R E P O R T

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

JUNE 30, 2013 AND 2012

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

INDEX TO REPORT

JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

December 2, 2013

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 financial statements of the Municipal Police Employees' Retirement System and Subsidiaries (System), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the index to report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2013 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, 2013

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, 2013. 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 2013 by $1,600,532,779which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by $193,870,776 or 13.78%. The increase was due primarily to the appreciation in the various investment portfolios.

* Contributions to the plan by members and employers totaled $110,063,5465, an increase of $9,810,509 or 9.78% over the prior year.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled $15,794,377, an increase of $166,171, or 1.06% over the prior year.

* The System experienced a net investment income in the amount of $192,175,020 during the year ended June 30, 2013. This is a 736.96% increase from net investment loss of $30,170,558 during the year ended June 30, 2012. The increase was due primarily to higher market returns due to the current economic climate.

* The rate of return on the System's investments was a positive 10.81% based on the market value. This is higher than last year's negative 2.1% rate of return.

* Pension benefits paid to retirees and beneficiaries increased by $4,038,394 or 3.52%. This increase is due to an increase in retirees.

* Administrative expenses totaled $1,222,084, an increase of $125,988 or 11.49%. The cost of administering the system per member during 2013 was $104.87 per individual compared to $94.50 per individual in 2012.

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 position,
* Statement of changes in plan net position, 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 position report the System's assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the System as of June 30, 2013 and 2012.

The statement of changes in plan net position 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 position on the statement of plan net position.

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 Position
June 30, 2013 and 2012

	2013	2012
Cash and investments	$ 1,600,022,736	$ 1,396,172,809
Receivables	17,173,628	24,908,351
Collateral held under securities lending program	205,648,697	119,736,315
Other assets	6,000	51,000
Property and equipment	2,233,526	2,297,129
Total assets	1,825,084,587	1,543,165,604
Total liabilities	224,551,808	136,503,601
Net Assets Held in Trust For Pension Benefits	$ 1,600,532,779	$ 1,406,662,003

Plan net assets increased by 13.78% ($1,600,532,779 compared to $1,406,662,003). 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 increase in the System's plan net position was a result of the increase in the value of investments due to market conditions.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE FUND (Continued)

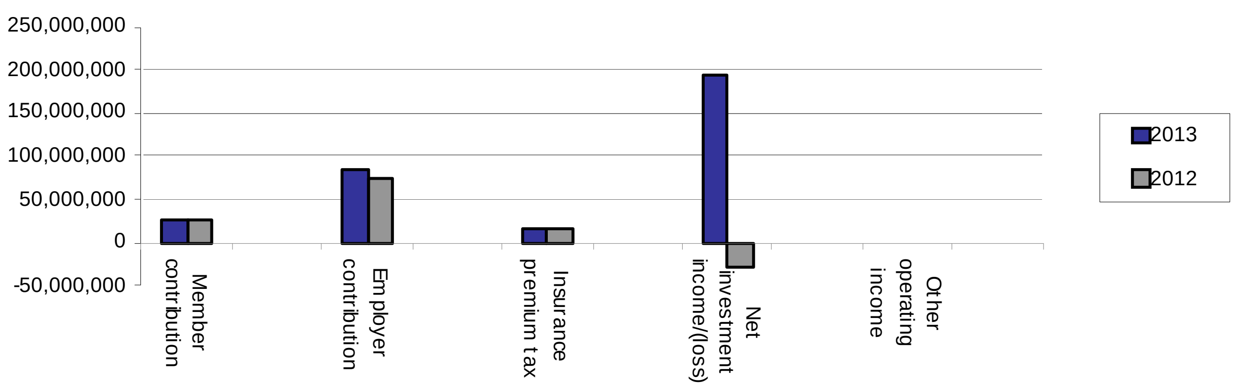
Consolidated Statement of Changes in Plan Net Position
For the Years Ended June 30, 2013 and 2012

	2013	2012
Additions:		
Contributions	$ 125,857,922	$ 115,881,243
Investment income/(loss) - net	192,175,020	(30,170,558)
Other	93,238	140,379
Total additions	318,126,180	85,851,064
Total deductions	124,255,404	119,984,647
Net increase (decrease)	$ 193,870,776	$ (34,133,583)

Additions to the System's Plan Net Position

Additions to the System's plan net position are derived from member contributions, employer contributions and investment income. Member contributions decreased $606,090 or 2.24% while employer contributions increased by $10,416,598 or 14.23%. The System experienced net investment income of $192,175,020 as compared to a net investment loss of $30,170,558 in the previous year. This is a 736.96% increase in investment income.

	2013	2012	Increase (Decrease) Percentage
Member Contributions	$ 26,428,188	$ 27,034,278	(2.24)%
Employer Contributions	83,635,357	73,218,759	14.23%
Insurance Premium Taxes	15,794,377	15,628,206	1.06%
Net Investment Income/(Loss)	192,175,020	(30,170,558)	736.96%
Other	93,238	140,379	(33.58)%
Total	$ 318,126,180	$ 85,851,064	



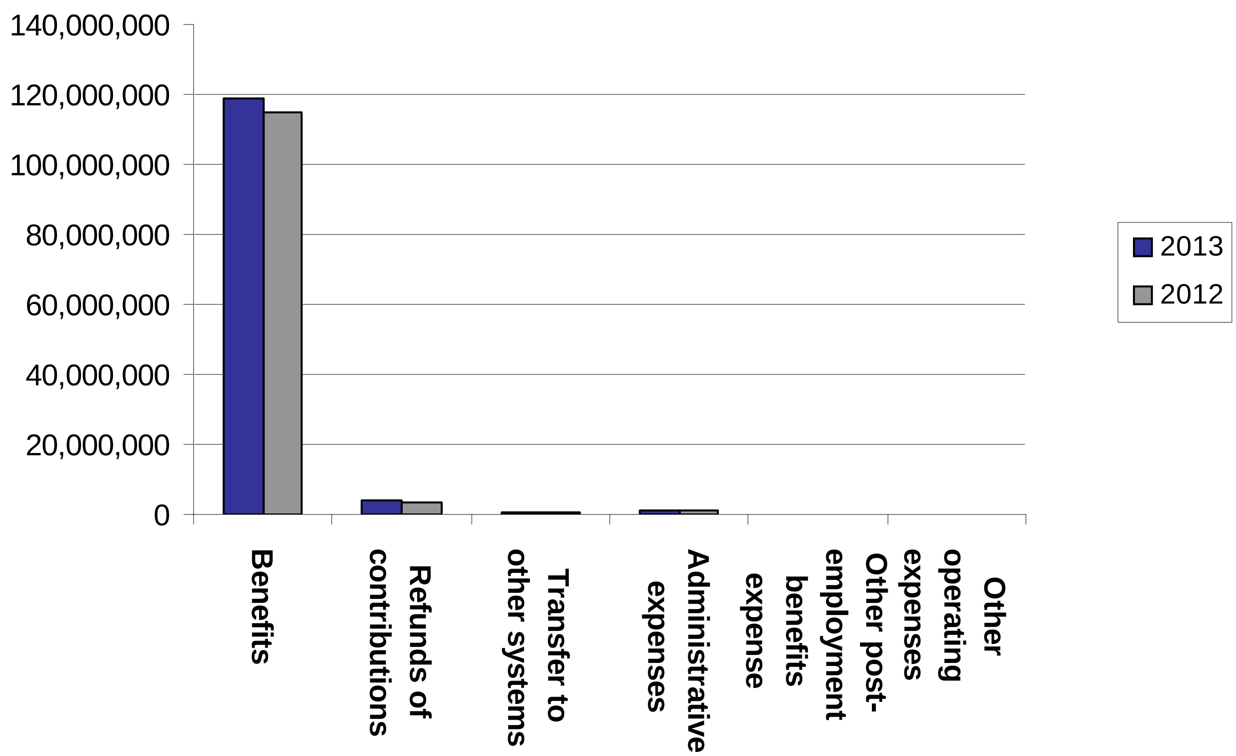
MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from the System's Plan Net Position

Deductions from the System's plan net position include mainly retirement, death and survivor benefits, refund of contributions and administrative expenses. Deductions from plan net assets totaled $124,255,404 in fiscal year 2013. This increase of $4,270,757 was primarily due to an increase in retirees who retired with larger benefits.

