R E P O R T

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

JUNE 30, 2010 AND 2009

STATE OF LOUISIANA

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES

INDEX TO REPORT

JUNE 30, 2010 AND 2009

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

INDEPENDENT AUDITOR'S REPORT

December 6, 2010

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

We have audited the accompanying statements of plan net assets of the Municipal Police Employees' Retirement System and Subsidiaries as of June 30, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipal Police Employees' Retirement System and Subsidiaries as of June 30, 2010 and 2009 and the results of operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 · (504) 586-8866 · Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 · (985) 649-9996 · Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 · (985) 868-2630 · Fax (985) 872-3833
www.dhhmcpa.com

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We have audited the financial statements of the System and its subsidiaries for the years ending June 30, 2010 and 2009 and issued our unqualified opinions on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 51 – 53 and the supplemental schedules listed on pages 36 - 50 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending June 30, 2005 – 2010 and supplemental schedules for the years ending June 30, 2010 and 2009, have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2010 on our consideration of Municipal Police Employees' Retirement System and Subsidiaries' internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

The Management's Discussion and Analysis of the Municipal Police Employees' Retirement System's financial performance presents a narrative overview and analysis of the Municipal Police Employees' Retirement System's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Municipal Police Employees' Retirement System's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

* The Municipal Police Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2010 by $1,175,083,706 which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by $90,914,397 or 8.39%. The increase was due primarily to the appreciation in the various investment portfolios.

* Contributions to the plan by members and employers totaled $51,975,157, an increase of $6,546,817 or 14.41% over the prior year.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled $15,112,480, an increase of $40,512, or 0.27% over the prior year.

* The System experienced a net investment income in the amount of $131,019,272 during the year ended June 30, 2010. This is a 137.18% increase from net investment loss of $352,370,843 during the year ended June 30, 2009. The increase was due primarily to higher equity market returns available in the market place due to the current economic recovery.

* The rate of return on the System's investments was a positive 12.37 % based on the market value. This is higher than last year's negative 24.24% rate of return due, primarily, to the higher equity market returns available in the market place.

* Pension benefits paid to retirees and beneficiaries increased by $6,169,578 or 6.42%. This increase is due to an increase in retirees.

* Administrative expenses totaled $1,121,651, a decrease of $102,217 or 8.35%. The cost of administering the System per member during 2010 was $95.63 per individual compared to $105.97 per individual in 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

MUNICIPAL POLICE EMPLOYEES'
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OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

The statements of plan net assets report the System's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2010 and 2009.

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

FINANCIAL ANALYSIS OF THE FUND

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

Statements of Plan Net Assets
June 30, 2010 and 2009

	2010	2009
Cash and investments	$ 1,296,578,480	$ 1,195,565,297
Receivables	19,340,899	24,683,197
Other assets	6,000	76,000
Property and equipment	2,429,199	2,473,997
Total assets	1,318,354,578	1,222,798,491
Total liabilities	143,270,872	138,629,182
Net Assets Held in Trust For Pension Benefits	$ 1,175,083,706	$ 1,084,169,309

Plan net assets increased by 8.39% ($1,175,083,706 compared to $1,084,169,309). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The decrease in plan net assets was a result of the decrease in the value of investments due to market conditions.

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

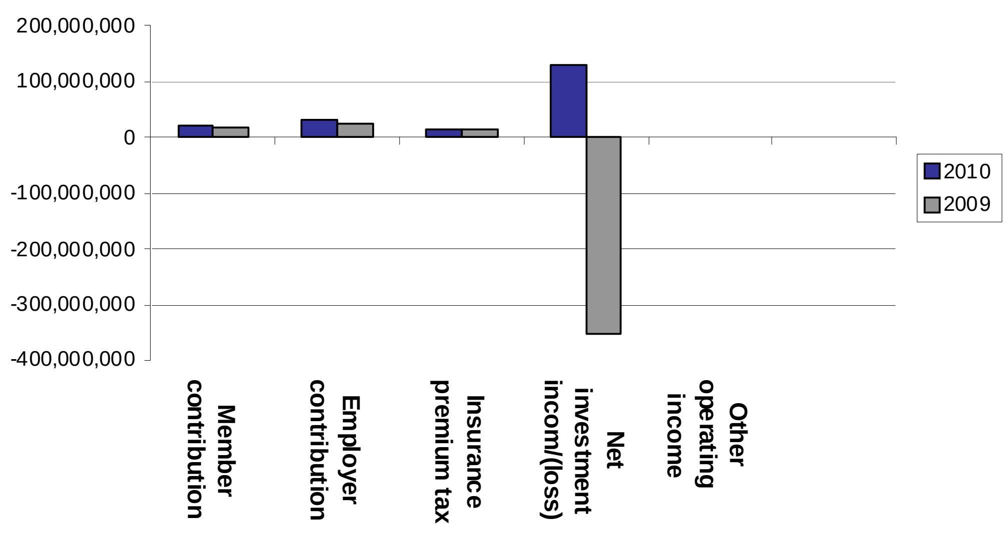
Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2010 and 2009

	2010	2009
Additions:		
Contributions	$ 67,087,637	$ 60,500,308
Investment income (loss) - net	131,019,272	(352,370,843)
Other	(40,239)	105,417
Total additions/(deductions)	198,066,670	(291,765,118)
Total deductions	107,152,273	100,718,034
Increase (decrease) in Plan net assets	$ 90,914,397	$ (392,483,152)

Additions to Plan Net Assets

Additions to the System's plan net assets are derived from member contributions, employer contributions and investment income. Member contributions increased $1,106,433 or 5.61% while employer contributions increased by $5,440,384 or 21.15%. The System experienced net investment income of $131,019,272 as compared to a net investment loss of $352,370,843 in the previous year. This is a 137.18% increase in investment income.

	2010	2009	Increase (Decrease) Percentage
Member Contributions	$ 20,812,936	$ 19,706,503	5.61%
Employer Contributions	31,162,221	25,721,837	21.15%
Insurance Premium Taxes	15,112,480	15,071,968	0.27%
Net Investment Income (loss)	131,019,272	(352,370,843)	137.18%
Other Operating Revenues (expense)	(40,239)	105,417	(138.17)%
Total	$ 198,066,670	$ (291,765,118)	



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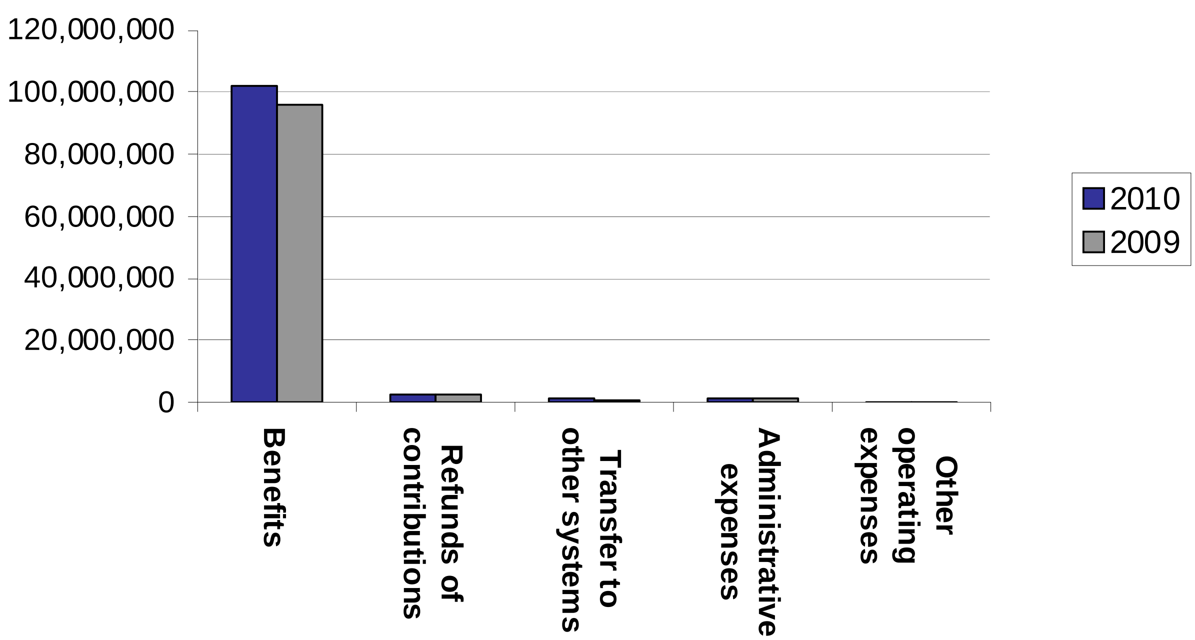
FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits, refund of contributions and administrative expenses. Deductions from plan net assets totaled $107,152,273 in fiscal year 2010. This increase of $6,434,239 was primarily due to an increase in pension benefits. The cost of administering the System's benefits per member during 2010 was $95.63 per individual compared to $105.97 per individual in 2009.

	2010	2009	Increase (Decrease) Percentage
Benefits	$102,296,300	$ 96,126,722	6.42%
Refunds of Contributions	2,501,048	2,560,257	(2.31)%
Transfer to other systems	1,143,605	715,460	59.84%
Administrative Expenses	1,121,651	1,223,868	(8.35)%
Other Operating Expenses	89,669	91,727	(2.24)%
Total	$ 107,152,273	$ 100,718,034	



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

Investments

MPERS is responsible for the prudent management of funds held in trust for the exclusive benefits of their members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments less collateral held under securities lending at June 30, 2010 amounted to $1,156,071,594 as compared to $1,056,335,448 at June 30, 2009, which is an increase of $99,736,146 or 9.44%. The System's investments in various markets at the end of the 2010 and 2009 fiscal years are indicated in the following table:

	2010	2009	Increase (Decrease) Percentage
Cash and cash equivalents	$ 29,038,229	$ 31,940,207	(9.09)%
Bonds	166,879,511	152,597,174	9.36%
Marketable securities - domestic	356,601,356	361,332,647	(1.31)%
Marketable securities – international	209,069,671	183,934,457	13.66%
Pooled Bond Fund	122,982,613	92,783,249	32.55%
Real Estate Fund	84,882,698	88,669,410	(4.27)%
Mutual Funds	79,315,877	76,150,585	4.16%
Real Estate – Land and Rental	750,000	796,876	(5.88)%
Real Estate – Olde Oaks Golf Course	2,965,931	2,954,120	0.40%
Real Estate – Olde Oaks Development	7,050,256	7,190,050	(1.94)%
Real Estate – The Golf Club at StoneBridge	2,680,985	2,673,031	0.30%
Investment in partnership	27,623,599	29,518,146	(6.42)%
Other investments	66,230,868	25,795,496	156.75%
Collateral Held Under SecuritiesLending	129,276,306	129,444,867	(0.13)%
Total	$ 1,285,347,900	$ 1,185,780,315	

