R E P O R T

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 2015 AND 2014

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM

INDEX TO REPORT

JUNE 30, 2015 AND 2014

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December 14, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Police Employees' Retirement System (System), which comprise the statement of fiduciary net position as of June 30, 2015 and 2014, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Police Employees' Retirement System as of June 30, 2015 and 2014, and the results of its operations and changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 4 to the financial statements, the total pension liability for Municipal Police Employees' Retirement System was $2,676,472,766 and $2,512,627,665 at June 30, 2015 and 2014. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2015 and 2014 could be understated or overstated.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2015 on our consideration of Municipal Police Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting.

Duplantier, Hrapmann, Hogan & Maher, LLP

The Management's Discussion and Analysis of the Municipal Police Employees' Retirement System's ("MPERS") ("the System") financial performance presents a narrative overview and analysis of the Municipal Police Employees' Retirement System's financial activities for the year ended June 30, 2015. Please read this document in conjunction with the financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

* The Municipal Police Employees' Retirement System ended the 2015 fiscal year with $1.9 billion in net position restricted for pension benefits. This is an increase of $6 million or 0.32% from the 2014 fiscal year, primarily due to income returns on the System's investments.

* Contributions to the plan by members and employers totaled $110.4 million, an increase of $2.3 million or 2.09% over the prior year. This increase is due to a net increase in the number of active plan members and increase in the employer contribution rate.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled $17.7 million, an increase of $1.1 million or 6.47% over the prior year.

* The System experienced a net investment income in the amount of $26.6 million during the 2015 fiscal year. This is a 91.02% decrease from net investment income of $296.6 million during the 2014 fiscal year. The decrease was due primarily to lower market returns due to the current economic climate.

* Pension benefits paid to retirees and beneficiaries increased by $9.4 million or 8.22%. This increase is due to larger benefits paid to new retirees.

* DROP and IBO withdrawals increased by 4.2 million or 32.29%. This increase is due to mandatory withdrawals in addition to large withdrawals during the fiscal year.

* Administrative expenses totaled $1.4 million, an increase of 2.81%. The cost of administering the system per member during 2015 was $120.50 per individual compared to $118.97 per individual in 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

The System's basic financial statements were prepared in conformity with GASB Statement No. 67, *Reporting for Pension Plans* and include the following: (1) statement of fiduciary net position, (2) statement of changes in fiduciary net position, and (3) notes to the financial statements.

The *Statement of Fiduciary Net Position* report the System's assets, liabilities and the resultant net position restricted for pension benefits. It discloses the financial position of the System as of June 30, 2015 and 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The *Statements of Change in Fiduciary Net Position* report the results of the System's operations during the year, disclosing the additions to and deductions from the fiduciary net position. They support the change that has occurred to the prior year's net position on the statement of fiduciary net position.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the financial statements. The notes begin on page 11.

Required Supplementary Information consists of four schedules and related notes. The four schedules report changes in net pension liability, employers' net pension liability, employer and non-employer contributing entity contributions, and the money-weighted rate of return on investments. It also includes the schedule of funding progress for the Other Post-Employment Benefits ("OPEB") trust.

The *Other Supplementary Information* section includes the schedules of investments, board compensation, and administrative expenses.

FINANCIAL ANALYSIS

MPERS' financial position is measured in several ways. One way is to determine the fiduciary net position (difference between total assets and total liabilities) available to pay benefits. Over time, increases and decreases in the MPERS fiduciary net position indicates whether its financial health is improving or deteriorating. The following table represents a condensed version of MPERS Statement of Fiduciary Net Position and Statement of Changes in Net Fiduciary Position.

Condensed Comparative Statements of Fiduciary Net Position

	2015	2014
Cash	$ 22,640,242	$ 24,569,760
Receivables	17,877,952	13,825,808
Investments	1,859,964,382	1,851,933,056
Securities Lending Collateral Held	20,945,942	76,722,662
Capital Assets	2,107,465	2,160,394
Other Assets	--	8,219
Total Assets	**$ 1,923,535,983**	**$ 1,969,219,899**
Accounts Payable & Other Liabilities	$ 9,512,746	$ 5,477,774
Securities Lending Obligations	20,945,942	76,722,662
Total Liabilities	**$ 30,458,688**	**$ 82,200,436**
Net Position Restricted for Benefits	**$ 1,893,077,295**	**$ 1,887,019,463**

FINANCIAL ANALYSIS (Continued)

Net position is restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The 0.32% over year increase was a result of the income return on investments during the year.

Condensed Comparative Statement of Changes in Fiduciary Net Position

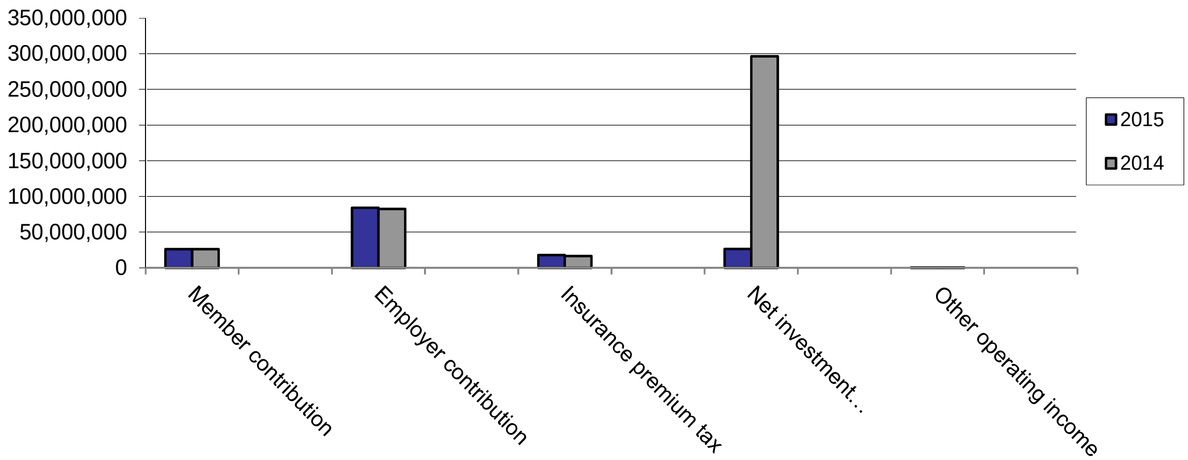
	2015	2014
Additions:		
Contributions	$ 84,324,128	$ 82,259,694
Employee Contributions	26,117,636	25,922,508
Insurance Premium Taxes	17,704,000	16,628,926
Net Investment Income	26,639,525	296,576,890
Other Income	6,614	453
Total Additions	154,791,903	421,388,471
Deductions:		
Benefits	140,940,357	127,348,774
Refunds of Contributions	4,257,860	4,503,123
Net Transfers to/from Other Systems	1,958,575	1,520,751
Administrative Expenses	1,420,583	1,381,703
Other Post-Employment Benefits	79,802	65,843
Depreciation Expense	76,894	81,593
Total Deductions	148,734,071	134,901,787
Net Increase in Net Position	6,057,832	286,486,684
Net Position Restricted for Pension Benefits:		
Beginning of Year	1,887,019,463	1,660,532,779
End of Year	**$ 1,893,077,295**	**$ 1,887,019,463**

Additions to the System's Fiduciary Net Position

Additions to the System's fiduciary net position are derived from member contributions, employer contributions and investment income. Member contributions increased by $195 thousand or 0.75%, and employer contributions increased by $2 million or 2.51%. The System experienced net investment income of $27 million as compared to a net investment income of $297 million in the previous year. This is a 91.02% decrease in investment income.

