R E P O R T

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES

JUNE 30, 2011 AND 2010

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

INDEX TO REPORT

JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

January 5, 2012

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

We have audited the accompanying statements of plan net assets of the Municipal Police Employees' Retirement System and Subsidiaries as of June 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Police Employees' Retirement System and Subsidiaries as of June 30, 2011 and 2010 and the results of operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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.

We have audited the financial statements of the System and its subsidiaries for the years ending June 30, 2011 and 2010 and issued our unqualified opinions on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 51 – 53 and the supplemental schedules listed on pages 36 - 50 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending June 30, 2006 – 2011 and supplemental schedules for the years ending June 30, 2011 and 2010, have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2012 on our consideration of Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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, 2011. 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 2011 by $1,440,795,586 which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by $265,711,880 or 22.61%. The increase was due primarily to the appreciation in the various investment portfolios.

* Contributions to the plan by members and employers totaled $90,615,648, an increase of $38,640,491 or 74.34% over the prior year.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled $15,430,686, an increase of $318,206, or 2.11% over the prior year.

* The System experienced a net investment income in the amount of $274,858,285 during the year ended June 30, 2011. This is a 109.78% increase from net investment income of $131,019,272 during the year ended June 30, 2010. The increase was due primarily to higher equity market returns available in the market place due to the current economic recovery.

* The rate of return on the System's investments was a positive 23.50% based on the market value. This is higher than last year's positive 12.37% rate of return.

* Pension benefits paid to retirees and beneficiaries increased by $8,108,845 or 7.93%. This increase is due to an increase in retirees.

* Administrative expenses totaled $1,077,990, a decrease of $43,661 or 3.89%. The cost of administering the System per member during 2011 was $92.07 per individual compared to $95.63 per individual in 2010.

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
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

The statements of plan net assets report the System's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2011 and 2010.

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

FINANCIAL ANALYSIS OF THE FUND

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

Statements of Plan Net Assets
June 30, 2011 and 2010

	2011	2010
Cash and investments	$ 1,426,873,047	$ 1,167,302,174
Receivables	25,644,051	19,340,899
Collateral held under securities lending program	121,543,722	129,276,306
Other assets	55,053	6,000
Property and equipment	2,358,276	2,429,199
Total assets	1,576,474,149	1,318,354,578
Total liabilities	135,678,563	143,270,872
Net Assets Held in Trust For Pension Benefits	$ 1,440,795,586	$ 1,175,083,706

Plan net assets increased by 22.61% ($1,440,795,586 compared to $1,175,083,706). 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 plan net assets 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, 2011

FINANCIAL ANALYSIS OF THE FUND (Continued)

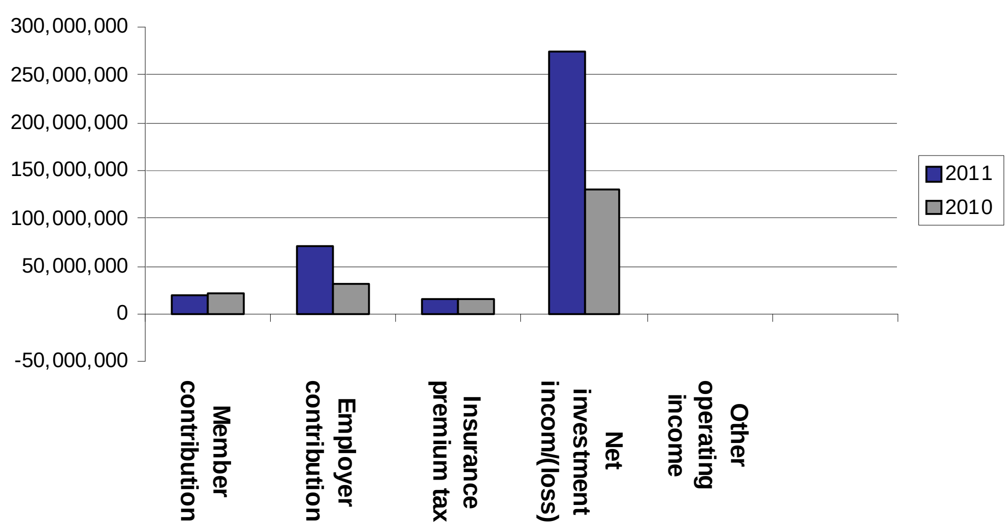
Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010
Additions:		
Contributions	$ 106,046,334	$ 67,087,637
Investment income - net	274,858,285	131,019,272
Other	60,564	(40,239)
Total additions	380,965,183	198,066,670
Total deductions	115,253,303	107,152,273
Net increase	$ 265,711,880	$ 90,914,397

Additions to Plan Net Assets

Additions to the System's plan net assets are derived from member contributions, employer contributions and investment income. Member contributions decreased $263,465 or 1.27% while employer contributions increased by $38,903,956 or 124.84%. The System experienced net investment income of $274,858,285 as compared to a net investment income of $131,019,272 in the previous year. This is a 109.78% increase in investment income.

	2011	2010	Increase (Decrease) Percentage
Member Contributions	$ 20,549,471	$ 20,812,936	(1.27)%
Employer Contributions	70,066,177	31,162,221	124.84%
Insurance Premium Taxes	15,430,686	15,112,480	2.11%
Net Investment Income	274,858,285	131,019,272	109.78%
Other	60,564	(40,239)	250.51%
Total	$ 380,965,183	$ 198,066,670	



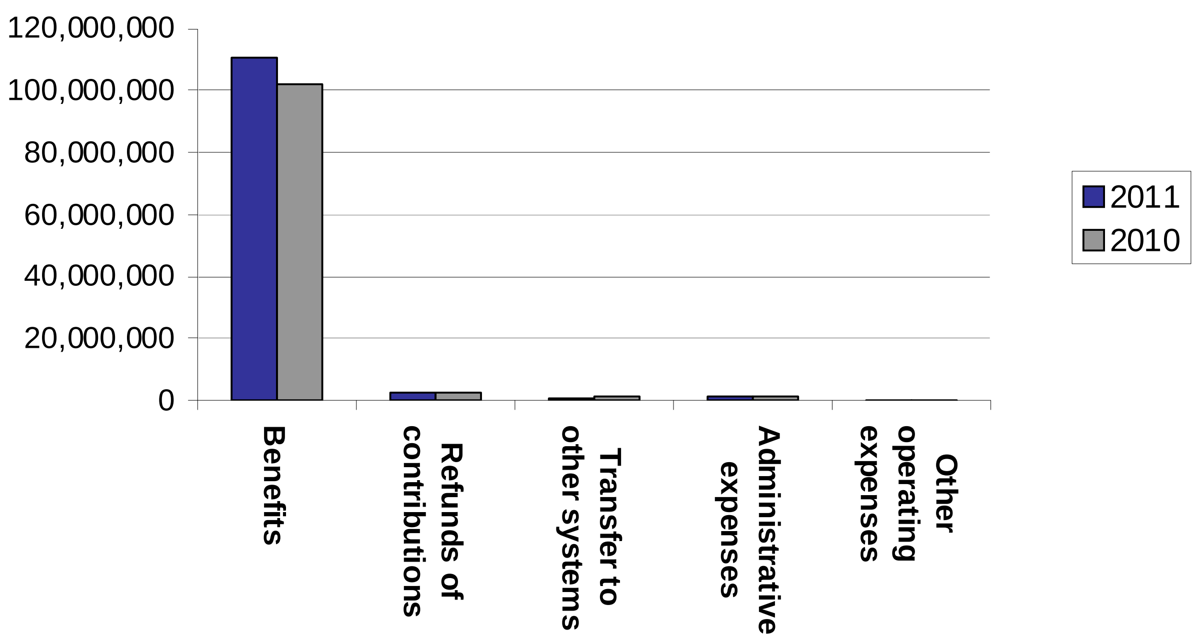
MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits, refund of contributions and administrative expenses. Deductions from plan net assets totaled $115,253,303 in fiscal year 2011. This increase of $8,101,030 was primarily due to an increase in pension benefits.

	2011	2010	Increase (Decrease) Percentage
Benefits	$ 110,405,145	$ 102,296,300	7.93%
Refunds of Contributions	2,757,367	2,501,048	10.25%
Transfer to other systems	925,949	1,143,605	(19.03)%
Administrative Expenses	1,077,990	1,121,651	(3.89)%
Other Operating Expenses	86,852	89,669	(3.14)%
Total	$ 115,253,303	$ 107,152,273	



MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF THE FUND (Continued)