	2013	2012	Increase (Decrease) Percentage
Benefits	$ 118,731,642	$ 114,693,248	3.52%
Refunds of Contributions	3,849,552	3,713,577	3.66%
Transfer to other systems	322,889	357,245	(9.62)%
Administrative Expenses	1,222,084	1,096,096	11.49%
Other post-employment benefits expense	47,733	39,531	20.75%
Other Operating Expenses	81,504	84,950	(4.06)%
Total	$ 124,255,404	$ 119,984,647	



MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 was $1,571,665,057 as compared to $1,368,484,205 at June 30, 2012, which is an increase of $203,180,852 or 14.85%. The System's investments in various markets at the end of the 2013 and 2012 fiscal years are indicated in the following table:

	2013	2012	Increase (Decrease) Percentage
Cash equivalents	$ 43,805,428	$ 43,970,174	(0.37)%
Bonds	221,028,570	199,632,286	10.72%
Marketable securities - domestic	562,467,039	461,054,379	21.99%
Marketable securities – international	319,510,824	220,991,723	44.58%
Pooled Bond Fund	75,558,999	84,827,089	(10.93)%
Real Estate Fund	131,855,492	117,357,421	12.35%
Mutual Funds	43,215,452	89,106,155	(51.50)%
Real Estate – Land and Rental	703,125	726,563	(3.23)%
Real Estate – Olde Oaks Golf Course	599,800	1,725,414	(65.24)%
Real Estate – Olde Oaks Development	2,000,298	5,942,367	(66.34)%
Real Estate – The Golf Club at StoneBridge	399,902	1,182,837	(66.19)%
Investment in partnership	47,760,351	38,451,010	24.21%
Other investments	122,759,777	103,516,787	18.59%
Total	$ 1,571,665,057	$ 1,368,484,205	

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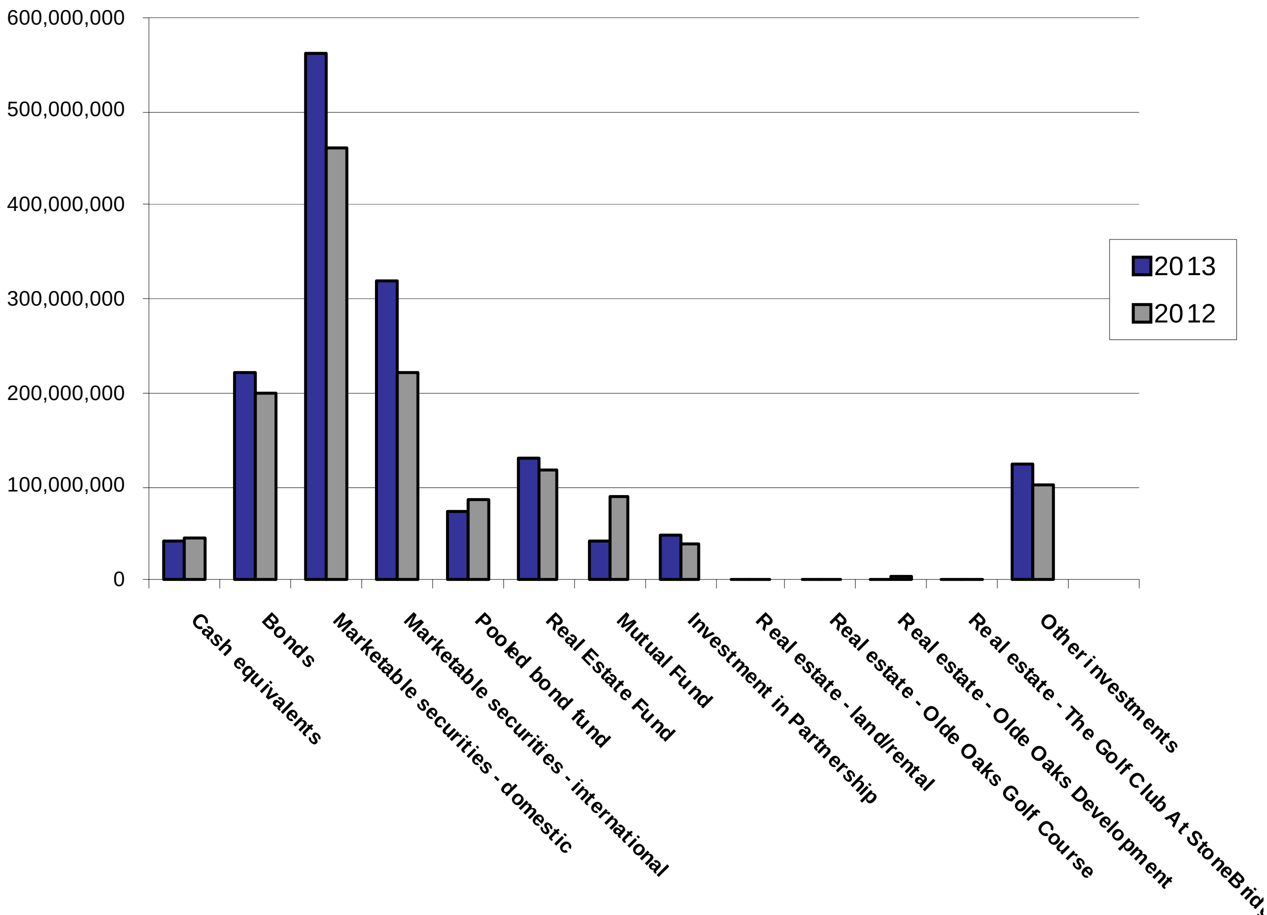
FINANCIAL ANALYSIS OF THE FUND (Continued)



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 POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS:		
Cash:		
Cash in bank	$ 27,168,665	$ 20,178,432
Cash in trust	1,189,014	7,510,172
Total cash	28,357,679	27,688,604
Receivables:		
Member contributions	2,010,984	2,238,471
Employer contributions	6,363,287	6,052,552
Due from merged systems	91,366	352,935
Other receivable	129,098	45,005
Investment receivable	4,603,768	12,333,482
Accrued interest and dividends	3,975,125	3,885,906
Total receivables	17,173,628	24,908,351
Investments:		
Short-term cash equivalents - domestic	43,805,428	43,970,174
Bonds - domestic and foreign	221,028,570	199,632,286
Marketable securities - domestic	562,467,039	461,054,379
Marketable securities - international	319,510,824	220,991,723
Pooled Bond Fund	75,558,999	84,827,089
Real Estate Fund	131,855,492	117,357,421
Mutual Fund	43,215,452	89,106,155
Investment in partnership	47,760,351	38,451,010
Other investments	122,759,777	103,516,787
Real estate - Land and rental	703,125	726,563
Real estate - Olde Oaks Development	2,000,298	5,942,367
Real estate - Olde Oaks Golf Course	599,800	1,725,414
Real estate - The Golf Club at StoneBridge	399,902	1,182,837
Total investments	1,571,665,057	1,368,484,205
Collateral held under securities lending program	205,648,697	119,736,315
Other assets	6,000	51,000
Property, plant and equipment:		
(Net of accumulated depreciation $1,187,247 in 2013; $1,105,743 in 2012)	2,233,526	2,297,129
TOTAL ASSETS	1,825,084,587	1,543,165,604
LIABILITIES:		
Accounts payable	840,949	564,841
Accrued payroll and taxes	60,709	79,157
Refunds payable - members	414,520	441,501
Deferred contribution	107,147	88,603
Other liabilities	82,055	62,619
Capital lease payable	120,866	79,347
Obligations under securities lending program	212,810,095	120,797,432
Other post employment benefits obligation	450,395	402,662
Investment payable	9,665,072	13,987,439
TOTAL LIABILITIES	224,551,808	136,503,601
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 1,600,532,779	$ 1,406,662,003