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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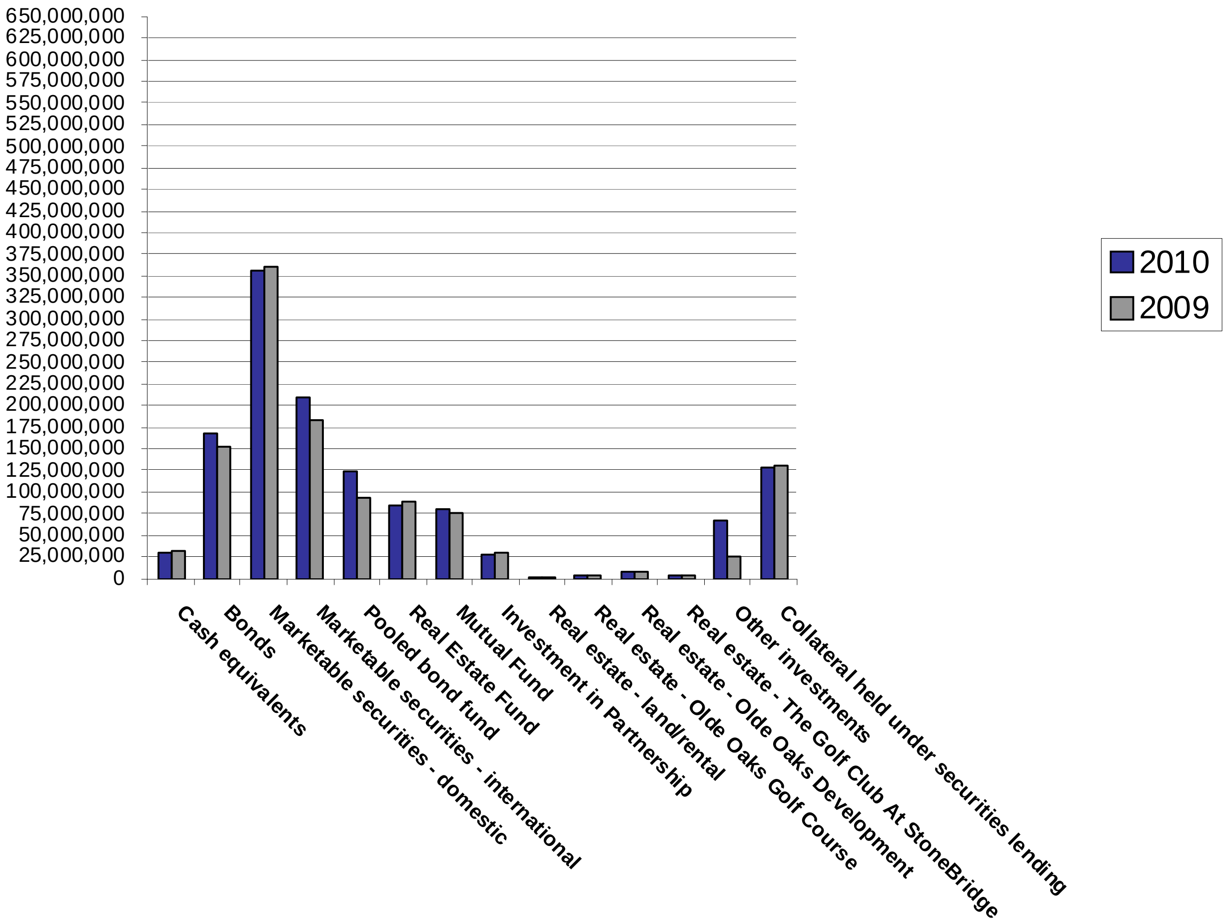
FINANCIAL ANALYSIS OF THE FUND (Continued)



Requests for Information

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

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS:		
Cash:		
Cash in bank	$ 10,317,356	$ 9,735,338
Cash in trust	913,224	-
Cash in escrow	-	49,644
Total cash	11,230,580	9,784,982
Receivables:		
Member contributions	1,640,987	1,591,282
Employer contributions	2,455,656	2,062,467
Due from merged systems	814,554	969,422
Other receivable	270,857	1,087,204
Investment receivable	10,795,694	15,598,338
Accrued interest and dividends	3,363,151	3,374,484
Total receivables	19,340,899	24,683,197
Investments:		
Short-term cash equivalents - domestic	29,038,229	31,940,207
Bonds - domestic and foreign	166,879,511	152,597,174
Marketable securities - domestic	356,601,356	361,332,647
Marketable securities - international	209,069,671	183,934,457
Pooled Bond Fund	122,982,613	92,783,249
Real Estate Fund	84,882,698	88,669,410
Mutual Fund	79,315,877	76,150,585
Investment in partnership	27,623,599	29,518,146
Other investments	66,230,868	25,795,496
Collateral held under securities lending program - money market account	129,276,306	129,444,867
Real estate - Land and rental	750,000	796,876
Real estate - Olde Oaks Development	7,050,256	7,190,050
Real estate - Olde Oaks Golf Course	2,965,931	2,954,120
Real estate - The Golf Club at StoneBridge	2,680,985	2,673,031
Total investments	1,285,347,900	1,185,780,315
Other assets	6,000	76,000
Property, plant and equipment: (Net of accumulated depreciation $933,941 in 2010; $844,273 in 2009)	2,429,199	2,473,997
TOTAL ASSETS	1,318,354,578	1,222,798,491
LIABILITIES:		
Cash in trust- overdraft	-	729,488
Accounts payable	766,387	912,024
Accrued payroll and taxes	69,746	58,919
Refunds payable - members	167,567	220,565
Deferred contributions	48,519	115,016
Other liabilities	31,070	31,070
Capital lease payable	81,128	75,226
Obligations under securities lending program	129,276,306	129,444,867
Other post employment benefits obligation	308,205	234,192
Investment payable	12,521,944	6,807,815
TOTAL LIABILITIES	143,270,872	138,629,182
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,175,083,706	$ 1,084,169,309

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ADDITIONS:		
CONTRIBUTIONS:		
Members	$ 20,812,936	$ 19,706,503
Employer	31,162,221	25,721,837
Insurance premium tax	15,112,480	15,071,968
Total contributions	67,087,637	60,500,308
INVESTMENT INCOME:		
Net appreciation (depreciation) in investments	108,685,435	(376,214,617)
Interest - sweep account	13,441	71,354
Interest - cash equivalents	79,035	748,619
Interest - notes, bonds, etc.	12,501,099	13,064,391
Interest - securities lending	546,760	2,383,306
Dividends - stock	14,256,845	13,684,482
Dividends - commingled funds	1,189,904	-
Miscellaneous	294,625	487,805
	137,567,144	(345,774,660)
Less investment expenses:		
Securities lending expense	123,876	1,367,462
Custodial	98,840	99,705
Investment advisor	4,448,344	4,198,804
Miscellaneous investment expense	451,925	205,813
Real estate - Olde Oaks Development	376,138	327,641
Real estate - Olde Oaks Golf Course	744,190	213,245
Real estate - The Golf Club at StoneBridge	304,559	183,513
	6,547,872	6,596,183
Net investment income (loss)	131,019,272	(352,370,843)
OTHER ADDITIONS:		
Merger interest payment	44,888	87,632
Miscellaneous income	51,637	-
Transfers (to) from other systems - employees	(136,764)	17,785
Total other additions (deductions)	(40,239)	105,417
Total additions (deductions)	198,066,670	(291,765,118)
DEDUCTIONS:		
Benefits	102,296,300	96,126,722
Refund of contributions	2,501,048	2,560,257
Transfers to other systems - employers/interest	1,143,605	715,460
Administrative expenses	1,121,651	1,223,868
Depreciation	89,669	91,727
Total deductions	107,152,273	100,718,034
NET INCREASE (DECREASE)	90,914,397	(392,483,152)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
BEGINNING OF YEAR	1,084,169,309	1,476,652,461
END OF YEAR	$ 1,175,083,706	$ 1,084,169,309

See accompanying notes.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Basis of Accounting:

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

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

Method Used to Value Investments:

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

MUNICIPAL POLICE EMPLOYEES'
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Land, Equipment and Fixtures:

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

Consolidation:

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

2. PLAN DESCRIPTION:

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

The Municipal Police Employees' Retirement System provides retirement benefits for municipal police officers. For the years ended June 30, 2010 and 2009, there are 143 contributing municipalities. At June 30, 2010 and 2009 statewide retirement membership consists of:

	2010	2009
Active members	5,978	5,872
Regular retirees	2,801	2,749
Disability retirees	187	197
Survivors	1,040	1,038
Vested and reciprocals	112	112
Due refunds	1,198	1,197
DROP participants	194	185
DROP to active	219	199
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	11,729	11,549

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

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

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

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

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

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

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

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

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

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

2. PLAN DESCRIPTION: (Continued)

Act 232 of the 2007 Regular Session authorizes the Board of Trustees to pay a one time lump sum supplemental benefit not to exceed three percent of the retiree’s (or survivor’s) annual benefit but not less than $300. This one time payment is based on the valuation for the year ending June 30, 2007, and shall be granted only to those who began receiving a monthly benefit prior to July 1, 2006.

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

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

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute at 7.50% of earnable compensation. The contributions are deducted from the member's salary and remitted by the participating municipality.

Contributions for all employers are actuarially determined as required by state law but cannot be less than 9% of the employees’ earnable compensation excluding overtime but including state supplemental pay. The actuarial required contribution for June 30, 2010 and 2009 was 25% and

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

Contributions: (Continued)

11%, respectively. The actual contribution rate for the years then ended was 11% and 9.5%. The difference was due to the state statute that requires the rate to be calculated two years in advance. In addition, according to state statute, the System receives insurance premium tax monies as additional employer contributions. This tax is appropriated by the legislature each year based on an actuarial study. For the year ended June 30, 2010 and 2009, the state appropriated $15,112,480 and $15,071,968, respectively, in insurance premium tax.

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

Reserves:

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

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death, before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of accumulated contributions is transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings as of June 30, 2010 and 2009 is $162,201,452 and $153,264,118, respectively. The Annuity Savings is fully funded.

B) Pension Accumulation:

The Pension Accumulation consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation as of June 30, 2010 and 2009 is $748,828,302 and $727,687,318, respectively. The Pension Accumulation is unfunded for the year ended June 30, 2010 and unfunded for the year ended June 30, 2009.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

C) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2010 and 2009 is $1,092,457,536 and $1,026,315,175, respectively. The Annuity Reserve is 85% funded and 83% funded for the year ended June 30, 2010 and 2009, 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 Deferred Retirement Option Account as of June 30, 2010 and 2009 is $79,559,768 and $80,279,581, respectively. The Deferred Retirement Option Account is fully funded.

E) Initial Benefit Option Reserve:

The Initial Benefit Option Reserve consists of the reserves for all participants who elect to take a lump sum benefit payment up front and subsequently receive a reduced monthly benefit. The maximum amount a member may receive up front is 36 months times the maximum benefit. The Initial Benefit Option Reserve as of June 30, 2010 and 2009 is $762,269 and $848,166, respectively. The Initial Benefit Option Reserve is fully funded.

4. ACTUARIAL COST METHOD:

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

5. REQUIRED SUPPLEMENTAL SCHEDULE INFORMATION:

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

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Retirement System's deposits, cash equivalents and investments at June 30, 2010 and 2009:

	2010	2009
Deposits (bank balance)	$ 10,857,902	$ 9,973,731
Cash and cash equivalents	29,951,453	31,940,207
Investments	1,256,309,671	1,153,840,108
	$ 1,297,119,026	$ 1,195,754,046

Deposits:

The System's bank deposits were entirely covered by federal depository insurance and pledged collateral held jointly by the Retirement System and the bank. At June 30, 2010 and 2009, Olde Oaks Development had funds on deposit which exceeded FDIC insurance coverage in the amount of $640,908 and $0, respectively.