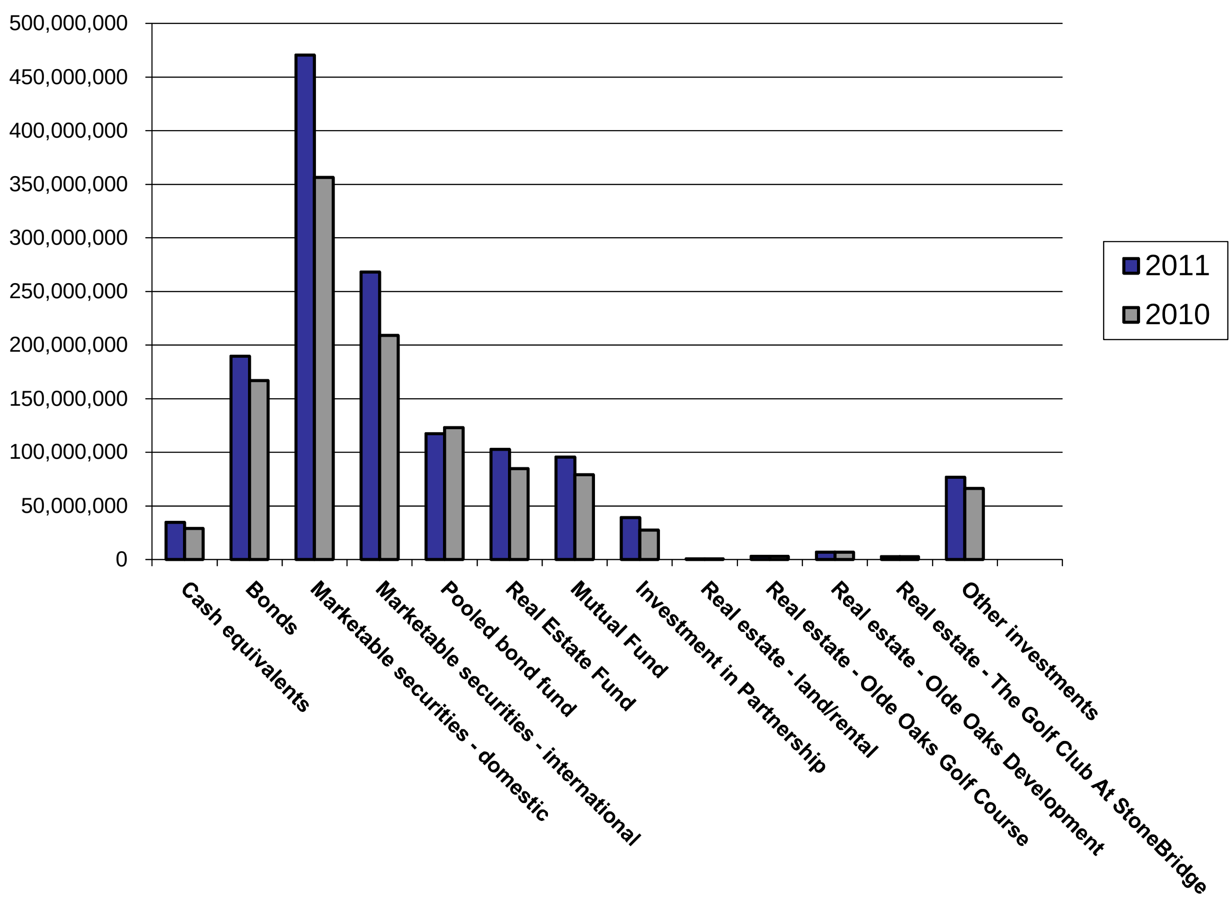
Investments

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, 2011 was \$1,407,889,416 as compared to \$1,156,071,594 at June 30, 2010, which is an increase of \$251,817,822 or 21.78%. The System's investments in various markets at the end of the 2011 and 2010 fiscal years are indicated in the following table:

	2011	2010	Increase (Decrease) Percentage
Cash and cash equivalents	$ 34,706,510	$ 29,038,229	19.52%
Bonds	189,722,651	166,879,511	13.69%
Marketable securities - domestic	470,516,047	356,601,356	31.94%
Marketable securities – international	267,987,562	209,069,671	28.18%
Pooled Bond Fund	117,294,767	122,982,613	(4.62)%
Real Estate Fund	102,684,689	84,882,698	20.97%
Mutual Funds	95,470,665	79,315,877	20.37%
Real Estate – Land and Rental	726,563	750,000	(3.12)%
Real Estate – Olde Oaks Golf Course	3,012,628	2,965,931	1.57%
Real Estate – Olde Oaks Development	6,911,100	7,050,256	(1.97)%
Real Estate – The Golf Club at StoneBridge	2,706,475	2,680,985	0.95%
Investment in partnership	39,243,352	27,623,599	42.06%
Other investments	76,906,407	66,230,868	16.12%
Total	$ 1,407,889,416	$ 1,156,071,594	

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF THE FUND (Continued)



Requests for Information

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

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS:		
Cash:		
Cash in bank	$ 17,926,592	$ 10,317,356
Cash in trust	1,057,039	913,224
Total cash	18,983,631	11,230,580
Receivables:		
Member contributions	1,772,654	1,640,987
Employer contributions	6,004,796	2,455,656
Due from merged systems	559,134	814,554
Other receivable	138,161	270,857
Investment receivable	13,414,991	10,795,694
Accrued interest and dividends	3,754,315	3,363,151
Total receivables	25,644,051	19,340,899
Investments:		
Short-term cash equivalents - domestic	34,706,510	29,038,229
Bonds - domestic and foreign	189,722,651	166,879,511
Marketable securities - domestic	470,516,047	356,601,356
Marketable securities - international	267,987,562	209,069,671
Pooled Bond Fund	117,294,767	122,982,613
Real Estate Fund	102,684,689	84,882,698
Mutual Fund	95,470,665	79,315,877
Investment in partnership	39,243,352	27,623,599
Other investments	76,906,407	66,230,868
Real estate - Land and rental	726,563	750,000
Real estate - Olde Oaks Development	6,911,100	7,050,256
Real estate - Olde Oaks Golf Course	3,012,628	2,965,931
Real estate - The Golf Club at StoneBridge	2,706,475	2,680,985
Total investments	1,407,889,416	1,156,071,594
Collateral held under securities lending program	121,543,722	129,276,306
Other assets	55,053	6,000
Property, plant and equipment:		
(Net of accumulated depreciation $1,020,793 in 2011; $933,941 in 2010)	2,358,276	2,429,199
TOTAL ASSETS	1,576,474,149	1,318,354,578
LIABILITIES:		
Accounts payable	735,793	766,387
Accrued payroll and taxes	58,799	69,746
Refunds payable - members	341,358	167,567
Deferred contributions	60,144	48,519
Other liabilities	3,000	31,070
Capital lease payable	40,381	81,128
Obligations under securities lending program	126,066,795	129,276,306
Other post employment benefits obligation	363,131	308,205
Investment payable	8,009,162	12,521,944
TOTAL LIABILITIES	135,678,563	143,270,872
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,440,795,586	$ 1,175,083,706

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
ADDITIONS:		
CONTRIBUTIONS:		
Members	$ 20,549,471	$ 20,812,936
Employer	70,066,177	31,162,221
Insurance premium tax	15,430,686	15,112,480
Total contributions	106,046,334	67,087,637
INVESTMENT INCOME:		
Net appreciation (depreciation) in investments	247,038,743	108,685,435
Interest - sweep account	25,465	13,441
Interest - cash equivalents	12,191	79,035
Interest - notes, bonds, etc.	11,913,441	12,501,099
Interest - securities lending	503,767	546,760
Dividends - stock	14,633,038	14,256,845
Dividends - commingled funds	1,811,259	1,189,904
Income on real estate investments	4,833,332	-
Miscellaneous	172,108	294,625
	280,943,344	137,567,144
Less investment expenses:		
Securities lending expense	50,600	123,876
Custodial	106,097	98,840
Investment advisor	4,237,423	4,448,344
Miscellaneous investment expense	380,896	451,925
Real estate - Olde Oaks Development	630,173	376,138
Real estate - Olde Oaks Golf Course	250,253	744,190
Real estate - The Golf Club at StoneBridge	429,617	304,559
	6,085,059	6,547,872
Net investment income	274,858,285	131,019,272
OTHER ADDITIONS:		
Merger interest payment	52,511	44,888
Miscellaneous income	600	51,637
Transfers (to) from other systems - employees	7,453	(136,764)
Total other additions (deductions)	60,564	(40,239)
Total additions	380,965,183	198,066,670
DEDUCTIONS:		
Benefits	110,405,145	102,296,300
Refund of contributions	2,757,367	2,501,048
Transfers to other systems - employers/interest	925,949	1,143,605
Administrative expenses	1,077,990	1,121,651
Depreciation	86,852	89,669
Total deductions	115,253,303	107,152,273
NET INCREASE	265,711,880	90,914,397
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
BEGINNING OF YEAR	1,175,083,706	1,084,169,309
END OF YEAR	$ 1,440,795,586	$ 1,175,083,706

See accompanying notes.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

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

Basis of Accounting:

MPERS' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Method Used to Value Investments:

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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, 2011 and 2010, there are 142 contributing municipalities. At June 30, 2011 and 2010 statewide retirement membership consists of:

	2011	2010
Active members	5,933	6,197
Retired members and beneficiaries	4,165	4,028
Terminated due a deferred benefit	128	112
Terminated due a refund	1,251	1,198
DROP participants	231	194
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	11,708	11,729

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.

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

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

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

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

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

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

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

2. PLAN DESCRIPTION: (Continued)

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

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

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute at 7.50% of earnable compensation. The contributions are deducted from the 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. The actuarial required contribution for June 30, 2011 and 2010 was 27.84% and

3. CONTRIBUTIONS AND RESERVES: (Continued)

Contributions: (Continued)

24.13%, respectively. The actual contribution rate for the years then ended was 25.00% and 11.00%, respectively. The difference was due to the state statute that requires the rate to be calculated two years in advance. In addition, according to state statute, the System 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, 2011 and 2010, the state appropriated $15,430,686 and $15,112,480, respectively, in insurance premium tax.

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

Reserves:

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

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death, before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of accumulated contributions is transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings as of June 30, 2011 and 2010 is $166,392,917 and $162,201,452, 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, 2011 and 2010 is $935,682,156 and $748,828,302, respectively. The Pension Accumulation is 17.18% funded for the year ended June 30, 2011 and unfunded for the year ended June 30, 2010.

MUNICIPAL POLICE EMPLOYEES'
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3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

C) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2011 and 2010 is $1,032,489,351 and $1,092,457,536, respectively. The Annuity Reserve is funded for the year ended June 30, 2011 and 85.00% funded for the year ended June 30, 2010.

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, 2011 and 2010 is $80,326,013 and $79,559,768, 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, 2011 and 2010 is $783,906 and $762,269, respectively. The Initial Benefit Option Reserve is fully funded.

