recorded as income during the year ended June 30, 2011.

9. INVESTMENT IN PARTNERSHIP:

The System has committed to invest $36,000,000 in La Salle Property Capital and Growth Fund IV and $20,000,000 in La Salle Property Capital and Growth Fund V (the Partnership). The Partnership was formed to acquire office, industrial, retail and multifamily real estate properties that can be renovated, redeveloped or repositioned as core properties. Net income or loss is allocated to capital accounts of the partners in proportion to their respective capital accounts. The System's share of partnership income for the years ending June 30, 2012 and 2011 was $1,578,182 and $1,251,633, respectively, and is included in investment income. The System did not receive any return of capital during the current year. As of June 30, 2012 and 2011, the System has invested $49,586,388 and $50,072,268 with a market value of $38,451,010 and $39,243,352, respectively.

10. OTHER INVESTMENTS:

As of June 30, 2012, the System is entered into subscription agreements with ten limited partnerships and offshore funds to enhance diversification and provide reductions in overall portfolio volatility. At June 30, 2012 and 2011, the market value of the hedge funds was $43,213,595 and $47,607,686, respectively. These funds are subject to the market factors depending on the fund strategy.

During the year ending June 30, 2009, the System invested in a commingled fund consisting of the Batterymarch Global Emerging Market Fund, which is managed by Batterymarch Financial Management, Inc. This fund consists of foreign stocks in emerging global markets. This investment was made to further diversify the portfolio. At June 30, 2012 and 2011, the market value of the commingled fund was $59,908,150 and $29,021,743, respectively. This fund is subject to the market factors depending on the fund strategy.

11. DERIVATIVE INSTRUMENTS:

The System is a party to contracts for various derivative instruments, as discussed below. At June 30, 2012, the System has the following derivative instruments outstanding:

		Fair Value		
	Notional Amount	Investment Receivable	Investment Payable	Unrealized Gain/(Loss)
Investment Derivative:				
Equity Futures - Euro	$ 318,420	$ 337,526	$ --	$ 19,105
Foreign forward currency contract – AUS	14,724,932	14,755,840	14,854,779	(98,939)
Foreign forward currency contract – UK	30,150,542	29,910,476	29,873,979	36,497
Foreign forward currency contract – CAN	3,119,719	3,117,552	3,078,441	39,111
Foreign forward currency contract – Euro	11,841,814	11,854,142	11,774,073	80,068
Foreign forward currency contract – JAP	33,222,700	33,212,516	33,691,451	(478,934)
Foreign forward currency contract – NZ	3,722,520	3,701,507	3,836,272	(134,765)
Foreign forward currency contract – NOR	5,486,078	5,406,191	5,500,578	(94,386)
Foreign forward currency contract – SGD	87,195	87,195	87,916	(721)
Foreign forward currency contract – SWE	5,209,210	5,154,744	5,231,959	(77,214)
Foreign forward currency contract – SWI	15,512,911	15,343,829	15,379,896	(36,067)

When entering into a forward foreign currency contract, the System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are valued daily and the System's net equity therein, representing unrealized gain or loss on the contracts are measured by the difference between the forward foreign exchange rates at the dates of entry into the contract and the forward rates at the reporting date. Realized and unrealized gains and losses are included in the statement of changes in plan net assets. The fair values of the forward foreign currency contracts were estimated based on the present value of their estimated future cash flows. The System is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in Australian dollars, British pounds, Canadian dollars, Euros, Japanese yen, Norwegian kroner, Singapore Dollars, Swedish krona, and Swiss francs. At June 30, 2012, the fair value of the foreign currency contracts receivable and payables is $122,543,993 and $123,309,343, respectively.

11. DERIVATIVE INSTRUMENTS: (Continued)

The System only invests in futures contracts that are listed on exchanges. The exchange’s clearing house is the counterparty in each transaction. The counterparty for the equity futures contract in Euros is Goldman Sachs. Therefore, the System is not exposed to credit risk on derivative instrument futures contracts. The System is exposed to foreign currency risk on its fixed income futures contract which is denominated in Euros. At June 30, 2012, the net fair value of the equity futures contract is an investment receivable of $19,105. The System is exposed to interest rate risk on the equity futures contract. The value of the futures contract is directly linked to interest rate indices which increase and decrease as interest rates change.

12. SECURITY LENDING AGREEMENTS:

State statutes and board of trustee policies authorize the System to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the System is allowed to lend its securities to broker - dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System has entered into a contract as of September, 2005 with a company, which acts as their third-party securities lending agent. The lending agent has access to the System's lendable portfolio or available assets. The agent lends the available assets such as U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. The lending agent has flexibility to use any of the pre-approved borrowers. The System approves all borrowers. The lending agent continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit.

Collateralization of loans will be 102% of the market value of the loaned securities plus accrued interest for stocks and U.S. Treasury obligations. Collateralization of loans will be 102% of the market value of the loaned securities plus accrued interest in case of fixed income securities. As a result of the required collateralization percentage, the System has no credit risk. The lending agent and the System enter into contracts with all approved borrowers. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of MPERS) in approved investments outlined in the contract between the agent and MPERS such as commercial paper, selected money market mutual funds, certificates of deposit, and repurchase agreements including tri-party. For tri-party repurchase agreements, party to such agreements must be an approved borrower. Acceptable collateral from approved borrowers for tri-party repurchase agreements is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AAA or higher, commercial paper and other investments stipulated in lender agent contract.