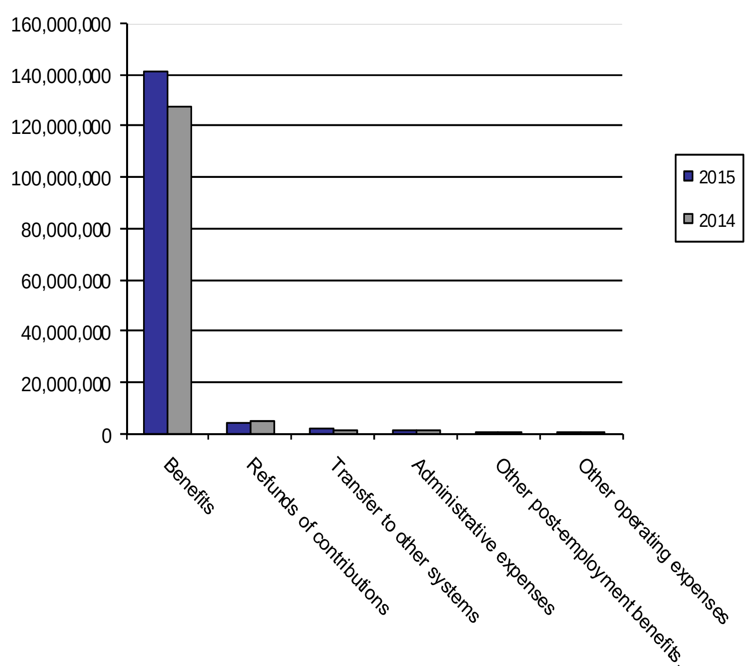
FINANCIAL ANALYSIS (Continued)

Additions to the System's Fiduciary Net Position (Continued)



Deductions from the System's Fiduciary Net Position

Deductions from the System's fiduciary net position include retirement, death and survivor benefits, refund of contributions and administrative expenses. Deductions from fiduciary net position totaled $149 million in fiscal year 2015. This increase of $13.8 million or 10.25% was primarily due to an increase in the aggregate number of retirees and the corresponding increase in pension benefits paid in addition to the mandatory DROP withdrawals as well as a cost of living adjustment granted during the current year.



FINANCIAL ANALYSIS (Continued)

Investments

MPERS is responsible for the prudent management of funds restricted for the exclusive benefits of their members. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total fair value of investments at June 30, 2015 was $1.86 billion as compared to $1.85 billion at June 30, 2014, which is an increase of $8 million or 0.43%.

REQUESTS FOR INFORMATION:

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

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS:		
Cash:		
Operating cash	$ 22,640,242	$ 24,569,760
Total cash	22,640,242	24,569,760
Receivables:		
Member contributions	2,077,009	2,324,353
Employer contributions	6,707,588	7,174,479
Investment receivable	5,531,334	858,710
Accrued interest and dividends	3,562,021	3,468,266
Total receivables	17,877,952	13,825,808
Property, plant and equipment: (Net of accumulated depreciation of $1,345,735 in 2015; $1,268,840 in 2014)	2,107,465	2,160,394
Investments (market value):		
Cash and cash equivalents	58,408,197	54,686,148
Equities	1,040,700,011	1,096,938,127
Fixed income	371,269,139	320,737,930
Real estate	179,717,790	177,987,806
Alternative investments	118,136,240	123,402,294
Tactical asset allocation	91,733,005	78,180,751
Total investments	1,859,964,382	1,851,933,056
Other assets	-	8,219
Collateral held under securities lending program	20,945,942	76,722,662
TOTAL ASSETS	1,923,535,983	1,969,219,899
LIABILITIES:		
Accounts payable	2,208,612	684,483
Accrued expenses	362,830	525,158
Obligations under securities lending program	20,945,942	76,722,662
Other post employment benefits obligation	596,041	516,238
Investment payable	6,345,263	3,751,895
TOTAL LIABILITIES	30,458,688	82,200,436
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 1,893,077,295	$ 1,887,019,463

The accompanying notes are an integral part of these financial statements.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ADDITIONS:		
CONTRIBUTIONS:		
Member contributions	$ 26,117,636	$ 25,922,508
Employer contributions	84,324,128	82,259,694
Insurance premium tax	17,704,000	16,628,926
Total contributions	128,145,764	124,811,128
INVESTMENT INCOME:		
Net appreciation (depreciation) in fair value of investments	(1,788,092)	266,260,150
Interest, dividend and other investment income	34,198,851	38,216,946
Securities lending income	706,739	525,281
	33,117,498	305,002,377
Less investment expenses:		
Fees	6,285,956	7,920,331
Investment expense	192,017	413,040
Real estate property operations	-	92,116
	6,477,973	8,425,487
Net investment income	26,639,525	296,576,890
OTHER ADDITIONS:		
Merger interest payment	-	453
Military Purchase	6,614	-
Total other additions	6,614	453
Total additions	154,791,903	421,388,471
DEDUCTIONS:		
Retirement benefits	123,759,640	114,361,996
DROP/IBO withdrawals	17,180,717	12,986,778
Refund of contributions	4,257,860	4,503,123
Net transfers to/from other systems	1,958,575	1,520,751
Administrative expenses	1,420,583	1,381,703
Other post employment benefit expense	79,802	65,843
Depreciation	76,894	81,593
Total deductions	148,734,071	134,901,787
NET INCREASE	6,057,832	286,486,684
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
BEGINNING OF YEAR	1,887,019,463	1,600,532,779
END OF YEAR	$ 1,893,077,295 $	$ 1,887,019,463

The accompanying notes are an integral part of these financial statements.