4. ACTUARIAL COST METHOD:

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

5. REQUIRED SUPPLEMENTAL SCHEDULE INFORMATION:

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
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JUNE 30, 2011 AND 2010

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Retirement System's deposits, cash equivalents and investments at June 30, 2011 and 2010:

	2011	2010
Deposits (bank balance)	$ 18,072,089	$ 10,857,902
Cash in trust and cash equivalents	35,763,549	29,951,453
Investments	1,373,182,906	1,127,033,365
	$ 1,427,018,544	$ 1,167,842,720

Deposits:

The System’s bank deposits were entirely covered by federal depository insurance and pledged collateral held jointly by the Retirement System and the bank. At June 30, 2011 and 2010, Olde Oaks Development had funds on deposit which exceeded FDIC insurance coverage in the amount of $-0- and $640,908, respectively.

Cash Equivalents:

For the years ending June 30, 2011 and 2010, cash equivalents in the amount of $26,411,371 and $21,611,738, respectively, consist of government pooled investments. The funds are held and managed by the System’s custodian bank. For the years ending June 30, 2011 and 2010, cash equivalents in the amount of $8,295,139 and $7,426,491, 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 Retirement System.

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

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

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

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JUNE 30, 2011 AND 2010

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, 2011 and 2010. However, at June 30, 2011 and 2010, the investment in the real estate fund in the amount of $102,684,689 and $84,882,698 represented 7.29% and 7.34% respectively, of the market value of the System's investments. At June 30, 2011 and 2010, the investment in the pooled bond fund in the amount of $117,294,767 and $122,982,613 represented 8.33% and 10.64%, respectively, of the market value of the System's investments.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit risk ratings of the System's investments in long-term debt securities as of June 30, 2011 and 2010 .

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
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JUNE 30, 2011 AND 2010

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

Credit Risk: (Continued)

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

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

Credit Risk: (Continued)

Below is a schedule of bonds with their applicable ratings as of June 30, 2010:

	Corporate Bonds	Municipal Bonds	State and Government Bonds	Foreign Other	United States Treasury Notes	Total
AAA	$ --	$ 18,799	$ 8,036,691	$ 1,448,467	$ 11,353,323	$ 20,857,280
AA+	2,544,525	12,641	235,382	--	--	2,792,548
AA	--	--	--	487,687	--	487,687
AA-	--	--	--	107,388	--	107,388
A+	--	--	--	1,564,986	--	1,564,986
A	1,160,505	35,782	2,422,028	2,418,532	--	6,036,847
A-	4,165,813	--	--	4,210,788	--	8,376,601
BBB+	6,377,156	--	--	3,076,444	--	9,453,600
BBB	16,067,000	--	--	898,582	--	16,965,582
BBB-	27,369,060	--	2,252,871	--	--	29,621,931
BB+	5,517,198	--	--	299,514	--	5,816,712
BB	12,909,217	--	--	462,359	--	13,371,576
BB-	11,486,488	--	--	511,827	--	11,998,315
B+	11,523,338	--	--	468,202	--	11,991,540
B	13,833,327	--	--	--	--	13,833,327
B-	3,977,513	--	--	413,000	--	4,390,513
CCC+	350,000	--	--	--	--	350,000
CCC	1,981,272	--	--	--	--	1,981,272
Not Rated	1,766,406	--	1,451,751	3,663,649	--	6,881,806
	$ 121,028,818	$ 67,222	$ 14,398,723	$ 20,031,425	$ 11,353,323	$ 166,879,511

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, 2011 and 2010, the market value of the fund is $117,294,767 and $122,982,613, respectively. The rating of the bonds in the fund range between Aaa and Baa with 76% 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, 2011 and 2010, the System is not exposed to custodial risk for investments in the amount of $937,855,416 and $741,229,250, respectively, since the investments are held in the name of the System.

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

Custodial Credit Risk: (Continued)

At June 30, 2011 and 2010, the System has $457,734,272and $402,308,396, 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 $121,543,722 as of June 30, 2011 and $129,276,306 as of June 30, 2010. 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, 2011 and 2010, the System had the following investments in long-term debt securities and maturities:

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

2010	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Investment Type					
Corporate Bonds	$ 121,028,818	$ 122,656	$ 21,044,483	$ 71,064,978	$ 28,796,701
Municipal Bonds	67,222	--	--	--	67,222
Foreign Government Bonds	14,398,723	669,098	6,211,133	1,981,105	5,537,387
U.S. Treasury Notes	11,353,323	--	4,436,610	6,916,713	--
Other	20,031,425	--	3,256,189	3,740,176	13,035,060
	$ 166,879,511	$ 791,754	$ 34,948,415	$ 83,702,972	$ 47,436,370

MUNICIPAL POLICE EMPLOYEES'
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JUNE 30, 2011 AND 2010

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, 2011 and 2010 as follows:

	2011	2010
Country/Currency	Fair Value	Fair Value
Austria / Euro	$ 791,258	$ 351,676
Australian / Dollar	8,352,079	8,379,008
Belgium / Euro	3,106,738	1,980,111
Hong Kong / Dollar	3,351,820	4,737,886
Finland / Euro	2,685,599	3,070,307
France / Euro	29,511,062	22,393,965
Greece / Euro	423,565	94,572
Singapore / Dollar	4,597,063	2,218,426
Germany / Euro	20,298,012	16,227,638
Taiwan / Dollar	450,555	659,697
Ireland / Euro	467,398	372,367
Italy / Euro	9,068,538	5,340,942
Switzerland / Swiss £	10,028,917	14,556,437
Canada / Dollar	12,615,949	8,614,351
United Kingdom / Pounds	65,521,334	52,668,157
Netherlands / Euro / Golden	8,983,994	4,332,622
South Korea / Won	1,815,500	1,682,894
New Zealand / Dollar	--	118,562
South Africa / Rand	--	141,896
Norway / Kroner	3,470,118	573,254
Spain / Euro	5,149,276	6,176,949
Portugal / Euro	931,745	616,250
Sweden / Kroner	7,483,426	2,585,771
Japan / Yen	63,361,285	46,011,470
Israel / Shekel	1,722,613	1,534,054
Kazakhstan / Euro	--	81,263
Denmark / Kroner	3,799,718	3,549,146
TOTAL	$ 267,987,562	$ 209,069,671

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

Foreign Currency Risk: (Continued)

The System's investment policy has a target not to exceed 20% of total investments in foreign marketable securities. At June 30, 2011 and 2010, the System's position was 19.03% and 18.08%, 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, 2011 and 2010 as follows:

	2011	2010
Country/Currency	Fair Value	Fair Value
Australia / Dollar	$ --	$ 669,099
Brazil / Real	2,270,163	2,252,871
Canada / Dollar	12,467,044	3,858,923
Euro	309,889	--
India / Rupee	1,579,498	1,513,376
Indonesia / Rupiah	1,014,919	947,425
Malaysia / Ringgit	631,183	589,263
Mexico / Peso	2,673,201	2,422,028
New Zealand / Dollar	2,024,907	1,064,430
South Korea / Won	--	1,081,308
TOTAL	$ 22,970,804	$ 14,398,723

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS:

During the year ending June 30, 2011, the System had investment in three limited liability corporations as follows:

A) The System purchased, as an investment, a golf course located in northwest Louisiana. The initial cost of the golf course was $6,797,156. Subsequent to the purchase the System has made improvements to the golf course in the amount of $4,196,123 During the year ending June 30, 2005, Olde Oaks transferred a portion of the land with a cost of $48,574 and a market value of $50,000 to Olde Oaks Development, LLC, an affiliate organization. During the year ending June 30, 2007, Olde Oaks transferred a portion of the land with a cost and market value of $6,600 to Olde Oaks Development, LLC, an affiliate organization. As a result, total cost and improvements as of June 30, 2011 are $10,938,105. An appraisal was performed for the year ending June 30, 2009. At June 30, 2009, the golf course was appraised at a value of $3,205,000 less fixed assets reported by the System and selling costs. The market value as of June 30, 2011 is $3,012,628. 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 $250,253 as of June 30, 2011.

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS: (Continued)

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, 2011 are $4,734,985. During the year ended June 30, 2009 an appraisal was performed. At June 30, 2009, the golf course was appraised at a value of $2,890,000 less fixed assets reported by the System and selling costs. The market value as of June 30, 2011 is $2,706,475. 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 $429,617 as of June 30, 2011.

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, 2011 and 2010 is $5,489,638 and $5,562,692, respectively. During the year ended June 30, 2009, an appraisal was performed. Based on the appraisal and the sales and sales commitments obtained as of June 30, 2011 and 2010 the market value of the land and improvements is $5,379,239 and $5,439,301 which resulted in an unrealized gain of $8,832 and $25,876 in 2011 and 2010, respectively. During the year ending June 30, 2011, 4 lots were sold which resulted in a realized gain of $89,309. During the year ending June 30, 2010, 11 lots were sold which resulted in a realized gain of $264,428. 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, 2011 is $1,983,957.

The Development has an agreement with a management company to maintain the plant. Beginning July 1, 2005, the Development began to bill residents for sewer services. For the year ended June 30, 2011, the operations of the plant generated $-0- in revenue and incurred $36,445 in maintenance cost. Accumulated depreciation on the sewer plant as of June 30, 2011 and 2010 is $452,096 and $373,002, 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 $630,173 as of June 30, 2011.

8. INVESTMENTS – VARIABLE INTEREST PARTNERSHIP:

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

During the year ending June 30, 2007, the System paid off the $30,000,000 balance on the line of credit and retired its interest in the partnership. The Partnership agreed to repay Municipal Police Employees' Retirement System the $30,000,000. The initial payment on the loan would include a reimbursement of all interest paid by the System. Additional payments will be made from property proceeds after real estate tax, escrow payments, operating expenses, capital improvements, interest on loan, principal amortization, $4,500,000 to the System and 100% of the current partners' return of equity on their investment balance is paid. The System has recorded a receivable in the amount of $-0- discounted value of the $30,000,000 using a 4% discount rate based on estimated future cash flow.