12. SECURITY LENDING AGREEMENTS: (Continued)

The System has the following securities on loan:

	June 30, 2012		June 30, 2011	
	Cost	Market	Cost	Market
U.S. Corporate bonds	$ 40,742,846	$ 42,705,881	$ 33,735,832	$ 35,661,100
U.S. Corporate equities	67,028,998	66,814,850	57,243,092	62,005,805
U.S. Treasury bills (bonds)	--	--	8,944,459	9,275,649
Foreign corporate securities (bonds)	761,344	809,248	--	--
Foreign corporate securities (stocks)	11,212,237	9,406,337	30,350,784	32,187,264
Total	$ 119,745,425	$ 119,736,316	$ 130,274,167	$ 139,129,818

The System has the following collateral under securities lending program:

	June 30, 2012		June 30, 2011	
	Cost	Market	Cost	Market
Cash / Money market	$ 120,797,432	$ 120,797,432	$ 142,287,036	$ 142,287,036

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at June 30, 2012 and 2011. The market value of $119,736,316 consisted of $119,687,339 of cash and $48,977 of non-cash. The collateral value of $120,797,432 consisted of $120,749,528 of cash and $47,904 of non-cash.

13. OPERATING LEASE COMMITMENTS:

The System also has operating leases for various equipment at the two golf courses. The lease terms range between 42 months and 60 months. For the year ending June 30, 2012, lease expense was $332,250. The following is a schedule of future minimum lease commitments for the next five years:

Year Ending	Amount
June 30, 2013	$ 271,109
June 30, 2014	197,271
Total	$ 468,380

14. CAPITAL LEASES:

During the prior years, the System purchased tractors for Olde Oaks Golf Course through three capital leases. The tractors cost $66,144. The monthly lease payments range between 48 and 54 months in the amounts ranging from $491 to $553 including interest. During the prior years StoneBridge Golf Course purchased tractors and computer software through three capital leases. The tractors cost $29,069 and the software cost $35,529. The monthly lease payments are 48 months in the amounts of $740, $283 and $533 including interest. The balance in the capital lease payable for both golf courses at June 30, 2012 and 2011 is $79,374 and $41,365, respectively.

14. CAPITAL LEASES: (Continued)

The following is a schedule of future minimum lease commitments for the next five years:

Year Ending	Amount
June 30, 2013	$ 39,632
June 30, 2014	24,343
June 30, 2015	8,632
June 30, 2016	6,740
Total	$ 79,347

15. OPERATING BUDGET:

The budget is under the control of the Board of Trustees and is not an appropriated budget but is considered a budgetary execution for management purposes.

16. TAX QUALIFICATION:

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

17. ACCOUNTS RECEIVABLE – MERGED SYSTEMS:

Three cities throughout Louisiana merged their pension system's actuarial liability with the Municipal Police Employees' Retirement System on January 1, 1984. The balances owed were amortized at 7% over a 30 year period with payments made quarterly.

The total accounts receivable from all merged systems as of June 30, 2012 and 2011 is $352,935 and $559,134, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2012 was $253,425 and $99,510, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2011 was $240,909 and $318,225, respectively.

18. EQUIPMENT AND FIXTURES:

The following is a summary of equipment and fixtures - at cost less accumulated depreciation:

	2012	2011
Office equipment	$ 288,611	$ 275,607
Computer equipment and software	267,129	267,129
Improvements	10,309	10,309
Furniture	100,257	89,458
Land	614,920	614,920
Office building	2,121,646	2,121,646
	3,402,872	3,379,069
Less accumulated depreciation	(1,105,743)	(1,020,793)
Total	$ 2,297,129	$ 2,358,276

18. EQUIPMENT AND FIXTURES: (Continued)

Depreciation expense charged to pension operations was $84,950 for 2012 and $86,852 for 2011. Depreciation expense charged to investment expense – Olde Oaks Golf Course operations was $26,617 for 2012 and $34,694 for 2011. Depreciation expense charged to investment expense - Stonebridge Enterprises, LLC operations was $40,404 for 2012 and $42,341 for 2011. Depreciation expense charged to investment expense – Olde Oaks Development was $79,094 for 2012 and $79,094 for 2011.

19. OTHER POSTEMPLOYMENT BENEFITS:

During the year ended June 30, 2008, the System implemented GASB 45, *Postemployment Benefits Other Than Pension Benefits*. Since the year ended June 30, 2008 was the year of implementation, the System elected to implement prospectively.

Substantially all System employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the System. At June 30, 2012, five retirees were receiving post-employment benefits.

Plan Description

The System's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal years 2012 and 2011) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during the years ended June 30, 2012 and 2011, employee premiums for a single member receiving benefits range from $92 to $94 and $80 to $84, respectively per month for retiree-only coverage with Medicare or from $152 to $155 and $132 to $140, respectively per month for retiree-only coverage without Medicare. The premiums for an employee and spouse for the years ended June 30, 2012 and 2011 range from $165 to $168 and $145 to $152, respectively, per month for those with Medicare or from $495 to $503 and $431 to $453, respectively, per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the System contributing anywhere from $276 to $281 and $241 to $253, respectively, per month for retiree-only coverage with Medicare or from $981 to $997 and $857 to $900, respectively, per month for retiree-only coverage without Medicare during the years ended June 30, 2012 and 2011. Also, the System's contributions range from $497 to $505 and $434 to $456, respectively, per month for retiree and spouse with Medicare or $1,506 to $1,532 and $1,316 to $1,382, respectively, for retiree and spouse without Medicare for the years ended June 30, 2012 and 2011.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual OPEB Cost

The System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2011 and 2010 is $79,500 and $98,200, respectively, as set forth below:

	2011	2010
Normal Cost	$ 32,000	$ 38,700
30-year UAL amortization amount	44,442	55,723
Interest on the above	3,058	3,777
Annual required contribution (ARC)	$ 79,500	$ 98,200

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

The following table presents the System's OPEB obligation for the year ended June 30, 2012 and 2011:

	2012	2011
Beginning Net OPEB Obligation July 1, 2011	$ 363,131	$ 308,205
Annual required contribution	79,500	98,200
OPEB cost	442,631	406,405
Contributions made	39,969	43,274
Claim costs	-	-
Change in Net OPEB Obligation	39,531	54,926
Ending Net OPEB Obligation June 30, 2012	$ 402,662	$ 363,131

Utilizing the pay-as-you-go method, the System contributed 50.28% and 44.07%, respectively, of the annual post employment benefits cost during the years ended June 30, 2012 and 2011.