Cash Equivalents:

For the years ending June 30, 2010 and 2009, cash equivalents in the amount of $21,611,738 and $28,568,382, respectively, consist of government pooled investments. The funds are held and managed by the System's custodian bank. For the years ending June 30, 2010 and 2009, cash equivalents in the amount of $7,426,491 and $3,371,825, respectively, consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP) held by a custodial bank in the name of the Retirement System.

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

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

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

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

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the System may not invest more than sixty-five percent of the book value of the System's assets in equities and at least ten percent of the total portfolio must be invested in one or more index funds which seek to replicate the performance of the chosen index or indices.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer.

The System's investment policy states that no more than 7 percent 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, 2010 and 2009. However, at June 30, 2010 and 2009, the investment in the real estate fund in the amount of $84,882,698 and $88,669,410 represented 7.3% and 8.4% respectively, of the market value of the System's investments. At June 30, 2010 and 2009, the investment in the pooled bond fund in the amount of $122,982,613 and $92,783,249 represented 10.6% and 8.8%, respectively, of the market value of the System's investments.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit risk ratings of the System's investments in long-term debt securities as of June 30, 2010 and 2009 .

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

Credit Risk: (Continued)

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

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

Below is a schedule of bonds with their applicable ratings as of June 30, 2009:

	Corporate Bonds	Municipal Bonds	Foreign Government Bonds	Other	Total
AAA	$ --	$ 248,387	$ 8,232,800	$ 7,094,832	$ 15,576,019
AA+	28,064	49,256	--	--	77,320
AA	--	42,515	--	--	42,515
AA-	184,068	174,734	--	--	358,802
A+	969,074	31,207	--	--	1,000,281
A	3,291,935	1,047,385	--	1,370,172	5,709,492
A-	4,037,024	--	--	523,526	4,560,550
BBB+	11,966,988	--	--	189,094	12,156,082
BBB	20,206,946	--	--	82,151	20,289,097
BBB-	20,265,933	--	1,764,637	261,666	22,292,236
BB+	7,744,559	--	--	--	7,744,559
BB	12,576,492	--	--	582,197	13,158,689
BB-	13,564,846	--	--	323,263	13,888,109
B+	11,931,625	--	--	510,250	12,441,875
B	12,975,793	--	--	--	12,975,793
B-	3,784,079	--	--	--	3,784,079
CCC+	1,405,749	--	--	--	1,405,749
CCC	1,534,838	--	--	--	1,534,838
CCC-	491,380	--	--	--	491,380
CC	427,000	--	--	--	427,000
D	673,750	--	--	--	673,750
Not Rated	1,509,862	41,667	--	457,430	2,008,959
	$ 129,570,005	$ 1,635,151	$ 9,997,437	$11,394,581	$ 152,597,174

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

The System invested in a pooled bond fund. As of June 30, 2010 and 2009, the market value of the fund is $122,982,613 $92,783,249, respectively. The rating of the bonds in the fund range between Aaa and Baa with 78% rated Aaa.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2010 and 2009, the System is not exposed to custodial risk for investments in the amount of $741,229,250 and $701,004,245, respectively, since the investments are held in the name of the System.

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

Custodial Credit Risk: (Continued)

At June 30, 2010 and 2009, the System has $402,308,396 and $340,987,638, respectively, in cash equivalents, pooled bond fund, real estate fund, mutual fund, investment in partnership and other investments which are exposed to custodial credit risk since the investments are not in the name of the System.

The System reported collateral held for investment purposes in the amount of $129,276,306 as of June 30, 2010 and $129,444,867 as of June 30, 2009. The System is exposed to custodial credit risk since the collateral is not in the name of the System.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates in the general market will adversely affect the fair value of an investment. As of June 30, 2010 and 2009, the System had the following investments in long-term debt securities and maturities:

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

2009	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Investment Type					
Corporate Bonds	$ 129,570,005	$ 3,059,224	$ 32,643,004	$ 54,740,642	$ 39,127,135
Municipal Bonds	1,635,151	--	653,583	--	981,568
Foreign Government Bonds	9,997,437	332,618	1,082,933	6,817,249	1,764,637
Other	11,394,581	--	3,649,142	849,323	6,896,116
	$ 152,597,174	$ 3,391,842	$ 38,028,662	$ 62,407,214	$ 48,769,456

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

Interest Rate Risk: (Continued)

The System has no formal policy regarding interest rate risk.

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

Foreign Currency Risk:

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

The System's exposure for foreign currency risk consisted of its investment in foreign marketable securities at June 30, 2010 and 2009 as follows:

Country/Currency	2010 Fair Value	2009 Fair Value
Austria / Euro	$ 351,676	$ --
Australian / Dollar	8,379,008	10,844,077
Belgium / Euro	1,980,111	3,165,133
Hong Kong / Dollar	4,737,886	3,634,089
Finland / Euro	3,070,307	1,829,090
France / Euro	22,393,965	21,186,935
Luxembourg / Euro	--	1,036,601
Greece / Euro	94,572	332,516
Singapore / Dollar	2,218,426	4,292,471
Germany / Euro	16,227,638	13,966,571
Taiwan / Dollar	659,697	429,261
Ireland / Euro	372,367	1,171,007
Thailand / Baht	--	326,240
Italy / Euro	5,340,942	5,192,647
Switzerland / Swiss £	14,556,437	10,262,346
United Kingdom / Euro	--	2,877,591
Canada / Dollar	8,614,351	5,789,518
United Kingdom / Pounds	52,668,157	44,060,887
Netherlands / Euro / Golden	4,332,622	3,396,222
Czech / Koruna	--	400,003
South Korea / Won	1,682,894	1,296,142
New Zealand / Dollar	118,562	194,550
South Africa / Rand	141,896	595,056
Norway / Kroner	573,254	1,345,240
Spain / Euro	6,176,949	6,669,640
Portugal / Euro	616,250	417,268
Sweden / Kroner	$ 2,585,771	$ 8,111,302
Japan / Yen	46,011,470	27,440,203
Israel / Shekel	1,534,054	--
Kazakhstan / Euro	81,263	--
Denmark / Kroner	3,549,146	3,671,851
TOTAL	$ 209,069,671	$ 183,934,457

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

Foreign Currency Risk: (Continued)

The System's investment policy has a target not to exceed 20% of total investments in foreign marketable securities. At June 30, 2010 and 2009, the System's position was 18.08% and 17.42%, 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, 2010 and 2009 as follows:

Country/Currency	2010 Fair Value	2009 Fair Value
Australia / Dollar	$ 669,099	$ 3,263,061
Brazil / Real	2,252,871	1,764,637
Canada / Dollar	3,858,923	3,510,851
Iceland / Krona	--	332,617
India / Rupee	1,513,376	--
Indonesia / Rupiah	947,425	62,805
Malaysia / Ringgit	589,263	--
Mexico / Peso	2,422,028	--
New Zealand / Dollar	1,064,430	1,063,466
South Korea / Won	1,081,308	--
TOTAL	$ 14,398,723	$ 9,997,437

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS:

During the year ending June 30, 2010, the System had investment in three limited liability corporations as follows:

A) The System purchased as an investment a golf course located in northwest Louisiana. The initial cost of the golf course was $6,797,156. Subsequent to the purchase the System has made improvements to the golf course in the amount of $4,196,123 During the year ending June 30, 2005, Olde Oaks transferred a portion of the land with a cost of $48,574 and a market value of $50,000 to Olde Oaks Development, LLC, an affiliate organization. During the year ending June 30, 2007, Olde Oaks transferred a portion of the land with a cost and market value of $6,600 to Olde Oaks Development, LLC, an affiliate organization. As a result, total cost and improvements as of June 30, 2010 are $10,938,105. An appraisal was performed for the year ending June 30, 2009. At June 30, 2009, the golf course was appraised at a value of $3,205,000 less fixed assets reported by the System and selling costs. The market value as of June 30, 2010 is $2,965,931. Olde Oaks Golf Course, LLC operates the Olde Oaks Golf Course. Municipal Police Employees' Retirement System is the sole owner of the Olde Oaks Golf Course, LLC. The net loss of the LLC has been reported as investment expense in the amount of $744,190 as of June 30, 2010.

7. INVESTMENTS IN LIMITED LIABILITY CORPORATIONS: (Continued)

B) On July 23, 2003, Municipal Police Employees' Retirement System paid $2,901,000 to purchase, as an investment, at a Sheriff's sale a golf course in northwest Louisiana. Subsequent to the purchase the System made improvements to The Golf Club at StoneBridge in the amount of $1,833,985 During the year ended June 30, 2009 an appraisal was performed. At June 30, 2009, the golf course was appraised at a value of $2,890,000 less fixed assets reported by the System and selling costs. The market value as of June 30, 2010 is $2,680,985. StoneBridge Enterprises, LLC operates The Golf Club at StoneBridge. Municipal Police Employees' Retirement System is the sole owner of the StoneBridge Enterprises, LLC. The net loss of the LLC has been reported as investment expense in the amount of $304,559 as of June 30, 2010.

C) On December 23, 2003, Municipal Police Employees' Retirement System paid a $50,000 deposit to purchase, as an investment, undeveloped land surrounding one of the golf courses it owns in north Louisiana. On February 13, 2004, the System acquired the land for $5,932,000. The land consisted of 209.99 acres of undivided land and 75 lots. Subsequent to the acquisition, the System began making improvements to the infrastructure, subdivided some of the land it acquired and began to sell lots. The cost of improvements to the land as of June 30, 2010 and 2009 is $5,562,692 and $5,835,725, respectively. During the year ended June 30, 2009, an appraisal was performed. Based on the appraisal and the sales and sales commitments obtained as of June 30, 2010 and 2009 the market value of the land and improvements is $5,439,301 and $5,640,433 which resulted in an unrealized gain of $25,876 in 2010 and an unrealized loss of $5,298,248 in 2009. During the year ending June 30, 2010, 11 lots were sold which resulted in a realized gain of $264,428. During the year ending June 30, 2009, 2 lots were sold which resulted in a realized loss of $134,167. The unrealized gains or losses and realized gains are reported on these financial statements in the net appreciation in the fair market value of the investments.

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

The Development has an agreement with a management company to maintain the plant. Beginning July 1, 2005, the Development began to bill residents for sewer services. For the year ended June 30, 2010, the operations of the plant generated $7,667 in revenue and incurred $15,397 in maintenance cost. Accumulated depreciation on the sewer plant as of June 30, 2010 and 2009 is $373,002 and $293,908, respectively.

The System has an agreement with a management company to oversee the operations of Olde Oaks Development, LLC. Municipal Police Employees' Retirement System is the sole owner of Olde Oaks Development, LLC. The net loss of the LLC has been reported as an investment loss in the amount of $71,764 as of June 30, 2010.