In October 2009, the project's primary lender, Lehman Brothers, began to prepare foreclosure proceedings on the Boot Ranch property. Lehman went into bankruptcy in September 2008 and has been evaluating loans and assets that could be liquidated to satisfy creditors. When the foreclosure proceedings are finalized, Boot Ranch Development will no longer be the owners or operators. Lehman will select an interim operator to run the project until a buyer can be found. Business will continue as usual, including operations of the golf course, clubhouse, and sales efforts. As a result, an allowance was set up for the receivable from Boot Ranch during the year ended June 30, 2009. The balance of the allowance as of June 30, 2011 and 2010 was $-0- and $18,324,512, respectively. The net balance in the receivable from Boot Ranch is $-0- and $-0- as of June 30, 2011 and 2010.

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

9. INVESTMENT IN PARTNERSHIP:

The System has committed to invest $36,000,000 in La Salle Property Capital and Growth Fund IV and $20,000,000 in La Salle Property Capital and Growth Fund V (the Partnership). The Partnership was formed to acquire office, industrial, retail and multifamily real estate properties that can be renovated, redeveloped or repositioned as core properties. Net income or loss is allocated to capital accounts of the partners in proportion to their respective capital accounts. The System's share of partnership income for the years ending June 30, 2011 and 2010 was $1,251,633 and

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9. INVESTMENT IN PARTNERSHIP: (Continued)

$3,332,397, respectively, and is included in investment income. The System did not receive any return of capital during the current year. As of June 30, 2011 and 2010, the System has invested $50,072,268 and $41,449,875 with a market value of $39,243,352 and $27,623,599, respectively.

10. OTHER INVESTMENTS:

As of June 30, 2011, the System is entered into subscription agreements with ten limited partnerships and offshore funds to enhance diversification and provide reductions in overall portfolio volatility. At June 30, 2011 and 2010, the market value of the hedge funds was $47,607,686 and $42,952,966, respectively. These funds are subject to the market factors depending on the fund strategy.

During the year ending June 30, 2009, the System invested in a commingled fund consisting of the Batterymarch Global Emerging Market Fund, which is managed by Batterymarch Financial Management, Inc. This fund consists of foreign stocks in emerging global markets. This investment was made to further diversify the portfolio. At June 30, 2011 and 2010, the market value of the commingled fund was $29,021,743 and $22,938,905, respectively. This fund is subject to the market factors depending on the fund strategy.

11. DERIVATIVE INSTRUMENTS:

The System is a party to contracts for various derivative instruments, as discussed below. At June 30, 2011, the System has the following derivative instruments outstanding:

		Fair Value		Changes in Fair Value	
	Notional Amount	Classification	Amount	Classification	Amount
Investment Derivative:					
Equity Futures - Euro	$ 479,708	Investment Receivable	$ 15,321	Investment revenue	$ 4,010
Foreign forward currency contract – AUS	6,415,980	Investment Receivable	139,811	Investment revenue	507,645
Foreign forward currency contract – UK	33,542,558	Investment Receivable	294,844	Investment revenue	298,107
Foreign forward currency contract – CAN	13,811,630	Investment Payable	(28,786)	Investment revenue	(185,706)
Foreign forward currency contract – Euro	42,931,249	Investment Payable	(135,966)	Investment revenue	(1,395,609)
Foreign forward currency contract – JAP	26,087,067	Investment Payable	(210,866)	Investment revenue	(76,043)
Foreign forward currency contract – SGD	3,669	Investment Payable	(33)	Investment revenue	(33)
Foreign forward currency contract – NOR	11,330,655	Investment Payable	(135,666)	Investment revenue	293,027
Foreign forward currency contract – SWE	7,189,526	Investment Payable	(67,049)	Investment revenue	340,177
Foreign forward currency contract – SWI	13,959,670	Investment Receivable	166,758	Investment revenue	293,353

11. 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, Canadian dollars, Euros, Japanese yen, Norwegian kroner, Singapore Dollars, Swedish krona, and Swiss francs. At June 30, 2011, the fair value of the foreign currency contracts is $155,295,051.

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, 2011, the net fair value of the equity futures contract is an investment receivable of $15,321. The System is exposed to interest rate risk on the equity futures contract. The value of the futures contract is directly linked to interest rate indices which increase and decrease as interest rates change.

12. SECURITY LENDING AGREEMENTS:

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

12. 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.

MPERS has the following securities on loan:

	June 30, 2011		June 30, 2010	
	Cost	Market	Cost	Market
U.S. Corporate bonds	$ 33,735,832	$ 35,661,100	$ 31,535,813	$ 33,311,386
U.S. Corporate equities	57,243,092	62,005,805	77,528,613	71,007,856
U.S. Treasury bills (bonds)	8,944,459	9,275,649	3,077,086	3,136,079
Foreign corporate securities (bonds)	--	--	511,566	483,838
Foreign corporate securities (stocks)	30,350,784	32,187,264	17,614,085	17,518,394
Total	$ 130,274,167	$ 139,129,818	$ 130,267,163	$ 125,457,553

MPERS has the following collateral under securities lending program:

	June 30, 2011		June 30, 2010	
	Cost	Market	Cost	Market
Cash / Money market	$ 142,287,036	$ 142,287,036	$ 129,276,306	$ 129,276,306

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, 2011 and 2010. The market value of $139,129,818 consisted of $130,975,591 of cash and $8,154,227 of non-cash. The collateral value of $142,287,036 consisted of $133,967,352 of cash and $8,319,684 of non-cash.

13. OPERATING LEASE COMMITMENTS:

The System also has operating leases for various equipment at the two golf courses. The lease terms range between 42 months and 60 months. For the year ending June 30, 2011, lease expense was $280,034. The following is a schedule of future minimum lease commitments for the next five years:

Year Ending	Amount
June 30, 2012	$ 340,347
June 30, 2013	232,651
June 30, 2014	89,038
Total	$ 662,036

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14. CAPITAL LEASES:

During the prior years, the System purchased tractors for Olde Oaks Golf Course through three capital leases. The tractors cost $66,144. The monthly lease payments range between 48 and 54 months in the amounts ranging from $491 to $553 including interest. During the prior years StoneBridge Golf Course purchased tractors and computer software through three capital leases. The tractors cost $29,069 and the software cost $35,529. The monthly lease payments are 48 months in the amounts of $740, $283 and $533 including interest. The balance in the capital lease payable for both golf courses at June 30, 2011 and 2010 is $41,365 and $75,226, respectively.

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

Year Ending	Amount
June 30, 2011	$ 27,472
June 30, 2012	8,882
June 30, 2013	5,922
Total	42,276
Interest	(911)
Total	$ 41,365

15. OPERATING BUDGET:

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

16. TAX QUALIFICATION:

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

17. ACCOUNTS RECEIVABLE – MERGED SYSTEMS:

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

The total accounts receivable from all merged systems as of June 30, 2011 and 2010 is $559,134 and $814,554, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2011 was $240,909 and $318,225, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2010 was $209,082 and $605,472, respectively.

18. EQUIPMENT AND FIXTURES:

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

	2011	2010
Office equipment	$ 275,607	$ 270,539
Computer equipment and software	267,129	256,268
Improvements	10,309	10,309
Furniture	89,458	89,458
Land	614,920	614,920
Office building	2,121,646	2,121,646
	3,379,069	3,363,140
Less accumulated depreciation	(1,020,793)	(933,941)
Total	$ 2,358,276	$ 2,429,199

Depreciation expense charged to pension operations was $86,852 for 2011 and $89,669 for 2010. Depreciation expense charged to investment expense – Olde Oaks Golf Course operations was $34,694 for 2011 and $60,946 for 2010. Depreciation expense charged to investment expense - Stonebridge Enterprises, LLC operations was $42,341 for 2011 and $47,966 for 2010. Depreciation expense charged to investment expense – Olde Oaks Development was $79,094 for 2011 and $81,548 for 2010.

19. OTHER POSTEMPLOYMENT BENEFITS:

During the year ended June 30, 2008, the System implemented GASB 45, *Postemployment benefits other than pension benefits*. Since the year ended June 30, 2008 was the year of implementation, the System elected to implement prospectively.

Substantially all System employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the System. At June 30, 2011, five retirees were receiving post-employment benefits.

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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 2011 and 2010) 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, 2011 and 2010, employee premiums for a single member receiving benefits range from $80 to $84 and $81 to $98, respectively per month for retiree-only coverage with Medicare or from $132 to $140 and $134 to $181, respectively per month for retiree-only coverage without Medicare. The premiums for an employee and spouse for the years ended June 30, 2011 and 2010 range from $145 to $152 and $146 to $362, respectively, per month for those with Medicare or from $431 to $453 and $435 to $527, respectively, per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the System contributing anywhere from $241 to $253 and $243 to $253, respectively, per month for retiree-only coverage with Medicare or from $857 to $900 and $864 to $900, respectively, per month for retiree-only coverage without Medicare during the years ended June 30, 2011 and 2010. Also, the System's contributions range from $434 to $456 and $437 to $937, respectively, per month for retiree and spouse with Medicare or $1,316 to $1,382 and $1,326 to $1,382, respectively, for retiree and spouse without Medicare for the years ended June 30, 2011 and 2010.

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19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

Annual OPEB Cost

The System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2010 and 2009 is $98,200 and $115,800, respectively, as set forth below:

	2010	2009
Normal Cost	$ 38,700	$ 47,700
30-year UAL amortization amount	55,723	63,646
Interest on the above	3,777	4,454
Annual required contribution (ARC)	$ 98,200	$ 115,800

The following table presents the System's OPEB obligation for the year ended June 30, 2011 and 2010:

	2011	2010
Beginning Net OPEB Obligation July 1, 2010	$ 308,205	$ 234,192
Annual required contribution	98,200	115,800
OPEB cost	406,405	349,992
Contributions made	43,274	41,787
Claim costs	-	-
Change in Net OPEB Obligation	54,926	74,013
Ending Net OPEB Obligation June 30, 2011	$ 363,131	$ 308,205

Utilizing the pay-as-you-go method, the System contributed 44.07% and 36.09%, respectively, of the annual post employment benefits cost during the years ended June 30, 2011 and 2010.