Funded Status and Funding Progress

In the year ended June 30, 2012, the System made no contributions to its post employment benefits plan trust. A trust was established during the year ended June 30, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of $1,177,800 was unfunded.

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	$ 1,177,800
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	$ 1,177,800
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 256,300
UAAL as a percentage of covered payroll	460%

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with 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 liabilities for benefits.

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 and 2010, actuarial valuations, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8% and 9.1% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2011, was thirty years.

20. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The funded status of the System as of June 30, 2012, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Surplus) Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
$ 1,382,503,860	$ 2,313,751,839	$ 931,247,979	59.75%	$ 272,606,934	341.61%

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

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2012
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level dollar – The amortization period is for a specific number of years. (Closed Basis)
Remaining amortization period	30 years. Act 1079 of 2003 changed amortization period effective June 30, 2002.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Valuation date	June 30, 2012
Asset valuation method	The Actuarial Value of Assets is the market value of assets 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.
Actuarial assumptions:	
Investment rate of return	7 ½ % (Net of Investment Expense)
Projected salary increases	Technical paper No. 16 "Present Value of Estimated Lifetime Earnings". These rates are increased by 2% during the first ten years of employment.
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.
Changes in actuarial valuations methods and assumptions	For the year ended June 30, 2012 technical changes were made to rate of salary increase, as well as, disability rates, retirement rates and the rate of DROP entry. The net effect of the assumption changes was to decrease normal cost by $662,427.

21. 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.

22. SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 6, 2012, which is the date on which the financial statements were available to be issued.

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012

	Pension Fund	Expense Fund	Building Fund
ASSETS			
Cash:			
Cash in bank	$ 19,115,959	$ 190,446	$ 31,793
Cash in trust	7,510,172	-	-
	26,626,131	190,446	31,793
Receivables:			
Member contributions	2,238,471	-	-
Employer contributions	6,052,552	-	-
Due from merged systems	352,935	-	-
Accounts receivable	-	-	-
Investment receivable	12,333,482	-	-
Accrued interest and dividends	3,885,906	-	-
Total Receivables	24,863,346	-	-
Investments:			
Cash equivalents	43,970,174	-	-
Bonds, notes, mortgages	199,632,286	-	-
Marketable securities - domestic	461,054,379	-	-
Marketable securities - international	220,991,723	-	-
Pooled bond fund	84,827,089	-	-
Real estate fund	117,357,421	-	-
Mutual funds	89,106,155	-	-
Investment in partnership	38,451,010	-	-
Other investments	103,121,745	-	-
Real estate - land and rental	193,082	-	533,481
Real estate - Olde Oaks Development	-	-	-
Real estate - Olde Oaks	1,725,414	-	-
Real estate - Stonebridge	1,182,837	-	-
Total Investments	1,361,613,315	-	533,481
Collateral held under securities lending program - Money Market	119,736,315	-	-
Other Assets	45,000	-	-
Property, Plant and Equipment			
Net of accumulated depreciation	652,184	-	1,644,945
TOTAL ASSETS	1,533,536,291	190,446	2,210,219
LIABILITIES			
Accounts payable	248,025	22,722	-
Accrued payroll and taxes	-	26,536	-
Refunds payable	441,501	-	-
Deferred contribution	88,603	-	-
Other liabilities	-	-	-
Capital lease payable	-	-	-
Obligations under securities lending	120,797,432	-	-
Investment payable	13,987,439	-	-
Other postemployment benefits obligation	-	402,662	-
Due to/ due (from) other funds	(22,538,725)	-	-
TOTAL LIABILITIES	113,024,275	451,920	-
NET ASSETS/LIABILITIES HELD IN TRUST FOR PENSION BENEFITS	$ 1,420,512,016	$ (261,474)	$ 2,210,219

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 19,338,198	$ 134,190	$ 101,612	$ 604,432	$ 20,178,432
7,510,172	-	-	-	7,510,172
26,848,370	134,190	101,612	604,432	27,688,604
2,238,471	-	-	-	2,238,471
6,052,552	-	-	-	6,052,552
352,935	-	-	-	352,935
-	5,419	39,586	-	45,005
12,333,482	-	-	-	12,333,482
3,885,906	-	-	-	3,885,906
24,863,346	5,419	39,586	-	24,908,351
43,970,174	-	-	-	43,970,174
199,632,286	-	-	-	199,632,286
461,054,379	-	-	-	461,054,379
220,991,723	-	-	-	220,991,723
84,827,089	-	-	-	84,827,089
117,357,421	-	-	-	117,357,421
89,106,155	-	-	-	89,106,155
38,451,010	-	-	-	38,451,010
103,121,745	142,085	252,957	-	103,516,787
726,563	-	-	-	726,563
-	-	-	5,942,367	5,942,367
1,725,414	-	-	-	1,725,414
1,182,837	-	-	-	1,182,837
1,362,146,796	142,085	252,957	5,942,367	1,368,484,205
119,736,315	-	-	-	119,736,315
45,000	-	-	6,000	51,000
2,297,129	-	-	-	2,297,129
1,535,936,956	281,694	394,155	6,552,799	1,543,165,604
270,747	171,878	122,216	-	564,841
26,536	14,967	37,654	-	79,157
441,501	-	-	-	441,501
88,603	-	-	-	88,603
-	9,837	49,782	3,000	62,619
-	13,411	65,936	-	79,347
120,797,432	-	-	-	120,797,432
13,987,439	-	-	-	13,987,439
402,662	-	-	-	402,662
(22,538,725)	5,444,505	2,223,321	14,870,899	-
113,476,195	5,654,598	2,498,909	14,873,899	136,503,601
$ 1,422,460,761	$ (5,372,904)	$ (2,104,754)	$ (8,321,100)	$ 1,406,662,003