8. INVESTMENTS – VARIABLE INTEREST PARTNERSHIP:

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

During the year ending June 30, 2007, the System paid off the $30,000,000 balance on the line of credit and retired its interest in the partnership. The Partnership agreed to repay Municipal Police Employees' Retirement System the $30,000,000. The initial payment on the loan would include a reimbursement of all interest paid by the System. Additional payments will be made from property proceeds after real estate tax, escrow payments, operating expenses, capital improvements, interest on loan, principal amortization, $4,500,000 to the System and 100% of the current partners' return of equity on their investment balance is paid. The System has recorded a receivable in the amount of $18,324,512 discounted value of the $30,000,000 using a 4% discount rate based on estimated future cash flow.

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

The net assets of Boot Ranch are not consolidated since the System terminated their interest in the partnership. The System is currently engaged in litigation against Boot Ranch, LLC to recover these funds. The litigation is still in the infancy stage.

9. INVESTMENT IN PARTNERSHIP:

The System has committed to invest $36,000,000 in La Salle Property Capital and Growth Fund IV and $20,000,000 in La Salle Property Capital and Growth Fund V (the Partnership). The Partnership was formed to acquire office, industrial, retail and multifamily real estate properties that can be renovated, redeveloped or repositioned as core properties. Net income or loss is allocated to capital accounts of the partners in proportion to their respective capital accounts. The System's share of partnership income for the years ending June 30, 2010 and 2009 was $3,332,397 and $1,618,846, respectively, and is included in investment income. The System did not receive any return of capital during the current year. As of June 30, 2010 and 2009, the System has invested $41,449,875 and $39,364,255 with a market value of $27,623,599 and $29,518,146, respectively.

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10. OTHER INVESTMENTS:

As of June 30, 2010, the System is entered into subscription agreements with ten limited partnerships and offshore funds to enhance diversification and provide reductions in overall portfolio volatility. At June 30, 2010 and 2009, the market value of the hedge funds was $42,952,966 and $7,391,153, respectively. These funds are subject to the market factors depending on the fund strategy.

During the year ending June 30, 2009, the System invested in a commingled fund consisting of the Batterymarch Global Emerging Market Fund, which is managed by Batterymarch Financial Management, Inc. This fund consists of foreign stocks in emerging global markets. This investment was made to further diversify the portfolio. At June 30, 2010 and 2009, the market value of the commingled fund was $22,938,905 and $17,906,712, respectively. This fund is subject to the market factors depending on the fund strategy.

11. DERIVATIVE INSTRUMENTS:

The System is a party to contracts for various derivative instruments, as discussed below. At June 30, 2010, the System has the following derivative instruments outstanding:

		Fair Value		Changes in Fair Value	
	Notional Amount	Classification	Amount	Classification	Amount
Investment Derivative:					
Equity Futures - Euro	$ 479,134	Investment Receivable	$ 11,311	Investment revenue	$ 11,311
Foreign forward currency contract – AUS	14,600,010	Investment Payable	(367,834)	Investment revenue	(367,834)
Foreign forward currency contract – UK	7,442,476	Investment Payable	(3,263)	Investment revenue	(3,263)
Foreign forward currency contract – CAN	3,202,955	Investment Receivable	156,919	Investment revenue	156,919
Foreign forward currency contract – DEN	100,740	Investment Payable	(84)	Investment revenue	(84)
Foreign forward currency contract – Euro	26,612,165	Investment Receivable	1,259,644	Investment revenue	1,259,644
Foreign forward currency contract – HK	692,895	Investment Receivable	47	Investment revenue	47
Foreign forward currency contract – JAP	23,589,779	Investment Payable	(134,823)	Investment revenue	(134,823)
Foreign forward currency contract – NZ	10,449,683	Investment Receivable	21,065	Investment revenue	21,065
Foreign forward currency contract – NOR	9,564,326	Investment Payable	(428,693)	Investment revenue	(428,693)
Foreign forward currency contract – SWE	9,460,560	Investment Payable	(407,226)	Investment revenue	(407,226)
Foreign forward currency contract – SWI	5,082,818	Investment Payable	(126,595)	Investment revenue	(126,595)

11. DERIVATIVE INSTRUMENTS: (Continued)

When entering into a forward foreign currency contract, the System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are valued daily and the System's net equity therein, representing unrealized gain or loss on the contracts are measured by the difference between the forward foreign exchange rates at the dates of entry into the contract and the forward rates at the reporting date. Realized and unrealized gains and losses are included in the statement of changes in plan net assets. The fair values of the forward foreign currency contracts were estimated based on the present value of their estimated future cash flows. The System is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in Australian dollars, British pounds, Canadian dollars, Danish krone, Euros, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian kroner, Swedish krona, and Swiss francs. At June 30, 2010, the fair value of the foreign currency contracts is $110,767,564.

The System only invests in futures contracts that are listed on exchanges. The exchange's clearing house is the counterparty in each transaction. The counterparty for the equity futures contract in Euros is Goldman Sachs. Therefore, the System is not exposed to credit risk on derivative instrument futures contracts. The System is exposed to foreign currency risk on its fixed income futures contract which is denominated in Euros. At June 30, 2010, the net fair value of the equity futures contract is an investment receivable of $11,311. The System is exposed to interest rate risk on the equity futures contract. The value of the futures contract is directly linked to interest rate indices which increase and decrease as interest rates change.

12. SECURITY LENDING AGREEMENTS:

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

MUNICIPAL POLICE EMPLOYEES'
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12. SECURITY LENDING AGREEMENTS: (Continued)

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

MPERS has the following securities on loan:

	June 30, 2010		June 30, 2009	
	Cost	Market	Cost	Market
U.S. Corporate bonds	$ 31,535,813	$ 33,311,386	$ 15,282,249	$ 15,000,101
U.S. Corporate equities	77,528,613	71,007,856	112,427,525	91,533,325
U.S. Treasury bills (bonds)	3,077,086	3,136,079	--	--
Foreign corporate securities (bonds)	511,566	483,838	--	--
Foreign corporate securities (stocks)	17,614,085	17,518,394	25,499,746	18,527,199
Total	$ 130,267,163	$ 125,457,553	$ 153,209,520	$ 125,060,625

MPERS has the following collateral under securities lending program:

	June 30, 2010		June 30, 2009	
	Cost	Market	Cost	Market
Cash / Money market	$ 129,276,306	$ 129,276,306	$ 129,444,867	$ 129,444,867

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at June 30, 2010 and 2009.

13. OPERATING LEASE COMMITMENTS:

The System also has operating leases for various equipment at the two golf courses. The lease terms range between 42 months and 60 months. For the year ending June 30, 2010, lease expense was $454,372. The following is a schedule of future minimum lease commitments for the next five years:

Year Ending	Amount
June 30, 2011	$ 371,162
June 30, 2012	349,230
June 30, 2013	230,716
June 20, 2014	81,926
Total	$ 1,033,034

14. CAPITAL LEASES:

During the current year, the System purchased computer software in the amount of $35,529. The monthly lease payments are 48 months in the amount of $740. During the prior years, the System purchased tractors for Olde Oaks Golf Course through three capital leases. The tractors cost $66,144. The monthly lease payments range between 48 and 54 months in the amounts ranging from $491 to $618 including interest. During the prior years StoneBridge Golf Course purchased tractors through two capital leases. The tractors cost $29,069. The monthly lease payments are 48 months in the amounts of $283 and $533 including interest. The balance in the capital lease payable for both golf courses at June 30, 2010 and 2009 is $81,128 and $75,226, respectively.

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

Year Ending	Amount
June 30, 2011	$ 38,621
June 30, 2012	27,071
June 30, 2013	15,519
June 30, 2014	7,581
Total	88,792
Interest	(7,664)
Total	$ 81,128

15. OPERATING BUDGET:

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

16. TAX QUALIFICATION:

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

17. ACCOUNTS RECEIVABLE – MERGED SYSTEMS:

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

The total accounts receivable from all merged systems as of June 30, 2010 and 2009 is $814,554 and $969,422, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2010 was $209,082 and $605,472, respectively. The short-term and long-term portion of the accounts receivable as of June 30, 2009 was $154,867 and $814,555, respectively.

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18. EQUIPMENT AND FIXTURES:

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

	2010	2009
Office equipment	$ 270,539	$ 252,330
Computer equipment and software	256,268	239,916
Improvements	10,309	--
Furniture	89,458	89,458
Land	614,920	614,920
Office building	2,121,646	2,121,646
	3,363,140	3,318,270
Less accumulated depreciation	(933,941)	(844,273)
Total	$ 2,429,199	$ 2,473,997

Depreciation expense charged to pension operations was $89,669 for 2010 and $91,727 for 2009. Depreciation expense charged to investment expense – Olde Oaks Golf Course operations was $60,946 for 2010 and $76,575 for 2009. Depreciation expense charged to investment expense - Stonebridge Enterprises, LLC operations was $47,966 for 2010 and $51,825 for 2009. Depreciation expense charged to investment expense – Olde Oaks Development was $81,548 for 2010 and $75,931 for 2009.

19. OTHER POSTEMPLOYMENT BENEFITS:

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

Substantially all System employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the System. At June 30, 2010, five retirees were receiving post-employment benefits.

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Plan Description

The System's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal years 2010 and 2009) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during the years ended June 30, 2010 and 2009, employee premiums for a single member receiving benefits range from $81 to $98 and $79 to $95, respectively per month for retiree-only coverage with Medicare or from $134 to $181 and $130 to $176, respectively per month for retiree-only coverage without Medicare. The premiums for a employee and spouse for the years ended June 30, 2010 and 2009 range from $146 to $362 and $142 to $352, respectively, per month for those with Medicare or from $435 to $527 and $423 to $512, respectively, per month for those without Medicare.

The plan is currently financed on a pay as you go basis, with the System contributing anywhere from $243 to $253 and $236 to $246, respectively, per month for retiree-only coverage with Medicare or from $864 to $900 and $838 to $873, respectively, per month for retiree-only coverage without Medicare during the years ended June 30, 2010 and 2009. Also, the System's contributions range from $437 to $937 and $425 to $909, respectively, per month for retiree and spouse with Medicare or $1,326 to $1,382 and $1,288 to $1,341, respectively, for retiree and spouse without Medicare for the years ended June 30, 2010 and 2009.

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19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

Annual OPEB Cost

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

Normal Cost	$ 47,700
30-year UAL amortization amount	63,646
Interest on the above	4,454
Annual required contribution (ARC)	$ 115,800

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

Beginning Net OPEB Obligation July 1, 2009	$ 234,192
Annual required contribution	115,800
OPEB cost	349,992
Contributions made	--
Claim costs	41,787
Change in Net OPEB Obligation	74,013
Ending Net OPEB Obligation June 30, 2010	$ 308,205

Utilizing the pay-as-you-go method, the System contributed 36.09% and 17.23%, respectively, of the annual post employment benefits cost during the years ended June 30, 2010 and 2009. For the year ended June 30, 2008, annual OPEB cost was $72,044, ending OPEB obligation was $72,044, and the System contributed 31.12% of the annual post employment benefits cost.

Funded Status and Funding Progress

In the year ended June 30, 2010, the System made no contributions to its post employment benefits plan trust. A trust was established during the year ended June 30, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of $1,684,800 was unfunded.

19. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Funded Status and Funding Progress (Continued)

The funded status of the plan as of July 1, 2009, was as follows:

Actuarial accrued liability (AAL)	$ 1,684,800
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	$ 1,684,800
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 246,700
UAAL as a percentage of covered payroll	683%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2009, 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 8.5% and 9.6% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2010, was twenty seven years.