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Funded Status and Funding Progress

In the year ended June 30, 2011, 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 $1,478,700 was unfunded.

The funded status of the plan as of July 1, 2010, was as follows:

Actuarial accrued liability (AAL)	$ 1,478,700
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	$ 1,478,700
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 255,300
UAAL as a percentage of covered payroll	579%

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.

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

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20. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The funded status of the System as of June 30, 2011, 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)
$1,286,287,651	$2,215,674,343	$929,386,692	58.05%	$273,348,634	340.00%

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, 2011
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.
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	7.5%
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.

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

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	The System incurred an increase in the actuarial accrued liability due to a change in mortality tables. The System changed to the sex distinct 2000 RP Employee Tables set back 1 year for active participants and the sex distinct 2000 RP Health Annuitant Tables set back 1 year for non-disabled, inactive participants. The change in mortality tables increased the accrued liability for fiscal year 2011 by $14,425,073. The effect of the change in subsequent years could not be determined. The System also changed the method for determining actuarial value of assets. The System calculates the actuarial value of assets as 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. The effect of the change for the fiscal year ended June 30, 2011 and future years could not be determined

21. USE OF ESTIMATES:

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

22. SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is January 5, 2012, which is the date on which the financial statements were available to be issued.

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF PLAN NET ASSETS
JUNE 30, 2011

	Pension Fund	Expense Fund	Building Fund
ASSETS			
Cash:			
Cash in bank	$ 16,811,036	$ 168,493	$ 50,847
Cash in trust	1,057,039	-	-
	17,868,075	168,493	50,847
Receivables:			
Member contributions	1,772,654	-	-
Employer contributions	6,004,796	-	-
Due from merged systems	559,134	-	-
Accounts receivable	-	-	-
Investment receivable	13,414,991	-	-
Accrued interest and dividends	3,754,315	-	-
Total Receivables	25,505,890	-	-
Investments:			
Cash equivalents	34,706,510	-	-
Bonds, notes, mortgages	189,722,651	-	-
Marketable securities - domestic	470,516,047	-	-
Marketable securities - international	267,987,562	-	-
Pooled bond fund	117,294,767	-	-
Real estate fund	102,684,689	-	-
Mutual funds	95,470,665	-	-
Investment in partnership	39,243,352	-	-
Other investments	76,629,429	-	-
Real estate - land and rental	193,082	-	533,481
Real estate - Olde Oaks Development	-	-	-
Real estate - Olde Oaks	3,012,628	-	-
Real estate - Stonebridge	2,706,475	-	-
Total Investments	1,400,167,857	-	533,481
Collateral held under securities lending program - Money Market	121,543,722	-	-
Other Assets	45,000	-	4,053
Property, Plant and Equipment			
Net of accumulated depreciation	662,275	-	1,696,001
TOTAL ASSETS	1,565,792,819	168,493	2,284,382
LIABILITIES			
Accounts payable	446,200	8,232	-
Accrued payroll and taxes	-	22,281	-
Refunds payable	341,358	-	-
Deferred contribution	60,144	-	-
Other liabilities	-	-	-
Capital lease payable	-	-	-
Obligations under securities lending	126,066,795	-	-
Investment payable	8,009,162	-	-
Other postemployment benefits obligation	-	363,131	-
Due to/ due (from) other funds	(21,574,981)	-	-
TOTAL LIABILITIES	113,348,678	393,644	-
NET ASSETS/LIABILITIES HELD IN TRUST FOR PENSION BENEFITS	$ 1,452,444,141	$ (225,151)	$ 2,284,382

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 17,030,376	$ 108,044	$ 101,388	$ 686,784	$ 17,926,592
1,057,039	-	-	-	1,057,039
18,087,415	108,044	101,388	686,784	18,983,631
1,772,654	-	-	-	1,772,654
6,004,796	-	-	-	6,004,796
559,134	-	-	-	559,134
-	34,197	45,414	58,550	138,161
13,414,991	-	-	-	13,414,991
3,754,315	-	-	-	3,754,315
25,505,890	34,197	45,414	58,550	25,644,051
34,706,510	-	-	-	34,706,510
189,722,651	-	-	-	189,722,651
470,516,047	-	-	-	470,516,047
267,987,562	-	-	-	267,987,562
117,294,767	-	-	-	117,294,767
102,684,689	-	-	-	102,684,689
95,470,665	-	-	-	95,470,665
39,243,352	-	-	-	39,243,352
76,629,429	113,813	163,165	-	76,906,407
726,563	-	-	-	726,563
-	-	-	6,911,100	6,911,100
3,012,628	-	-	-	3,012,628
2,706,475	-	-	-	2,706,475
1,400,701,338	113,813	163,165	6,911,100	1,407,889,416
121,543,722	-	-	-	121,543,722
49,053	-	-	6,000	55,053
2,358,276	-	-	-	2,358,276
1,568,245,694	256,054	309,967	7,662,434	1,576,474,149
454,432	159,905	121,456	-	735,793
22,281	3,457	33,061	-	58,799
341,358	-	-	-	341,358
60,144	-	-	-	60,144
-	-	-	3,000	3,000
-	8,746	31,635	-	40,381
126,066,795	-	-	-	126,066,795
8,009,162	-	-	-	8,009,162
363,131	-	-	-	363,131
(21,574,981)	5,079,156	1,747,186	14,748,639	-
113,742,322	5,251,264	1,933,338	14,751,639	135,678,563
$ 1,454,503,372	$ (4,995,210)	$ (1,623,371)	$ (7,089,205)	$ 1,440,795,586

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

ADDITIONS:	Pension Fund	Expense Fund	Building Fund
CONTRIBUTIONS:			
Member contributions	$ 20,549,471	$ -	$ -
Employer contributions	70,066,177	-	-
Insurance premium tax	15,430,686	-	-
	106,046,334	-	-
INVESTMENT INCOME:			
Net appreciation (depreciation) in fair value of investments	246,964,040	-	(23,438)
Interest - Sweep Account	25,465	-	-
Interest - cash equivalents	12,191	-	-
Interest - mortgage backed bonds	11,913,441	-	-
Interest - securities lending	503,767	-	-
Dividends - stocks	14,633,038	-	-
Dividends - commingled funds	1,811,259	-	-
Income on real estate investments	4,833,332	-	-
Miscellaneous investment income	143,863	-	-
	280,840,396	-	(23,438)
Less investment expenses:			
Securities lending expenses	50,600	-	-
Custodial fees	106,097	-	-
Investment advisor fee	4,237,423	-	-
Miscellaneous investment expense	380,896	-	-
Olde Oaks Development	-	-	-
Olde Oaks Golf Course operations	-	-	-
The Club at Stonebridge operations	-	-	-
	4,775,016	-	-
Net investment income (loss)	276,065,380	-	(23,438)
OTHER ADDITIONS:			
Merger interest payment	52,511	-	-
Miscellaneous Income	-	600	-
Transfers (to) from other systems - employees	7,453	-	-
Total other additions	59,964	600	-
Total additions (deductions)	382,171,678	600	(23,438)
DEDUCTIONS:			
Benefits	110,405,145	-	-
Refund of contributions	2,757,367	-	-
Transfers (to) from other systems - employers/interest	925,949	-	-
Administrative expenses	-	986,950	91,040
Depreciation	24,168	-	62,684
Total deductions	114,112,629	986,950	153,724
Increase (decrease) in net assets prior to transfers	268,059,049	(986,350)	(177,162)
Transfers to/from	(1,089,140)	989,140	100,000
NET INCREASE (DECREASE)	266,969,909	2,790	(77,162)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:			
BEGINNING OF THE YEAR	1,185,474,232	(227,941)	2,361,544
END OF THE YEAR	$ 1,452,444,141	$ (225,151)	$ 2,284,382

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 20,549,471	$ -	$ -	$ -	$ 20,549,471
70,066,177	-	-	-	70,066,177
15,430,686	-	-	-	15,430,686
106,046,334	-	-	-	106,046,334
246,940,602	-	-	98,141	247,038,743
25,465	-	-	-	25,465
12,191	-	-	-	12,191
11,913,441	-	-	-	11,913,441
503,767	-	-	-	503,767
14,633,038	-	-	-	14,633,038
1,811,259	-	-	-	1,811,259
4,833,332	-	-	-	4,833,332
143,863	-	-	28,245	172,108
280,816,958	-	-	126,386	280,943,344
50,600	-	-	-	50,600
106,097	-	-	-	106,097
4,237,423	-	-	-	4,237,423
380,896	-	-	-	380,896
-	-	-	630,173	630,173
-	250,253	-	-	250,253
-	-	429,617	-	429,617
4,775,016	250,253	429,617	630,173	6,085,059
276,041,942	(250,253)	(429,617)	(503,787)	274,858,285
52,511	-	-	-	52,511
600	-	-	-	600
7,453	-	-	-	7,453
60,564	-	-	-	60,564
382,148,840	(250,253)	(429,617)	(503,787)	380,965,183
110,405,145	-	-	-	110,405,145
2,757,367	-	-	-	2,757,367
925,949	-	-	-	925,949
1,077,990	-	-	-	1,077,990
86,852	-	-	-	86,852
115,253,303	-	-	-	115,253,303
266,895,537	(250,253)	(429,617)	(503,787)	265,711,880
-	-	-	-	-
266,895,537	(250,253)	(429,617)	(503,787)	265,711,880
1,187,607,835	(4,744,957)	(1,193,754)	(6,585,418)	1,175,083,706
$ 1,454,503,372	$ (4,995,210)	$ (1,623,371)	$ (7,089,205)	$ 1,440,795,586