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ADDITIONS:		
CONTRIBUTIONS:		
Members	$ 26,428,188	$ 27,034,278
Employer	83,635,357	73,218,759
Insurance premium tax	15,794,377	15,628,206
Total contributions	125,857,922	115,881,243
INVESTMENT INCOME:		
Net appreciation (depreciation) in investments	161,858,537	(56,207,135)
Interest - cash and cash equivalents	13,360	15,853
Interest - notes, bonds, etc.	12,545,888	12,297,708
Interest - securities lending	802,386	603,292
Dividends - stock	20,446,568	16,774,445
Dividends - commingled funds	3,196,871	1,973,304
Miscellaneous	57,373	135,971
	198,920,983	(24,406,562)
Less investment expenses:		
Securities lending expense	240,661	21,188
Custodial	106,185	106,648
Investment advisor	5,518,527	4,178,493
Miscellaneous investment expense	142,734	222,461
Real estate - Olde Oaks Development	337,401	376,129
Real estate - Olde Oaks Golf Course	210,845	377,694
Real estate - The Golf Club at StoneBridge	189,610	481,383
	6,745,963	5,763,996
Net investment income (loss)	192,175,020	(30,170,558)
OTHER ADDITIONS:		
Merger interest payment	13,733	26,112
Transfers (to) from other systems - employees	79,505	114,267
Total other additions	93,238	140,379
Total additions	318,126,180	85,851,064
DEDUCTIONS:		
Benefits	118,731,642	114,693,248
Refund of contributions	3,849,552	3,713,577
Transfers to other systems - employers/interest	322,889	357,245
Administrative expenses	1,222,084	1,096,096
Other post-employment benefit expense	47,733	39,531
Depreciation	81,504	84,950
Total deductions	124,255,404	119,984,647
NET INCREASE (DECREASE)	193,870,776	(34,133,583)
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
BEGINNING OF YEAR	1,406,662,003	1,440,795,586
END OF YEAR	$ 1,600,532,779	$ 1,406,662,003

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

The Municipal Police Employees' Retirement System (MPERS) was established as of July 1, 1973, by Act 189 of 1973. The System is a statewide retirement system, which was created for full-time municipal police officers in Louisiana. The System is administered by a Board of Trustees and includes the Chairman of the Retirement Committee of the House of Representatives, the Chairman of the Senate Retirement Committee, the commissioner of administration, and the state treasurer, or their designees, as well as two mayors appointed by the Louisiana Municipal Association from municipalities having police departments participating in the System, 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. During the year ended June 30, 2013, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, redefined the residual of all other elements presented in the consolidated statement of net position from "Net Assets" to "Net Position".

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.

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, 2013 and 2012, there are 143 contributing municipalities. At June 30, 2013 and 2012 statewide retirement membership consists of:

	2013	2012
Active members	5,602	5,779
Retired members and beneficiaries	4,340	4,230
Terminated due a deferred benefit	145	130
Terminated due a refund	1,252	1,176
DROP participants	314	284
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	11,653	11,599

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.

2. PLAN DESCRIPTION: (Continued)

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

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and 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. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

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 regular retirement, disability, 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 regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

MUNICIPAL POLICE EMPLOYEES'
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. PLAN DESCRIPTION: (Continued)

Membership Prior to January 1, 2013 (Continued)

No regular 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.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Membership Commencing January 1, 2013

Members eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. 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. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are 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).

2. PLAN DESCRIPTION: (Continued)

Initial Benefit Option Plan

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 are eligible for regular retirement and 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 same criteria as DROP.

Plan booklet should be read for more detail on eligibility and benefit provisions.

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, 2013, total contributions due were 41% and the employee contribution rate for members above the poverty line was 10%. The actuarial required employer and employee combined contribution for June 30, 2013 was 41.03%.

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 actuarially required employer and employee combined contribution rate for June 30, 2012 was 40.52%. 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, 2013 and 2012, the state appropriated $15,794,377 and $15,628,206, respectively, in insurance premium tax.

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

3. CONTRIBUTIONS AND RESERVES: (Continued)

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, 2013 and 2012 is $188,248,852 and $177,174,210, 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, 2013 and 2012 is $973,344,130 and $966,247,968, respectively. The Pension Accumulation is 17.93% funded for the year ended June 30, 2013 and 6.12% funded for the year ended June 30, 2012.

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, 2013 and 2012 is $1,137,433,147 and $1,081,672,474, respectively. The Annuity Reserve is fully funded for the year ended June 30, 2013 and was fully funded for the year ended June 30, 2012.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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, 2013 and 2012 is $99,565,647 and $87,953,389, 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, 2013 and 2012 is $784,044 and $703,798, 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 52 – 54.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2013 and 2012:

	2013	2012
Deposits (bank balance)	$ 27,213,563	$ 20,525,440
Cash in trust	1,189,014	7,510,172
Cash equivalents	43,805,428	43,970,174
Investments	1,527,859,629	1,324,514,031
	$ 1,600,067,634	$ 1,396,519,817

Deposits:

The System's bank deposits were under insured by $196,749 as of June 30, 2013. The System's bank deposits were entirely covered by federal depository insurance as of June 30, 2012.

Cash Equivalents:

For the years ending June 30, 2013 and 2012, cash equivalents in the amount of $30,762,913 and $32,937,712, respectively, consist of government pooled investments. The funds are held and managed by the System's custodian bank. For the years ending June 30, 2013 and 2012, cash equivalents in the amount of $13,042,515 and $11,032,462, 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 60 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.

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, 2013 and 2012. However, at June 30, 2013 and 2012, the investment in the real estate fund in the amount of $101,766,246 and $90,206,097 represented 6.48% and 6.59% respectively, of the market value of the System's investments. At June 30, 2012, the investment in the pooled bond fund in the amount of $84,827,089 represented 6.20% 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, 2013 and 2012.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Credit Risk: (Continued)

Below is a schedule of bonds with their applicable ratings as of June 30, 2013:

	Corporate Bonds	State and Municipal Bonds	Foreign Government Bonds	U.S. Government Bonds	Other	Total
AAA	$ 3,576,475	$ --	$ 11,838,953	$ 10,942,546	$ 1,981,271	$ 28,339,245
AA+	--	--	1,747,987	--	7,588,865	9,336,852
AA	--	--	--	--	1,054,489	1,054,489
AA-	835,827	--	4,078,698	--	27,521	4,942,046
A+	1,231,827	--	--	--	138,735	1,370,562
A	5,500,190	327,706	--	--	2,635,881	8,463,777
A-	5,815,691	--	--	--	1,056,028	6,871,719
BBB+	5,449,973	--	1,526,771	--	3,770,642	10,747,386
BBB	13,905,064	--	1,471,628	--	4,819,077	20,195,769
BBB-	23,412,727	--	1,604,047	--	1,381,224	26,397,998
BB+	15,617,478	--	927,926	--	540,501	17,085,905
BB	9,724,194	--	--	--	857,103	10,581,297
BB-	19,837,445	--	363,479	--	--	20,200,924
B+	13,998,331	--	--	--	--	13,998,331
B	16,428,752	--	--	--	151,371	16,580,123
B-	16,323,201	--	--	--	--	16,323,201
CCC+	5,030,983	--	--	--	--	5,030,983
CCC	188,700	--	--	--	--	188,700
CCC-	835,062	--	--	--	--	835,062
Not Rated	281,250	--	1,446,084	--	756,867	2,484,201
	$ 157,993,170	$ 327,706	$ 25,005,573	$ 10,942,546	$ 26,759,575	$ 221,028,570

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

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, 2013 and 2012, the market value of the fund is $75,558,999 and $84,827,089, respectively. The rating of the bonds in the fund range between Aaa and Baa with 73.48% 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, 2013 and 2012, the System is not exposed to custodial risk for investments in the amount of $1,117,687,020 and $900,616,064, respectively, since the investments are held in the name of the System.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Custodial Credit Risk: (Continued)

At June 30, 2013 and 2012, the System has $451,463,926 and $465,801,132, 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 $205,648,697 as of June 30, 2013 and $119,736,315 as of June 30, 2012. 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, 2013 and 2012, the System had the following investments in long-term debt securities and maturities:

2013	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Investment Type					
Corporate Bonds	$ 157,993,170	$ --	$ 38,573,041	$ 88,883,103	$ 30,537,026
Municipal Bonds	327,706	--	--	--	327,706
U.S. Government Bonds	10,942,546		8,840,671	--	2,101,875
Foreign Government Bonds	25,005,573	--	13,377,474	7,371,309	4,256,790
Other	26,759,575	--	2,321,366	5,889,707	18,548,502
	$ 221,028,570	$ --	$ 63,112,552	$ 102,144,119	$ 55,771,899