MUNICIPAL POLICE EMPLOYEES'
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

20. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The funded status of the System as of June 30, 2010, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Surplus) Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
$1,247,546,395	$2,083,809,321	$836,262,926	59.87%	$280,977,278	297.6%

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

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level dollar – The amortization period is for a specific number of years. (Closed Basis)
Remaining amortization period	27 years. Act 1079 of 2003 changed amortization period effective June 30, 2002.
Asset valuation method	The Actuarial Value of Assets is the market value of assets adjusted for a four-year weighted average in the unrealized gain or loss in the value of all assets.
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	Technical paper No. 16 "Present Value of Estimated Lifetime Earnings". These rates are increased by 2% during the first ten years of employment.

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

Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase.
Unfunded actuarial	The System incurred an increase in the unfunded actuarial due to an experience loss in the amount of $8,533,726 and due an investment loss in the amount of $104,844,344.

21. USE OF ESTIMATES:

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

22. RECLASSIFICATION:

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

23. SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 6, 2010, which is the date on which the financial statements were available to be issued. There was one item of note to be disclosed, although no adjustment is required. During the October 2010 board meeting, the Board of Directors began the process to request proposals from any party interested in purchasing, leasing, or operating both Olde Oaks Golf Course and Stonebridge Golf Course, which are both owned by the System.

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF PLAN NET ASSETS
JUNE 30, 2010

	Pension Fund	Expense Fund	Building Fund
ASSETS			
Cash:			
Cash in bank	$ 9,015,191	$ 109,042	$ 51,009
Cash in trust	913,224	-	-
	9,928,415	109,042	51,009
Receivables:			
Member contributions	1,640,987	-	-
Employer contributions	2,455,656	-	-
Due from merged systems	814,554	-	-
Accounts receivable	-	-	-
Investment receivable	10,795,694	-	-
Accrued interest and dividends	3,363,151	-	-
Total Receivables	19,070,042	-	-
Investments:			
Cash equivalents	29,038,229	-	-
Bonds, notes, mortgages	166,879,511	-	-
Marketable securities - domestic	356,601,356	-	-
Marketable securities - international	209,069,671	-	-
Pooled bond fund	122,982,613	-	-
Real estate fund	84,882,698	-	-
Mutual funds	79,315,877	-	-
Investment in partnership	27,623,599	-	-
Other investments	65,891,871	-	-
Collateral held under securities lending program - Money Market	129,276,306	-	-
Real estate - land and rental	193,082	-	556,918
Real estate - Olde Oaks Development	-	-	-
Real estate - Olde Oaks	2,965,931	-	-
Real estate - Stonebridge	2,680,985	-	-
Total Investments	1,277,401,729	-	556,918
Other Assets	-	-	-
Property, Plant and Equipment			
Net of accumulated depreciation	675,582	-	1,753,617
TOTAL ASSETS	1,307,075,768	109,042	2,361,544
LIABILITIES			
Accounts payable	520,500	10,132	-
Accrued payroll and taxes	-	18,646	-
Refunds payable	167,567	-	-
Deferred contribution	48,519	-	-
Other liabilities	-	-	-
Capital lease payable	-	-	-
Obligations under securities lending	129,276,306	-	-
Investment payable	12,521,944	-	-
Other postemployment benefits obligation	-	308,205	-
Due to/ due (from) other funds	(20,933,300)	-	-
TOTAL LIABILITIES	121,601,536	336,983	-
NET ASSETS/LIABILITIES HELD IN TRUST FOR PENSION BENEFITS	$ 1,185,474,232	$ (227,941)	$ 2,361,544

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 9,175,242	$ 113,905	$ 208,611	$ 819,598	$ 10,317,356
913,224	-	-	-	913,224
10,088,466	113,905	208,611	819,598	11,230,580
1,640,987	-	-	-	1,640,987
2,455,656	-	-	-	2,455,656
814,554	-	-	-	814,554
-	21,413	56,001	193,443	270,857
10,795,694	-	-	-	10,795,694
3,363,151	-	-	-	3,363,151
19,070,042	21,413	56,001	193,443	19,340,899
29,038,229	-	-	-	29,038,229
166,879,511	-	-	-	166,879,511
356,601,356	-	-	-	356,601,356
209,069,671	-	-	-	209,069,671
122,982,613	-	-	-	122,982,613
84,882,698	-	-	-	84,882,698
79,315,877	-	-	-	79,315,877
27,623,599	-	-	-	27,623,599
65,891,871	143,706	195,291	-	66,230,868
129,276,306	-	-	-	129,276,306
750,000	-	-	-	750,000
-	-	-	7,050,256	7,050,256
2,965,931	-	-	-	2,965,931
2,680,985	-	-	-	2,680,985
1,277,958,647	143,706	195,291	7,050,256	1,285,347,900
-	-	-	6,000	6,000
2,429,199	-	-	-	2,429,199
1,309,546,354	279,024	459,903	8,069,297	1,318,354,578
530,632	166,786	68,969	-	766,387
18,646	30,119	20,981	-	69,746
167,567	-	-	-	167,567
48,519	-	-	-	48,519
-	-	-	31,070	31,070
-	33,425	47,703	-	81,128
129,276,306	-	-	-	129,276,306
12,521,944	-	-	-	12,521,944
308,205	-	-	-	308,205
(20,933,300)	4,793,651	1,516,004	14,623,645	-
121,938,519	5,023,981	1,653,657	14,654,715	143,270,872
$ 1,187,607,835	$ (4,744,957)	$ (1,193,754)	$ (6,585,418)	$ 1,175,083,706

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

ADDITIONS:	Pension Fund	Expense Fund	Building Fund
CONTRIBUTIONS:			
Member contributions	$ 20,812,936	$ -	$ -
Employer contributions	31,162,221	-	-
Insurance premium tax	15,112,480	-	-
	67,087,637	-	-
INVESTMENT INCOME:			
Net appreciation (depreciation) in fair value of investments	108,442,006	-	(46,875)
Interest - Sweep Account	13,441	-	-
Interest - cash equivalents	79,035	-	-
Interest - mortgage backed bonds	12,501,099	-	-
Interest - securities lending	546,760	-	-
Dividends - stocks	14,256,845	-	-
Dividends - commingled funds	1,189,904	-	-
Miscellaneous investment income	280,555	-	-
	137,309,645	-	(46,875)
Less investment expenses:			
Securities lending expenses	123,876	-	-
Custodial fees	98,840	-	-
Investment advisor fee	4,448,344	-	-
Miscellaneous investment expense	451,925	-	-
Olde Oaks Development	-	-	-
Olde Oaks Golf Course operations	-	-	-
The Club at Stonebridge operations	-	-	-
	5,122,985	-	-
Net investment income (loss)	132,186,660	-	(46,875)
OTHER ADDITIONS:			
Merger interest payment	44,888	-	-
Miscellaneous Income	-	51,637	-
Transfers (to) from other systems - employees	(136,764)	-	-
Total other additions	(91,876)	51,637	-
Total additions (deductions)	199,182,421	51,637	(46,875)
DEDUCTIONS:			
Benefits	102,296,300	-	-
Refund of contributions	2,501,048	-	-
Transfers (to) from other systems - employers/interest	1,143,605	-	-
Administrative expenses	-	1,013,624	108,027
Depreciation	22,888	-	66,781
Total deductions	105,963,841	1,013,624	174,808
Increase (decrease) in net assets prior to transfers	93,218,580	(961,987)	(221,683)
Transfers to/from	(1,137,118)	1,027,118	110,000
NET INCREASE (DECREASE)	92,081,462	65,131	(111,683)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:			
BEGINNING OF THE YEAR	1,093,392,770	(293,072)	2,473,227
END OF THE YEAR	$ 1,185,474,232	$ (227,941)	$ 2,361,544

Total Retirement System	Olde Oaks Golf Course	Stonebridge Enterprises, LLC	Olde Oaks Development	Total
$ 20,812,936	$ -	$ -	$ -	$ 20,812,936
31,162,221	-	-	-	31,162,221
15,112,480	-	-	-	15,112,480
67,087,637	-	-	-	67,087,637
108,395,131	-	-	290,304	108,685,435
13,441	-	-	-	13,441
79,035	-	-	-	79,035
12,501,099	-	-	-	12,501,099
546,760	-	-	-	546,760
14,256,845	-	-	-	14,256,845
1,189,904	-	-	-	1,189,904
280,555	-	-	14,070	294,625
137,262,770	-	-	304,374	137,567,144
123,876	-	-	-	123,876
98,840	-	-	-	98,840
4,448,344	-	-	-	4,448,344
451,925	-	-	-	451,925
-	-	-	376,138	376,138
-	744,190	-	-	744,190
-	-	304,559	-	304,559
5,122,985	744,190	304,559	376,138	6,547,872
132,139,785	(744,190)	(304,559)	(71,764)	131,019,272
44,888	-	-	-	44,888
51,637	-	-	-	51,637
(136,764)	-	-	-	(136,764)
(40,239)	-	-	-	(40,239)
199,187,183	(744,190)	(304,559)	(71,764)	198,066,670
102,296,300	-	-	-	102,296,300
2,501,048	-	-	-	2,501,048
1,143,605	-	-	-	1,143,605
1,121,651	-	-	-	1,121,651
89,669	-	-	-	89,669
107,152,273	-	-	-	107,152,273
92,034,910	(744,190)	(304,559)	(71,764)	90,914,397
-	-	-	-	-
92,034,910	(744,190)	(304,559)	(71,764)	90,914,397
1,095,572,925	(4,000,767)	(889,195)	(6,513,654)	1,084,169,309
$ 1,187,607,835	$ (4,744,957)	$ (1,193,754)	$ (6,585,418)	$ 1,175,083,706

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2010

REVENUE:	
Green fees	$ 433,319
Golf cart rental	236,907
Range fees	10,348
Other golf revenue	63,162
Golf shop	113,591
Membership dues	254,614
Food and beverage revenue from operations	211,616
Other income	2,258
Total revenue	1,325,815
OPERATING EXPENSES:	
Advertising	26,155
Bad debt expense	67,282
Cleaning supplies	1,308
Contract labor	2,403
Cost of goods sold - golf shop	108,313
Cost of goods sold - food and beverage	113,445
Depreciation	60,946
Equipment purchases	9,870
Equipment leasing/rental	292,748
Fuel	51,892
Ground maintenance	32,423
Insurance - health	34,845
Insurance - workman's compensation	12,581
Interest and late charge	4,461
License and permits	906
Miscellaneous expenses	8,755
Other employee expenses	2,778
Promotional expenses	205
Repair, maintenance and supplies	138,237
Salaries and wages	767,124
Taxes - payroll	69,223
Telephone	10,855
Tournament expenses	147
Utilities	49,523
Total operating expenses	1,866,425
OTHER EXPENSES:	
General and administrative expenses (Page 39)	78,212
Property taxes, insurance	125,368
Total other expenses	203,580
NET LOSS	$ (744,190)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2010

Bank charges	$ 369
Credit card service charge	20,877
Dues and subscriptions	7,593
Education	100
Miscellaneous expense	(173)
Office supplies	1,607
Postage and delivery	993
Professional fees	46,388
Travel and entertainment	458
Total administrative expenses	$ 78,212