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2011

REVENUE:	
Green fees	$ 578,838
Golf cart rental	281,116
Range fees	19,424
Other golf revenue	11,225
Golf shop	67,148
Membership dues	195,575
Food and beverage revenue from operations	217,661
Total revenue	1,370,987
OPERATING EXPENSES:	
Advertising	13,797
Bad debt expense	18,790
Contract labor	2,939
Cost of goods sold - golf shop	37,508
Cost of goods sold - food and beverage	93,218
Depreciation	34,694
Fuel	39,769
Ground maintenance	74,334
Insurance - health	18,444
Insurance - workman's compensation	8,422
Interest and late charge	8,713
License and permits	2,622
Lease expense	77,265
Miscellaneous expenses	12,063
Management fee	7,258
Other employee expenses	5,352
Printing and stationary	118
Repair, maintenance and supplies	204,461
Salaries and wages	730,757
Taxes - payroll	68,599
Telephone	4,732
Tournament expenses	1,881
Utilities	56,585
Total operating expenses	1,522,321
OTHER EXPENSES:	
General and administrative expenses (Page 39)	55,377
Property taxes, insurance	43,542
Total other expenses	98,919
NET LOSS	$ (250,253)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2011

Bank charges	$ 183
Credit card service charge	16,659
Dues and subscriptions	4,677
Loss	1,930
Postage and delivery	2,348
Professional fees	24,221
Travel and entertainment	5,359
Total administrative expenses	$ 55,377

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (250,253)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	34,694
Expenses paid by Retirement System	266,117
(Increase) decrease in operating assets:	
Accounts receivable	(12,784)
Prepaid expenses	(2,300)
Inventories	1,261
Deposits	720
Increase (decrease) in operating liabilities:	
Accounts payable	(15,983)
Accrued expenses	9,102
Accrued payroll and taxes	(26,662)
Net cash provided by operating activities	3,912
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(3,042)
Net cash used by investing activities	(3,042)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment from The Golf Club at Stonebridge	20,000
Expenses paid on behalf of The Golf Club at Stonebridge	(610)
Payment for obligation under capital leases	(26,121)
Net cash used by financing activities	(6,731)
NET DECREASE IN CASH	(5,861)
CASH, BEGINNING OF YEAR	113,905
CASH, END OF YEAR	$ 108,044

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2011

REVENUE:	
Green fees	$ 354,497
Golf cart rental	193,687
Range fees	14,716
Other golf revenue	2,758
Golf shop	91,036
Membership dues	464,609
Food and beverage revenue from operations	246,679
Other income	8,342
Total revenue	1,376,324
OPERATING EXPENSES:	
Advertising	14,860
Bad debt expense	81,958
Cost of goods sold - golf shop	68,584
Cost of goods sold - food and beverage	110,630
Depreciation	42,341
Equipment leasing/rental	202,769
Ground maintenance	151,016
Interest and late charge	3,465
License and permits	3,290
Management fees	15,167
Miscellaneous expenses	6,374
Other employee expenses	2,879
Repair, maintenance and supplies	95,096
Salaries, wages and related taxes	765,641
Security expense	956
Telephone	1,259
Utilities	75,314
Total operating expenses	1,641,905
OTHER EXPENSES:	
General and administrative expenses (Page 42)	64,136
Property taxes, insurance	99,900
Total other expenses	164,036
NET LOSS	$ (429,617)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2011

Bank charges	$ 4,490
Credit card service charge	3,382
Dues and subscriptions	3,325
Education	16,019
Postage and delivery	1,648
Professional fees	26,600
Travel and entertainment	8,672
Total administrative expenses	$ 64,136

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (429,617)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	42,341
Expenses paid by Retirement System	260,572
Expenses paid by Olde Oaks Golf Club	610
(Increase) decrease in operating assets:	
Accounts receivable	10,587
Inventories	(720)
Prepaid expenses	(597)
Other assets	(6,318)
Increase (decrease) in operating liabilities:	
Accounts payable	50,586
Accrued expenses	1,901
Accrued payroll and taxes	12,080
Net cash used by operating activities	(58,575)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(2,581)
Net cash used by investing activities	(2,581)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment to Olde Oaks Golf Club	(20,000)
Payment for obligation under capital leases	(16,067)
Payments to retirement system	(10,000)
Net cash used by financing activities	(46,067)
NET DECREASE IN CASH	(107,223)
CASH, BEGINNING OF YEAR	208,611
CASH, END OF YEAR	$ 101,388

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2011

REVENUE:	
Gain on the sale of lot	$ 89,309
Net appreciation in fair value of investment	8,832
Total appreciation of investment	98,141
Other revenue	28,245
Sewer plant income	-
Miscellaneous investment income	28,245
Total revenue	126,386
OPERATING EXPENSES:	
Advertising	-
Depreciation and amortization expense	79,094
Maintenance	121,346
Sewer plant maintenance	36,445
Management fees	42,400
Utilities	49,966
Total operating expenses	329,251
OTHER EXPENSES:	
Miscellaneous expense	3,528
Bad debt expense	193,443
Real estate taxes	99,577
Total other expenses	296,548
ADMINISTRATIVE EXPENSES:	
Professional fees	4,374
Total administrative expenses	4,374
Total expenses	630,173
NET LOSS	$ (503,787)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (503,787)
Adjustments to reconcile change in net assets to net cash used by operations:	
Net appreciation in fair value of investments	(8,832)
Depreciation and amortization expense	79,094
Bad debt expense	193,443
Expenses paid by Retirement System	124,994
Gain on sale of lots	(89,309)
(Increase) decrease in operating assets:	
Accounts receivable	(58,550)
Increase (decrease) in operating liabilities:	
Deferred Revenue	(28,070)
Net cash used by operating activities	(291,017)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Improvements	(21,044)
Proceeds from the sale of land	179,247
Net cash provided by investing activities	158,203
NET DECREASE IN CASH	(132,814)
CASH, BEGINNING OF YEAR	819,598
CASH, END OF YEAR	$ 686,784

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
DETAIL STATEMENTS OF CHANGES IN RESERVE BALANCES
YEARS ENDED JUNE 30, 2011 AND 2010

	JUNE 30, 2011					
	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability
BALANCE - BEGINNING	$ 162,201,452	$ 1,092,457,536	$ 79,559,768	$ 762,269	$ 748,828,302	$ (908,725,621)
ADDITIONS AND TRANSFERS:						
Employee contributions	20,549,471	-	-	-	-	-
Employer contributions	-	-	-	-	70,066,177	-
Insurance premium tax	-	-	-	-	15,430,686	-
Net investment income (loss)	-	-	-	-	274,858,285	-
Merger interest and penalty payment	-	-	-	-	52,511	-
Interest income - refunds	-	-	-	-	-	-
Transfers (to) from other systems	7,453	-	-	-	(925,949)	-
Transfer from Annuity Savings	-	13,608,092	-	-	-	-
Miscellaneous Income	-	-	-	-	600	-
Pensions transferred from Annuity Reserve	-	-	12,925,940	1,304,621	-	-
Actuarial transfer	-	37,616,750	-	-	-	133,846,864
	20,556,924	51,224,842	12,925,940	1,304,621	359,482,310	133,846,864
DEDUCTIONS AND TRANSFERS:						
Pensions paid	-	96,962,466	12,159,695	1,282,984	-	-
Refunds to members	2,757,367	-	-	-	-	-
Administrative expenses	-	-	-	-	1,077,990	-
Depreciation	-	-	-	-	86,852	-
Transfer to Annuity Reserve	13,608,092	-	-	-	-	-
Pensions transferred to Initial Benefit Option Plan	-	1,304,621	-	-	-	-
Pensions transferred to DROP	-	12,925,940	-	-	-	-
Actuarial transfer	-	-	-	-	171,463,614	
	16,365,459	111,193,027	12,159,695	1,282,984	172,628,456	-
NET INCREASE (DECREASE)	4,191,465	(59,968,185)	766,245	21,637	186,853,854	133,846,864
BALANCE - ENDING	$ 166,392,917	$ 1,032,489,351	$ 80,326,013	$ 783,906	$ 935,682,156	$ (774,878,757)

	JUNE 30, 2010						
Total	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability	Total
$ 1,175,083,706	$ 153,264,118	$ 1,026,315,175	$ 80,279,581	$ 848,166	$ 727,687,318	$ (904,225,049)	$ 1,084,169,309
20,549,471	20,812,936	-	-	-	-	-	20,812,936
70,066,177	-	-	-	-	31,162,221	-	31,162,221
15,430,686	-	-	-	-	15,112,480	-	15,112,480
274,858,285	-	-	-	(7,073)	131,026,345	-	131,019,272
52,511	-	-	-	-	44,888	-	44,888
-	-	-	-	-	-	-	-
(918,496)	(136,764)	-	-	-	(1,143,605)	-	(1,280,369)
13,608,092	-	9,237,790	-	-	-	-	9,237,790
600	-	-	-	-	51,637	-	51,637
14,230,561	-	-	8,542,687	735,600	-	-	9,278,287
171,463,614	-	158,402,234	-	-	-	-	158,402,234
579,341,501	20,676,172	167,640,024	8,542,687	728,527	176,253,966	-	373,841,376
110,405,145	-	92,219,376	9,262,500	814,424	-	-	102,296,300
2,757,367	2,501,048	-	-	-	-	-	2,501,048
1,077,990	-	-	-	-	1,121,651	-	1,121,651
86,852	-	-	-	-	89,669	-	89,669
13,608,092	9,237,790	-	-	-	-	-	9,237,790
1,304,621	-	735,600	-	-	-	-	735,600
12,925,940	-	8,542,687	-	-	-	-	8,542,687
171,463,614	-	-	-	-	153,901,662	4,500,572	158,402,234
313,629,621	11,738,838	101,497,663	9,262,500	814,424	155,112,982	4,500,572	282,926,979
265,711,880	8,937,334	66,142,361	(719,813)	(85,897)	21,140,984	(4,500,572)	90,914,397
$ 1,440,795,586	$ 162,201,452	$ 1,092,457,536	$ 79,559,768	$ 762,269	$ 748,828,302	$ (908,725,621)	$ 1,175,083,706