The Municipal Police Employees' Retirement System (MPERS) was established as of July 1, 1973, by Act 189 of 1973. The System is a statewide retirement system, which was created for full-time municipal police officers in Louisiana. The System is administered by a Board of Trustees that consists of fifteen trustees as follows:

1. Three members whom shall not be chiefs of policy but shall be active contributing members of the System with ten or more years of creditable service.
2. Four members who shall be active contributing chiefs of policy with four or more years of creditable service.
3. Two regular retirees of the System.
4. One retired form Chief’s District 1.
5. One retired from Chief’s District II.
6. Four ex officio trustees
   a. Chairman of the House of Representatives Committee on Retirement or his designee.
   b. Chairman of the Senate Committee on Retirement or his designee
   c. The Commissioner of Administration or his designee
   d. The State Treasurer or his designee.
7. Two mayors appointed by the Louisiana Municipal Association from municipalities having police departments participating in the System, to serve at the pleasure of the Louisiana Municipal Association.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

In addition, these financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* and related standards. This standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

During the year ended June 30, 2014, MPERS adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined pension plans. Significant changes included an actuarial calculation of total and net pension liability. It also included comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan, increased the note disclosure requirements, and provided for additional required supplementary information schedules

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

Expenditures are recognized in the period incurred.

Investments:

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 partnerships, real estate equity portfolios 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.

Land, Equipment and Fixtures:

Land, building, equipment and fixtures of the System are recorded at historical cost. The building used for operations, equipment and fixtures are depreciated using the straight-line method of depreciation over the asset's estimated useful life.

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, 2015 and 2014, there were 132 and 143, respectively, contributing municipalities. At June 30, 2015 and 2014 statewide retirement membership consists of:

	2015	2014
Inactive plan members or beneficiaries receiving benefits	4,538	4,444
Inactive plan members entitled to but not yet receiving benefits	1,488	1,431
Active plan members	5,763	5,739
Total Participants as of Valuation Date	11,789	11,614

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.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

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

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.

2. PLAN DESCRIPTION: (Continued)

Membership Commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or $200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

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

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

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

2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

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

3. CONTRIBUTIONS AND RESERVES:

Contributions:

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

Employee contribution rates are 7.5% for members whose earnable compensation is less than or equal to the poverty guidelines. For employees whose compensation is greater than the poverty guidelines, contributions will be determined each fiscal year based on a sliding scale depending upon the total actuarially required contribution for both employee and employers.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Contributions: (Continued)

For the years ended June 30, 2015 and 2014, total employee and employer contribution rates are:

	June 30, 2015 Contributions			June 30, 2014 Contributions		
	Employee	Employer	Total	Employee	Employer	Total
Members hired prior to January 1, 2013	10.00%	31.50%	41.50%	10.00%	31.00%	41.00%
Hazardous Duty Members hired after January 1, 2013	10.00%	31.50%	41.50%	10.00%	31.00%	41.00%
Non-Hazardous Duty Members hired after January 1, 2013	8.00%	33.50%	41.50%	8.00%	33.00%	41.00%
Members whose earnable compensation is less than the poverty guidelines	7.50%	34.00%	41.50%	7.50%	33.50%	41.00%

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. For the years ended June 30, 2015 and 2014, the state appropriated $17.7 million and $16.6 million, 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 balance in Annuity Savings as of June 30, 2015 and 2014 is $210,167,634 and $197,488,869, respectively.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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 balance in Pension Accumulation as of June 30, 2015 and 2014 is $220,088,170 and $321,931,378, respectively.

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 balance in Annuity Reserve as of June 30, 2015 and 2014 is $1,349,606,817 and $1,257,393,940, respectively.

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 balance in Deferred Retirement Option Account as of June 30, 2015 and 2014 is $112,278,593 and $109,362,561, respectively.

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 balance in Initial Benefit Option Reserve as of June 30, 2015 and 2014 is $936,081 and $842,715, respectively.

4. NET PENSION LIABILITY OF EMPLOYERS:

The components of the net pension liability of the System's employers determined in accordance with GASB No. 67 as of June 30, 2015 and 2014 is as follows:

	2015	2014
Total Pension Liability	$ 2,676,472,766	$ 2,512,627,665
Plan Fiduciary Net Position	1,893,077,295	1,887,019,463
Employers' Net Pension Liability	$ 783,395,471	$ 625,608,202
Plan Fiduciary Net Position as a% of the Total Pension Liability	70.73%	75.10%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2015 and 2014 valuation were based on the assumptions used in the June 30, 2015 and 2014 actuarial funding valuation. The assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2014, unless otherwise noted. Based on the study and expectations of future experience, mortality, retirement, DROP entry and withdrawal rates were changed. Family statistics were also updated and the salary scale assumption was decreased. The assumptions used in the June 30, 2014 valuation were initially designed to match, to the extent possible, those used by the prior actuary for the fiscal 2010 valuation. Adjustments to some non-mortality decrements were necessary due to differences in software design.

The required Schedules of Employers' Net Pension Liability located in required supplementary information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2015 and 2014 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2015 and 2014
Actuarial cost method	Entry Age Normal Cost
Investment rate of return	7.5% (Net of investment expense)
Inflation rate	June 30, 2015 – 2.875% June 30, 2014 – 3.000%

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

June 30, 2015

Mortality: Mortality assumptions were based on an experience study for the period July 1, 2010-June 30, 2014. The RP-200 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set-back 1 year for females) were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employee table setback 4 years for males and set back 3 years for females were selected for disabled annuitants.

June 30, 2014

Mortality: Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2003 through June 30, 2008. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. The RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

June 30, 2015

Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Above 23	4.25%

June 30, 2014

Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1	10.00%
	2	6.00%
	3 – 19	4.30%
	20 – 29	5.50%
	30 & Over	4.00%

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.28% and 7.87%for the years ended June 30, 2015 and 2014 respectively.

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2015 and 2014 are summarized in the following table:

	June 30, 2015		June 30, 2015	
Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.47%	52.00%	2.90%
Fixed Inocme	20.00%	0.46%	20.00%	0.47%
Alternative	23.00%	1.15%	23.00%	1.04%
Other	5.00%	0.20%	5.00%	0.21%
Totals	100.00%	5.28%	100.00%	4.62%
Inflation		3.00%		3.25%
Expected Arithmetic Nominal Return		8.28%		7.87%

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate.

	Changes in Discount Rate		
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
2015 Net Pension Liability	$1,089,225,631	$783,395,471	$527,115,096
2014 Net Pension Liability	$ 903,271,048	$625,608,202	$392,396,808

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2015 and 2014:

	2015	2014
Deposits (bank balance)	$ 22,927,315	$ 23,681,707
Cash equivalents	58,408,197	54,686,148
Investments (excluding collateral)	1,801,556,185	1,797,246,908
	$ 1,882,891,697	$ 1,875,614,763

Deposits:

The System’s bank deposits were fully insured or secured by perfected liens on the bank’s securities as of June 30, 2015 and 2014.