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 and 2012 as follows:

	2013	2012
Country/Currency	Fair Value	Fair Value
Austria / Euro	$ 559,145	$ 891,039
Australian / Dollar	20,616,773	10,010,632
Belgium / Euro	1,531,870	1,061,560
Hong Kong / Dollar	7,389,855	5,020,354
Finland / Euro	5,112,536	2,454,135
France / Euro	25,528,594	21,243,955
Mexico / Peso	245,309	--
Singapore / Dollar	3,193,909	2,468,854
Germany / Euro	21,270,844	13,466,530
Taiwan / Dollar	--	403,973
Ireland / Euro	--	468,731
Italy / Euro	6,732,434	4,321,618
Switzerland / Swiss £	22,952,765	13,455,784
Canada / Dollar	3,284,651	7,883,007
United Kingdom / Pounds	85,293,700	58,215,360
United Kingdom / Euro	2,086,753	2,790,619
Netherlands / Euro / Golden	11,161,540	9,095,551
South Korea / Won	3,009,148	1,850,006
New Zealand / Dollar	779,253	152,368
South Africa / Rand	--	224,965
Norway / Kroner	11,332,611	7,112,880
Spain / Euro	1,065,939	3,500,950
Portugal / Euro	981,733	1,098,223
Sweden / Kroner	6,517,756	5,829,102
Japan / Yen	75,880,253	45,192,888
Israel / Shekel	720,864	165,114
Denmark / Kroner	2,262,589	2,613,525
TOTAL	$ 319,510,824	$ 220,991,723

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 and 2012 as follows:

Country/Currency	2013 Fair Value	2012 Fair Value
Australia / Dollar	$ 14,150	$ 24,070
United Kingdom / Pound	44,464	64,481
Canada / Dollar	50,760	21,042
Czech / Koruna	8,732	--
Denmark / Krone	21,707	13,178
Euro	101,777	91,144
Hong Kong / Dollar	51,054	27,297
Israel / Shekel	5,388	9,409
Japan / Yen	493,626	256,834
Mexico / Peso	21,587	--
Taiwan / Dollar	123,295	180,260
Norway / Krone	63,291	97,460
Singapore / Dollar	48,376	9,856
South Africa / Rand	8,816	19,607
South Korea / Won	--	3
Sweden / Kroner	31,239	20,575
Switzerland / Swiss £	21,173	21,624
TOTAL	$ 1,109,435	$ 856,840

The System's investment policy has a target not to exceed 20% of total investments in foreign marketable securities. At June 30, 2013 and 2012, the System's position was 20.33% and 16.15%, 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, 2013 and 2012, the balance consisted of foreign government bonds of $25,005,573 and $19,004,445, respectively; and foreign corporate bonds of $3,663,815 and $3,824,401, respectively. The breakdown per country at June 30, 2013 and 2012 is as follows:

Country/Currency	2013 Fair Value	2012 Fair Value
Australia / Dollar	$ 4,774,507	$ 2,464,313
Brazil / Real	814,532	916,875
Canada / Dollar	5,978,412	12,473,142
Euro	3,885,388	645,501
Norway / Kroner	4,191,534	--
Philippines / Peso	446,870	--
Singapore / Dollar	2,840,751	--
Malaysia / Ringgit	1,446,084	--
Mexico / Peso	1,526,771	2,904,482
New Zealand / Dollar	2,764,537	2,121,983
Sweden / Kroner	--	1,302,550
TOTAL	$ 28,669,388	$ 22,828,846

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS:

During the year ending June 30, 2013, 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 made improvements to the golf course in the amount of $4,210,523. In the prior years, Olde Oaks transferred a portion of the land with a cost of $55,174 and a market value of $56,600 to Olde Oaks Development, LLC, an affiliate organization. As a result, total cost and improvements as of June 30, 2013 are $10,952,505. The course was sold, along with the Development and StoneBridge golf course, on August 2, 2013. As a result, the market value was adjusted as of June 30, 2013 to reflect the allocated sale price. The market value as of June 30, 2013 is $599,800. 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 $210,845 for the year ended June 30, 2013.

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, 2013 are $4,734,985. The course was sold, along with the Development and Olde Oaks golf course, on August 2, 2013. As a result, the market value was adjusted as of June 30, 2013 to reflect the allocated sale price. The market value as of June 30, 2013 is $399,902. 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 $189,610 for the year ended June 30, 2013.

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, 2013 and 2012 is $5,434,867 and $5,466,118, respectively. The Development was sold, along with the two golf courses from above, on August 2, 2013. As a result, the market value was adjusted as of June 30, 2013 to reflect the allocated sale price. The market value of

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS: (Continued)

The land and improvements as of June 30, 2013 and 2012 is $626,626 and $4,489,600 which resulted in unrealized losses of $3,847,663 and $891,941 in 2013 and 2012, respectively. During the year ending June 30, 2013, one (1) lot was sold which resulted in a realized gain of $41,595. During the year ending June 30, 2012, two (2) lots were sold which resulted in a realized gain of $23,040. 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, 2013 is $1,983,957.

The Development has an agreement with a management company to maintain the sewer plant. Beginning July 1, 2005, the Development began to bill residents for sewer services. For the year ended June 30, 2013, the operations of the plant generated $-0- in revenue and incurred $31,299 in maintenance cost. Accumulated depreciation on the sewer plant as of June 30, 2013 and 2012 is $610,285 and $531,191, 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 $4,143,231 for the year ended June 30, 2013.

8. 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. The System also invested $20,600,000 in the Summit Partners Credit Fund. 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, 2013 and 2012 was $3,418,184 and $1,578,182, respectively, and is included in investment income. The System received returns of capital during the current year totaling $14,178,534. As of June 30, 2013 and 2012, the System has invested $47,242,735 and $49,586,388 with a market value of $47,760,351 and $38,451,010, respectively.

9. OTHER INVESTMENTS:

As of June 30, 2013, the System is entered into subscription agreements with eight limited partnerships and offshore funds to enhance diversification and provide reductions in overall portfolio volatility. At June 30, 2013 and 2012, the market value of the hedge funds was $47,756,961 and $43,213,595, respectively. These funds are subject to the market factors depending on the fund strategy.

During the year ending June 30, 2012, the System invested in a commingled fund consisting of the Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund, which is managed by Citibank Europe Plc. This fund consists of foreign stocks in emerging global markets. This investment was made to further diversify the portfolio. At June 30, 2013 and 2012, the market value of the commingled fund was $74,553,758 and $59,908,150, respectively. This fund is subject to the market factors depending on the fund strategy.

10. DERIVATIVE INSTRUMENTS:

The System is a party to contracts for various derivative instruments, as discussed below. At June 30, 2013, the System has the following derivative instruments outstanding:

		Fair Value		
	Notional Amount	Investment Receivable	Investment Payable	Unrealized Gain/(Loss)
Investment Derivative:				
Equity Futures - Euro	$ 1,506,077	$ 1,456,628	$ --	$ (49,449)
Foreign forward currency contract – AUS	15,382,856	15,059,629	14,790,075	269,554
Foreign forward currency contract – UK	52,024,354	51,506,131	51,775,111	(268,980)
Foreign forward currency contract – BRA	1,328,007	1,328,007	1,354,452	(26,445)
Foreign forward currency contract – Euro	28,652,500	28,444,690	28,591,506	(146,816)
Foreign forward currency contract – JAP	49,467,185	48,755,659	49,085,223	(329,564)
Foreign forward currency contract – NZ	5,227,590	5,023,336	5,097,494	(74,158)
Foreign forward currency contract – NOR	5,403,291	5,256,244	5,290,032	(33,788)
Foreign forward currency contract – HK	5,686,426	5,687,402	5,687,124	278
Foreign forward currency contract – SWE	5,675,712	5,400,882	5,675,712	(274,830)
Foreign forward currency Contract – SKW	2,680,174	2,680,174	2,593,724	86,450
Foreign forward currency contract – SWI	8,624,342	8,576,910	8,602,401	(25,491)

10. DERIVATIVE INSTRUMENTS: (Continued)

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, Brazilian real, Euros, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian kroner, South Korean won, Swedish krona, and Swiss francs. At June 30, 2013, the fair value of the foreign currency contracts receivable and payables is $177,719,064 and $178,542,853, respectively.