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM PAID TO TRUSTEES
YEARS ENDED JUNE 30, 2011 AND 2010

The per diem paid to the trustees is an expenditure of the Expense Fund. For 2011 and 2010, 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, 2011 and 2010 are as follows:

	AMOUNTS 2011	AMOUNTS 2010
Henry Dean	$ 900	$ 750
Samuel Wyatt	-	150
Mark Huggins	975	450
Jeffrey Wesley	-	75
Larry Reech	975	825
Willie Joe Greene	975	825
Dwayne Munch	600	525
Ronald Schleuter	-	450
Kelly Gibson	975	750
Stephen Caraway	675	750
K.P. Gibson	375	525
Christopher Elg	675	-
	$ 7,125	$ 6,075

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ACCOUNTS RECEIVABLE - MERGED SYSTEMS
YEARS ENDED JUNE 30, 2011 AND 2010

City	Term		Interest Rate	Payment Term	Payment Amount	Balance 6-30-11	Balance 6-30-10
Crowley	01-84	12-13	7%	Quarterly	$ 21,644	$ 182,228	$ 272,101
Opelousas	01-84	10-13	7%	Quarterly	$ 37,773	318,023	474,867
Tallulah	01-84	10-13	7%	Quarterly	5,376	58,883	67,586
TOTAL						$ 559,134	$ 814,554

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
YEAR ENDED JUNE 30, 2011

	Par Value	Original Cost	Market Value
BONDS:			
State and Municipal Bonds	$ 1,930,000	$ 1,566,744	$ 1,713,682
Foreign Government Bonds	21,019,509	21,079,375	22,970,804
U.S. Treasury Notes	9,005,000	8,947,117	9,225,128
Corporate Bonds	128,867,806	126,144,701	133,610,325
Other	21,538,910	19,435,745	22,202,712
TOTAL BONDS	$ 182,361,225	$ 177,173,682	$ 189,722,651
REAL ESTATE, MUTUAL AND POOLED FUNDS:			
Pooled Bond Fund		$ 82,035,940	$ 117,294,767
Mutual fund		63,102,757	95,470,665
Real estate fund		95,495,202	102,684,689
TOTAL MUTUAL FUNDS		$ 240,633,899	$ 315,450,121
DOMESTIC STOCKS		$ 390,274,588	$ 470,516,047
INTERNATIONAL STOCKS		$ 251,815,195	$ 267,987,562
INVESTMENT IN PARTNERSHIP		$ 50,072,268	$ 39,243,352
REAL ESTATE - LAND AND RENTAL		$ 859,273	$ 726,563
REAL ESTATE - OLDE OAKS GOLF COURSE		$ 10,938,105	$ 3,012,628
REAL ESTATE - THE CLUB AT STONEBRIDGE		$ 4,734,985	$ 2,706,475
REAL ESTATE - OLDE OAKS DEVELOPMENT		$ 11,203,663	$ 6,911,100
OTHER INVESTMENT:			
HEDGE FUNDS		$ 41,537,445	$ 47,607,686
COMMINGLED FUNDS		24,999,221	29,021,743
ASSETS - GOLF COURSES		276,978	276,978
TOTAL OTHER INVESTMENTS		$ 66,813,644	$ 76,906,407

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011

	Actual	Budget	Variance Favorable (Unfavorable)
EXPENSE FUND:			
Personal Services:			
Staff salaries	$ 308,870	$ 305,000	$ (3,870)
Group insurance	89,917	93,000	3,083
Retirement	72,369	76,000	3,631
Other postemployment benefit obligation expense	54,926	-	(54,926)
Board member - Per diem	7,125	10,125	3,000
Professional Services:			
Accountant	88,866	80,000	(8,866)
Actuarial	75,640	79,000	3,360
Computer services	32,477	42,000	9,523
Risk management	14,422	19,000	4,578
Legal	69,750	69,750	-
Medical Board	13,975	18,000	4,025
Death audit	1,880	2,500	620
Retirement Association fees	1,443	1,000	(443)
Communications:			
Postage, printing and supplies	39,527	58,000	18,473
Telephone	11,719	13,000	1,281
Travel	11,162	20,500	9,338
Other:			
Equipment rental and repair	31,416	37,000	5,584
Election expenses	9,836	20,000	10,164
Advertising	44	500	456
Board expenses	21,974	27,000	5,026
Document imaging	16,087	25,000	8,913
Miscellaneous	3,735	5,000	1,265
Uniforms	2,951	5,000	2,049
Medicare expense	6,839	7,000	161
Total expenses budgeted	986,950	1,013,375	26,425
BUILDING FUND:			
Association dues	1,200	1,200	-
Maintenance	52,119	80,500	28,381
Building supplies	2,369	7,000	4,631
Security	659	6,000	5,341
Utilities	34,693	39,200	4,507
Total building fund	91,040	133,900	42,860
TOTAL ADMINISTRATIVE EXPENSES	$ 1,077,990	$ 1,147,275	$ 69,285
CAPITAL OUTLAYS	$ 15,928	$ 40,000	$ 24,072

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2006 THROUGH 2011

Fiscal Year	Actuarial Required Contribution Employer	Actuarial Required Contribution Other Sources	Percent Contributed Employer	Percent Contributed Other Sources
2006	$ 34,138,070	$ 11,914,460	109.03 %	102.54 %
2007	31,041,232	12,817,388	115.55	100.00
2008	22,865,917	14,455,288	153.83	100.00
2009	28,093,511	15,071,968	91.56	100.00
2010	66,032,185	15,122,480	47.19	100.00
2011	82,168,820	15,430,686	85.27	100.00

For the years ending June 30, 2006 through 2011, the actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2006 THROUGH 2011

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, 2006	$ 1,371,981,645	$ 1,651,055,550	$ 279,073,905	83.10 %	$ 223,213,661	125.0 %
June 30, 2007	1,531,297,284	1,719,536,371	188,239,087	89.05	229,145,048	82.1
June 30, 2008	1,600,941,810	1,841,234,995	240,293,185	86.95	252,562,020	95.1
June 30, 2009	1,297,128,398	1,988,394,358	691,265,960	65.23	270,236,561	255.8
June 30, 2010	1,247,546,395	2,083,809,321	836,262,926	59.87	280,977,278	297.6
June 30, 2011	1,286,287,651	2,215,674,343	929,386,692	58.05	273,348,634	340.0

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM'S OPEB PLAN
JUNE 30, 2008 THROUGH 2011

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

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

January 5, 2012

Board of Trustees of the Municipal Police
Employees' Retirement System and Subsidiaries
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We have audited the financial statements of Municipal Police Employees' Retirement System and Subsidiaries as of and for the year ended June 30, 2011, and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Municipal Police Employees Retirement System and Subsidiaries' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiencies 11-01 through 11-06 to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011 and 2010 was unqualified.

2. Internal Control:

Significant Deficiency/ Material weaknesses:	None noted
Significant deficiencies:	11-01, 11-02, 11-03, 11-04, 11-05, 11-06

Retirement System

11-01 As is common in small organizations, management has chosen to engage the auditor to prepare the System's annual financial statements. This condition is intentional by management based upon the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and the annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. We recommend that management review their system to determine if it would become cost effective to develop and implement internal controls over the preparation of their annual financial statements.

Olde Oaks Golf Course

11-02 During the audit, it was discovered that Olde Oaks Golf Course does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged. Beginning May 2011 a monthly physical inventory of all items is being performed. The inventory listing does not report values and is not reconciled with the general ledger. Lastly, there are no controls over disposing of fixed assets. Olde Oaks Golf Course should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommend management tag and record the values all fixed assets in a fixed asset ledger and reconcile with the general ledger. Lastly, we recommend that Olde Oaks Golf Course establish controls over the disposal of fixed assets.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Olde Oaks Golf Course (Continued)

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

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

Stonebridge Enterprises, LLC

11-05 During the audit, it was discovered that Stonebridge Enterprise, LLC does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged. Beginning May 2011 a monthly physical inventory of all items is being performed. The inventory listing does not report values and is not reconciled with the general ledger. Lastly, there are no controls over disposing of fixed assets. Stonebridge Enterprise, LLC should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommend management tag and record the values all fixed assets in a fixed asset ledger and reconcile with the general ledger. Lastly, we recommend that Stonebridge Enterprise, LLC establish controls over the disposal of fixed assets.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Stonebridge Enterprises, LLC (Continued)

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

3. Compliance and other matters: None noted

SUMMARY OF PRIOR YEAR FINDINGS:

Internal Control: - Retirement System

10-01 During the prior year, audit procedures disclosed inadequate controls over investment transactions. While reviewing the custodian investment statements, it was noted that the number of shares owned and the cost of the shares were incorrect in several instances when compared to the individual investment manager statements. It was also noted that there are transactions occurring during the year which are not being recorded by the custodian bank and several investments were not shown on the custodian's investment statements. The System should have controls in place to ensure that all investment transactions are properly recorded by the custodian bank. Failure to maintain accurate investment records may lead to a misstatement of investments and investment related activity on the financial statements. We recommended that the System develop controls to ensure that all investment activity is properly recorded by the custodian bank. This has been corrected.

10-02 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.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF PRIOR YEAR FINDINGS: (Continue)

Internal Control: - Retirement System (Continued)

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 recommended that management analyze if it would become cost effective to develop and implement internal controls over the preparation of their annual financial statements. This comment is repeated, see current year finding 11-01.