Cash Equivalents:

For the years ended June 30, 2015 and 2014, cash equivalents in the amount of $31,521,216 and $33,795,741, respectively, consisted of government pooled investments. The funds are held and managed by the System’s custodian bank.

For the years ended June 30, 2015 and 2014, cash equivalents in the amount of $26,886,981 and $20,890,407, respectively, consisted of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP) held by a custodial bank in the name of the System.

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

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool share.

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

5. 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 10% 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, 2015 and 2014. The System's investment in the High Yield Bond Fund of $42,909,097 and $84,854,867, Pooled Bond Fund of $80,305,473 and $78,835,247, Emerging Markets Debt Fund of $47,041,162 and $-0-, and Bank Loan Fund of $41,587,550 and $-0-, respectively, as of June 30, 2015 and 2014 were each exceeded 5% of the total fixed income portfolio's market value. There were no investments in any issuer that exceeded 5% of the System's net position as of June 30, 2015 and 2014.

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, 2015 and 2014.

Below is a schedule of bonds with their applicable ratings as of June 30, 2015:

	Corporate Bonds	State and Municipal Bonds	Foreign Bonds	U.S. Government Bonds	Other
AAA	$ 1,243,518	$ -	$ 7,231,857	$ 14,926,454	$ 2,667,792
AA	98,936	3,802,860	-	-	-
AA-	1,209,108	-	-	-	-
A+	1,155,814	-	-	-	-
A	3,457,452	-	1,037,943	-	1,291,607
A-	2,928,933	-	2,420,421	-	3,809,690

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

Credit Risk: (Continued)

	Corporate Bonds	State and Municipal Bonds	Foreign Bonds	U.S. Government Bonds	Other
BBB+	7,901,751	-	425,008	-	4,816,474
BBB	19,462,807	-	1,338,509	-	2,454,912
BBB-	21,004,362	-	368,433	-	1,866,318
BB+	12,160,066	-	71,247	-	918,608
BB	3,562,188	-	479,011	-	1,402,957
BB-	1,677,144	-	-	-	231,751
B+	1,446,987	-	-	-	-
B	2,060,136	-	-	-	-
B-	52,435	-	-	-	-
CCC+	94,288	-	-	-	-
Not Rated	12,962,631	-	1,880,702	--	13,504,746
	$ 92,478,556	$ 3,802,860	$ 15,253,131	$ 14,926,454	$ 32,964,855

Below is a schedule of bonds with their applicable ratings as of June 30, 2014:

	Corporate Bonds	State and Municipal Bonds	Foreign Bonds	U.S. Government Bonds	Other
AAA	$ 4,878,411	$ -	$ 4,589,360	$ 14,192,225	$ 4,457,917
AA	-	3,963,311	-	-	-
AA-	1,175,598	-	-	-	27,198
A+	-	336,622	-	-	-
A	3,781,080	20,304	1,299,443	-	627,396
A-	4,480,214	-	2,619,729	-	-
BBB+	5,907,537	-	-	-	7,048,363
BBB	17,306,971	-	259,970	-	2,474,469
BBB-	26,680,891	-	1,409,419	-	770,031
BB+	10,025,927	-	98,114	-	825,903
BB	3,263,345	-	176,221	-	429,027
BB-	5,304,849	-	-	-	271,974
B+	2,357,806	-	-	-	-
B	1,584,430	-	-	-	-
B-	2,413,994	-	-	-	-
Not Rated	9,342,815	-	1,383,347	-	11,263,605
	$ 98,503,868	$ 4,320,237	$ 11,835,603	$ 14,192,225	$ 28,195,883

The System’s investment policy limits its domestic fixed income investments (with the exception of full discretion, core plus, high yield and bank loan portfolios) to corporate debt issues rated equivalent of BBB or better as defined by the least of the three rating agencies (Standard & Poor’s, Moody’s Investor Services, and Fitch). 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.

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

Credit Risk: (Continued)

The System invested in a domestic index bond fund. As of June 30, 2015 and 2014, the market value of the fund was $80,305,473 and $78,835,247, respectively. The rating of the bonds in the fund ranged between AAA and Baa with 46% and 71% rated AAA as of June 30, 2015 and 2014, respectively.

The System also invested in a high yield exchange-traded bond fund. As of June 30, 2015 and 2014, the market value of the fund is $42,909,097 and $84,854,867, respectively. The rating of the bonds in the fund ranged from AAA to below B, with 34% and 37% rated BB and B for the year ended June 30, 2015. The ratings for the bonds in the fund ranged from BB to below B with 37% and 43% rated BB and B, respectively, as of June 30, 2014.

The System invested in an emerging markets debt fund. As of June 30, 2015, the market value of the fund is $47,041,162. The ratings of the bonds in the fund ranged from AAA to below B with 38% rated BBB and 21% rated BB as of June 30, 2015.

The System invested in a pacific asset bank loan fund. As of June 30, 2015, the market value of the fund is $41,587,550. The ratings of the bonds in the fund ranged from AAA to below B with 24% rated BBB and 19% rated BB as of June 30, 2015.

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, 2015 and 2014, the System is not exposed to custodial risk for investments in the amount of $1,068,975,549 and $1,004,650,344, respectively, since the investments are held in the name of the System.

At June 30, 2015 and 2014, the System has $790,988,933 and $847,282,712, respectively, in cash equivalents, pooled bond fund, international equity funds, exchange-traded bond fund, real estate funds, tactical asset allocation, and alternative investments which are managed by fund managers and held with a different custodian, and are therefore exposed to custodial credit risk since the investments are not in the name of the System. The underlying assets are held in the name of each individual fund and not the System.

The System reported collateral held for investment purposes in the amount of $20,945,942 and $76,722,662 as of June 30, 2015 and 2014, respectively. The System is exposed to custodial credit risk since the collateral is not in the name of the System.

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

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, 2015 and 2014, the System had the following investments in long-term debt securities and maturities:

2015 Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Corporate Bonds	$ 92,478,556	$ 1,176,269	$ 7,517,957	$ 59,800,686	$ 23,983,644
Municipal Bonds	3,802,860	3,802,860	-	-	-
U.S. Government Bonds	14,926,454	8,623,685	6,302,769	-	-
Foreign Bonds	15,253,131	3,141,336	6,524,633	4,306,432	1,280,730
Other	32,964,855	-	6,583,421	12,776,341	13,605,093

2014 Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Corporate Bonds	$ 98,503,868	$ -	$ 19,456,998	$ 53,003,154	$ 26,043,716
Municipal Bonds	4,320,237	-	3,963,311	-	356,926
U.S. Government Bonds	14,192,225	-	14,192,225	-	-
Foreign Bonds	11,835,603	-	4,059,566	6,249,911	1,526,126
Other	28,195,883	-	4,886,246	9,859,534	13,450,103

The overall average duration of each domestic fixed-income manager’s portfolio (with the exception of full discretion and core plus) shall not differ from that of the manager’s passive benchmark by more than two years, unless written permission has been obtained from the System’s Board of Trustees.