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, 2013, the net fair value of the equity futures contract is an investment payable of $49,449. 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.

11. 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.

11. SECURITY LENDING AGREEMENTS: (Continued)

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.

The System has the following securities on loan:

	June 30, 2013		June 30, 2012	
	Cost	Market	Cost	Market
U.S. Corporate bonds	$ 38,497,860	$ 39,262,103	$ 40,742,846	$ 42,705,881
U.S. Corporate equities	122,773,303	148,781,217	67,028,998	66,814,850
U.S. Treasury bills (bonds)	5,747,580	5,702,721	--	--
Foreign corporate securities (bonds)	--	--	761,344	809,248
Foreign corporate securities (stocks)	12,336,695	11,902,656	11,212,237	9,406,337
Total	$ 179,355,438	$ 205,648,697	$ 119,745,425	$ 119,736,316

The System has the following collateral under securities lending program:

	June 30, 2013		June 30, 2012	
	Cost	Market	Cost	Market
Cash / Money market	$ 212,810,095	$ 212,810,095	$ 120,797,432	$ 120,797,432

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, 2013 and 2012. The market value of securities on loan was $208,035,848. The System received cash collateral in the amount of $205,648,697 and $2,387,151 of non-cash collateral. The collateral value of $215,232,810 consisted of $212,810,095 of cash and $2,422,715 of non-cash.

12. 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, 2013, lease expense was $245,396. The following is a schedule of future minimum lease commitments for the next five years:

Year Ending	Amount
June 30, 2014	$ 81,555

13. 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. During the current year, the System purchased various maintenance equipment for Olde Oaks Golf Course through a capital lease. The equipment costs $120,468. The monthly lease payments are for 36 months at $3,346 per month including interest. The balance in the capital lease payable for both golf courses at June 30, 2013 and 2012 is $120,866 and $79,374, respectively.

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

Year Ending	Amount
June 30, 2014	$ 66,777
June 30, 2015	43,939
June 30, 2016	8,633
June 30, 2017	1,517
Total	$ 120,866

14. 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.

15. TAX QUALIFICATION:

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

MUNICIPAL POLICE EMPLOYEES'
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16. 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, 2013 and 2012 is $91,366 and $352,935, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2013 was $91,366 and $-0-, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2012 was $253,425 and $99,510, respectively.

17. EQUIPMENT AND FIXTURES:

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

	2013	2012
Office equipment	$ 293,635	$ 288,611
Computer equipment and software	280,006	267,129
Improvements	10,309	10,309
Furniture	100,257	100,257
Land	614,920	614,920
Office building	2,121,646	2,121,646
	3,420,773	3,402,872
Less accumulated depreciation	(1,187,247)	(1,105,743)
Total	$ 2,233,526	$ 2,297,129

Depreciation expense charged to pension operations was $81,504 for 2013 and $84,950 for 2012. Depreciation expense charged to investment expense – Olde Oaks Golf Course operations was 44,790 for 2013 and $26,617 for 2012. Depreciation expense charged to investment expense - Stonebridge Enterprises, LLC operations was $39,567 for 2013 and $40,404 for 2012. Depreciation expense charged to investment expense – Olde Oaks Development was $79,094 for 2013 and $79,094 for 2012.

18. 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.

18. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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, 2013, four 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 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, 2013 and 2012, employee premiums for a single member receiving benefits range from $83 to $87 and $92 to $94, respectively per month for retiree-only coverage with Medicare or from $134 to $144 and $152 to $155, respectively per month for retiree-only coverage without Medicare. The premiums for an employee and spouse for the years ended June 30, 2013 and 2012 range from $145 to $157 and $165 to $168, respectively, per month for those with Medicare or from $427 to $468 and $495 to $503, respectively, per month for those without Medicare.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

18. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

The plan is currently financed on a pay as you go basis, with the System contributing anywhere from $248 to $261 and $276 to $281, respectively, per month for retiree-only coverage with Medicare or from $851 to $928 and $981 to $997, respectively, per month for retiree-only coverage without Medicare during the years ended June 30, 2013 and 2012. Also, the System's contributions range from $436 to $470 and $497 to $505, respectively, per month for retiree and spouse with Medicare or $1,300 to $1,424 and $1,506 to $1,532, respectively, for retiree and spouse without Medicare for the years ended June 30, 2013 and 2012.

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 $0.52 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 and is calculated at the beginning of the fiscal year. 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 years June 30, 2013 and 2012 is $79,800 and $79,500, respectively, as set forth below:

	2013	2012
Normal Cost	$ 32,000	$ 32,000
30-year UAL amortization amount	44,731	44,442
Interest on the above	3,069	3,058
Annual required contribution (ARC)	$ 79,800	$ 79,500

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RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

18. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

The following table presents the System's OPEB obligation for the year ended June 30, 2013 and 2012:

	2013	2012
Beginning Net OPEB Obligation July 1, 2012	$ 402,662	$ 363,131
Annual required contribution	79,800	79,500
OPEB cost	482,462	442,631
Contributions made	32,067	39,969
Claim costs	-	-
Change in Net OPEB Obligation	47,733	39,531
Ending Net OPEB Obligation June 30, 2013	$ 450,395	$ 402,662

Utilizing the pay-as-you-go method, the System contributed 40.18% and 50.28%, respectively, of the annual post-employment benefits cost during the years ended June 30, 2013 and 2012.

Funded Status and Funding Progress

In the year ended June 30, 2013, 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 $1,185,000 was unfunded.

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

Actuarial accrued liability (AAL)	$ 1,185,000
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	$ 1,185,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 312,000
UAAL as a percentage of covered payroll	380%

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.

18. 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, 2012 and 2011, 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 6% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 4.5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over thirty years.

19. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The funded status of the System as of June 30, 2013, 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)
$ 1,539,218,085	$ 2,399,375,820	$ 860,157,735	64.15%	$ 264,711,491	324.9%

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, 2013
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.
Valuation date	June 30, 2013

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

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, 2013 DROP entry and retirement rates were extended to lower eligible ages and changes were made to several variables related to family statistics
Change in Amortization Payments	For the year ended June 30, 2013 the System incurred an experience gain in the amount of 4,187,942 which resulted in the reduction of the amortization payment. In addition, the System's amortization payment increased in the amount of $5,486,895 due to the elimination of amortization.

20. 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.

21. SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 2, 2013, which is the date on which the financial statements were available to be issued. As noted in footnote #6, the System sold complete ownership of the limited liability companies of Olde Oaks Development, LLC, Olde Oaks Golf Club, LLC, and Stonebridge Enterprises, LLC including any and all of their movable property, leases, leased property or equipment, contracts and contract items on August 2, 2013 for a combined price of $3,000,000. As a result of the sale the System will indemnify against any expenses, invoices, claims for moneys due or damages of every nature or kind, or from any source arising prior to the sale.