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

ADDITIONS:	Pension Fund	Expense Fund	Building Fund
CONTRIBUTIONS:			
Member contributions	$ 27,034,278	$ -	$ -
Employer contributions	73,218,759	-	-
Insurance premium tax	15,628,206	-	-
	115,881,243	-	-
INVESTMENT INCOME:			
Net appreciation (depreciation) in fair value of investments	(55,338,234)	-	-
Interest - cash and cash equivalents	15,853	-	-
Interest - mortgage backed bonds	12,297,708	-	-
Interest - securities lending	603,292	-	-
Dividends - stocks	16,774,445	-	-
Dividends - commingled funds	1,973,304	-	-
Income on real estate investments	-	-	-
Miscellaneous investment income	122,836	-	-
	(23,550,796)	-	-
Less investment expenses:			
Securities lending expenses	21,188	-	-
Custodial fees	106,648	-	-
Investment advisor fee	4,178,493	-	-
Miscellaneous investment expense	222,461	-	-
Olde Oaks Development	-	-	-
Olde Oaks Golf Course operations	-	-	-
The Club at Stonebridge operations	-	-	-
	4,528,790	-	-
Net investment income (loss)	(28,079,586)	-	-
OTHER ADDITIONS:			
Merger interest payment	26,112	-	-
Transfers (to) from other systems - employees	114,267	-	-
Total other additions	140,379	-	-
Total additions (deductions)	87,942,036	-	-
DEDUCTIONS:			
Benefits	114,693,248	-	-
Refund of contributions	3,713,577	-	-
Transfers (to) from other systems - employers/interest	357,245	-	-
Administrative expenses	-	985,993	110,103
Other post-employment benefit expense	-	39,531	-
Depreciation	20,890	-	64,060
Total deductions	118,784,960	1,025,524	174,163
Increase (decrease) in net assets prior to transfers	(30,842,924)	(1,025,524)	(174,163)
Transfers to/from	(1,089,201)	989,201	100,000
NET (DECREASE)	(31,932,125)	(36,323)	(74,163)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:			
BEGINNING OF THE YEAR	1,452,444,141	(225,151)	2,284,382
END OF THE YEAR	$ 1,420,512,016	$ (261,474)	$ 2,210,219

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 27,034,278	$ -	$ -	$ -	$ 27,034,278
73,218,759	-	-	-	73,218,759
15,628,206	-	-	-	15,628,206
115,881,243	-	-	-	115,881,243
(55,338,234)	-	-	(868,901)	(56,207,135)
15,853	-	-	-	15,853
12,297,708	-	-	-	12,297,708
603,292	-	-	-	603,292
16,774,445	-	-	-	16,774,445
1,973,304	-	-	-	1,973,304
-	-	-	-	-
122,836	-	-	13,135	135,971
(23,550,796)	-	-	(855,766)	(24,406,562)
21,188	-	-	-	21,188
106,648	-	-	-	106,648
4,178,493	-	-	-	4,178,493
222,461	-	-	-	222,461
-	-	-	376,129	376,129
-	377,694	-	-	377,694
-	-	481,383	-	481,383
4,528,790	377,694	481,383	376,129	5,763,996
(28,079,586)	(377,694)	(481,383)	(1,231,895)	(30,170,558)
26,112	-	-	-	26,112
114,267	-	-	-	114,267
140,379	-	-	-	140,379
87,942,036	(377,694)	(481,383)	(1,231,895)	85,851,064
114,693,248	-	-	-	114,693,248
3,713,577	-	-	-	3,713,577
357,245	-	-	-	357,245
1,096,096	-	-	-	1,096,096
39,531	-	-	-	39,531
84,950	-	-	-	84,950
119,984,647	-	-	-	119,984,647
(32,042,611)	(377,694)	(481,383)	(1,231,895)	(34,133,583)
-	-	-	-	-
(32,042,611)	(377,694)	(481,383)	(1,231,895)	(34,133,583)
1,454,503,372	(4,995,210)	(1,623,371)	(7,089,205)	1,440,795,586
$ 1,422,460,761	$ (5,372,904)	$ (2,104,754)	$ (8,321,100)	$ 1,406,662,003

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2012

REVENUE:	
Green fees	$ 555,101
Golf cart rental	236,105
Range fees	22,789
Other golf revenue	34,280
Golf shop	74,082
Membership dues	124,110
Food and beverage revenue from operations	230,975
Total revenue	1,277,442
OPERATING EXPENSES:	
Advertising	18,424
Bad debt expense	22,248
Contract labor	7,313
Cost of goods sold - golf shop	53,432
Cost of goods sold - food and beverage	102,478
Depreciation	26,617
Fuel	63,200
Ground maintenance	54,703
Insurance - health	25,907
Insurance - workman's compensation	9,147
Interest and late charge	8,338
License and permits	4,826
Lease expense	190,292
Miscellaneous expenses	11,270
Management fee	65,080
Other employee expenses	8,229
Printing and stationary	4,587
Repair, maintenance and supplies	115,679
Salaries and wages	613,324
Taxes - payroll	52,877
Telephone	4,459
Equipment rental	8,964
Utilities	53,355
Total operating expenses	1,524,749
OTHER EXPENSES:	
General and administrative expenses (Page 39)	65,861
Property taxes, insurance	64,526
Total other expenses	130,387
NET LOSS	$ (377,694)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2012

Bank charges	$	366
Credit card service charge		19,674
Dues and subscriptions		397
Loss		4,716
Postage and delivery		3,019
Professional fees		26,322
Security		930
Travel and entertainment		10,437
Total administrative expenses	$	65,861

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (377,694)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	26,617
Expenses paid by Retirement System	365,349
(Increase) decrease in operating assets:	
Accounts receivable	28,778
Prepaid expenses	(2,896)
Inventories	(2,412)
Deposits	-
Increase (decrease) in operating liabilities:	
Accounts payable	(16,440)
Other payables	28,413
Accrued payroll and taxes	11,381
Net cash provided by operating activities	61,096
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(49,491)
Net cash used by investing activities	(49,491)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment from The Golf Club at Stonebridge	20,000
Expenses paid on behalf of The Golf Club at Stonebridge	(610)
Payment for obligation under capital leases	(4,849)
Net cash provided by financing activities	14,541
NET INCREASE IN CASH	26,146
CASH, BEGINNING OF YEAR	108,044
CASH, END OF YEAR	$ 134,190