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 equities at June 30, 2015 and 2014 as follows:

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

Foreign Currency Risk: (Continued)

	2015	2014
Austrialian/Dollar	$ 12,381,583	15,583,112
Belgium/Euro	1,782,423	769,722
Canada/Dollar	10,861,459	14,037,948
Denmark/Kroner	4,104,703	5,784,687
Finland/Euro	4,393,168	7,244,932
France/Euro	15,666,413	23,584,606
Germany/Euro	14,584,362	23,377,982
Hong Kong/Dollar	6,801,267	4,056,888
Ireland/Euro	951,852	1,948,162
Italy/Euro	6,948,640	6,302,148
Japan/Yen	61,837,873	52,216,238
Luxembourg/Euro	740,409	607,027
Netherlands/Euro	3,794,402	-
New Zealand/Dollar	-	358,427
Norway/Kroner	859,587	2,603,893
Portugal/Euro	813,645	542,933
Singapore/Dollar	2,115,300	833,815
Spain/Euro	11,197,920	12,193,962
Sweden/Kroner	8,646,371	8,608,118
Switzerland/Euro	1,008,101	-
Switzerland/Swiss	19,350,376	21,856,858
United Kingdom/Euro	-	466,574
United Kingdom/Pounds	58,126,552	74,908,852
Various/Emerging Markets Funds	178,776,603	197,017,907
Various/International Index Fund	80,582,575	83,955,623
	$ 506,325,584	$ 558,860,414

The System also invested in foreign equities denominated in United States Dollars totaling $7,875,659 and $-0-, respectively, as of June 30, 2015 and 2014.

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

Foreign Currency Risk: (Continued)

The System's exposure to foreign currency risk also consisted of its investment in cash in trust accounts at June 30, 2015 and 2014 was as follows:

Country/Currency	2015 Fair Value	2014 Fair Value
United Kingdom / Pound	$ 25,643	$ 36,656
Euro	103,895	113,070
Hong Kong / Dollar	11,592	12,732
Japan / Yen	152,642	243,913
Norway / Krone	-	8,480
Sweden / Krone	132,739	-
TOTAL	$ 426,511	$ 414,851

The System's investment policy has a target not to exceed 38% of total investments in foreign equities. At June 30, 2015 and 2014, the System's position was 27.89% and 30.34%, 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, 2015 and 2014, the balance consisted of foreign government bonds of $-0- and $826,486, and foreign corporate bonds of $8,077,618 and $11,009,117, respectively. The breakdown per country at June 30, 2015 and 2014 was as follows:

Country/Currency	2015 Fair Value	2014 Fair Value
Australia / Dollar	$ 583,371	$ 733,081
Brazil / Real	1,279,389	1,669,389
Chile / Peso	704,361	816,328
Euro	-	826,486
Columbia / Peso	71,247	98,114
India / Rupee	2,279,536	840,768
Mexico / Peso	3,159,714	3,919,173
Singapore / Dollar	-	2,932,264
TOTAL	$ 8,077,618	$ 11,835,603

The System also invested in foreign long-term securities denominated in United States Dollars totaling $7,175,513 and $-0-, respectively, as of June 30, 2015 and 2014.

Money-Weighted Rate of Return

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.10% and 17.90%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

6. INVESTMENTS IN REAL ESTATE:

During the years ended June 30, 2015 and 2014, the System had investment in real estate as follows:

The System committed to invest $36,000,000 in La Salle Property Capital and Growth Fund IV Partnership (Partnership) and $20,000,000 in La Salle Property Capital and Growth Fund V Partnership (Partnership). The Partnerships were 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 ended June 30, 2015 and 2014 was $905,662 and $1,677,121, respectively, and is included in investment income. The System received return of capital during the year totaling $16,110,133. As of June 30, 2015 and 2014, fair market value of the partnership was $11,346,806 and $29,138,192, respectively.

The System has invested $64,684,968 in Principal Financial Group U.S. Property Separate Account Fund (Fund). The Fund is a diversified real estate equity account consisting primarily of high quality, well-leased real estate properties in the multifamily, industrial, office, retail, and hotel sectors. As of June 30, 2015 and 2014, the market value of the Fund was $129,483,125 and $113,388,845, respectively.

The System has invested $34,587,498 and $34,375,574, respectively, as of June 30, 2015 and 2014, in Prudential Financial PRISA II Fund (Fund). The Fund is an open-ended commingled insurance separate account consisting primarily of real estate investments either directly owned or through partnership interests, and mortgage and other loans on income producing real estate. The System's share of Fund income for the years ended June 30, 2015 and 2014 was $1,663,980 and $1,485,902, respectively, and is included in investment income. As of June 30, 2015 and 2014, the market value of the fund was $38,137,858 and $34,710,768, respectively.

The System has invested $859,272 for years June 30, 2015 and 2014 in land and an office building for rent. As of June 30, 2015 and 2014 the market value of the land and office building is $750,001.

7. ALTERNATIVE INVESTMENTS:

The System's total commitment to private equity is $40 million. Currently, the only private equity manger in the portfolio is the Summit Partners Credit Fund Partnership. This commitment has been fully called. 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 ended June 30, 2015 and 2014 was $3,378,027 and $3,299,068, respectively, and is included in investment income. As of June 30, 2015 and 2014, the fair market value of the partnership was $30,959,426 and $35,068,323, respectively.

As of June 30, 2015 and 2014, the System had subscription agreements with six limited partnerships and offshore funds to enhance diversification and provide reductions in overall portfolio volatility. At June 30, 2015 and 2014, the market value of the hedge funds was $87,176,814 and $88,333,971, respectively. These funds are subject to the market factors depending on the fund strategy. The value assigned to these investments is based upon available information and does not necessarily represent the amounts that might ultimately be realized, since such investments depend on future circumstances and cannot be determined until the individual investments are actually liquidated.

8. TACTICAL ASSET ALLOCATION:

The System is invested in a tactical asset allocation fund consisting of the Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund. This investment was made to further diversify the portfolio. At June 30, 2015 and 2014, the market value of the fund was $91,733,005 and $78,180,751, respectively. This fund is subject to the market factors depending on the fund strategy.