Internal Controls - Olde Oaks Golf Course

10-03 During the prior year, audit procedures disclosed that Olde Oaks Golf Course, LLC does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged and only some items such as mowers and tractors are noted in a fixed asset inventory ledger. A physical inventory of assets is not taken each year and there are no controls over disposing of fixed assets. Olde Oaks Golf Course should have controls over reporting and safeguarding their fixed assets. We recommended that management tag and record all fixed assets in a fixed asset ledger in addition to taking a physical inventory of fixed assets each year. Lastly, we recommended that Olde Oaks Golf Course establish controls over the disposal of fixed assets. In May 2011 Olde Oaks Golf Course began taking a physical inventory of all assets; however, the items are not tagged and there are no controls over disposing of fixed assets. See comment 11-02.

10-04 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 recommended 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. There was no new development during the current year comment 11-03.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Olde Oaks Golf Course (Continued)

10-05 During the prior year it was determined that Olde Oaks Golf Course is not properly reconciling the accounts receivable in the point of sale (POS) system to the general ledger. There are large credit balances for various customers due to improper setup of receivables. In addition, deposits received from customers for events have been reported in the accounts receivable detail report as credit balances instead of being reported separately. Accounts receivable balances should be properly maintained in the POS system and reconciled to the general ledger periodically. Not having proper controls over accounts receivable could result in a misstatement in the financial statements. We recommended that Olde Oaks Golf Course properly maintain accounts receivable balances in the POS system and reconcile the receivables to the general ledger on a consistent basis. This has been corrected.

10-06 During the prior year it was noted that expenses are not being recorded timely in the general ledger, transactions are routinely misposted and payments to vendors are not made when due. All transactions throughout the year should be properly recorded in the general ledger and payments to vendors should be made timely. Failure to properly record these transactions could lead to misstatements on the financial statements. Not timely paying vendors could result in late fees or the cut off of services. We recommended that Olde Oaks Golf Course develop strong accounting controls and procedures to ensure that the general ledger is maintained properly and that all vendor payments are made timely. This comment is repeated, see comment 11-04.

10-07 During the prior year it was noted that Olde Oaks Golf Course does not have a policy for properly adjusting inventory and recording cost of goods sold. Inventory and cost of goods sold are adjusted at the end of each month based on a physical inventory count and not based upon inventory sold. Inventory and cost of goods sold should be adjusted when items are sold according to the inventory method adopted. Not properly adjusting inventory and recording cost of goods sold when recording sales could result in misstatement of the financial statements. We recommended that Olde Oaks Golf Course develop a method for properly adjusting inventory and cost of goods sold. This has been corrected.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Stonebridge Enterprises, LLC

10-08 During the prior year it was discovered that Stonebridge Enterprises, LLC does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged and only some items such as mowers and tractors are noted in a fixed asset inventory ledger. A physical inventory of assets is not taken each year and there are no controls over reporting and safeguarding their fixed assets. Stonebridge Enterprises should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommended that management tag and record all fixed assets in a fixed asset ledger in addition to taking a physical inventory of fixed assets each year. Lastly, we recommended that Stonebridge Enterprises, LLC establish controls over the disposal of fixed assets. In May 2011 Stonebridge Enterprises, LLC began taking a physical inventory of all assets; however, the items are not tagged and there are no controls over disposing of fixed assets. See comment 11-05.

10-09 During the prior year analysis of accounts receivable, we noted that more than half of the receivable amount is over 30 days old and over 25% of the receivable is over 90 days old. Stonebridge Enterprises, LLC should improve controls over the collection of their funds. During the audit it was determined that some steps have been taken to improve collections, such as sending collection letters and suspension of accounts, however, it appears that collections remain low. We recommended Stonebridge Enterprises, LLC continue to enforce its payment policies, and review other sales and credit policies for other possibilities to ensure better overall collections. Improved collections will in turn increase profitability and availability of funds. This has been corrected.

10-10 During the prior year it was determined that Stonebridge Enterprises, LLC is not properly reconciling the accounts receivable in the point of sale (POS) system to the general ledger. There are large credit balances for various customers due to improper setup of receivables. In addition, deposits received from customers for events have been reported in the accounts receivable detail report as a credit balance instead of being reported separately. Accounts receivable balances should be properly maintained in the POS system and reconciled to the general ledger periodically. Not having proper controls over accounts receivable could result in a misstatement in the financial statements. We recommended that Stonebridge Enterprises, LLC properly maintain accounts receivable balances in the POS system and reconcile them to the general ledger on a consistent basis. This has been corrected.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Stonebridge Enterprises, LLC (Continued)

10-11 During the prior year it was noted that expenses are not being recorded timely on the general ledger, transactions are routinely misposted and payments to vendors are not made when due. All transactions throughout the year should be properly recorded in the general ledger and payments to vendors should be made timely. Failure to properly record these transactions could lead to misstatements on the financial statements. Not paying vendors on a timely basis could result in late fees or the cut off of services. We recommended that Stonebridge Enterprises, LLC develop strong accounting controls and procedures to ensure that the general ledger is maintained properly and that payments to vendors are made timely. This comment is repeated, see comment 11-06.

10-12 During the prior year it was noted that Stonebridge Enterprises, LLC does not have a policy for properly adjusting inventory and recording cost of goods sold. Inventory and cost of goods sold are adjusted at the end of each month based on a physical inventory count and not based upon inventory sold. Inventory and cost of goods sold should be adjusted when items are sold according to the inventory method adopted. Not properly adjusting inventory and recording cost of goods sold based on sales could result in misstatement of the financial statements. We recommended that Stonebridge Enterprises, LLC develop a method for properly adjusting inventory and cost of goods sold. This has been corrected.

10-13 During the prior year examination of the events receivables, it was determined that the general ledger was not being reconciled to the events receivable schedule printed from the IBS system. The IBS system includes deposits on this schedule as well as events that were cancelled or have been completed and are showing balances that are later cleared to zero. The accountant for Stonebridge adjusts the balance in the events receivable account to agree with the total on the IBS created schedule, rather than separating the receivable and deposit. The result of this is an overstatement of assets and an understatement of liabilities. We recommended that the events receivable and deposit accounts be reconciled on a timely basis to ensure that assets and liabilities are being properly stated. Stonebridge Enterprises, LLC did not have any events during the year that would require reconciliation of the events receivable scheduled from the IBS system to the general ledger.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

STATUS OF FINDINGS NOTED IN COMPLIANCE AUDIT PERFORMED BY THE LOUISIANA LEGISLATIVE AUDITOR:

During the year ended June 30, 2010, the Louisiana Legislative Auditor performed a compliance audit of the Municipal Police Employees' Retirement System and issued his report dated August 18, 2010. Below are a list of the findings from the report and the status of these findings.

1. Between January 6, 2004 and October 12, 2009, the System's contract attorney either diverted or held funds of Olde Oaks Development, LLC and other MPERS-owned entities into his private law office escrow account in possible violation of state law. By handling client funds in this manner, the System's contract attorney may also have violated the Louisiana Rules of Professional Conduct. These funds were for various Olde Oaks Development lot sale proceeds, proceeds from a severance agreement with Boot Ranch LLC paid to the System, other checks payable to Olde Oaks Development and other System-owned entities, and Olde Oaks Development and System checks made payable to various vendors. Because these funds were deposited into his private law office escrow account, System funds were commingled with the System's contract attorney's private funds. As a result, the System's contract attorney may have used System funds for private purposes. In addition, because System funds were either diverted to or held in the System's contract attorney's private law office escrow account for extended periods of time, he temporarily deprived System entities of funds needed for general operations. Since these allegations occurred, the System has relieved him of his duties as System attorney and has initiated litigation against him in an attempt to recover funds still owed to the System. This litigation resulted in the payment of restitution by the System's attorney. In addition, the System initiated controls to ensure all funds are being remitted directly to the System.

2. The Legislative Auditor identified significant deficiencies in the management of Olde Oaks Development which increased the potential for misappropriation of assets to occur and not be detected in a timely manner. These deficiencies included a lack of adherence to written procedures, poor segregation of duties, and failure to maintain public records. The poor segregation of duties related to the System's contract attorney's handling of all of Olde Oaks Development operations. He has since been relieved of his duties. In addition, the System has implemented procedures requiring that all Olde Oaks Development expenditures are authorized, paid, and mailed by System accounting staff and that all payments to Olde Oaks Development are routed directly to the System. Additionally, all payments and expenditures are logged and recorded in the accounting system and all checks are restrictively endorsed and deposited into the appropriate bank account. System staff reconciles payment amounts received on lot sales with the amounts recorded on the signed HUD settlement sheets upon receipt. Management responsibility for Olde Oaks Development and the persons to whom they have been assigned is documented in writing.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

STATUS OF FINDINGS NOTED IN COMPLIANCE AUDIT PERFORMED BY THE LOUISIANA LEGISLATIVE AUDITOR: (Continued)

3. The Legislative Auditor noted that Olde Oaks Development offered incentives to developers, including zero-interest notes and discounts on lot sales which effectively lowered the purchase price of the lots and may have constituted an improper donation. The use of these incentives was of benefit to the developers. The use of zero-interest notes enabled the developers to pay for their lots with funds borrowed at no interest. The use of subordination agreements allowed developers to borrow through the use of collateral (i.e., the lots) still owned by Olde Oaks Development until the zero-interest note was paid. Discounts on lot sales were used to keep the listed sale price on lots high to maximize lot sale revenue. Since discounts do not affect the listed sales price, they result in listed sale prices higher than the amount actually paid by the purchaser. The System has since ceased offering incentives on lot purchases.

4. The Legislative Auditor noted that some board members and a System staff member indicated to them that they had accepted sporting event tickets from Mr. Zinna, who denied the allegations. Acceptance of sporting tickets by System staff or board members from a contracted service provider may be prohibited under the Louisiana Code of Governmental Ethics. The System provided proper training by their attoreny to System staff and board members regarding the acceptance of gifts from individuals doing business with the System.