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2012

REVENUE:	
Green fees	$ 290,787
Golf cart rental	227,587
Range fees	14,028
Other golf revenue	17,269
Golf shop	89,319
Membership dues	354,780
Food and beverage revenue from operations	264,053
Other income	8,430
Total revenue	1,266,253
OPERATING EXPENSES:	
Advertising	8,355
Contract labor	1,087
Cost of goods sold - golf shop	61,709
Cost of goods sold - food and beverage	102,027
Depreciation	40,404
Equipment leasing/rental	155,164
Fuel	7
Ground maintenance	107,454
Interest and late charge	8,059
License and permits	1,000
Insurance - workman's compensation	10,776
Management fees	60,912
Miscellaneous expenses	30,862
Other employee expenses	682
Printing and stationary	1,218
Repair, maintenance and supplies	119,212
Salaries, wages and related taxes	641,262
Security expense	1,132
Telephone	8,657
Utilities	74,187
Total operating expenses	1,434,166
OTHER EXPENSES:	
General and administrative expenses (Page 42)	183,827
Property taxes, insurance	129,643
Total other expenses	313,470
NET LOSS	$ (481,383)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2012

Advertising	$ 1,264
Bad debt expense	28,010
Contract labor	12,172
Credit card service charge	22,290
Dues and subscriptions	2,641
Equipment rental	250
Miscellaneous	436
Postage and delivery	1,887
Professional fees	6,955
Repairs and maintenance	855
Salaries	87,173
Taxes and licenses	1,620
Telephone	5,992
Travel and entertainment	12,282
Total administrative expenses	$ 183,827

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (481,383)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	40,404
Expenses paid by Retirement System	476,135
(Increase) decrease in operating assets:	
Accounts receivable	5,828
Inventories	(10,517)
Prepaid expenses	(4,780)
Other assets	(925)
Increase (decrease) in operating liabilities:	
Accounts payable	(27,033)
Accrued expenses	27,793
Accrued payroll and taxes	4,593
Unearned revenue	49,782
Net cash provided by operating activities	79,897
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(48,863)
Net cash used by investing activities	(48,863)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment for obligation under capital leases	(30,810)
Net cash used by financing activities	(30,810)
NET INCREASE IN CASH	224
CASH, BEGINNING OF YEAR	101,388
CASH, END OF YEAR	$ 101,612

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2012

REVENUE:	
Gain on the sale of lot	$ 23,040
Net depreciation in fair value of investment	(891,941)
Total depreciation of investment	(868,901)
Other revenue	13,135
Miscellaneous investment income	13,135
Total revenue (loss)	(855,766)
OPERATING EXPENSES:	
Depreciation and amortization expense	79,094
Maintenance	92,426
Sewer plant maintenance	28,487
Management fees	42,400
Utilities	50,123
Total operating expenses	292,530
OTHER EXPENSES:	
Miscellaneous expense	1,395
Real estate taxes	79,458
Total other expenses	80,853
ADMINISTRATIVE EXPENSES:	
Professional fees	2,746
Total administrative expenses	2,746
Total expenses	376,129
NET LOSS	$ (1,231,895)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (1,231,895)
Adjustments to reconcile change in net assets to net cash used by operations:	
Net depreciation in fair value of investments	891,941
Depreciation and amortization expense	79,094
Expenses paid by Retirement System	122,259
Gain on sale of lots	(23,040)
(Increase) decrease in operating assets:	
Accounts receivable	58,550
Net cash used by operating activities	(103,091)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Improvements	(40,256)
Proceeds from the sale of land	60,995
Net cash provided by investing activities	20,739
NET DECREASE IN CASH	(82,352)
CASH, BEGINNING OF YEAR	686,784
CASH, END OF YEAR	$ 604,432

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
DETAIL STATEMENTS OF CHANGES IN RESERVE BALANCES
YEARS ENDED JUNE 30, 2012 AND 2011

	JUNE 30, 2012					
	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability
BALANCE - BEGINNING	$ 166,392,917	$ 1,032,489,351	$ 80,326,013	$ 783,906	$ 935,682,156	$ (774,878,757)
ADDITIONS AND TRANSFERS:						
Employee contributions	27,034,278	-	-	-	-	-
Employer contributions	-	-	-	-	73,218,759	-
Insurance premium tax	-	-	-	-	15,628,206	-
Net investment income (loss)	-	-	-	-	(30,170,558)	-
Merger interest and penalty payment	-	-	-	-	26,112	-
Transfers (to) from other systems	114,267	-	-	-	(357,245)	-
Transfer from Annuity Savings	-	12,653,675	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Pensions transferred from Annuity Reserve	-	-	18,706,214	979,868	-	-
Actuarial transfer	-	158,769,964	-	-	-	-
	27,148,545	171,423,639	18,706,214	979,868	58,345,274	-
DEDUCTIONS AND TRANSFERS:						
Pensions paid	-	102,554,434	11,078,838	1,059,976	-	-
Refunds to members	3,713,577	-	-	-	-	-
Administrative expenses	-	-	-	-	1,096,096	-
Depreciation	-	-	-	-	84,950	-
Transfer to Annuity Reserve	12,653,675	-	-	-	-	-
Pensions transferred to Initial Benefit Option Plan	-	979,868	-	-	-	-
Pensions transferred to DROP	-	18,706,214	-	-	-	-
Actuarial transfer	-		-	-	26,558,885	132,211,079
	16,367,252	122,240,516	11,078,838	1,059,976	27,739,931	132,211,079
NET INCREASE (DECREASE)	10,781,293	49,183,123	7,627,376	(80,108)	30,605,343	(132,211,079)
BALANCE - ENDING	$ 177,174,210	$ 1,081,672,474	$ 87,953,389	$ 703,798	$ 966,287,499	$ (907,089,836)