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS GOLF COURSE
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (744,190)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	60,946
Expenses paid by Retirement System	652,872
(Increase) decrease in operating assets:	
Accounts receivable	16,159
Inventories	70,517
Increase (decrease) in operating liabilities:	
Accounts payable	(40,908)
Accrued payroll and taxes	5,501
Net cash provided by operating activities	20,897
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(18,719)
Net cash used by investing activities	(18,719)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds on loan from The Golf Club at Stonebridge	1,654
Payment for loan to The Golf Club at Stonebridge	(2,391)
Expenses paid on behalf of The Golf Club at Stonebridge	(21,750)
Payment for obligation under capital leases	(19,807)
Net cash used by financing activities	(42,294)
NET DECREASE IN CASH	(40,116)
CASH, BEGINNING OF YEAR	154,021
CASH, END OF YEAR	$ 113,905

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2010

REVENUE:	
Green fees	$ 403,893
Golf cart rental	182,457
Range fees	46,961
Other golf revenue	7,112
Golf shop	97,340
Membership dues	416,278
Food and beverage revenue from operations	279,433
Other income	7,207
Total revenue	1,440,681
OPERATING EXPENSES:	
Advertising	40,026
Bad debt expense	35,000
Cleaning supplies	2,280
Contract labor	16,376
Cost of goods sold - golf shop	116,580
Cost of goods sold - food and beverage	132,593
Depreciation	47,966
Equipment purchases	2,857
Equipment leasing/rental	166,751
Fuel	16,212
Ground maintenance	66,999
Insurance - health	8,156
Insurance - workman's compensation	11,487
Interest and late charge	8,048
Legal settlement	35,000
License and permits	3,283
Management fees	1,492
Miscellaneous expenses	2,652
Other employee expenses	9,277
Penalties	1,189
Promotional expenses	400
Repair, maintenance and supplies	80,823
Salaries, wages and related taxes	659,211
Security expense	2,388
Telephone	9,639
Utilities	63,059
Total operating expenses	1,539,744
OTHER EXPENSES:	
General and administrative expenses (Page 42)	108,294
Property taxes, insurance	97,202
Total other expenses	205,496
NET LOSS	$ (304,559)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2010

Bank charges	$ 1,010
Credit card service charge	9,584
Dues and subscriptions	20,443
Education	22,034
Office supplies	5,042
Postage and delivery	2,671
Professional fees	40,415
Travel and entertainment	7,095
Total administrative expenses	$ 108,294

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
STONEBRIDGE ENTERPRISES, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (304,559)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	47,966
Expenses paid by Retirement System	394,986
Expenses paid by Olde Oaks Golf Club	21,750
(Increase) decrease in operating assets:	
Accounts receivable	(9,143)
Inventories	60,343
Other assets	70,000
Increase (decrease) in operating liabilities:	
Accounts payable	(51,357)
Accrued payroll and taxes	2,136
Net cash provided by operating activities	232,122
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of property and equipment	1,000
Acquisition of property and equipment	(27,892)
Net cash used by investing activities	(26,892)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds on loan from Olde Oaks Golf Club	2,391
Payments for loan to Olde Oaks Golf Club	(1,654)
Payment for obligation under capital leases	(9,821)
Payments to retirement system	(10,000)
Net cash used by financing activities	(19,084)
NET INCREASE IN CASH	186,146
CASH, BEGINNING OF YEAR	22,465
CASH, END OF YEAR	$ 208,611
NONCASH INVESTING ACTIVITIES:	
Purchase of software under capital lease obligation	$ 35,529

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2010

REVENUE:	
Gain on the sale of lot	$ 264,428
Net appreciation in fair value of investment	25,876
Total appreciation of investment	290,304
Other revenue	6,403
Sewer plant income	7,667
Miscellaneous investment income	14,070
Total revenue	304,374
OPERATING EXPENSES:	
Advertising	4,384
Depreciation and amortization expense	81,548
Maintenance	93,784
Sewer plant maintenance	15,397
Utilities	33,434
Total operating expenses	228,547
OTHER EXPENSES:	
Miscellaneous expense	775
Bad debt expense	87,154
Real estate taxes	27,382
Total other expenses	115,311
ADMINISTRATIVE EXPENSES:	
Professional fees	32,280
Total administrative expenses	32,280
Total expenses	376,138
NET LOSS	$ (71,764)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
OLDE OAKS DEVELOPMENT, LLC
SUPPLEMENTARY INFORMATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (71,764)
Adjustments to reconcile change in net assets to net cash used by operations:	
Net appreciation in fair value of investments	(25,876)
Depreciation and amortization expense	81,548
Bad debt expense	87,154
Expenses paid by Retirement System	12,770
Gain on sale of lots	(264,428)
(Increase) decrease in operating assets:	
Accounts receivable	809,331
Increase (decrease) in operating liabilities:	
Accounts payable	(190,261)
Net cash provided by operating activities	438,474
CASH FLOWS FROM INVESTING ACTIVITIES:	
Improvements	(149,811)
Proceeds from the sale of land	498,361
Net cash provided by investing activities	348,550
NET INCREASE IN CASH	787,024
CASH, BEGINNING OF YEAR	32,574
CASH, END OF YEAR	$ 819,598

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
DETAIL STATEMENTS OF CHANGES IN RESERVE BALANCES
YEARS ENDED JUNE 30, 2010 AND 2009

	JUNE 30, 2010					
	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability
BALANCE - BEGINNING	$ 153,264,118	$ 1,026,315,175	$ 80,279,581	$ 848,166	$ 727,687,318	$ (904,225,049)
ADDITIONS AND TRANSFERS:						
Employee contributions	20,812,936	-	-	-	-	-
Employer contributions	-	-	-	-	31,162,221	-
Insurance premium tax	-	-	-	-	15,112,480	-
Net investment income (loss)	-	-	-	(7,073)	131,026,345	-
Merger interest and penalty payment	-	-	-	-	44,888	-
Interest income - refunds	-	-	-	-	-	-
Transfers (to) from other systems	(136,764)	-	-	-	(1,143,605)	-
Transfer from Annuity Savings	-	9,237,790	-	-	-	-
Miscellaneous Income	-	-	-	-	51,637	-
Pensions transferred from Annuity Reserve	-	-	8,542,687	735,600	-	-
Actuarial transfer	-	158,402,234	-	-	-	-
	20,676,172	167,640,024	8,542,687	728,527	176,253,966	-
DEDUCTIONS AND TRANSFERS:						
Pensions paid	-	92,219,376	9,262,500	814,424	-	-
Refunds to members	2,501,048	-	-	-	-	-
Administrative expenses	-	-	-	-	1,121,651	-
Depreciation	-	-	-	-	89,669	-
Transfer to Annuity Reserve	9,237,790	-	-	-	-	-
Pensions transferred to Initial Benefit Option Plan	-	735,600	-	-	-	-
Pensions transferred to DROP	-	8,542,687	-	-	-	-
Actuarial transfer	-	-	-	-	153,901,662	4,500,572
	11,738,838	101,497,663	9,262,500	814,424	155,112,982	4,500,572
NET INCREASE (DECREASE)	8,937,334	66,142,361	(719,813)	(85,897)	21,140,984	(4,500,572)
BALANCE - ENDING	$ 162,201,452	$ 1,092,457,536	$ 79,559,768	$ 762,269	$ 748,828,302	$ (908,725,621)

	JUNE 30, 2009						
Total	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Initial Benefit Option Plan	Pension Accumulation	Unfunded Actuarial Accrued Liability	Total
$ 1,084,169,309	$ 142,786,057	$ 998,894,929	$ 79,601,213	$ 946,469	$ 619,006,327	$ (364,582,534)	$ 1,476,652,461
20,812,936	19,706,503	-	-	-	-	-	19,706,503
31,162,221	-	-	-	-	25,721,837	-	25,721,837
15,112,480	-	-	-	-	15,071,968	-	15,071,968
131,019,272	-	-	-	-	(352,370,843)	-	(352,370,843)
44,888	-	-	-	-	87,632	-	87,632
-	-	-	-	-	-	-	-
(1,280,369)	17,785	-	-	-	(715,460)	-	(697,675)
9,237,790	-	6,685,970	-	-	-	-	6,685,970
51,637	-	-	-	-	-	-	-
9,278,287	-	-	8,018,919	364,171	-	-	8,383,090
158,402,234	-	117,441,063	-	-	422,201,452	-	539,642,515
373,841,376	19,724,288	124,127,033	8,018,919	364,171	109,996,586	-	262,230,997
102,296,300	-	88,323,697	7,340,551	462,474	-	-	96,126,722
2,501,048	2,560,257	-	-	-	-	-	2,560,257
1,121,651	-	-	-	-	1,223,868	-	1,223,868
89,669	-	-	-	-	91,727	-	91,727
9,237,790	6,685,970	-	-	-	-	-	6,685,970
735,600	-	364,171	-	-	-	-	364,171
8,542,687	-	8,018,919	-	-	-	-	8,018,919
158,402,234	-	-	-	-	-	539,642,515	539,642,515
282,926,979	9,246,227	96,706,787	7,340,551	462,474	1,315,595	539,642,515	654,714,149
90,914,397	10,478,061	27,420,246	678,368	(98,303)	108,680,991	(539,642,515)	(392,483,152)
$ 1,175,083,706	$ 153,264,118	$ 1,026,315,175	$ 80,279,581	$ 848,166	$ 727,687,318	$ (904,225,049)	$ 1,084,169,309

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM PAID TO TRUSTEES
YEARS ENDED JUNE 30, 2010 AND 2009

The per diem paid to the trustees is an expenditure of the Expense Fund. For 2010 and 2009, the trustees receive per diem at the rate of $75.00 for each day of a regularly scheduled meeting of the Board of Trustees that they attend. Particulars of the per diem paid to the trustees for the years ended June 30, 2010 and 2009 are as follows:

	AMOUNTS 2010	AMOUNTS 2009
Henry Dean	$ 750	$ 825
Samuel Wyatt	150	825
Mark Huggins	450	-
Jeffrey Wesley	75	675
Larry Reech	825	900
Thomas Buell	-	300
Willie Joe Greene	825	900
Dwayne Munch	525	-
Ronald Schleuter	450	75
Kelly Gibson	750	825
Stephen Caraway	750	300
K.P. Gibson	525	525
Mike Halphen	-	450
	$ 6,075	$ 6,600

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ACCOUNTS RECEIVABLE - MERGED SYSTEMS
YEARS ENDED JUNE 30, 2010 AND 2009

City	Term		Interest Rate	Payment Term	Payment Amount	Balance 6-30-10	Balance 6-30-09
Crowley	01-84	12-13	7%	Quarterly	$ 21,644	$ 272,101	$ 322,486
Opelousas	01-84	10-13	7%	Quarterly	$ 37,773	474,867	562,801
Tallulah	01-84	10-13	7%	Quarterly	5,376	67,586	84,135
TOTAL						$ 814,554	$ 969,422

MUNICIPAL POLICE EMPLOYEES
RETIREMENT SYSTEM AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
YEAR ENDED JUNE 30, 2010