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF PLAN NET POSITION
JUNE 30, 2013

	Pension Fund	Expense Fund	Building Fund	Total Retirement System
ASSETS				
Cash:				
Cash in bank	$ 26,519,766	$ 51,947	$ 65,897	$ 26,637,610
Cash in trust	1,189,014	-	-	1,189,014
	27,708,780	51,947	65,897	27,826,624
Receivables:				
Member contributions	2,010,984	-	-	2,010,984
Employer contributions	6,363,287	-	-	6,363,287
Due from merged systems	91,366	-	-	91,366
Accounts receivable	-	-	-	-
Investment receivable	4,603,768	-	-	4,603,768
Accrued interest and dividends	3,975,125	-	-	3,975,125
Total Receivables	17,044,530	-	-	17,044,530
Investments:				
Cash equivalents	43,805,428	-	-	43,805,428
Bonds, notes, mortgages	221,028,570	-	-	221,028,570
Marketable securities - domestic	562,467,039	-	-	562,467,039
Marketable securities - international	319,510,824	-	-	319,510,824
Pooled bond fund	75,558,999	-	-	75,558,999
Real estate fund	131,855,492	-	-	131,855,492
Mutual funds	43,215,452	-	-	43,215,452
Investment in partnership	47,760,351	-	-	47,760,351
Other investments	122,310,719	-	-	122,310,719
Real estate - land and rental	193,082	-	510,043	703,125
Real estate - Olde Oaks Development	-	-	-	-
Real estate - Olde Oaks	599,800	-	-	599,800
Real estate - Stonebridge	399,902	-	-	399,902
Total Investments	1,568,705,658	-	510,043	1,569,215,701
Collateral held under securities lending program - Money Market	205,648,697	-	-	205,648,697
Other Assets	-	-	-	-
Property, Plant and Equipment				
Net of accumulated depreciation	648,805	-	1,584,721	2,233,526
TOTAL ASSETS	1,819,756,470	51,947	2,160,661	1,821,969,078
LIABILITIES				
Accounts payable	447,108	11,217	-	458,325
Accrued payroll and taxes	-	23,631	-	23,631
Refunds payable	414,520	-	-	414,520
Deferred contribution	107,147	-	-	107,147
Other liabilities	-	-	-	-
Capital lease payable	-	-	-	-
Obligations under securities lending	212,810,095	-	-	212,810,095
Investment payable	9,665,072	-	-	9,665,072
Other postemployment benefits obligation	-	450,395	-	450,395
Due to/ due (from) other funds	(22,835,330)	-	-	(22,835,330)
TOTAL LIABILITIES	200,608,612	485,243	-	201,093,855
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 1,619,147,858	$ (433,296)	$ 2,160,661	$ 1,620,875,223

Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 31,827	$ 52,655	$ 446,573	$ 27,168,665
-	-	-	1,189,014
31,827	52,655	446,573	28,357,679
-	-	-	2,010,984
-	-	-	6,363,287
-	-	-	91,366
19,807	109,291	-	129,098
-	-	-	4,603,768
-	-	-	3,975,125
19,807	109,291	-	17,173,628
-	-	-	43,805,428
-	-	-	221,028,570
-	-	-	562,467,039
-	-	-	319,510,824
-	-	-	75,558,999
-	-	-	131,855,492
-	-	-	43,215,452
-	-	-	47,760,351
239,378	209,680	-	122,759,777
-	-	-	703,125
-	-	2,000,298	2,000,298
-	-	-	599,800
-	-	-	399,902
239,378	209,680	2,000,298	1,571,665,057
-	-	-	205,648,697
-	-	6,000	6,000
-	-	-	2,233,526
291,012	371,626	2,452,871	1,825,084,587
188,426	194,198	-	840,949
14,253	22,825	-	60,709
-	-	-	414,520
-	-	-	107,147
11,979	67,076	3,000	82,055
77,819	43,047	-	120,866
-	-	-	212,810,095
-	-	-	9,665,072
-	-	-	450,395
5,582,284	2,338,844	14,914,202	-
5,874,761	2,665,990	14,917,202	224,551,808
$ (5,583,749)	$ (2,294,364)	$ (12,464,331)	$ 1,600,532,779

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

ADDITIONS:	Pension Fund	Expense Fund	Building Fund
CONTRIBUTIONS:			
Member contributions	$ 26,428,188	$ -	$ -
Employer contributions	83,635,357	-	-
Insurance premium tax	15,794,377	-	-
	125,857,922	-	-
INVESTMENT INCOME:			
Net appreciation (depreciation) in fair value of investments	165,688,043	-	(23,438)
Interest - cash and cash equivalents	13,360	-	-
Interest - mortgage backed bonds	12,545,888	-	-
Interest - securities lending	802,386	-	-
Dividends - stocks	20,446,568	-	-
Dividends - commingled funds	3,196,871	-	-
Miscellaneous investment income	57,135	-	-
	202,750,251	-	(23,438)
Less investment expenses:			
Securities lending expenses	240,661	-	-
Custodial fees	106,185	-	-
Investment advisor fee	5,518,527	-	-
Miscellaneous investment expense	142,734	-	-
Olde Oaks Development	-	-	-
Olde Oaks Golf Course operations	-	-	-
The Club at Stonebridge operations	-	-	-
	6,008,107	-	-
Net investment income (loss)	196,742,144	-	(23,438)
OTHER ADDITIONS:			
Merger interest payment	13,733	-	-
Transfers (to) from other systems - employees	79,505	-	-
Total other additions	93,238	-	-
Total additions (deductions)	322,693,304	-	(23,438)
DEDUCTIONS:			
Benefits	118,731,642	-	-
Refund of contributions	3,849,552	-	-
Transfers (to) from other systems - employers/interest	322,889	-	-
Administrative expenses	-	1,111,212	110,872
Other post-employment benefit expense	-	47,733	-
Depreciation	16,256	-	65,248
Total deductions	122,920,339	1,158,945	176,120
Increase (decrease) in net assets prior to transfers	199,772,965	(1,158,945)	(199,558)
Transfers to/from	(1,137,123)	987,123	150,000
NET (DECREASE)	198,635,842	(171,822)	(49,558)
NET POSITION - RESTRICTED FOR PENSION BENEFITS:			
BEGINNING OF THE YEAR	1,420,512,016	(261,474)	2,210,219
END OF THE YEAR	$ 1,619,147,858	$ (433,296)	$ 2,160,661

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 26,428,188	$ -	$ -	$ -	$ 26,428,188
83,635,357	-	-	-	83,635,357
15,794,377	-	-	-	15,794,377
125,857,922	-	-	-	125,857,922
165,664,605	-	-	(3,806,068)	161,858,537
13,360	-	-	-	13,360
12,545,888	-	-	-	12,545,888
802,386	-	-	-	802,386
20,446,568	-	-	-	20,446,568
3,196,871	-	-	-	3,196,871
57,135	-	-	238	57,373
202,726,813	-	-	(3,805,830)	198,920,983
240,661	-	-	-	240,661
106,185	-	-	-	106,185
5,518,527	-	-	-	5,518,527
142,734	-	-	-	142,734
-	-	-	337,401	337,401
-	210,845	-	-	210,845
-	-	189,610	-	189,610
6,008,107	210,845	189,610	337,401	6,745,963
196,718,706	(210,845)	(189,610)	(4,143,231)	192,175,020
13,733	-	-	-	13,733
79,505	-	-	-	79,505
93,238	-	-	-	93,238
322,669,866	(210,845)	(189,610)	(4,143,231)	318,126,180
118,731,642	-	-	-	118,731,642
3,849,552	-	-	-	3,849,552
322,889	-	-	-	322,889
1,222,084	-	-	-	1,222,084
47,733	-	-	-	47,733
81,504	-	-	-	81,504
124,255,404	-	-	-	124,255,404
198,414,462	(210,845)	(189,610)	(4,143,231)	193,870,776
-	-	-	-	-
198,414,462	(210,845)	(189,610)	(4,143,231)	193,870,776
1,422,460,761	(5,372,904)	(2,104,754)	(8,321,100)	1,406,662,003
$ 1,620,875,223	$ (5,583,749)	$ (2,294,364)	$ (12,464,331)	$ 1,600,532,779

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2013

REVENUE:	
Green fees	$ 522,319
Golf cart rental	213,655
Range fees	17,579
Other golf revenue	4,808
Golf shop	94,459
Membership dues	101,858
Food and beverage revenue from operations	198,395
Total revenue	1,153,073
OPERATING EXPENSES:	
Advertising	16,187
Bad debt expense	3,490
Contract labor	12,893
Cost of goods sold - golf shop	71,378
Cost of goods sold - food and beverage	89,977
Depreciation	44,790
Fuel	59,125
Ground maintenance	73,758
Insurance - health	3,346
Insurance - workman's compensation	8,531
Interest and late charge	1,425
License and permits	(126)
Lease expense	94,530
Miscellaneous expenses	7,507
Management fee	60,000
Other employee expenses	3,761
Printing and stationary	1,494
Repair, maintenance and supplies	95,615
Salaries and wages	477,576
Taxes - payroll	40,652
Telephone	4,417
Tournament expense	1,270
Utilities	46,758
Total operating expenses	1,218,354
OTHER EXPENSES:	
General and administrative expenses (Page 40)	56,361
Property taxes, insurance	89,203
Total other expenses	145,564
NET LOSS	$ (210,845)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2013