	JUNE 30, 2011						
Total	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability	Total
$ 1,440,795,586	$ 162,201,452	$ 1,092,457,536	$ 79,559,768	$ 762,269	$ 748,828,302	$ (908,725,621)	$ 1,175,083,706
27,034,278	20,549,471	-	-	-	-	-	20,549,471
73,218,759	-	-	-	-	70,066,177	-	70,066,177
15,628,206	-	-	-	-	15,430,686	-	15,430,686
(30,170,558)	-	-	-	-	274,858,285	-	274,858,285
26,112	-	-	-	-	52,511	-	52,511
(242,978)	7,453	-	-	-	(925,949)	-	(918,496)
12,653,675	-	13,608,092	-	-	-	-	13,608,092
-	-	-	-	-	600	-	600
19,686,082	-	-	12,925,940	1,304,621	-	-	14,230,561
158,769,964	-	37,616,750	-	-	-	133,846,864	171,463,614
276,603,540	20,556,924	51,224,842	12,925,940	1,304,621	359,482,310	133,846,864	579,341,501
114,693,248	-	96,962,466	12,159,695	1,282,984	-	-	110,405,145
3,713,577	2,757,367	-	-	-	-	-	2,757,367
1,096,096	-	-	-	-	1,077,990	-	1,077,990
84,950	-	-	-	-	86,852	-	86,852
12,653,675	13,608,092	-	-	-	-	-	13,608,092
979,868	-	1,304,621	-	-	-	-	1,304,621
18,706,214	-	12,925,940	-	-	-	-	12,925,940
158,769,964	-	-	-	-	171,463,614	-	171,463,614
310,697,592	16,365,459	111,193,027	12,159,695	1,282,984	172,628,456	-	313,629,621
(34,094,052)	4,191,465	(59,968,185)	766,245	21,637	186,853,854	133,846,864	265,711,880
$ 1,406,701,534	$ 166,392,917	$ 1,032,489,351	$ 80,326,013	$ 783,906	$ 935,682,156	$ (774,878,757)	$ 1,440,795,586

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM PAID TO TRUSTEES
YEARS ENDED JUNE 30, 2012 AND 2011

The per diem paid to the trustees is an expenditure of the Expense Fund. For 2012 and 2011, the trustees receive per diem at the rate of $75.00 for each day of a regularly scheduled meeting of the Board of Trustees that they attend. Particulars of the per diem paid to the trustees for the years ended June 30, 2012 and 2011 are as follows:

	AMOUNTS	
	2012	2011
Henry Dean	$ 750	$ 900
Barney Arceneaux	675	-
Mark Huggins	900	975
Larry Reech	825	975
Willie Joe Greene	900	975
Dwayne Munch	600	600
Tim Matte	675	-
Kelly Gibson	825	975
Stephen Caraway	900	675
K.P. Gibson	450	375
Christopher Elg	750	675
	$ 8,250	$ 7,125

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ACCOUNTS RECEIVABLE - MERGED SYSTEMS
YEARS ENDED JUNE 30, 2012 AND 2011

City	Term		Interest Rate	Payment Term	Payment Amount	Balance 6-30-12	Balance 6-30-11
Crowley	01-84	12-13	7%	Quarterly	$ 21,644	$ 104,657	$ 182,228
Opelousas	01-84	10-13	7%	Quarterly	$ 37,773	217,345	318,023
Tallulah	01-84	10-13	7%	Quarterly	5,376	30,933	58,883
TOTAL						$ 352,935	$ 559,134

MUNICIPAL POLICE EMPLOYEES
RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
YEAR ENDED JUNE 30, 2012

	Par Value	Original Cost	Market Value
BONDS:			
State and Municipal Bonds	$ 405,000	$ 330,955	$ 396,949
Foreign Government Bonds	17,139,000	17,916,874	19,004,445
Corporate Bonds	152,090,431	149,543,952	156,447,780
Other	22,438,519	21,630,940	23,783,112
TOTAL BONDS	$ 192,072,950	$ 189,422,721	$ 199,632,286
REAL ESTATE, MUTUAL AND POOLED FUNDS:			
Pooled Bond Fund		$ 55,652,664	$ 84,827,089
Mutual funds		81,031,451	89,106,155
Real estate funds		97,036,209	117,357,421
TOTAL MUTUAL FUNDS		$ 233,720,324	$ 291,290,665
DOMESTIC STOCKS		$ 403,281,697	$ 461,054,379
INTERNATIONAL STOCKS		$ 230,650,413	$ 220,991,723
INVESTMENT IN PARTNERSHIP		$ 49,586,388	$ 38,451,010
REAL ESTATE - LAND AND RENTAL		$ 859,273	$ 726,563
REAL ESTATE - OLDE OAKS GOLF COURSE		$ 10,952,505	$ 1,725,414
REAL ESTATE - THE CLUB AT STONEBRIDGE		$ 4,734,985	$ 1,182,837
REAL ESTATE - OLDE OAKS DEVELOPMENT		$ 11,075,006	$ 5,942,367
OTHER INVESTMENTS:			
HEDGE FUNDS		$ 41,301,110	$ 43,213,595
COMMINGLED FUNDS		60,000,000	59,908,150
ASSETS - GOLF COURSES		395,042	395,042
TOTAL OTHER INVESTMENTS		$ 101,696,152	$ 103,516,787