	Par Value	Original Cost	Market Value
BONDS:			
State and Municipal Bonds	$ 80,000	$ 64,455	$ 67,222
Foreign Government Bonds	13,823,989	13,515,422	14,398,723
U.S. Treasury Notes	11,140,000	11,061,407	11,353,323
Corporate Bonds	121,461,488	115,929,791	121,028,818
Other	20,038,867	17,911,218	20,031,425
TOTAL BONDS	$ 166,544,344	$ 158,482,293	$ 166,879,511
REAL ESTATE, MUTUAL AND POOLED FUNDS:			
Pooled Bond Fund		$ 89,359,173	$ 122,982,613
Mutual fund		66,577,719	79,315,877
Real estate fund		95,960,442	84,882,698
TOTAL MUTUAL FUNDS		$ 251,897,334	$ 287,181,188
DOMESTIC STOCKS		$ 376,330,484	$ 356,601,356
INTERNATIONAL STOCKS		$ 233,188,721	$ 209,069,671
INVESTMENT IN PARTNERSHIP		$ 41,449,875	$ 27,623,599
REAL ESTATE - LAND AND RENTAL		$ 859,273	$ 750,000
REAL ESTATE - OLDE OAKS GOLF COURSE		$ 10,938,105	$ 2,965,931
REAL ESTATE - THE CLUB AT STONEBRIDGE		$ 4,734,985	$ 2,680,985
REAL ESTATE - OLDE OAKS DEVELOPMENT		$ 11,432,757	$ 7,050,256
OTHER INVESTMENT:			
HEDGE FUNDS		$ 43,902,211	$ 42,952,966
COMMINGLED FUNDS		24,999,221	22,938,905
ASSETS - GOLF COURSES		338,997	338,997
		$ 69,240,429	$ 66,230,868

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2010

	Actual	Budget	Variance Favorable (Unfavorable)
EXPENSE FUND:			
Personal Services:			
Staff salaries	$ 295,129	$ 305,000	$ 9,871
Group insurance	91,405	91,000	(405)
Retirement	31,667	36,000	4,333
Other postemployment benefit obligation expense	74,013	-	(74,013)
Board member - Per diem	6,075	10,125	4,050
Professional Services:			
Accountant	94,408	80,000	(14,408)
Actuarial	72,000	72,000	-
Advertising	41	500	459
Computer services	27,771	42,000	14,229
Risk management	16,519	17,000	481
Legal	84,760	130,500	45,740
Medical Board	15,139	14,000	(1,139)
Death audit	1,880	3,000	1,120
Retirement Association fees	460	1,500	1,040
Communications:			
Postage, printing and supplies	42,879	72,000	29,121
Telephone	10,409	15,000	4,591
Travel	8,099	28,500	20,401
Other:			
Equipment rental and repair	35,028	34,000	(1,028)
Election expenses	17,978	15,000	(2,978)
Board expenses	24,125	27,000	2,875
Document imaging	52,619	50,000	(2,619)
Miscellaneous	1,721	5,500	3,779
Uniforms	3,216	5,000	1,784
Medicare expense	6,283	6,000	(283)
Total expenses budgeted	1,013,624	1,060,625	47,001
BUILDING FUND:			
Association dues	1,200	1,200	-
Maintenance	66,844	77,500	10,656
Building supplies	1,448	5,000	3,552
Security	6,331	12,000	5,669
Utilities	32,204	44,500	12,296
Total building fund	108,027	140,200	32,173
TOTAL ADMINISTRATIVE EXPENSES	$ 1,121,651	$ 1,200,825	$ 79,174
CAPITAL OUTLAYS	$ 44,870	$ 40,000	$ (4,870)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2005 THROUGH 2010

Fiscal Year	Actuarial Required Contribution Employer	Actuarial Required Contribution Other Sources	Percent Contributed Employer	Percent Contributed Other Sources
2005	$ 44,267,740	$ 11,539,650	105.45 %	100.00 %
2006	34,138,070	11,914,460	109.03	102.54
2007	31,041,232	12,817,388	115.55	100.00
2008	22,865,917	14,455,288	153.83	100.00
2009	28,093,511	15,071,968	91.56	100.00
2010	66,032,185	15,122,480	47.19	100.00

For the years ending June 30, 2005 through 2010, the actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2005 THROUGH 2010

Actuarial Valuation Date	Actuarial Value Of of Assets	Actuarial Accrued Liability (AAL) Entry Age	(Surplus) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage of Covered Payroll
June 30, 2005	$ 1,233,572,172	$ 1,552,332,283	$ 318,760,111	79.47 %	$ 215,638,892	147.8 %
June 30, 2006	1,371,981,645	1,651,055,550	279,073,905	83.10	223,213,661	125.0
June 30, 2007	1,531,297,284	1,719,536,371	188,239,087	89.05	229,145,048	82.1
June 30, 2008	1,600,941,810	1,841,234,995	240,293,185	86.95	252,562,020	95.1
June 30, 2009	1,297,128,398	1,988,394,358	691,265,960	65.23	270,236,561	255.8
June 30, 2010	1,247,546,395	2,083,809,321	836,262,926	59.87	280,977,278	297.6

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM'S OPEB PLAN
JUNE 30, 2008 THROUGH 2010

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

MICHAEL J. O'ROURKE, C.P.A.
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GUY L. DUPLANTIER, C.P.A.
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GRADY C. LLOYD, III, C.P.A.
HENRY L. SILVIA, C.P.A..

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

A.J. DUPLANTIER JR, C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR, C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR. C.P.A.
(1920-1996)
JAMES MAHER, JR, C.P.A.
(1921-1999)

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

December 6, 2010

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

We have audited the financial statements of Municipal Police Employees' Retirement System and Subsidiaries as of and for the year ended June 30, 2010, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

1615 Poydras Street, Suite 2100 New Orleans, LA 70112 · (504) 586-8866 · Fax (504) 525-5888
1670 Old Spanish Trail Slidell, LA 70458 · (985) 649-9996 · Fax (985) 649-9940
247 Corporate Drive Houma, LA 70360 · (985) 868-2630 · Fax (985) 872-3833
www.dhhmcpa.com

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. We consider the deficiency 10-01 described in the accompany schedule of findings to be a material weakness.

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. We consider the deficiencies 10-02 through 10-13 described in the accompany schedule of findings to be significant deficiencies.

Compliance and Other Matters

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

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

Duplantier, Hrapmann, Hogan & Maher, LLP

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Municipal Police Employees' Retirement Systems and its Subsidiaries for the years ended June 30, 2010 and 2009 was unqualified.

2. Internal Control:

Significant Deficiency/ Material weaknesses:	10-01
Significant deficiencies:	10-02, 10-03, 10-04, 10-05, 10-06, 10-07, 10-08, 10-09, 10-10, 10-11, 10-12, 10-13

Retirement System

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

10-02 As is common in small organizations, management has chosen to engage the auditor to prepare the System's annual financial statements. This condition is intentional by management based upon the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and the annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. We recommend that management review their system to determine if it would become cost effective to develop and implement internal controls over the preparation of their annual financial statements.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Olde Oaks Golf Course

10-03 During the audit, it was discovered that Olde Oaks Golf Course does not have proper controls over their fixed assets. When fixed assets are purchased they are not tagged and only some items such as mowers and tractors are noted in a fixed asset inventory ledger. A physical inventory of assets is not taken each year and there are no controls over disposing of fixed assets. Olde Oaks Golf Course should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommend management tag and record all fixed assets in a fixed asset ledger in addition to taking a physical inventory of fixed assets each year. Lastly, we recommend that Olde Oaks Golf Course establish controls over the disposal of fixed assets.

10-04 During the audit it was noted that Olde Oaks Golf Course does not have a policy for recognizing revenue on unused gift cards. In addition, gift card transaction activity from the ETS is not being reconciled with the general ledger on a consistent basis. All gift cards should have an expiration date. Upon expiration of the gift card the revenue from the unused card should be reported in the general ledger. Also, the activity per the ETS should be reconciled with the general ledger on a monthly basis. Not having expiration dates on gift cards results in the misstatement of the financial statements. Not properly reconciling the transaction activity per the ETS to the general ledger could result in a misappropriation of funds. We recommend Olde Oaks Golf Course reconcile the activity transactions per the ETS system with that of the general ledger on a monthly basis. In addition, we recommend instituting an expiration date on all gift cards or developing a policy of recognizing revenue on unused cards after they are not redeemed for a specific period of time.

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Olde Oaks Golf Course (Continued)

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

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

Stonebridge Enterprises, LLC

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Stonebridge Enterprises, LLC (Continued)

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

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

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

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

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS: (Continued)

Stonebridge Enterprises, LLC (Continued)

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

3. Compliance and other matters: None noted

SUMMARY OF PRIOR YEAR FINDINGS:

Internal Control: - Retirement System

09-01 During the prior year, audit procedures disclosed inadequate controls over investment transactions. While reviewing the custodian investment statements, it was noted that the number of shares owned and the cost of the shares were incorrect in several instances when compared to the individual investment manager statements. It was also noted that there are transactions occurring during the year which are not being recorded by the custodian bank and several investments were not shown on the custodian's investment statements. The System should have controls in place to ensure that all investment transactions are properly recorded by the custodian bank. Failure to maintain accurate investment records may lead to a misstatement of investments and investment related activity on the financial statements. We recommended that the System develop controls to ensure that all investment activity is properly recorded by the custodian bank. During the year, some issues were rectified, but there were still some issues that remain. See current year finding 10-01.

09-02 During the prior year it was noted that the System did not have controls in place for proper oversight of its financial reporting as the System did not prepare annual financial statements with required disclosures. The System should have controls in place to prepare Generally Accepted Accounting Principles financial statements including footnotes. The lack of a complete GAAP financial reporting package could prevent those charged with governance from identifying misstatements in a timely manner which could result in misstated or incomplete financial statements. We recommended that management review their system to determine if it would be cost effective to develop and implement controls over the preparation of their financial statements with disclosures on an annual basis. During the year, this was unchanged. See current year finding 10-02.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF PRIOR YEAR FINDINGS: (Continue)

Internal Controls - Olde Oaks Development LLC

09-03 During the prior year, audit procedures disclosed that Olde Oaks Development, LLC does not have proper controls over its development costs. A second phase of construction began without approval of the board of directors. Contractor invoices reference the bid schedule approved on December 17, 2008, however the MPERS approved board minutes do not list any discussion of the Development. All phases of construction should be approved by the board prior to the date construction begins. Lack of controls over construction may result in overpayment of development costs. We recommended that Olde Oaks Development implement controls over development costs. There was no new development during the current year.

09-04 During the prior year, our audit procedures disclosed inadequate controls over notes receivable from lot sales. It was noted that seven notes receivable, in the amount of $193,443 were not properly recorded by the title company. The Development should have adequate controls over notes receivable. Lack of controls over notes receivable could result in improper revenue recognition, improper safeguarding of assets and loss of funds. We recommended the Development develop controls over recording of notes receivable. The System no longer issues notes receivable when lots are sold.

09-05 During the prior year audit, various documents relating to lot sales could not be obtained for the audit. All documents relating to lot sales should be maintained by the Development. Not having all the records pertaining to lot sales could result in incomplete records and improper revenue recognition. We recommended the Development obtain all records related to lot sales. In the current year, all documents relating to lot sales were maintained by the Development.