Bank charges	$ 500
Credit card service charge	18,573
Dues and subscriptions	2,350
Loss	867
Postage and delivery	4,121
Professional fees	19,174
Security	4,091
Travel and entertainment	6,685
Total administrative expenses	$ 56,361

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (210,845)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	44,790
Expenses paid by Retirement System	175,289
(Increase) decrease in operating assets:	
Accounts receivable	(14,398)
Prepaid expenses	3,471
Inventories	(12,453)
Increase (decrease) in operating liabilities:	
Accounts payable	12,632
Other payables	4,218
Unearned revenue	2,142
Accrued payroll and taxes	(1,016)
Net cash provided by operating activities	3,830
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(12,633)
Net cash used by investing activities	(12,633)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Expenses paid on behalf of The Golf Club at Stonebridge	(37,500)
Payment for obligation under capital leases	(56,060)
Net cash provided by financing activities	(93,560)
NET DECREASE IN CASH	(102,363)
CASH, BEGINNING OF YEAR	134,190
CASH, END OF YEAR	$ 31,827

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2013

REVENUE:	
Green fees	$ 320,746
Golf cart rental	205,895
Range fees	17,327
Other golf revenue	4,970
Golf shop	100,432
Membership dues	461,026
Food and beverage revenue from operations	233,854
Other income	36,398
Total revenue	1,380,648
OPERATING EXPENSES:	
Advertising	8,611
Contract labor	373
Cost of goods sold - golf shop	70,770
Cost of goods sold - food and beverage	104,934
Depreciation	39,567
Equipment leasing/rental	161,782
Ground maintenance	116,865
Interest	6,548
License and permits	1,550
Insurance - workman's compensation	15,870
Management fees	60,114
Miscellaneous expenses	24,623
Other employee expenses	626
Repair, maintenance and supplies	111,560
Salaries, wages and related taxes	570,561
Security expense	923
Telephone	9,755
Utilities	68,369
Total operating expenses	1,373,401
OTHER EXPENSES:	
General and administrative expenses (Page 43)	113,617
Property taxes, insurance	83,240
Total other expenses	196,857
NET LOSS	$ (189,610)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2013

Recovery of prior year bad debts	(21,250)
Contract labor	15,051
Credit card service charge	21,165
Dues and subscriptions	3,508
Postage and delivery	1,172
Repairs and maintenance	998
Salaries	78,091
Taxes and licenses	309
Telephone	6,231
Travel and entertainment	8,342
Total administrative expenses	$ 113,617

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (189,610)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	39,567
Expenses paid by Retirement System	78,023
(Increase) decrease in operating assets:	
Accounts receivable	(69,705)
Inventories	10,848
Prepaid expenses	4,189
Other assets	(1,512)
Increase (decrease) in operating liabilities:	
Accounts payable	70,391
Accrued expenses	1,591
Accrued payroll and taxes	(14,829)
Unearned revenue	17,294
Net cash provided by operating activities	(53,753)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(9,815)
Net cash used by investing activities	(9,815)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds on loan from Olde Oaks Golf Club	37,500
Payment for obligation under capital leases	(22,889)
Net cash used by financing activities	14,611
NET DECREASE IN CASH	(48,957)
CASH, BEGINNING OF YEAR	101,612
CASH, END OF YEAR	$ 52,655

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2013

REVENUE:	
Gain on the sale of lot	$ 41,595
Unrealized depreciation on lots	(3,847,663)
Total depreciation of investment	(3,806,068)
Other revenue	238
Miscellaneous investment income	238
Total revenue (loss)	(3,805,830)
OPERATING EXPENSES:	
Depreciation and amortization expense	79,094
Maintenance	86,845
Sewer plant maintenance	31,299
Management fees	42,400
Utilities	53,337
Total operating expenses	292,975
OTHER EXPENSES:	
Miscellaneous expense	1,217
Real estate taxes	42,039
Total other expenses	43,256
ADMINISTRATIVE EXPENSES:	
Professional fees	1,170
Total administrative expenses	1,170
Total expenses	337,401
NET LOSS	$ (4,143,231)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (4,143,231)
Adjustments to reconcile change in net assets to net cash used by operations:	
Depreciation and amortization expense	79,094
Net depreciation in fair value of investments	3,847,663
Expenses paid by Retirement System	43,303
Gain on sale of lots	(41,595)
Net cash used by operating activities	(214,766)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Improvements	(93)
Proceeds from the sale of land	57,000
Net cash provided by investing activities	56,907
NET DECREASE IN CASH	(157,859)
CASH, BEGINNING OF YEAR	604,432
CASH, END OF YEAR	$ 446,573

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
DETAIL STATEMENTS OF CHANGES IN RESERVE BALANCES
YEARS ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2013					
	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability
BALANCE - BEGINNING	$ 177,174,210	$ 1,081,672,474	$ 87,953,389	$ 703,798	$ 966,247,968	$ (907,089,836)
ADDITIONS AND TRANSFERS:						
Employee contributions	26,428,188	-	-	-	-	-
Employer contributions	-	-	-	-	83,635,357	-
Insurance premium tax	-	-	-	-	15,794,377	-
Net investment income (loss)	-	-	-	-	192,175,020	-
Merger interest and penalty payment	-	-	-	-	13,733	-
Transfers (to) from other systems	79,505	-	-	-	(322,889)	-
Transfer from Annuity Savings	-	11,583,499	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Pensions transferred from Annuity Reserve	-	-	22,104,565	431,862	-	-
Actuarial transfer	-	174,601,320	-	-	-	108,246,795
	26,507,693	186,184,819	22,104,565	431,862	291,295,598	108,246,795
DEDUCTIONS AND TRANSFERS:						
Pensions paid	-	107,887,719	10,492,307	351,616	-	-
Refunds to members	3,849,552	-	-	-	-	-
Administrative expenses	-	-	-	-	1,222,084	-
Other post-employment benefit expense					47,733	
Depreciation	-	-	-	-	81,504	-
Transfer to Annuity Reserve	11,583,499	-	-	-	-	-
Pensions transferred to Initial Benefit Option Plan	-	431,862	-	-	-	-
Pensions transferred to DROP	-	22,104,565	-	-	-	-
Actuarial transfer	-		-	-	282,848,115	-
	15,433,051	130,424,146	10,492,307	351,616	284,199,436	-
NET INCREASE (DECREASE)	11,074,642	55,760,673	11,612,258	80,246	7,096,162	108,246,795
BALANCE - ENDING	$ 188,248,852	$ 1,137,433,147	$ 99,565,647	$ 784,044	$ 973,344,130	$ (798,843,041)

	JUNE 30, 2012						
				Initial		Unfunded	
			Deferred	Benefit		Actuarial	
	Annuity	Annuity	Retirement	Option	Pension	Accrued	
Total	Savings	Reserve	Option Plan	Plan	Accumulation	Liability	Total
$ 1,406,662,003	$ 166,392,917	$ 1,032,489,351	$ 80,326,013	$ 783,906	$ 935,682,156	$ (774,878,757)	$ 1,440,795,586
26,428,188	27,034,278	-	-	-	-	-	27,034,278
83,635,357	-	-	-	-	73,218,759	-	73,218,759
15,794,377	-	-	-	-	15,628,206	-	15,628,206
192,175,020	-	-	-	-	(30,170,558)	-	(30,170,558)
13,733	-	-	-	-	26,112	-	26,112
(243,384)	114,267	-	-	-	(357,245)	-	(242,978)
11,583,499	-	12,653,675	-	-	-	-	12,653,675
-	-	-	-	-	-	-	-
22,536,427	-	-	18,706,214	979,868	-	-	19,686,082
282,848,115	-	158,769,964	-	-	-	-	158,769,964
634,771,332	27,148,545	171,423,639	18,706,214	979,868	58,345,274	-	276,603,540
118,731,642	-	102,554,434	11,078,838	1,059,976	-	-	114,693,248
3,849,552	3,713,577	-	-	-	-	-	3,713,577
1,222,084	-	-	-	-	1,096,096	-	1,096,096
47,733					39,531		39,531
81,504	-	-	-	-	84,950	-	84,950
11,583,499	12,653,675	-	-	-	-	-	12,653,675
431,862	-	979,868	-	-	-	-	979,868
22,104,565	-	18,706,214	-	-	-	-	18,706,214
282,848,115	-	-	-	-	26,558,885	132,211,079	158,769,964
440,900,556	16,367,252	122,240,516	11,078,838	1,059,976	27,779,462	132,211,079	310,737,123
193,870,776	10,781,293	49,183,123	7,627,376	(80,108)	30,565,812	(132,211,079)	(34,133,583)
$ 1,600,532,779	$ 177,174,210	$ 1,081,672,474	$ 87,953,389	$ 703,798	$ 966,247,968	$ (907,089,836)	$ 1,406,662,003