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	Actual	Budget	Variance Favorable (Unfavorable)
EXPENSE FUND:			
Personal Services:			
Staff salaries	$ 323,596	$ 362,000	$ 38,404
Group insurance	89,199	96,000	6,801
Retirement	82,908	89,000	6,092
Board member - Per diem	8,250	14,625	6,375
Professional Services:			
Accountant	107,644	97,000	(10,644)
Actuarial	68,400	72,000	3,600
Computer services	54,212	55,000	788
Risk management	14,521	19,000	4,479
Legal	72,838	69,750	(3,088)
Medical Board	7,988	18,000	10,012
Death audit	4,426	3,500	(926)
Retirement Association fees	1,310	1,500	190
Communications:			
Postage, printing and supplies	48,539	62,000	13,461
Telephone	10,237	13,000	2,763
Travel	14,663	20,500	5,837
Other:			
Equipment rental and repair	32,097	72,000	39,903
Election expenses	4,569	30,000	25,431
Advertising	45	500	455
Board expenses	27,176	30,000	2,824
Document imaging	70	25,000	24,930
Miscellaneous	3,532	5,000	1,468
Private investigator services	-	20,000	20,000
Uniforms	2,204	5,000	2,796
Medicare expense	7,569	8,000	431
Total expenses budgeted	985,993	1,188,375	202,382
BUILDING FUND:			
Association dues	1,200	1,200	-
Architectural services	2,450	-	(2,450)
Maintenance	71,735	78,300	6,565
Building supplies	1,683	7,000	5,317
Security	752	6,000	5,248
Utilities	32,283	39,400	7,117
Total building fund	110,103	131,900	21,797
TOTAL ADMINISTRATIVE EXPENSES	$ 1,096,096	$ 1,320,275	$ 224,179
CAPITAL OUTLAYS	$ 19,750	$ 24,000	$ 4,250

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2007 THROUGH 2012

Fiscal Year		Actuarial Required Contribution Employer		Actuarial Required Contribution Other Sources	Percent Contributed Employer		Percent Contributed Other Sources	
2007	$	31,041,232	$	12,817,388	115.55	%	100.00	%
2008		22,865,917		14,455,288	153.83		100.00	
2009		28,093,511		15,071,968	91.56		100.00	
2010		66,032,185		15,122,480	47.19		100.00	
2011		82,168,820		15,430,686	85.27		100.00	
2012	*	112,159,930		15,637,701	89.38		99.94	

* Due to a change in State law, the actuarially required contribution is calculated by the System's actuary for the System as a whole. As such the amount reported above represents contributions for both employer and empoyee.

For the years ending June 30, 2007 through 2012, 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 POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2007 THROUGH 2012

Actuarial Valuation Date	Actuarial Value Of of Assets	Actuarial Accrued Liability (AAL) Entry Age	(Surplus) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage of Covered Payroll
June 30, 2007	$ 1,531,297,284	$ 1,719,536,371	$ 188,239,087	89.05 %	$ 229,145,048	82.1 %
June 30, 2008	1,600,941,810	1,841,234,995	240,293,185	86.95	252,562,020	95.1
June 30, 2009	1,297,128,398	1,988,394,358	691,265,960	65.23	270,236,561	255.8
June 30, 2010	1,247,546,395	2,083,809,321	836,262,926	59.87	280,977,278	297.6
June 30, 2011	1,286,287,651	2,215,674,343	929,386,692	58.05	273,348,634	340.0
June 30, 2012	1,382,503,860	2,313,751,839	931,247,979	59.75	272,606,934	341.6

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM'S OPEB PLAN
JUNE 30, 2008 THROUGH 2012

Date	Actuarial Value Of of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage of Covered Payroll
2008	$ -	$ 1,299,600	$ 1,299,600	- %	$ 268,575	483.9 %
2009	-	1,380,200	1,380,200	-	254,799	541.7
2010	-	1,684,800	1,684,800	-	246,700	682.9
2011	-	1,478,700	1,478,700	-	255,300	579.2
2012	-	1,177,800	1,177,800	-	256,300	459.5

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 WITH GOVERNMENT AUDITING STANDARDS

December 6, 2012

Board of Trustees of the Municipal Police
Employees' Retirement System and Subsidiaries
7722 Office Park Boulevard, Suite 200
Baton Rouge, LA 70809-7601

We have audited the financial statements of Municipal Police Employees' Retirement System and Subsidiaries as of and for the year ended June 30, 2012, and have issued our report thereon dated December 6, 2012. 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

Management of the Municipal Police Employees' Retirement System and Subsidiaries is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Municipal Police Employees' Retirement System and Subsidiaries' 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 Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Municipal Police Employees Retirement System and Subsidiaries' internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiencies 12-01 through 12-07 to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Municipal Police Employees' Retirement System and Subsidiaries' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 and other matters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information and 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 those specified. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Municipal Police Employees' Retirement Systems and its Subsidiaries for the years ended June 30, 2012 and 2011 was unqualified.

2. Internal Control:

Significant Deficiency/ Material weaknesses:	None noted
Significant deficiencies:	12-01, 12-02, 12-03, 12-04, 12-05, 12-06, 12-07

Retirement System

12-01 As is common in small organizations, management has chosen to engage the auditor 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. Statement on Auditing Standards (SAS) 115 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. We recommend that management review their system to determine if it would become cost effective to develop and implement internal controls over the preparation of their annual financial statements.

Olde Oaks Golf Course

12-02 During audit planning it was noted that some of the prior year's adjusting journal entries were not posted. In addition, only a portion of some prior year adjusting journal entries were posted to the general ledger. Proposed journal entries made during the audit and approved by management should be posted to the general ledger. Not correctly posting adjusting journal entries results in incorrect reporting of general ledger accounts. We recommend that management post all approved adjusting journal entries to the general ledger.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Olde Oaks Golf Course (Continued)

12-03 During the audit it was noted that Olde Oaks Golf Course does not have a policy for recognizing revenue on unused gift cards. In addition, gift card transaction activity from the ETS is not being reconciled with the general ledger on a consistent basis. All gift cards should have an expiration date. Upon expiration of the gift card the revenue from the unused card should be reported in the general ledger. Also, the activity per the ETS should be reconciled with the general ledger on a monthly basis. Not having expiration dates on gift cards results in the misstatement of the financial statements. Not properly reconciling the transaction activity per the ETS to the general ledger could result in a misappropriation of funds. We recommend Olde Oaks Golf Course reconcile the activity transactions per the ETS system with that of the general ledger on a monthly basis. In addition, we recommend instituting an expiration date on all gift cards or developing a policy of recognizing revenue on unused cards after they are not redeemed for a specific period of time.