9. DERIVATIVE INSTRUMENTS:

The System is a party to contracts for various derivative instruments, as discussed below. At June 30, 2015, the System had the following derivative instruments outstanding:

		Fair Value		
Investment Derivative:	Notional Amount	Investment Receivable	Investment Payable	Unrealized Gain/(Loss)
Foreign forward currency contract – UK	$ 189,637	$ 189,489	$ 189,637	$ (148)
Foreign forward currency contract – CAN	59,913	59,460	59,913	(453)
Foreign forward currency contract – MEX	872,809	872,809	859,078	13,731
Foreign forward currency contract – JAP	459,323	465,611	459,323	6,288
Foreign forward currency contract – SWI	28,764	28,764	28,802	(38)
Foreign forward currency contract – AUS	61,404	61,582	61,404	178

At June 30, 2014, the System had the following derivative instruments outstanding:

		Fair Value		
Investment Derivative:	Notional Amount	Investment Receivable	Investment Payable	Unrealized Gain/(Loss)
Foreign forward currency contract – UK	$ 206,607	$ 206,607	$ 207,269	$ (662)
Foreign forward currency contract – CAN	12,476	12,518	12,476	42
Foreign forward currency contract – Euro	5,311,157	5,321,207	5,278,156	43,051
Foreign forward currency contract – JAP	17,222	17,222	17,267	(45)
Foreign forward currency contract – SWI	40,684	40,986	40,684	302

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 fiduciary position. The fair values of the forward

9. DERIVATIVE INSTRUMENTS: (Continued)

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 British Pounds, Canadian Dollars, Mexican Peso, Japanese Yen, Swiss Francs and Australian Dollar. At June 30, 2015 and 2014, the fair value of the foreign currency contracts receivable was $1,677,715 and $5,598,540, respectively. At June 30, 2015 and 2014, the fair value of the foreign currency contracts payable was $1,658,157 and $5,555,852, respectively.

10. 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 with its custodial bank, which acts as their third-party securities lending agent. The lending agent has access to the System's lendable portfolio or available assets. The agent lends the available assets such as U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. The lending agent has flexibility to use any of the pre-approved borrowers. The System approves all borrowers. The lending agent continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit.

Collateralization of loans will be 102% of the market value of the loaned securities plus accrued interest for stocks and U.S. Treasury obligations. Collateralization of loans will be 102% of the market value for domestic securities and 105% for non-U.S. securities of the market value of the loaned securities plus accrued income. 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 third-party. For third-party repurchase agreements, party to such agreements must be an approved borrower. Acceptable collateral from approved borrowers for third-party repurchase agreements is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AAA or higher, commercial paper and other investments stipulated in lender agent contract.

The System has the following securities on loan:

	2015 Market Value	2014 Market Value
Marketable Securities - Domestic	$ 18,834,932	$ 17,649,384
Marketable Securities - Foreign	8,512,072	2,170,209
U.S. Government and Agency Securities	-	6,125,550
Corporate Bonds - Domestic	3,275,611	6,564,555
Exchange-traded bond fund	-	51,973,109
Total	$ 30,622,615	$ 84,482,807

10. SECURITY LENDING AGREEMENTS: (Continued)

Securities on loan at June 30, 2015 and 2014 are collateralized by cash collateral in the amount of $20,945,942 and $76,722,662, respectively, and noncash collateral in the amount of $11,726,604 and $9,853,093, respectively, for total amount of collateral held in the amount of $32,672,546 and $86,575,755, respectively.

The term to maturity of the securities on loan is matched with the term to maturity of the investment of the cash collateral at June 30, 2015 and 2014. Such matching did exist since loans may be terminated on demand.

11. 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.

12. TAX QUALIFICATION:

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

13. EQUIPMENT AND FIXTURES:

The following is a summary of equipment and fixtures at June 30, 2015 and 2014:

	2015	2014
Office equipment	$ 317,601	$ 293,635
Computer equipment and software	288,468	288,468
Improvements	10,309	10,309
Furniture	100,257	100,257
Land	614,919	614,919
Office building	2,121,646	2,121,646
	3,453,200	3,429,234
Less accumulated depreciation	(1,345,735)	(1,268,840)
Total	$ 2,107,465	$ 2,160,394

Depreciation expense charged to pension operations was $76,894 and $81,593 for the years ended June 30, 2015 and 2014.

14. OTHER POST-EMPLOYMENT BENEFITS:

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, 2015 and 2014, four retirees were receiving post-employment benefits.

Plan Description:

The System's employees may participate in the State of Louisiana's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan 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 four standard plans for both active and non-Medicare retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) plan, the Medical Home Health Maintenance Organization (HMO) Plan and a Consumer Driven Health Plan with Health Savings Account Option (CDHP-HSA), featuring lower premium rates in exchange for higher deductibles. Retired employees who have Medicare Part A and Part B coverage also have access to an additional four OGB Medicare Advantage plans which includes three HMO-POS plans and one Towers Watson OneExchange option for purchasing private health insurance on an exchange. Depending upon the plan selected, during the years ended June 30, 2015 and 2014, employee premiums for a single member receiving benefits range from $556 to $653 and $83 to $96, respectively, per month for retiree-only coverage with Medicare or from $195 to $347 and $134 to $148, respectively, and per month for retiree-only coverage without Medicare. The premiums for an employee and spouse for the years ended June 30, 2015 and 2014 range from $556 to $653 and $148 to $160, respectively, per month for those with Medicare or from $390 to $621 and $434 to $459, respectively, per month for those without Medicare.

14. OTHER POST-EMPLOYMENT BENEFITS: (Continued)

Funding Policy: (Continued)

The plan is currently financed on a pay as you go basis, with the System contributing anywhere from $336 to $395 and $249 to $ 257, respectively, per month for retiree-only coverage with Medicare or from $1,034 to $1,216 and $864 to $911, respectively, per month for retiree-only coverage without Medicare during the years ended June 30, 2015 and 2014. Also, the System's contributions range from $605 to $711 and $444 to $461, respectively, per month for retiree and spouse with Medicare or from $1,827 to $2,147 and $1,327 to $1,399, respectively, for retiree and spouse without Medicare for the years ended June 30, 2015 and 2014.

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 termination of employment or age 70 for retirees.