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM PAID TO TRUSTEES
YEARS ENDED JUNE 30, 2013 AND 2012

The per diem paid to the trustees is an expenditure of the Expense Fund. For 2013 and 2012, 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, 2013 and 2012 are as follows:

	AMOUNTS 2013	AMOUNTS 2012
Henry Dean	$ 975	$ 750
Barney Arceneaux	300	675
Mark Huggins	975	900
Larry Reech	900	825
Willie Joe Greene	900	900
Dwayne Munch	450	600
Tim Matte	300	675
Kelly Gibson	825	825
Stephen Caraway	900	900
Scott Ford	225	-
Donald Villere	225	-
Joey Normand	375	-
K.P. Gibson	300	450
Christopher Elg	375	750
	$ 8,025	$ 8,250

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ACCOUNTS RECEIVABLE - MERGED SYSTEMS
YEARS ENDED JUNE 30, 2013 AND 2012

City	Term		Interest Rate	Payment Term	Payment Amount	Balance 6-30-13	Balance 6-30-12
Crowley	01-84	12-13	7%	Quarterly	$ 21,644	$ 42,931	$ 104,657
Opelousas	01-84	10-13	7%	Quarterly	$ 37,773	37,773	217,345
Tallulah	01-84	10-13	7%	Quarterly	5,376	10,662	30,933
TOTAL						$ 91,366	$ 352,935

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
YEAR ENDED JUNE 30, 2013

	Par Value	Original Cost	Market Value
BONDS:			
State and Municipal Bonds	$ 345,000	$ 283,714	$ 327,706
Foreign Government Bonds	25,405,000	25,346,905	25,005,573
Corporate Bonds - domestic & foreign	154,606,632	153,794,120	157,993,170
U.S. Government Bonds	11,290,000	11,089,298	10,942,546
Other	25,373,251	24,788,043	26,759,575
TOTAL BONDS	$ 217,019,883	$ 215,302,080	$ 221,028,570
REAL ESTATE, MUTUAL AND POOLED FUNDS:			
Pooled Bond Fund		$ 49,865,834	$ 75,558,999
Mutual funds		38,691,992	43,215,452
Real estate funds		97,997,502	131,855,492
TOTAL MUTUAL FUNDS		$ 186,555,328	$ 250,629,943
DOMESTIC STOCKS		$ 431,507,904	$ 562,467,039
INTERNATIONAL STOCKS		$ 297,577,825	$ 319,510,824
INVESTMENT IN PARTNERSHIP		$ 47,242,735	$ 47,760,351
REAL ESTATE - LAND AND RENTAL		$ 859,273	$ 703,125
REAL ESTATE - OLDE OAKS GOLF COURSE		$ 10,952,505	$ 599,800
REAL ESTATE - THE CLUB AT STONEBRIDGE		$ 4,734,985	$ 399,902
REAL ESTATE - OLDE OAKS DEVELOPMENT		$ 10,953,075	$ 2,000,298
OTHER INVESTMENTS:			
HEDGE FUNDS		$ 40,959,791	$ 47,756,961
COMMINGLED FUNDS		69,700,281	74,553,758
ASSETS - GOLF COURSES		449,058	449,058
TOTAL OTHER INVESTMENTS		$ 111,109,130	$ 122,759,777

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
EXPENSE FUND:			
Personal Services:			
Staff salaries	$ 328,967	$ 365,000	$ 36,033
Group insurance	79,747	98,000	18,253
Retirement	90,752	115,000	24,248
Board member - Per diem	8,025	12,375	4,350
Professional Services:			
Accountant	65,898	97,000	31,102
Actuarial	68,400	72,000	3,600
Computer services	29,292	55,000	25,708
Risk management	14,288	19,000	4,712
Legal	199,138	189,750	(9,388)
Medical Board	9,900	15,000	5,100
Death audit	2,638	4,000	1,362
Retirement Association fees	1,310	1,500	190
Communications:			
Postage, printing and supplies	47,728	62,000	14,272
Telephone	10,273	13,000	2,727
Travel	28,371	20,500	(7,871)
Other:			
Equipment rental and repair	71,849	72,000	151
Election expenses	14,968	15,000	32
Advertising	1,259	500	(759)
Board expenses	24,233	30,000	5,767
Document imaging	315	20,000	19,685
Miscellaneous	4,338	5,000	662
Uniforms	1,971	4,000	2,029
Medicare expense	7,552	8,000	448
Total expenses budgeted	1,111,212	1,293,625	182,413
BUILDING FUND:			
Association dues	1,200	1,200	-
Maintenance	74,089	78,900	4,811
Building supplies	2,558	6,500	3,942
Security	924	2,500	1,576
Utilities	32,101	37,400	5,299
Total building fund	110,872	126,500	15,628
TOTAL ADMINISTRATIVE EXPENSES	$ 1,222,084	$ 1,420,125	$ 198,041
CAPITAL OUTLAYS	$ 5,025	$ 24,000	$ 18,975

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2008 THROUGH 2013

Fiscal Year		Actuarial Required Contribution Employer		Actuarial Required Contribution Other Sources	Percent Contributed Employer		Percent Contributed Other Sources	
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	
2013	*	112,618,828		15,794,377	97.73		100.00	

* 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, 2008 through 2013, 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2008 THROUGH 2013

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, 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
June 30, 2013	1,539,218,085	2,399,375,820	860,157,735	64.15	264,711,491	324.9

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM'S OPEB PLAN
JUNE 30, 2008 THROUGH 2013

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
2013	-	1,185,000	1,185,000	-	312,000	379.8

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH WITH GOVERNMENT AUDITING STANDARDS

December 2, 2013

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, in accordance with the 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, the financial statements of Municipal Police Employees' Retirement System and Subsidiaries as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the System's internal control. Accordingly, we do not express an opinion on the System's internal control.

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. 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.

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies. We consider the deficiencies 13-01 and 13-02 to be significant deficiencies.

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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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, 2013

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, 2013 and 2012 was unqualified.

2. Internal Control:

Significant Deficiency/ Material weaknesses:	None noted
Significant deficiencies:	13-01, 13-02

Olde Oaks Golf Course

13-01 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.

Stonebridge Golf Course

13-02 During the current year 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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF PRIOR YEAR FINDINGS:

Internal Control: - Retirement System

12-01 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 was resolved during the current year.

Olde Oaks Golf Course

12-02 During the prior year 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 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. This comment was resolved during the current year.

12-03 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 13-01.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Olde Oaks Golf Course (Continued)

12-04 During the prior year 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. During the current year, the liquor transactions were kept on a general ledger, and combined with the golf course general ledger to generate the financial statement information.

Stonebridge Enterprises, LLC

12-05 During the prior year 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. This comment was resolved during the current year.

12-06 During the prior year 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. During the current year, the liquor transactions were kept on a general ledger, and combined with the golf course general ledger to generate the financial statement information.

12-07 During the prior year 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. See comment 13-02.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

7722 OFFICE PARK BOULEVARD - SUITE 200 BATON ROUGE, LOUISIANA 70809-7601
TELEPHONE 1-800-443-4248 OR (225) 929-7411 – FAX (225) 929-6542
www.lampers.org

December 18, 2013

Mr. Daryl Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Municipal Police Employees' Retirement System

Dear Mr. Purpera:

The following are responses to comments in reference to our Audit Report for the year ending June 30, 2013.

Olde Oaks Golf Course 13-01

This has been resolved as the golf course was sold on August 2, 2013.

Stonebridge Golf Course 13-02

This has been resolved as the golf course was sold on August 2, 2013.

In the event that further response is needed on these matters, please advise.

Sincerely,

Kathy Bourque
Director