12-04 During the audit testing it was noted that the liquor cash account and transactions associated with liquor sales were not included in the general ledger of Olde Oaks golf course. All assets and financial transactions of the course should be recorded on the general ledger of the golf course. When cash accounts and transactions are not reported, assets are understated and revenues and expenses are misstated. We recommend that all assets, receipts and disbursements be included in the golf course financial statements.

Stonebridge Enterprises, LLC

12-05 During the audit planning it was noted that some of the prior year's adjusting journal entries were not posted. In addition, only a portion of some prior year adjusting journal entries were posted to the general ledger. Proposed journal entries made during the audit and approved by management should be posted to the general ledger. Not correctly posting adjusting entries results in incorrect reporting of general ledger accounts. We recommend that management post all approved adjusting journal entries to the general ledger.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Stonebridge Enterprises, LLC (Continued)

12-06 During the audit testing it was noted that the liquor cash account and transactions associated with liquor sales were not included in the general ledger of Stonebridge. All assets and financial transactions of the golf course should be recorded on the general ledger of the Stonebridge golf course. When cash account and transactions are not reported, assets are understated and revenues and expenses are misstated. We recommend that all assets, receipts and disbursements be included in the golf course financial statements.

12-07 During testing of cart fee revenue, we noted that the detail schedule supporting cart fee revenue did not agree with the general ledger balance. Supporting schedules should be reconciled to the general ledger for significant accounts. When supporting schedules are not reconciled to the general ledger it allows for misstatements in the financial statements. These reconciliations are a necessary component element of strong internal control over the accounting procedures. We suggest that supporting schedules be reconciled with general ledger accounts on a regular basis.

3. Compliance and other matters: None noted

SUMMARY OF PRIOR YEAR FINDINGS:

Internal Control: - Retirement System

11-01 During the prior year it was noted that management has chosen to engage the auditor 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. Statement on Auditing Standards (SAS) 115 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. We recommend that management review their system to determine if it would become cost effective to develop and implement internal controls over the preparation of their annual financial statements. This comment is repeated, see comment 12-01.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF PRIOR YEAR FINDINGS: (Continue)

Internal Controls - Olde Oaks Golf Course

11-02 During the prior year it was discovered that Olde Oaks Golf Course does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged. Beginning May 2011 a monthly physical inventory of all items is being performed. The inventory listing does not report values and is not reconciled with the general ledger. Lastly, there are no controls over disposing of fixed assets. Olde Oaks Golf Course should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommended management tag and record the values all fixed assets in a fixed asset ledger and reconcile with the general ledger. Lastly, we recommended that Olde Oaks Golf Course establish controls over the disposal of fixed assets. During the year ended June 30, 2012, Olde Oaks Golf Course began tracking new assets purchased, recording depreciation expense, accumulated depreciation and reconciling all amounts to the general ledger. There were no disposals of fixed assets during the current year.

11-03 During the prior year it was noted that Olde Oaks Golf Course does not have a policy for recognizing revenue on unused gift cards. In addition, gift card transaction activity from the ETS is not being reconciled with the general ledger on a consistent basis. All gift cards should have an expiration date. Upon expiration of the gift card the revenue from the unused card should be reported in the general ledger. Also, the activity per the ETS should be reconciled with the general ledger on a monthly basis. Not having expiration dates on gift cards results in the misstatement of the financial statements. Not properly reconciling the transaction activity per the ETS to the general ledger could result in a misappropriation of funds. We recommend Olde Oaks Golf Course reconcile the activity transactions per the ETS system with that of the general ledger on a monthly basis. In addition, we recommended instituting an expiration date on all gift cards or developing a policy of recognizing revenue on unused cards after they are not redeemed for a specific period of time. See comment 12-03.

11-04 During the prior year it was noted that expenses are not being recorded timely in the general ledger, transactions are routinely misposted and payments to vendors are not made when due. All transactions throughout the year should be properly recorded in the general ledger and payments to vendors should be made timely. Failure to properly record these transactions could lead to misstatements on the financial statements. Not timely paying vendors could result in late fees or the cut off of services. We recommended that Olde Oaks Golf Course develop strong accounting controls and procedures to ensure that the general ledger is maintained properly and that all vendor payments are made timely. This finding was corrected during the current year.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls – Stonebridge Enterprises, LLC

11-05 During the prior year it was discovered that Stonebridge Enterprise, LLC does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged. Beginning May 2011 a monthly physical inventory of all items is being performed. The inventory listing does not report values and is not reconciled with the general ledger. Lastly, there are no controls over disposing of fixed assets. Stonebridge Enterprise, LLC should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommended management tag and record the values all fixed assets in a fixed asset ledger and reconcile with the general ledger. Lastly, we recommended that Stonebridge Enterprise, LLC establish controls over the disposal of fixed assets. During the year ended June 30, 2012, Stonebridge Enterprises, LLC began tracking new assets purchased, recording depreciation expense, accumulated depreciation and reconciling all amounts to the general ledger. There were no disposals of fixed assets during the current year.

11-06 During the prior year it was noted that expenses are not being recorded timely on the general ledger, transactions are routinely misposted and payments to vendors are not made when due. All transactions throughout the year should be properly recorded in the general ledger and payments to vendors should be made timely. Failure to properly record these transactions could lead to misstatements on the financial statements. Not paying vendors on a timely basis could result in late fees or the cut off of services. We recommended that Stonebridge Enterprises, LLC develop strong accounting controls and procedures to ensure that the general ledger is maintained properly and that payment to vendors is made timely. This finding was corrected during the current year.