Annual OPEB Cost:

The System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45 and is calculated at the beginning of the fiscal year. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2014 and 2013 is $109,800 and $95,700, respectively, as set forth below:

	July 1, 2014	July 1, 2013
Normal Cost	$ 52,000	$ 43,500
30-year UAL amortization amount	53,577	48,519
Interest on the above	4,223	3,681
Annual required contribution (ARC)	$ 109,800	$ 95,700

The following table presents the System's OPEB obligation for the year ended June 30, 2015 and 2014:

	2015	2014
Annual required contribution	$ 109,800	$ 95,700
Contributions made	(29,997)	(29,857)
Claim costs	-	-
Change in Net OPEB Obligation	79,803	65,843
Beginning Net OPEB Obligation	516,238	450,395
Ending Net OPEB Obligation	$ 596,041	$ 516,238

14. OTHER POST-EMPLOYMENT BENEFITS: (Continued)

Annual OPEB Cost: (Continued)

The System's percentage of annual OPEB cost contributed to the Plan utilizing the pay-as-you-go method, the percentage of annual OPEB Cost contributed to the plan, and the net OPEB Obligation for the year ended June 30, 2015, and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 79,800	40.18%	$ 450,395
June 30, 2014	95,700	31.20%	516,238
June 30, 2015	109,800	27.32%	596,041

Funding Status and Funding Progress:

Act 910 of the 2008 Regular Session established the Postemployment Benefits Trust Fund. However, neither the System nor the State of Louisiana contributed to it during fiscal year 2014-2015. Since the plan has not been funded, the entire actuarial accrued liability of $1,402,800 and $1,292,000 as of July 1, 2014 and 2013, respectively, was unfunded.

The funded status of the plan as of July 1, 2014, was as follows:

Actuarial accrued liability (AAL)	$ 1,402,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 1,402,800
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 351,900
UAAL as a percentage of covered payroll	399%

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.

14. OTHER POST-EMPLOYMENT BENEFITS: (Continued)

Actuarial Methods and Assumptions: (Continued)

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

In the July 1, 2014 and 2013 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 7%, and 8% and 6%, respectively, for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 4.5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over thirty years.

15. 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.

16. SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 14, 2015, which is the date on which the financial statements were available to be issued. The investment financial market declined after year end, resulting in an overall decrease in the System’s investment values during the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Total Pension Liability		
Service cost	$ 43,010,879	$ 44,231,463
Interest	186,254,517	178,359,489
Changes of benefit terms	-	38,929,984
Differences between expected and actual experience	(9,412,440)	(14,670,717)
Changes of assumptions	91,142,323	(225,724)
Benefit payments (including DROP and IBO withdrawals)	(140,940,357)	(127,348,774)
Refunds	(4,257,860)	(4,503,123)
Other	(1,951,961)	(1,520,753)
Net change in total pension liability	163,845,101	113,251,845
Total pension liability - beginning	2,512,627,665	2,399,375,820
Total pension liability - ending (a)	$ 2,676,472,766	$2,512,627,665
Plan Fiduciary Net Position		
Contributions - employer	$ 84,324,128	$ 82,259,694
Contributions - member	26,117,636	25,922,508
Contributions - non-employer contributing entity	17,704,000	16,628,926
Net investment income	26,639,525	296,576,890
Benefit payments (including DROP and IBO withdrawals)	(140,940,357)	(127,348,774)
Refunds	(4,257,860)	(4,503,123)
Administrative expenses	(1,577,279)	(1,529,139)
Other	(1,951,961)	(1,520,298)
Net change in plan fiduciary net position	6,057,832	286,486,684
Plan fiduciary net position - beginning	1,887,019,463	1,600,532,779
Plan fiduciary net position - ending (b)	$ 1,893,077,295	$1,887,019,463
Net pension liability - ending (a) - (b)	$ 783,395,471	$ 625,608,202
Plan fiduciary net position as a percentage of total pension liability	70.73%	75.10%
Covered employee payroll	$ 267,525,787	$ 265,182,766
Net pension liability as a percentage of covered employee payroll	292.83%	235.92%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Employee Payroll	Employers' Net Pension Liability as a Percentage of Covered Employee Payroll
2015	$2,676,472,766	$1,893,077,295	$ 783,395,471	70.73%	$ 267,525,787	292.83%
2014	2,512,627,665	1,887,019,463	625,608,202	75.10%	265,182,766	235.92%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITY
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$ 102,028,128	$ 102,028,128	$ -	$ 267,525,787	38.14%
2014	98,888,620	98,888,620	-	265,182,766	37.29%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Fiscal Year End	Annual Money-Weighted Rate of Return*
2015	1.10%
2014	17.90%

* Annual money-weighted rates of return are presented net of investment expense

Schedule is intended to show information for 10 years. Additional years will be

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
OPEB PLAN
JUNE 30, 2010 THROUGH 2015

Fiscal Year End	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
2010	$ -	$ 1,684,800	1,684,800	- %	$ 246,700	682.9 %
2011	-	1,478,700	1,478,700	-	255,300	579.2
2012	-	1,177,800	1,177,800	-	256,300	459.5
2013	-	1,185,000	1,185,000	-	312,000	379.8
2014	-	1,292,000	1,292,000	-	297,300	434.6
2015	-	1,402,800	1,402,800	-	351,900	398.6

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the System's actuary, Gary S. Curran. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the fund.

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

The schedule of employers' net pension liability shows the percentage of the System's employers' net pension liability as a percentage of covered employee payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the System. Covered employee payroll is the payroll of all employees that are provided with benefits through the System.

3. SCHEDULE OF CONTRIBUTIONS – EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITY:

The difference between the actuarially determined contributions for employer and the non-employer contributing entity and the contributions reported from employer and the non-employer contributing entity, and the percentage of contributions reported to cover employee payroll is presented in this schedule. Insurance premium tax revenue is support from a non-employer contributing entity.

4. SCHEDULE OF INVESTMENT RETURNS:

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This express investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. ACTUARIAL ASSUMPTIONS NET PENSION LIABILITY:

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are disclosed in the notes to the financial statements footnote 4, Net Pension Liability of Employers.

6. SCHEDULE OF FUNDING PROGRESS FOR OPEB PLAN:

This schedule shows the System's actuarial accrued liability (AAL) to its retired employees participating in the Office of Group Benefits (OGB) postemployment healthcare plan. The Plan is funded on a "pay-as-you-go" basis. Therefore, the ratio of AAL to unfunded AAL (UAAL) is 0.0%. The schedule also represents the percentage of UAAL to covered payroll.