Internal Controls - Olde Oaks Golf Course

09-06 During the prior year audit, it was discovered that Olde Oaks Golf Course did not have proper controls over their fixed assets. When fixed assets were purchased they were not tagged and only some items such as mowers and tractors were noted in a fixed asset inventory ledger. A physical inventory of assets is not taken each year and there are no controls over disposing of fixed assets. Olde Oaks Golf Course should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommended management tag and record all fixed assets in a fixed asset ledger in addition to taking a physical inventory of fixed assets each year. Lastly, we recommend that Olde Oaks Golf Course establish controls over the disposal of fixed assets. During the current year it was noted that the company performs a daily fixed asset observation of heavy course equipment, but an annual physical inventory of all assets is not performed. Also, there are no controls over disposing of the assets. See current year finding 10-03.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Olde Oaks Golf Course (Continued)

09-07 During the prior year it was discovered that an employee was creating counterfeit play passes and selling them to unsuspecting customers. Previous to this incident, paper-form play passes were created manually by the cashier on duty without approval by a supervisor. In addition, the selling of the play passes were not being entered into the point of sale system. As a result misappropriation of funds occurred. Beginning in August 2008 Olde Oaks Golf Course changed the system of selling player passes. Electronic play passes were implemented, to improve controls over the sale of play passes. In order to activate a play pass it must be run through the point of sale system. In addition, at the end of each day the transactions entered via the point of sale system are reconciled with the general ledger. We recommended that Olde Oaks Golf Course continue to use the new, more secure, play pass system to safeguard its assets. This issue was resolved during the current year.

09-08 In the prior year, during our analysis of accounts receivable, we noted that more than half of the receivable amount was over 90 days old and only 6% of the receivable was 1-30 days old. Olde Oaks Golf Course should improve controls over the collection of their receivables. Not having adequate collections of accounts receivables results in loss of funds to Olde Oaks Golf Course. During the audit it was determined that some steps have been taken to improve collections, such as sending collection letters and suspension of accounts, however, it appears that collections remain low. We recommended Olde Oaks Golf Course continue to enforce its payment policies, and review other sales and credit policies for other possibilities to ensure better overall collections. Improved collections will in turn increase profitability and availability of funds. During the current year, collections have improved.

09-09 During the prior year audit it was determined that Olde Oaks Golf Course was not properly reconciling the accounts receivable in the point of sale (POS) system to the general ledger. There were large credit balances for various customers due to improper setup of receivables. In addition, deposits received from customers for events had been reported in the accounts receivable detail report as credit balances instead of being reported separately. Accounts receivable balances should be properly maintained in the POS system and reconciled to the general ledger periodically. Not correctly reporting accounts receivable transactions and not reconciling the accounts receivable in the POS system to the general ledger could result in a misstatement in the financial statements. We recommended that Olde Oaks Golf Course properly maintain accounts receivable balances in the POS system and reconcile the receivables to the general ledger on a consistent basis. During the current year, this was unchanged. See current year finding 10-05.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Olde Oaks Golf Course (Continued)

09-10 During the prior year audit, it was discovered that there was a lack of controls over the issuance of gift cards. In addition, there was no expiration date on the gift cards and gift card transaction activity from the ETS was not being reconciled with the general ledger on a consistent basis. Olde Oaks Golf Course should have controls over the issuance of gift cards, all gift cards should have an expiration date and the activity per the ETS should reconciled with the general ledger on a monthly basis. Not having proper controls over the issuance of gift cards, not properly reconciling the transaction activity per the ETS to the general ledger and not having expiration dates on gift cards could result in a misappropriation of funds and/or misstatement of the financial statements. During August 2008, Olde Oaks Golf Course implemented some controls over the issuance of gift cards. However, we recommended Olde Oaks Golf Course reconcile the activity transactions per the ETS system with that of the general ledger on a monthly basis. In addition, we recommended instituting an expiration date on all gift cards or developing a policy of recognizing revenue on unused cards after they are not redeemed for a specified period of time. During the current year, it was noted that gift card activity is not reconciled to the general ledger on a consistent basis. Also, there is no expiration date on gift cards or policy on recognizing revenue for unused gift cards. See current year finding 10-04.

09-11 During the prior year audit it was noted that expenses were not being recorded timely in the general ledger, transactions were routinely misposted, payments to vendors were not made when due and various beginning balances did not match prior year ending balances. All transactions throughout the year should be properly recorded in the general ledger. Failure to properly record these transactions could lead to misstatements on the financial statements. We recommended that Olde Oaks Golf Course develop strong accounting controls and procedures to ensure that the general ledger is maintained properly. During the current year, this was unchanged. See current year finding 10-06.

Internal Controls - Stonebridge Enterprises, LLC

09-12 During the prior year audit it was discovered that Stonebridge Enterprises, LLC did not have proper controls over their fixed assets. When fixed assets were purchased they were not tagged and only some items such as mowers and tractors were noted in a fixed asset inventory ledger. A physical inventory of assets is not taken each year and there are no controls over disposing of fixed assets. Stonebridge Enterprises should have controls over reporting and safeguarding their fixed assets. Not having proper controls over fixed assets could result in theft or loss of fixed assets. We recommended that management tag and record all fixed assets in a fixed asset ledger in addition to taking a physical inventory of fixed assets each year. Lastly, we recommended that Stonebridge Enterprises establish controls over the disposal of fixed assets. During the current year it was determined that a daily fixed asset inventory observation is performed for heavy course equipment, but not on all assets. See current year finding 10-08.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Stonebridge Enterprises, LLC (Continued)

09-13 In the prior year, during our analysis of accounts receivable, we noted that more than half of the receivable amount was over 30 days old and over 25% of the receivable was over 120 days old. Stonebridge Enterprises, LLC should improve controls over the collection of their receivables. Not having adequate collections of accounts receivables results in loss of funds. During the audit it was determined that some steps have been taken to improve collections, such as sending collection letters and suspension of accounts, however, it appears that collections remain low. We recommended Stonebridge Enterprises, LLC continue to enforce its payment policies, and review other sales and credit policies for other possibilities to ensure better overall collections. Improved collections will in turn increase profitability and availability of funds. During the current year, this is unchanged. See current year finding 10-09.

09-14 During the prior year audit it was determined that Stonebridge Enterprises, LLC was not properly reconciling the accounts receivable in the point of sale (POS) system to the general ledger. There were large credit balances for various customers due to improper setup of receivables. In addition, deposits received from customers for events had been reported in the accounts receivable detail report as a credit balance instead of being reported separately. Accounts receivable balances should be properly maintained in the POS system and reconciled to the general ledger periodically. Not correctly reporting accounts receivable transactions and not reconciling the accounts receivable in the POS system to the general ledger could result in a misstatement in the financial statements. We recommended that Stonebridge Enterprises, LLC properly maintain accounts receivable balances in the POS system and reconcile them to the general ledger on a consistent basis. During the current year, this was unchanged. See current year finding 10-10.

09-15 During the prior year audit it was noted that expenses were not being recorded timely on the general ledger, transactions were routinely misposted, payments to vendors were not made when due and various beginning balances did not match prior year ending balances. All transactions throughout the year should be properly recorded in the general ledger. Failure to properly record these transactions could lead to misstatements on the financial statements. We recommended that Stonebridge Enterprises, LLC develop strong accounting controls and procedures to ensure that the general ledger is maintained properly. During the current year, this was unchanged. See current year finding 10-11.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Internal Controls - Stonebridge Enterprises, LLC (Continued)

09-16 In the prior year, during the analysis of gross profit, it was determined that the gross profit percentage on food and beverage sales for the current year was significantly lower than gross profit percentages of prior years and for the first 3 months of the 2010 fiscal year. Costs of sales should be analyzed by management and prices set to arrive at a consistent gross profit. Failure to maintain gross profit at a consistent level could decrease profitability and availability of funds. We recommended that Stonebridge Enterprises, LLC implement procedures for recording food & beverage sales and cost of sales in addition to monitoring the gross profit percentages throughout the year. A similar comment is noted in comment 10-12.

Compliance and other matters:

Compliance - Retirement System

09-17 During the prior year it was noted that the System did not complete and file the fiscal year 2009 audit report within the guidelines of state statute. Louisiana Revised Statute 24:513 states that audits should be completed within six months of the close of the System's fiscal year. Failure to complete the audit report on time results in noncompliance with LSA-R.S. 24:513. We recommended that the System complete the audit report in a timely manner in the future. The System has filed the fiscal year 2010 audit report in a timely manner.

Other Matters - Olde Oaks Development, LLC

09-18 During the prior year audit it was discovered the System lacked internal controls over the sale of lots in Olde Oaks Development, LLC. Funds received from Olde Oaks Development, LLC lot sales were not being remitted to Municipal Police. The funds were held by the consultant. All funds generated from lot sales should be received and reported by Municipal Police. As a result of the System's lack of controls over lot sales; the System did not properly record revenue from the sale of lots in addition to reporting the incorrect number of lots owned. All funds were eventually received by the System from lot sales. We recommended the System strengthen their controls over lot sales to ensure proper recording of the sales in addition to safeguarding of the System's assets. The System has implemented procedures to strengthen their internal controls over lot sales.

MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM AND SUBSIDIARIES
SUMMARY OF SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

Other Matters - Olde Oaks Development, LLC: (Continued)

09-19 During the prior year audit it was discovered the System lacked internal controls over the disbursement of funds to vendors for the payment of development cost. Payment for development costs were being provided to the System's consultant who did not disburse the funds to the vendors. The System's checks were being deposited into the consultant's cash account and the vendor was paid by the consultant in smaller amounts over a period of time. As of June 30, 2009, some vendors were paid; however, others had an outstanding balance in the amount of $187,154. The lack of controls over the payment of development cost resulted in improper recording of development expense and the loss of funds. Payment of development cost should be sent directly to the vendors for payment. We recommended the System remit all payments directly to vendors. During the current year, development was halted, all vendors were paid, and the payment of vendors is being processed through the System's accounting system.

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

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

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

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

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

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

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

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

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

December 22, 2010

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

RE: Municipal Police Employees' Retirement System

Dear Mr. Purpera:

The following are responses to comments in reference to our Audit Report for the year ending June 30, 2010.

Retirement System (10-01)

During the audit, it was determined that the number of shares owned and the cost of the shares were incorrect in several instances. Additionally, it was determined that there were transactions occurring during the year which were not being recorded by the custodian bank and that several investments were not shown on the investment statements. Management has discussed this matter with the custodian bank and emphasized the importance of timely and proper recordation of investments.

Retirement System (10-02)

We have determined that it is the most cost effective and the prudent use of the system funds to engage the auditor to propose certain year-end adjusting entries and to prepare the System's annual financial reports. As such, we feel that no action by the System is necessary at this time.

Old Oaks Golf Course (10-03 through 10-07)

This subsidiary is now under new management which has instituted new controls over fixed assets, electronic play passes, gift cards, accounts receivable, and recording of expenses in the general ledger.

Stonebridge Enterprises, LLC (10-08 through 10-13)

This subsidiary is now under new management which has instituted new controls over fixed assets, accounts receivable, recording of expenses in the general ledger, and matching of prices to cost to maintain a consistent gross profit.

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

Sincerely,

Kathy Bourque
Director