7. CHANGES ACTUARIAL ASSUMPTIONS:

During the year ended June 30, 2015 due to an actuarial experience study and expectations of future experience, mortality, retirement, DROP entry, and withdrawal rates were changed. Family statistics were also updated based on more recent measures available from the United States Census Bureau and the salary scale assumption was decreased. Following is a detail description of the changes:

Valuation date	June 30, 2015
Inflation rate	2.875%
Mortality	Mortality assumptions were set based upon an experience study performed for the period July 1, 2010 to June 30, 2014. The RP 2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set-back 1 years for females) were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employee table setback 4 years for males and set back 5 years for males and set back 3 years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

	Years of Service	Salary Growth Rate
Salary increases,		
including inflation	1-2	9.75%
and merit	3-23	4.75%
	Above 23	4.25%

OTHER SUPPLEMENTARY INFORMATION

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

The per diem paid to the trustees is an expenditure of the Expense Fund. For fiscal years ended June 30, 2015 and 2014, the trustees received per diem at the rate of $75.00 for each day of a regularly scheduled meeting of the Board of Trustees that they attended. Per diem paid to the trustees for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
Raymond Burkart, Jr.	$ 750	$ -
Travis Crouch	-	150
Carl Dabadie	600	675
Henry Dean	-	675
Scott Ford	825	750
Kelly Gibson	450	750
Willie Joe Greene	825	900
Mark Huggins	750	825
Dwayne Munch	450	450
Joey Normand	600	750
Larry Reech	750	675
Michael Suchanek	825	-
Donald Villere	600	825
	$ 7,425	$ 6,600

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
JUNE 30, 2015 AND 2014

	2015	2014
CASH AND CASH EQUIVALENTS	$ 58,408,197	$ 54,686,148
EQUITIES:		
Domestic	526,498,768	538,077,713
International	335,424,640	361,842,507
Emerging Markets	178,776,603	197,017,907
Total Equities	$ 1,040,700,011	$ 1,096,938,127
FIXED INCOME:		
State and Municipal Bonds	3,802,860	4,320,237
Foreign Bonds	15,253,131	11,835,603
Corporate Bonds	92,478,556	98,503,868
U.S. Government Bonds	14,926,454	14,192,225
Other Bonds	32,964,856	28,195,883
Emerging Markets Debt Fund	47,041,162	-
Bank Loan Fund	41,587,550	-
High Yield Exchange-Traded Bond Fund	42,909,097	84,854,867
Domestic Index Bond Fund	80,305,473	78,835,247
Total Fixed Income Securities	$ 371,269,139	$ 320,737,930
REAL ESTATE:		
Partnerships	11,346,806	29,138,192
Land and Rental	750,001	750,001
Real Estate Funds	167,620,983	148,099,613
Total Real Estate	$ 179,717,790	$ 177,987,806
ALTERNATIVE INVESTMENTS:		
Hedge Funds	87,176,814	88,333,971
Private Equity	30,959,426	35,068,323
Total Alternative Investments	$ 118,136,240	$ 123,402,294
TACTICAL ASSET ALLOCATION	$ 91,733,005	$ 78,180,751
TOTAL INVESTMENTS	$ 1,859,964,382	$ 1,851,933,056

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2015

	Actual	Budget	Variance Favorable (Unfavorable)
EXPENSE FUND:			
Personal Services:			
Staff salaries	$ 446,701	$ 435,000	$ (11,701)
Group insurance	79,190	89,000	9,810
Retirement	111,863	130,000	18,137
Board member - Per diem	7,425	12,375	4,950
Professional Services:			
Accounting	138,167	173,000	34,833
Actuarial	93,436	92,000	
Computer services	67,678	70,000	2,322
Risk management	5,026	-	(5,026)
Legal	144,858	189,750	44,892
Medical Board	2,600	10,000	7,400
Death audit	1,536	2,000	464
Communications:			
Postage and printing	30,687	34,000	3,313
Telephone	10,214	13,000	2,786
Travel	17,516	22,000	4,484
Other:			
Equipment rental and repair	33,881	32,000	(1,881)
Bank Fees	4,965	-	(4,965)
Dues and Subscriptions	24,520	2,000	(22,520)
Office Supplies and Office Furniture	27,830	38,000	10,170
Election	12,454	10,000	(2,454)
Advertising	47	2,500	2,453
Board	26,857	30,000	3,143
Miscellaneous	22,171	5,000	(17,171)
Uniforms	3,125	4,000	875
Medicare & FICA	6,539	8,500	1,961
Total expense fund	1,319,286	1,404,125	86,275
BUILDING FUND:			
Association dues	900	1,200	300
Maintenance	57,247	94,300	37,053
Building supplies	1,538	-	(1,538)
Risk management	-	10,000	10,000
Security	3,497	1,500	(1,997)
Utilities	38,115	40,700	2,585
Total building fund	101,297	147,700	46,403
TOTAL ADMINISTRATIVE EXPENSES	$ 1,420,583	$ 1,551,825	$ 132,678
CAPITAL OUTLAYS	$ 23,966	$ -	$ (23,966)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFIER
FOR THE YEAR ENDED JUNE 30, 2015

Agency Head Name: Kathy Bourque, Executive Director

Salary	$ 95,919
Benefits - insurance	7,709
Benefits - retirement	30,214
Benefits - cell phone	1,303
Reimbursements	299
Registration fees	100
Conference travel	1,474
Total	$137,018

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Hrapmann
Hogan &
Maher, LLP

DHHM
certified public
accountants

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Guy L. Duplantier, CPA
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Dennis W. Dillon, CPA
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Terri L. Kitto, CPA

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David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

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

December 14, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Municipal Police Employees' Retirement System as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Municipal Police Employees' Retirement System's 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 is required to be reported under *Government Auditing Standards.*

The results of our tests disclosed an instance of noncompliance that we have communicated to management in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Municipal Police Employees' Retirement System for the year ended June 30, 2015 and 2014 was unmodified.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE WITH LAWS AND REGULATIONS AND OTHER MATTERS:

2. Internal Control:

Material weaknesses:	None noted
Significant deficiencies:	None noted

3. Compliance and other matters: None noted

MANAGEMENT LETTER COMMENT:

2015-01

Condition
During our testing of census data for the City of Baton Rouge, we noted that the City included ineligible overtime wages with regular wages to calculate monthly contributions for employees who were hired after the City merged the previous city police pension members into the System on February 26, 2000.

Criteria
Per LRS 11:2213(10) Earnable compensation shall mean the full amount of compensation earned by an employee for a given month, including supplemental pay paid by the State of Louisiana, but shall not include overtime.

Effect
Reporting wages with overtime for employees who became a member after the merger results in over reporting of earnable compensation. Remitting contributions using earnable compensation that includes overtime results in the over remitting of employee and employer contributions. The over reporting of pensionable wages in addition to over remitting of contributions results in reporting and remitting results in non- compliance with the law in addition to the potential calculation of benefits greater than allowed by law.

MANAGEMENT LETTER COMMENT: (Continued)

2015-01 – (Continued)

Recommendation
We recommend the System contact the City of Baton Rouge to discuss and resolve the wage calculations to ensure the correct earnable compensation and contribution amounts are being reported.

SUMMARY OF PRIOR YEAR FINDINGS:

None noted